

# The Jobs Letter

No. 181

3 March 2003

Essential Information on an Essential Issue

## KEY

WAR

DROP IN DAIRY INCOMES

MAHAREY AND BRASH ON RADIO

JOHN TAMIHERE ON WELFARE REFORM

SKILL SHORTAGES

TIME AND A HALF PLUS A DAY

VOLUNTEER NOW

## DIARY

5 February 2003

The first comprehensive report to analyse the economic contribution Maori have made to NZ has been produced by Te Puni Kokiri and NZIER. The Maori Economic Development report says that although small, the Maori economy is more profitable than the general New Zealand economy. The report is available at [www.tpk.govt.nz/publications/docs/maori\\_eco\\_summary.pdf](http://www.tpk.govt.nz/publications/docs/maori_eco_summary.pdf)

12 February 2003

Dairy farmers will earn \$1.9 billion less this year. Dairy company Fonterra, says low international commodity prices and the appreciation of the NZ\$ have contributed to its payout to farmers falling from \$5.30 per kg last year to \$3.60 this year.

48 jobs go as the Big Fresh supermarket in Dunedin closes. The company is also reviewing the future of its stores in Nelson and Christchurch.

13 February 2003

The government announces nine Mauriora ki te Ao scholarships to assist Maori gaining tertiary qualifications in resource management, environmental planning, law and science. Associate Minister of Maori Affairs John Tamihere says the scholarships indicate the government's commitment to increasing Maori participation in the public service.

- **War in Iraq** will have a negative impact on the New Zealand economy, according to new Treasury advice to the New Zealand government. But Treasury advises that, if the war doesn't last any longer than six weeks, most firms will be able to absorb the costs.

Treasury says that war would mean a **drop in demand** for New Zealand products, and import **prices would rise**. Petrol is expected to rise by 9c a litre, which would in turn raise production costs for farmers and other exporters. War would also curb tourism — an \$11 billion industry — as well cutting the inflow of international students.

Treasury is more concerned about **the prospect of a long war**, or a war in which the conflict spreads beyond Iraq. If this happens, Treasury predicts that oil price hikes would further increase the costs of producing goods and result in a sustained drop in demand for New Zealand exports. Consumer confidence would fall, affecting domestic spending. Together, these factors would **see unemployment rise** as businesses shed jobs.

- Fonterra, the dairy company that buys, processes and sells 95% of New Zealand's milk production, has announced its **pay-out to farmers will be down 32%** on last year. This is predicted to mean an average drop in income of \$127,000 for each of the country's 13,000 dairy farms.

That's not all the bad news: insufficient rain this summer will force most farmers to dry off their cows early due to lack of adequate feed for milk production. So with farmers having less milk to sell, and expect to receive less for the milk they do produce ... combined with war looming and the price of production rising ... **an economic downturn is widely expected in the rural sector**.

- The economic downturn could result in farmers being unable or unwilling to employ farm workers and contractors. Federated Farmers say that they are currently getting "unprecedented" numbers of farmers ringing with **inquiries about how to lay-off staff**, which often indicates efforts to try keep farm budgets from going into the red. Manawatu-Rangitikei Dairy Farmers chairperson Elliot Cooper says he would not like to think it will come to that: "Goodness knows we have enough trouble attracting staff to the industry as it is."

The Ministry of Agriculture is predicting the current **declines** in agricultural export earnings **will be short-term**, and predicts that dairy export incomes will continue to fall through 2004 but will rebound to last year's levels by 2006. The National Bank's rural manager Charlie Graham comments that farming always follows cycles and he does not believe the current bleak prospects reflect any long-term problems in the agricultural sector.

- Earlier this month, Minister of Social Services and Employment **Steve Maharey** and National Party finance spokesperson **Don Brash** had a rare **face-to-face discussion on employment** issues for "Focus on

# The Jobs Letter

## DIARY

15 February 2003

266 local Telecom staff are transferred to French equipment maker Alcatel and US network specialist Lucent as it follows a policy of contracting out the management of network development and operation. Telecom says the staff will remain in their same offices and will be doing the same work but will have new bosses.

The Australian unemployment rate drops to 6.1%. The number of new jobs created in Australia has jumped by the largest monthly increase in over 11 years. Tony Meer of Deutsche Bank says the rise in job numbers is hard to believe and "out of whack" with every other indicator of the Australian labour market.

