

The Jobs Letter

No. 191

22 August 2003

Essential Information on an Essential Issue

KEY

WORK-LIFE BALANCE

UNEMPLOYMENT
AT 15-YEAR LOW

MORE ON THE JOBS JOLT

BOOST TO WORKPLACE
TRAINING

BONDED "STEP UP"
SCHOLARSHIPS

STATISTICS THAT MATTER

DIARY

24 July 2003

Members of the NZ Association of Migration and Investment will take some convincing that the government's goal of 45,000 new immigrants per year is achievable. The changes to immigration policy in the "skills" category require applicants to obtain a relevant job offer, register their interest in relocating to NZ and then wait for an invitation to apply. Association of Migration and Investment chairperson Bill Milnes says the system will be inherently complex, time-consuming and unwelcoming and forbidding for most people.

25 July 2003

The NZ trade deficit reaches the second highest level since records began being kept in 1960. For the twelve months to June, NZ imported \$2.883 billion more in goods and services than it exported.

27 July 2003

The future of the 225 staff at the Waipa sawmill, one of Rotorua's largest employers, is in doubt. The sawmill is temporarily being operated on behalf of the mill's receiver, but no buyer has yet come forward and the temporary arrangement is only in place until the end of September.

- The government is setting up an inter-agency steering group to co-ordinate policies that **promote work-life balance**. The Minister of Labour Margaret Wilson defines work-life balance practices and policies as those which will help improve workers' well-being and allow people to more fully use their potential in and outside work. The government's position on work-life balance was set out in the Governor General's "Speech from the Throne" last year where she stated that work is but one dimension of living and should not crowd out and distort family life, recreation and personal development.

The new steering group is to ensure that government agency research and policy development on the issue is co-ordinated. It will also co-ordinate public consultation (due to take place from October to December) before reporting to Cabinet early next year.

- Council of Trade Unions secretary Carol Beaumont says the work-life announcement was long overdue. Last year the CTU released its *Thirty Families* report that documented that many New Zealanders average 45–55 hour work-weeks and how these **long hours impacted on their health and their relationships** with their families and friends. Beaumont: "There is compelling evidence for better laws and better collective agreements which will enable workers to not only do their jobs, but also fulfil their roles as parents, caregivers, partners and members of the community".

Business New Zealand chief Anne Knowles is more cautious about the idea. She says that everyone's work-life balance is different and she is wary of one-size-fits-all policy decisions. She warns that if new work-life policies come with a cost to employers, they could react by stopping employing people. Knowles: "We are actually trying to run a business and employ people. If it all becomes too hard and there are too many extra compliance issues ... it becomes a concern about how much small businesses can absorb."

— The terms of reference for the inter-agency group can be found on the Beehive website at www.beehive.govt.nz/ViewDocument.cfm?DocumentID=17591

- The New Zealand **unemployment** rate has dropped to 4.7% over the last quarter, **reaching a 15-year low**. The most recent Household Labour Force Survey shows there are 95,000 people unemployed — down from 99,000 people last quarter, and from 102,000 people a year ago. The New Zealand unemployment rate is now eighth among the 30 OECD member nations and is well below the OECD average of 7.2%. The latest figures came as a surprise as the consensus prediction from local financial analysts was that the unemployment rate would rise to 5.2% on the back of high interest rates, weak business confidence, the effects of the war in Iraq and the SARS virus, and the early winter power shortages.
- Even though the unemployment rate has dropped, Statistics New Zealand points out that the rate of **job creation has slowed** significantly. The economy has added 37,000 jobs over the last twelve months, almost all of which were full-time. However, over the last two quarters there has been no significant change in the number of full-time jobs in the economy. All the job growth for the year to May 2003 had already occurred by the end of 2002.

The Jobs Letter

DIARY

28 July 2003

The Commonwealth Bank of Australia confirms it is cutting 600 of its retail staff. Spokesperson Paul Rea says further jobs cuts are possible.