16 February 2003

Millions of people around the world protest against a US-led war on Iraq.

17 February 2003

The National Party caucus identifies its main issues for this year: economic growth, welfare dependency, one standard of citizenship and education.

Sovereign Yachts, which in September 2000 promised to create 500 boat-building jobs, has begun to lay off staff after completing its first boat. The company has only employed up to 60 staff and 30 subcontractors.

The government will invest \$500,000 in an IT research facility that is a joint venture between the University of Canterbury and the University of Washington in Seattle. Minister of Economic Development Jim Anderton says the Human Interface Technology Lab hopes to create job opportunities and spin-off businesses.

A new Farmers department store in Christchurch employs 65 staff.

About 2% of Wellingtonians commute to work by bicycle.

International financial information agency Reuters is to cut 3,000 more jobs over the next three years.

18 February 2003

The Mayors Taskforce for Jobs in Dunedin launches Dunedin's Year of the Apprenticeship.

*Politics*" on National Radio. Even though joblessness is at its lowest level in 15 years, their conversation showed that employment issues are in no danger of slipping off the political agenda.

Don Brash points to the 134,000 people still on an unemployment benefit — describing it "a scandal" that we still have such large numbers of people on the dole despite employers throughout the country being desperate for staff. Having recently suggested **abolishing the dole in favour of compulsory work programmes**, Brash says that he raised the issue at this time precisely because unemployment is now lower than it has been for some time. Brash: "I think that people who want to work should have the opportunity of doing so. People, who don't want to work, shouldn't expect taxpayer funding."

Steve Maharey, while welcoming the fall in joblessness, maintains that **employment issues are still very much on the top of his agenda**. The Minister says the real challenge for the government is to ensure that people have the right skills, that they stay employed throughout their life, and they are able to look forward to a rising income. Maharey: "For the ordinary New Zealander, earning an income and having a future that is based upon having a good secure position to go to each day is still very much on people's minds. We understand we have to keep unemployment down ... but also focus on the quality of the jobs people can get."

- Don Brash says his proposal that employment should be offered through local government work schemes is based on a similar and successful system operating in Switzerland. Maharey, in turn, argues that the Swiss approach is based on its "canton" system of regional and local government. Maharey: "The Swiss canton system provides a sort of home base where you go back to and you have extensive rights because you come from that particular canton. For some reason the Swiss have been able to maintain that into the modern era ... but it is not able to be reproduced outside Switzerland."
- So what is the thrust of employment policy at this time of 4.9% unemployment? For Steve Maharey, the focus needs to be on **developing "human capital"** which will ensure that unemployed people have what it takes to be able to go out and get a job.

Maharey: "This means three things: Opportunity is number one —making sure that there are opportunities out there — and we have been actively working with firms all over the country trying to improve job opportunities, working with industries like tourism to do that. Secondly, we have to make sure that people have the skill and can take those jobs. We have a lot of people who don't have the skills or are just in the wrong place. And thirdly, we have to run very active services to match the person to the job. That's what I focus on in terms of my contribution to ensure that all NZ'ers are able to get the kind of job they want."

Don Brash argues that there is enough demand in the economy to ensure there are jobs available, but we need to **make certain that the skills are there**. Brash: "For me, this is as much about basic literacy and numeracy, which we need to get right in the primary school, not subsequently. I think we do need to reduce the risk employers' feel they take when taking people on. And I think we have to give people encouragement to get off a benefit and get into those jobs. Even if the payment isn't very good, initially."

— "Focus on Politics" interview by Radio New Zealand political editor Kathryn Ryan with Steve Maharey and Don Brash 22 February 2003. The entire interview is available on cassette tape from Replay Radio, P.O.Box 123, Wellington, or can be ordered from their website at [www.radionz.co.nz](http://www.radionz.co.nz). More extracts from this interview can be found in the "Voices" section on our website at [www.jobsletter.org.nz](http://www.jobsletter.org.nz)

(continued on page seven)

## DEBATE

# JOHN TAMIHERE on WELFARE REFORM

IT IS NO GOOD having a growth and innovation strategy, and it is no good looking for success and innovation, if large numbers of our community cannot participate.

Now is the time for welfare reform and the rebuilding of our communities. If we want to strive for better living conditions and higher economic performance we must allow communities to take back their ability to be responsible for themselves, to manage themselves, and to grow a work ethic, commitment, and responsibility, themselves.