290 Australian jobs are lost as the Japanese owned Furukawa company halts production at its Australian copper smelter.

30 July 2003

Taranaki's two biggest energy employers are cutting staff as the supply of Maui gas begins to run out. Methanol manufacturer Methanex is cutting 40 jobs and Shell Todd Oil Services will cut as many as 60 jobs. 500 contractors work for Shell Todd and work for these people could also be affected.

Adults who are unemployed are three times more likely to commit suicide than those with a job. A study by Dr Tony Blakely of the Wellington School of Medicine finds that unemployment could exacerbate the financial problems and mental illness that can precede suicide.

ACT MP Muriel Newman believes the number of people registered as unemployed for more than four years has jumped by 61% to 17,003 in the four years of the current government. A government spokesperson says Newman's figures are not reliable because they came from the Winz jobseeker register which includes people who may already be working but wanted a change.

31 July 2003

Hundreds of jobs are at risk as Moana Pacific and Sealord fishing companies negotiate a merger. The new company, Aotearoa Fisheries, is expected to shed duplicate middle management and corporate positions.

The government looks likely to pass a new Holidays Bill that will entitle workers to four weeks of annual leave but will not be implemented until after the election. Labour had said it would not introduce four weeks annual leave during this term and National MP John Key calls the move a "crafty" way to keep union support at the next election.

Directors at Britain's largest companies have, over the last decade, had average salary rises of 92% to \$US938,000.

We include our regular *Statistics That Matter* summary in this issue of *The Jobs Letter*. Some highlights:

- The drop in the unemployment rate was largely driven by a fall in unemployment for the 15–24 year age group. However, this was not matched by a rise in employment for this group but rather by an increase in the number of people not participating in the workforce.
 - The working-age population grew by 64,800 people, a much greater number than the number of new jobs. More than half of this rise could be accounted for by immigration.
 - There was a significant increase in the number of people aged 55 – 59 years getting work. This group gained 14,800 jobs over the last twelve months.
 - The unemployment rate for Pacific peoples dropped from 8.3% last quarter to 7.1% this quarter. The rates for Maori and European/Pakeha have also dropped, but not significantly.
- The government has been accused of creating “pakeha-only” policies, after revealing that the **remote areas** aspect of the “Jobs Jolt” package **will not apply to Maori**. The remote area policy means that people living in areas with little chance of employment could be asked to move to job-rich towns or face having their benefit cut.

In response to a question in Parliament by Green MP Sue Bradford, Minister of Social Development Steve Maharey confirmed that beneficiaries living in the “ancestral papakainga district” will not be subject to the policy. (An ancestral papakainga district is the “place or places where your family comes from”.) Bradford says this is an issue that she intends to hold the government to. Bradford: “If they ever try to refuse the dole to someone who has made the decision to go back to their ancestral district, we will remember Mr Maharey’s assurances in Parliament...”

A spokesperson for the Minister told the media last week that the remote areas policies did not only apply to pakeha, and that the government has no plans to force people to move. The un-named spokesperson says there has been a misunderstanding of the policy: “We won’t be forcing people to move — we have been making it very clear we won’t”.

- Act Party employment spokesperson Muriel Newman argues that the remote areas **policies should be applied equally** to all New Zealanders. Newman: “New Zealanders hate racist legislation. Kiwis like to see everyone treated equally on the basis of need ... When you look at the statistics in areas like Northland, the majority of unemployed are Maori, so this jobs package is hardly going to jolt them into employment if it doesn’t apply to them...”

Newman argues that employment statistics, “and common sense” shows that the groups that have been targeted for the “Jobs Jolt” crackdown should not have been the elderly unemployed ... but the young. Newman: “There are around 35,000 unemployed young people aged between 16 and 25 who are at risk of wasting their lives, but who desperately need the structure, purpose and rewards of a good job. If Labour were truly serious about getting beneficiaries into work to solve the skills shortage problem — which is their stated aim — they would target these fit young people, rather than the elderly. Not only would young people benefit most from being in a good job, rather than being idle and getting into trouble, but right now, up and down the country, employers would welcome them with open arms — just so long as they wanted to work.”