Too often we only consider welfare reform when the fiscal and economic conditions dictate reductions in government spending. This inevitably coincides with times when the need for welfare is at its highest.

- The main thesis of my discussion is that welfare delivered by Government monopoly must be challenged at the very best of times. Currently unemployment is at 4.9% - the lowest rate since March 1988. The economy is growing strongly and government revenues are strong. Now is the best time to have a serious look at welfare.

In this speech I outline an approach to such reform, based on challenging the monopoly of the state in providing welfare. There is clear and unchallenged evidence that decentralised delivery of government programmes works effectively. We talk of public/private sector joint ventures and relationships in commercial fields but we refuse to acknowledge their potential in social policy areas. This has to change.

- It is widely accepted that our society will always demand some form of welfare support. Welfare is as much a part of our heritage as the arrival of the Maori by way of canoe and the European by way of the Endeavour. It is acknowledged that many people suffer from a range of deprivations. For these people we can have nothing but compassion and we should extend a helping hand.

Too often discussions about welfare get caught up in tired debates about Left and Right wing approaches. There are three problems with this.

First, it simply doesn't get us very far and distracts us from the real debate on the practical solutions that we so clearly need.

The Right has grown comfortable with its welfare bashing politics, knowing that it plays well in parts of the electorate. The Left has grown comfortable with its traditional approach, knowing that it can clear its conscience by further increasing the material gifts of government. The electorate has grown comfortable with the geographic concentration of welfare dependency, knowing that this separates well-to-do suburbs from the poor. The corporate sector and other charitable sources have grown comfortable with the problem, knowing that they can write their welfare cheques and then wipe their hands. The media has grown comfortable with welfare dependency, knowing that it helps to generate sensational news. Welfare bureaucracies know that the easiest clients to serve are those whose circumstances and prospects never change.

*"It is clear that our potentials can never be realised or released by an all knowing, all caring centralised bureaucracy called the Ministry of Social Development. The Ministry must be decentralised, funding and all. We must be allowed to take responsibility for ourselves. Welfare as presently practiced in this country literally kills us with kindness ..."*

— John Tamihere

About the only people who are not comfortable with this well-worn debate are the welfare dependent. They need us to move beyond our comfort zone and look for positive solutions.

- The second problem with getting caught up in a Left versus Right debate is that both approaches have failed. The big mistake the Right makes with welfare dependency is that it simply sees it as a matter of rational choices. If we remove the ability to 'choose' to receive benefits, the problem of welfare is also removed. The Left sees welfare dependency as a matter of financial position. If the material conditions of those on welfare are improved, the problem is also rectified. This approach is just as misguided. Even though the Left has always expressed its concern for disadvantaged people, it has neglected the importance of social relationships. It has positioned welfare policy solely as a relationship between the state and its citizens. Welfare dependency is a problem in the relationship between people. Dependency drains away the social benefits of self-esteem and mutual recognition. Until this problem is addressed, it is not possible to sustain rational judgements or improved material conditions within welfare communities.

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- Thirdly, the welfare dependent are left right out of the debate.

The lazy and easy style of labelling everybody, left or right, must surely be challenged, as we focus on achieving sustainable and enduring outcomes in terms of social policy.

- I have been born and bred out of communities that are now under their third and fourth generation beneficiary state dependent individuals, families and communities.

The solutions to state dependency are caught within a rich matrix of our very recent history and the significant impact that technology change and massive trade liberalisation have had on the economy.

In 1972 unemployment peaked at 350 persons. The Labour party was able to turn this into an election issue. At the same time New Zealand was starting its nationhood journey. Our hand was forced by the decision of the United Kingdom to join the European Economic Community in 1973. We were further jolted by the oil shocks of 1973 and had to start a new destiny in the South Pacific. In 1975 we commenced an exciting process of reconciliation with the enactment of the Treaty of Waitangi Act.

The 1980s continued the turbulence of the 1970s with major economic upheaval and a redefinition of the role of the state in the economy. Not the least of these was the restructuring of huge government employment machines such as the railways, the Post Office and the Department of Works.

New Zealand's society was turned on its head. We saw the demise of huge systems and structures that used to provide security, solace and direction. In addition to the governmental and economic changes, we have seen the "baby boomers" fleeing from mainstream churches. We have also experienced a significant decline in participation in our sports clubs.

These changes have fundamentally undermined the core assumptions of the welfare state. We need to make sure our welfare system is well adapted to meeting these massive societal changes.

- I am not proud of my people's negative indices. Notwithstanding these difficulties I do not accept that their failures and deprivations are caused by genetic malfunction.

While I might not be proud of these negative indices, I am unshakable in my experience and belief that the latent, dynamic, innate potential of our people is being suppressed. A culture that, 30 years ago, was proud of the fact that we, the indigenous folk, had the highest rates of employment, now walk around as a subculture of ethnically

identifiable failures. It is clear that our potentials can never be realised or released by an all knowing, all caring centralised bureaucracy called the Ministry of Social Development.

The Ministry of Social Development must be decentralised, funding and all. We must be allowed to take responsibility for ourselves. Welfare as presently practiced in this country literally kills us with kindness.

To accelerate Maori access and participation to opportunities to the extent that they can surf the knowledge wave rather than being hammered into the rocks will require a number of policy shifts based on decentralisation of authority and funding into the local communities.

- The importance of Maori culture and ethnicity lies not in loyalty to the past. Rather it relies on what it can contribute to the future.

Unleashing Maori communities from state dependency will mean ensuring that they take responsibility for breaking that dependency. The amount of lost opportunity as Maori work through their grievance resolutions with the Crown has been incalculable. The Treaty is not a panacea for Māori success, or participation in any new economy. We must throw off victim hood and become beacons for nationhood.

- Contrary to popular belief on a dollar per unit social worker pricing model it is actually fiscally prudent and responsible to decentralise. As devolution and decentralisation occur however, what has happened in our experience is that discounting occurs. For example the Child, Youth and Family Service will pay on average \$90,000 per unit per full-time employee of the total agency on a mean average. To a provider agency in a Maori community you will be lucky to get \$32,000 per unit full-time employee average. The Child Youth & Family Service will pay itself \$110,000 per annum per bed night at its residential facilities. It will pay a community organisation from \$15,000 – \$20,000 per bed night per annum. Furthermore the model is flawed in so far as the funder of the service to the community is also in competition as a provider. The funder sets the budgets; the funder sets the standards and policies.

- The current system draws on a wide range of budgets. In addition to the cost of benefits themselves resources are poured into areas such as housing, health, education, justice and corrections all aimed at addressing different aspects of the same problems.

For example, there are 60,000 state house rentals. If you are lucky enough to be a resident in this rental regime you pay 25% of your gross

income into Housing New Zealand. 76% of all state house tenants are beneficiaries' dependent on the state for their total income. A further 11% of state house tenants receive some form of income supplement acknowledging that their employment income requires some form of top up.

Despite significant funding being available 44% of Maori children under the age of five do not attend pre-school situations. As a result they start primary school behind and catching up is very difficult, particularly if they come from poor communities, poorer families and poorer parenting.

At the other end of process, data from the 1999 Census of Prison Inmates tell us that 50% of inmates were dependent on benefits prior to entering prison. On this basis we can see much of the Corrections budget as part of the 'cost of the system.' Surely we need to find better ways of spending this money so that people are contributing in their communities rather than drawing their benefit via corrections.

- We should be focused on what social policy outcomes we desire from the expenditure we are putting into our social policy areas. Obviously instead of continuing to pay for families as they spiral downward or are held by way of some management philosophy at their present point of deprivation does not necessarily mean that we are being successful. Well paid bureaucratic providers of service with no accountability, no transparency and no responsibility for the end result continue to be the provider of welfare assistance they will not accept any obligation or responsibility for the outcomes that they are handsomely paid to achieve.

Failure by state agencies to solve the problems of poverty and welfare dependency actually results in the allocation of greater resources to those agencies when they have already proven themselves poorly adapted to solving the problems.

- Welfare in New Zealand is delivered now by way of charity. That is ironic given the welfare state was first established to overcome the shortcomings of charity. The Ministry of Social Development rates your requirements and provides you with a levy against the criteria. The problem with charity – whether from Government, churches or the private sector – is that it only addresses the symptoms of poverty. It hands out enough to get you through until your next hand out. There are no mutual responsibilities. Recipients are denied a sense of worth and equality. The inevitable result is dependency.

Despite all the spending and 'management' of beneficiaries occurring under these programmes, it is clear that the problems facing our communities are not being alleviated.