- The government’s coalition partner, the **Progressive Party** (with Jim Anderton and Matt Robson as its MPs), has **started to market itself as “The Jobs Party”**, claiming that the latest low unemployment figures is, in part, a credit to the work Anderton has been doing in the regions to support economic development. Interestingly, the Progressives were somewhat conspicuous by their silence over the “Jobs Jolt” package ... no press statements were issued

(continued on page five)

STATISTICS THAT MATTER

ONE IN TWENTY-ONE PEOPLE OFFICIALLY UNEMPLOYED IN NZ

OFFICIAL NUMBER OF UNEMPLOYED IN NZ

June 2003

95,000

Seasonally Adjusted

OFFICIAL RATE OF UNEMPLOYED

June 2003

4.7%

OR ONE IN 21 PEOPLE

Seasonally Adjusted

DROP IN NUMBER OF UNEMPLOYED IN LAST THREE MONTHS

March 2003 — June 2003

4,000

DROP IN LAST YEAR

June 2002 — June 2003

7,000

PEOPLE REGISTERED AS JOBBEEKERS WITH MINISTRY OF SOCIAL DEVELOPMENT

(Formerly WINZ)

June 2003

144,575

UNDEREMPLOYED

June 2003

103,600

(workers who are employed part time but would prefer to work more hours)

GLOBAL

SPAIN	11.3%
GERMANY	9.4%
FRANCE	9.1%
ITALY	8.7%
CANADA	7.8%
OECD Average	7.2%
UNITED STATES	6.2%
AUSTRALIA	6.2%
JAPAN	5.4%
BRITAIN	5.0%
NEW ZEALAND	4.7%

OFFICIALLY UNEMPLOYED

The official unemployed rates are an internationally recognised figure for unemployment based on the Household Labour Force Survey run by Statistics New Zealand. These are the latest figures for June 2003.

NORTHLAND	7.3%	or one in 14 people
AUCKLAND	4.0%	or one in 25 people
WAIKATO	4.9%	or one in 20 people
BAY OF PLENTY	6.6%	or one in 15 people
GISBORNE-HAWKES BAY	4.0%	or one in 25 people
TARANAKI	5.6%	or one in 18 people
WANGANUI-MANAWATU	5.1%	or one in 20 people
WELLINGTON	4.8%	or one in 21 people
NELSON-MARLBOROUGH		
TASMAN-WEST COAST	3.0%	or one in 33 people
CANTERBURY	4.4%	or one in 23 people
OTAGO	5.6%	or one in 18 people
SOUTHLAND	3.6%	or one in 28 people

EMPLOYED

NUMBER OF PEOPLE IN JOBS IN NZ

June 2003

1,911,000

Seasonally Adjusted

RISE IN NUMBER OF PEOPLE IN JOBS IN LAST 3 MTHS

March 2003 — June 2003

15,000

RISE IN NUMBER OF PEOPLE IN JOBS IN LAST YEAR

June 2002 — June 2003

37,000

SECTORS WITH A RISE IN EMPLOYMENT IN THE LAST YEAR

WHOLESALE & RETAIL TRADE, EDUCATION, HEALTH & COMMUNITY SERVICES, CONSTRUCTION.

SECTORS WITH A DROP IN EMPLOYMENT IN THE LAST YEAR

MANUFACTURING, TRANSPORT, STORAGE & COMMUNICATION, BUSINESS & FINANCIAL, AGRICULTURE, FORESTRY AND FISHING.

REGIONS

REGIONS WITH A DROP IN UNEMPLOYMENT IN THE LAST 3 MONTHS

March 2003 — June 2003

NORTHLAND
AUCKLAND
GISBORNE / HAWKES BAY
BAY OF PLENTY
WAIKATO
WELLINGTON
NELSON / MARLBOROUGH /
TASMAN / WEST COAST
CANTERBURY
OTAGO

REGIONS WITH A RISE IN UNEMPLOYMENT

TARANAKI
WANGANUI / MANAWATU
SOUTHLAND

FULL-TIME and PART-TIME

of the "Employed" statistics

	FULL -TIME	PART-TIME
MEN	917,200 (89%)	118,100 (11%)
WOMEN	543,600 (63%)	322,400 (37%)
TOTAL	1,460,800	440,500
OVERALL %	77%	23%

GAIN OF FULL-TIME EMPLOYED IN THE PAST YEAR: 34,000

GAIN OF PART-TIME EMPLOYED IN THE PAST YEAR: 3,000

A SPECIAL SUPPLEMENT TO

THE JOBS LETTER

22 AUGUST 2003

ONE IN THIRTEEN PEOPLE OFFICIALLY JOBLESS IN NZ

OFFICIAL NUMBER OF JOBLESS IN NZ
June 2003

161,700

OFFICIAL RATE OF JOBLESS
June 2003

7.8%
OR ONE IN 13 PEOPLE

DROP IN NUMBER OF JOBLESS IN LAST THREE MONTHS
March 2003 — June 2003

12,900

DROP IN NUMBER OF JOBLESS IN LAST YEAR
June 2002 — June 2003

9,900

THE JOBLESS FIGURES

According to Statistics NZ, the difference between the official "unemployment" figures and the "jobless" figures is that many of the people on the jobless measurement are available for work, but not actively seeking it.

The reasons for not actively seeking work range from people being discouraged because they lack the skills needed, or were the wrong age, or that the right work was not available in their area, or they were only looking for jobs in the newspaper. This measurement also includes those actively seeking work but not yet available for it.

A SPECIAL SUPPLEMENT TO

THE JOBS LETTER

22 AUGUST 2003

OFFICIALLY JOBLESS

"Those Without a Job and Wanting a Job"

These are the statistics that are more commonly used by community workers and employment activists in New Zealand because they more accurately reflect the people who are their concern or clients. These "Jobless" figures are also based on the Household Labour Force Survey run by Statistics New Zealand, but include a wider definition of unemployment, usually referred to as "those without a job and wanting a job" ... (see note in side panel).

NORTHLAND	11.0%	.....or one in 9 people
AUCKLAND	6.4%	.....or one in 16 people
WAIKATO	7.2%	.....or one in 14 people
BAY OF PLENTY	11.8%	.....or one in 8 people
GISBORNE-HAWKES BAY	8.5%	.....or one in 12 people
TARANAKI	9.8%	.....or one in 10 people
WANGANUI-MANAWATU	8.2%	.....or one in 12 people
WELLINGTON	8.1%	.....or one in 12 people
NELSON-MARLBOROUGH		
TASMAN-WEST COAST	5.9%	.....or one in 17 people
CANTERBURY	7.3%	.....or one in 14 people
OTAGO	11.9%	.....or one in 8 people
SOUTHLAND	6.6%	.....or one in 15 people

AGE and LONG-TERM

YOUTH UNEMPLOYMENT RATE - AGED 15-19 YEARS	13.6%
June 2003	one in 7 young people
MATURE UNEMPLOYMENT RATE - AGED 50-65 YEARS	1.7%
June 2003	one in 59 mature people
LONG-TERM UNEMPLOYED (OVER 6 MONTHS)	23,100
June 2003	24% or one in 4 of the unemployed
LONGER-TERM UNEMPLOYED (OVER 2 YEARS)	6,000
June 2003	6% or one in 16 of the unemployed
VERY LONG-TERM UNEMPLOYED (OVER 5 YEARS)	1,500
June 2003	2% or one in 63 of the unemployed

THE SCHEMES

Figures from Ministry of Social Development, Youth Affairs and Tertiary Education Commission (formerly Skill NZ)

TASKFORCE GREEN	388
JOB PLUS	3,535
JOB PLUS MAORI	97
JOB CONNECTION	75
ENTERPRISE ALLOWANCE	72
ENTERPRISE ALLOWANCE WITH CAPITALISATION	246
TRAINING OPPORTUNITY SCHEME (TOPS)	8,155
YOUTH TRAINING (T.E.C.)	5,514
LIMITED SERVICE VOLUNTEERS (ARMY)	65
CONSERVATION CORPS (June)	833
YOUTH SERVICE CORPS (June)	100
ACTIVITY IN THE COMMUNITY (still counted as unemployed)	626