- People will only use the material gifts of government productively if they have the self-esteem and confidence to build positive social relationships. Giving people public housing does not change their relationship with other people. Giving people a bigger welfare cheque does not change their place in the community. Giving people easier access to public services does not change the way in which they are perceived by the rest of society.

As a Cabinet Minister and MP for the Māori populations in the Auckland region, I believe there are solutions to these problems.

The starting point must be to ensure that for each beneficiary household there is one non-Government dominant caseload manager ensuring that the benefit is paid specifically to achieve shelter, food and electricity and warmth into each one of these beneficiary households. This can be accommodated by way of a budget plan formed and consented to by the beneficiary family and the dominant caregiver.

*"Failure by state agencies to solve the problems of poverty and welfare dependency actually results in the allocation of greater resources to those agencies when they have already proven themselves poorly adapted to solving the problems."*

— John Tamihere

Once the beneficiaries' entitlements have been assessed and secured from MSD they would be paid into a budget holding trust account administered by the dominant caseload manager. Payments that had been consented to would be automatically paid to the mortgage or the landlord whoever that might be. Payments would be made on behalf of the beneficiaries for electricity and an agreed food supply of agreed items. Any residual money left over from the benefit would then be transferred into the beneficiaries' private bank account to be used for discretionary spending.

- The attractiveness of such a scheme for beneficiaries is apparent straight away. By combining their purchasing power, discounts on a range of goods and services could be achieved. For example, one medical clinic run by the Waipareira Trust achieved an immediate \$3 per prescription discount by agreeing to put all our business through a particular pharmacy.

Waking up beneficiaries to the power of budgeting, to the strength of cooperating and to thinking medium to long term is a huge leap for them. It is also essential to setting both individual beneficiaries and their communities on the road to recovery.

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- The key to the above is that no government agency can provide the dominant caseload management required. In one case up to 15 different crown or government agencies can be involved and this is the delivery of social policy in a most dysfunctional way. It is also outrageously expensive. It also externalises duty obligation and responsibility onto the well-intended 'do gooder' agencies.

Decentralisation and devolution into a community based accountable, transparent and open non-government organisation will make welfare work. It will work in a fiscally prudent way and a number of families will be able to trade upward and onward.

*"Decentralisation and devolution into a community based accountable, transparent and open non-government organisation will make welfare work. It will work in a fiscally prudent way and a number of families will be able to trade upward and onward..."*

— John Tamihere

- Decentralisation is often rejected because there is no integrity or credibility in the infrastructures in these communities that need to be engaged with, as they move to become service providers.

We know that this allegation does not hold water and is now no longer credible. We know this because bit by bit we can build up systems and infrastructures in poor communities, or for that matter any community, as they move to provide a range of services that are unbundled from mainstream bureaucracies. Under no circumstances do we need to practice devolution and decentralisation by the 'big bang theory' and in fact our communities do not desire that.

- This government is currently developing programmes, which fit well with this model. We have the primary health organisation model rolling out over the country over the next 5 years, moving us to a capitation formula for funding primary healthcare. There are loadings in the payments that take into account a range of equities to ensure the service in poorer communities is upgraded. Currently people from the communities I represent receive medical attention through accident and emergency facilities. This means there is follow-up on their treatment. The primary healthcare strategy will turn this process on its head. Through a roll out of screening programmes healthcare problems will be identified before they become emergencies. Families will have access to a range of medical and health care responsive to their needs. This approach has the potential to dramatically improve health care outcomes without a proportional in-

crease in costs. One simply has to consider the price differential between a preventative visit to the community nurse and an emergency admission to see how this is the case.

- Decentralisation of welfare to communities will allow us to return the concept of mutual responsibility to the forefront of the welfare system. By mutual responsibility I am not talking here of some sort of punitive work-for-the-dole system as some in the opposition would advocate.

The mutual obligations I am talking about are those that flow from the benefits being received. For example, at this stage we have not made it clear that this housing entitlement is not a lifetime entitlement with rights of succession to your family, but is rather a respite facility. We need to ensure that those who are afforded a state house acknowledge the need to work towards moving into another form of housing. Preferably a house they own. In early childhood education, one cannot jump to a conclusion that a parent will take their child to an early childhood education centre; they must be mentored even in this relatively simple task.

Currently funds exist for a range of alcohol, drug and gambling addiction programmes as well as for second chance training and education. As a consequence, the adult or adults in this housing situation can also be provided with a pathway out of their difficulties. With stable housing and other basics such as electricity and basic food provided, the chance of success in such programmes is much higher. However, we must move beyond seeing these programmes as optional extras. If we are to provide a range of benefits, we should expect participation in these kind of programmes.