PARTICIPATION

LABOUR FORCE PARTICIPATION RATE
June 2003

Seasonally Adjusted

66.2%

down from 66.7% last year

RACE

MAORI RATE OF UNEMPLOYMENT
June 2003

10.4%

OR ONE IN TEN PEOPLE

PACIFIC ISLAND RATE OF UNEMPLOYMENT
June 2003

7.1%

OR ONE IN 14 PEOPLE

NZ EUROPEAN RATE OF UNEMPLOYMENT
June 2003

3.4%

OR ONE IN 29 PEOPLE

The Jobs Letter

DIARY

1 August 2003

Dwindling numbers of male teachers is contributing to the academic failure of boys, according to Association of Boys' Schools chairperson Paul Baker. Baker says that male teachers are needed to convince boys that the acquisition of skills, knowledge and understanding is a healthy attribute. The association is lobbying government to consider providing scholarships to encourage more men into teaching.

3 August 2003

One-out-of-ten, or half a million, jobs in the US computer services and software industry may shift to lower-cost locations over the next year. Gartner, the world's largest high-tech forecasting firm, says many companies are shifting to lower labour cost regions such as Russia, India and South East Asia.

4 August 2003

The increased unemployment rate for Wellington is not for lack of new jobs. The Wellington region had job growth of 2% this year, but this has not kept pace with the 4% (twice the national average) influx of working aged people moving to the city.

British Airways is to cut 13,000 jobs over the next two years.

Profits at electronic manufacturer Sony Corporation fell 98% during the first quarter of this year.

5 August 2003

Christchurch-based Jade Software is cutting 80-100 staff.

Federated Farmers tells a parliamentary committee that a fourth week of worker annual leave would cost farmers an average of \$1,000 per employee each year.

The US annual GDP lifts to 2.4% on the back of a 44% increase in military spending. The military cost of the Iraq occupation is reported to be costing \$US4 billion per month.

The US economy has slashed jobs for each of the last six months. Unemployment is at 6.2% and 9.1 million Americans are out of work.

7 August 2003

Australian unemployment lifts to 6.2%.

at the time of the announcement, and no comments have since been ventured on the impact that remote, or "no go", areas would have on regional development programmes.

- *New Zealand Herald* assistant business editor Fran O'Sullivan says that the "Jobs Jolt" package has **not succeeded in creating the support** that Steve Maharey and his officials hoped to gain **among business lobbyists**. She says there was a determined effort by the Minister to encourage Business New Zealand chief executive Simon Carlaw to give his approval to the package. This involved advising Carlaw late in the piece that the initiative was going to the Cabinet and repeated calls to suggest that, after the announcement, a positive response from Business New Zealand would be welcome. Carlaw did not play ball.

O'Sullivan says that Business New Zealand was not a party to the policy process. And while the Manufacturers and Employers Association northern chief Alasdair Thompson said the "Jobs Jolt" was a "step in the right direction", business lobbyists were more concerned that the government's actions were obscuring major policy moves that the lobbyists believe are likely to cut down the prospects for increased employment opportunities. O'Sullivan: "At issue are more changes on the labour law front that the lobbyists fear may form another step on the road back to compulsory unionism. The Government's new package is not expected to be revealed until later this month, but the Wellington policy mill suggests the moves will be unusually invasive on employers' rights..."

- Macpac, the last New Zealand-based manufacturer of outdoor sports clothing and equipment, is to **shift its manufacturing operations to Asia** ... with a loss of 150 jobs in Christchurch. Managing director Bill McIntyre says that the immediate causes are the 40% rise in the New Zealand dollar and the slow-down in international travel. The company lost \$1 million last year, and predicts it will lose as much again this year.

But the underlying problem is that all of Macpac competitors now manufacture in Asia. McIntyre says his competitors produce packs, clothing, tents and sleeping bags at a fraction of what Macpac can do. The big difference is in the **cost of labour**: a junior machinist at Macpac starts on \$340 per week, while a Chinese machinist earns approximately \$240 per month — a generous wage in Chinese terms, which would enable a worker there to begin to buy a house within three or four years.