- We are currently at a turning point in New Zealand history. With a strong economy and a highly effective government, most New Zealanders are enjoying the dividends of greater growth and a stronger commitment to social services. However, we cannot ignore those in danger of being left behind. Those who are dependent on welfare currently are those who need the most help. We owe it to them to consider the changes I've outlined above. We have a wonderful opportunity to move people out of dependency and into a position of contributing positively to the community. We need to grab the opportunity while it exists.

Source — "The Reform Of Welfare And The Rebuilding Of Community" by Hon. John Tamihere, speech prepared for the Knowledge Wave forum, Auckland 21 February 2003

# The Jobs Letter

## DIARY

19 February 2003

Knowledge Wave 2003 – The Leadership Forum begins. 450 people including 100 young “emerging leaders” attend the three-day conference.

A shortage of logging truck drivers is reportedly forcing trucking companies to look overseas for workers. The Forest Owners Association and Forest Industries Council warn that by 2010 there will be a shortfall of 8,000 logging truck drivers.

More training and higher wages for NZ'ers, rather than bringing in migrant workers, will better solve the shortage of truck drivers, according to the Council of Trade Unions. President Paul Goulter says that employers who exploited vulnerable immigrant workers were using a short-term solution that did nothing to address the skills shortage issue in NZ.

*The Sydney Morning Herald* claims that Qantas Airways has contingency plans to cut up to 2,500 staff as the airline anticipates bookings to drop by 15% - 20% if there is an invasion of Iraq.

20 February 2003

A 20-week Specialist Youth Services Corps programme is set to start in eight centres including West Auckland, Hamilton, Gisborne, Rotorua, New Plymouth, Palmerston North, Christchurch and Invercargill. The programme, for 15 – 17 year old offenders, aims to lower the re-offending rate through participation in education, training or employment.

21 February 2003

US academic Robert Putnam tells the Knowledge Wave how club memberships and group outings have declined dramatically in Western cultures. Putnam says this worrying trend accompanies a loss of social capital that affects governments, crime levels, education levels, the economy and even people's health.

“Emerging leader” Oliver Driver tells the Knowledge Wave: “You have called us emerging leaders, but outside this room there are a million more of us – a generation that are drug users by 15, drinkers by 16, pregnant by 17, in prison by 18 and dead before we are 20. My generation is in trouble, and it's your fault!”

- Cabinet Youth Affairs Minister **John Tamihere** has found himself **having to apologise to cabinet colleagues** after distributing a speech about welfare reform at the *Knowledge Wave* conference. Tamihere (who is ranked 19th in the Cabinet) used the prestigious forum to share his views that the current welfare system was trapping people into dependency, and was “killing people with kindness”.

Tamihere used to be the chief executive of the West-Auckland-based Waipareira Trust, and has had an extensive background in community-based delivery of social services. He would like to see the **responsibility for all welfare payments given to private or community organisations** whose case managers would pay the basic costs of accommodation, power and food on behalf of individuals and families ... ensuring that they at least received the necessities of life. The balance of the benefit would then be transferred into the beneficiary's bank account to be used for discretionary spending. This would enable case managers to negotiate bulk discount deals on basic items, and would also send a clear message to beneficiaries that they have a responsibility to help **move themselves away from welfare dependency**.

Tamihere later told a Sunday newspaper that Social Services Minister Steve Maharey was failing in his desire to steer a middle course for the welfare system between the extremes of state control and the free market. Tamihere: “He is going to have to get away from statism and bullshitting under the name of third way-ism because he is not practising third way-ism. No, no, he is practising old left.”

Decide for yourself: “*The Reform Of Welfare And The Rebuilding Of Community*” by Hon. John Tamihere, prepared for the *Knowledge Wave* forum, Auckland, 21 February 2003, has been reprinted in this issue of *The Jobs Letter*.

- The media and opposition parties have had a field day with Tamihere's comments ... seeing them as a significant crack in Cabinet unity. Prime Minister Helen Clark has since made it clear that a close watch would be kept on the Youth Affairs Minister, including the vetting of future speeches (... the offending speech having been removed from the government's website). Clark has **warned Tamihere to stick to his own portfolio**, and has advised him to keep a low public profile in the immediate future.

Clark says that Tamihere's attack on the Social Services Minister has been particularly unfair because Maharey was already a “committed devolutionist”. She says the government was debating the issue of devolution all the time, but it is a difficult area because the media are quick to condemn failures of accountability, such as in recent cases of iwi housing, Maori health and education trusts. Clark: “There are pitfalls ... you have to be very careful. And even being very careful doesn't guarantee results. When it comes to whether you then extend what you pay out to entrusting people's benefit money to community organisations, I think that's a leap of faith I would not be prepared to take at this time...”

- More firms are saying that a **lack of labour is their main constraint** on expanding production. The latest Labour Market Policy Group quarterly report has found that the shortage of skilled labour is still rising and continues to affect company growth. 16% of firms say difficulty in finding suitable staff is the dominant factor holding them back from expanding their business — up from 12% last quarter. The number of firms saying they had difficulty finding skilled staff rose from

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## DIARY

22 February 2003

PM Helen Clark tells National Radio that the Knowledge Wave proposals to move NZ into the top half of the OECD were totally unrealistic. Clark: "If that's the flavour of the conclusions, they'll be put to one side of the desk."

Minister of Employment Steve Maharey and National party finance spokesperson Don Brash discuss their employment policies on National Radio. (see extracts on our website version)

25 February 2003

The "Loyal" flags, being sold as fundraisers for the Team NZ defence of the Americas Cup, were made in China. Green MP Mike Ward says that not having the flags made locally was "an abysmal lack of loyalty to our community".

Ngai Tahu leader Mark Solomon says that too many Maori are enrolling in tertiary institutions that are of questionable value. Solomon says tertiary institutions that focus on issues of access and participation gloss over the deeper issues of quality. Solomon challenges tertiary institutions to embrace the "discomfort" of a new partnership model with Maori that better acknowledges the diversity of Maori and centrality of iwi.

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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](http://www.jobsletter.org.nz)

37% to 39%. And firms still can't find enough unskilled staff, a trend that began in late 1999.

— the construction industry is the most affected by shortages of both skilled and unskilled workers. Over half of construction firms say they lack skilled workers and over a third say they lack unskilled workers.

— skill shortages are more acute in the South Island with 48% of southern firms saying they have difficulty finding skilled staff.

The 13-page report can be downloaded at [www.lmpg.govt.nz/PDFs/Skills-Shortages.PDF](http://www.lmpg.govt.nz/PDFs/Skills-Shortages.PDF)

- Workers will be **better paid when they work on statutory holidays** when a simplified Holidays Act becomes law later this year. All people who work on any of the 11 statutory holidays will be paid time-and-a-half their normal rate and also given a subsequent day off on normal pay.

Minister of Labour Margaret Wilson says changes are needed because the complexity of the existing legislation is a constant source of confusion in the workplace. Wilson says that worker/employer conflicts about holidays account for three-quarters of the complaints brought to labour inspectors.

The new legislation also **separates sick and bereavement leave** entitlements, which are currently combined to a total of five days. The Bill will allow five days for each and allows sick pay to be accumulated for up to 15 days. The government reiterates that minimum annual leave provisions will remain at three weeks during this parliamentary term, even though a Bill by Progressive Coalition MP Matt Robson for four weeks annual leave will be considered by the select committee at the same time.

- The Council of Trade Unions is clearly pleased with the proposed changes to the Holidays Act. President Ross Wilson says that it restores some entitlements workers lost during the Employment Contracts era. Business New Zealand executive director Anne Knowles agrees it streamlines the current legislation but believes the changes will add 1% to annual wage costs.
- Volunteers needed. "Young seniors" are being targeted to apply their skills and experience to the community sector. Alison Marshall, chairperson of *Volunteering New Zealand* says they are appealing to **people between 55 and 65 years of age to try out volunteering**. She says that there are many people in this age group who may not have, or want, full-time paid work ... but still want to remain active and share their skills. Marshall: "We believe engaging the skills and experience of these people will be of huge benefit to the country.."

At the *Knowledge Wave* conference last month, a national volunteering website and 0800 number was launched. The website lists contact information for affiliated Volunteer Centres around the country, and the 0800 number automatically transfers calls to nearest volunteer centre.

— for further contact, Volunteering NZ website is at [www.volunteernow.org.nz](http://www.volunteernow.org.nz) or phone 0800 VOLCNTR or 0800 865 268

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