- The government will invest more than \$800,000 in a **campaign** over the next four years **to promote workplace learning** and industry training. Their aim is to have a quarter of a million New Zealanders learning on-the-job by 2007. The campaign is part of a joint agreement between the government, Business New Zealand, and the Council of Trade Unions (CTU). Minister of Tertiary Education Steve Maharey says that the key to the project is that it will be driven by the needs of employers and workers. Maharey: "It recognises that skills issues have to be addressed where they occur — in the workplace."

CTU president Carol Beaumont agrees: "Workers need to be aware of the opportunities and we all need to work together to remove barriers to participation in training in order to ensure that more and more workers can build on their skill levels..."

- The campaign will be promoted under the name of "Skill New Zealand" ... which might confuse a few people since it is the same name as the government's former training funding agency (which has now become part of the Tertiary Education Commission, or TEC). The Skill New Zealand campaign's major focus will be to champion the cause of workplace learning within the tertiary system as a whole.

Business New Zealand chief executive Simon Carlaw believes that on-the-job training and tertiary learning must have an equal status in the future. Carlaw: "A growing economy requires a tertiary education system that is responsive to

The Jobs Letter

DIARY

8 August 2003

US aircraft manufacturer Boeing is cutting 5,000 jobs in Washington State. Boeing had already cut nearly 35,000 staff over the last two years.

11 August 2003

Singapore experienced its worst ever economic contraction last month. GDP fell by 11.4% in the June quarter as a result of the reaction to the SARS epidemic.

12 August 2003

Confection manufacturer Nestle adds 65 jobs as it opens a new factory at Wiri, in Manukau City.

15 August 2003

Levin clothing manufacturer LR Wishart announces it will close with the loss of 38 jobs. The company says tariff reduction over the years and uncertainty over the government's future tariff policy led to the closure.

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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

far more complex demands and many more participants on a continuing basis than could ever be accommodated by any combination of tertiary institutions. The system must harness the strengths and experience of all the key organisations that focus on skill acquisition, especially industry training organisations, individual businesses, and the polytechnics ...”

- A new **scholarship scheme** will soon be available to students from low-income families who want **to take up degree-level tertiary study** in the fields of human and animal health. “Step Up” scholarships will see students paying a flat \$2,000 per year course fee (no matter what the actual fee is) with the government paying the balance.

Step Up scholarships will be targeted at people who qualify for a student allowance and who are either just leaving school or are already in a course that is aimed at helping them get accepted into a health science degree programme. For nurses and midwives, this will mean savings of thousands of dollars to each individual. For those going into medicine, dentistry or veterinary professions, it will mean savings of tens of thousands of dollars. The government sees the Step Up scholarships as a first step to getting **more people from low-income families into tertiary education**. Minister of Tertiary Education Steve Maharey: “The Step Up scholarships are designed to ensure that people from low-income backgrounds are not deterred by cost from beginning tertiary study and will help to keep skilled graduates in New Zealand contributing to our economy.”

- The new scheme will also “bond” the students to work in New Zealand after they have completed their studies. Step Up scholars will be required to work in New Zealand for the same number of years as their studies, although they will be allowed a one-year break (presumably to travel). Those students breaking their scholarship bond will be assigned a student loan for the remaining portion of the student fees that the government paid.

Each scholarship will be awarded for the full duration of the degree, so long as the student keeps up their academic achievement. The government expects around 500 Step Up scholarships to be awarded in 2004, costing \$15.9 million over the next four academic years. After the first two years of piloting the programme, the government may extend it to people studying in other fields..

The NZ Nurses Organisation says that addressing the burden of student debt for nursing and midwifery students is a step toward addressing the causes of the nursing shortage. President Jane O'Malley: “This sends a signal that there is some recognition of the desperate need to attract young people to nursing, where the average age is currently 42.”

- The government is starting a new **home mortgage loan-guarantee scheme** for “moderate” income earning families who could qualify for a home loan but can't raise the deposit. The scheme, which will initially only be available from Kiwibank, will require no deposit if the price of the house is under \$100,000, or will require a 5% deposit for a house costing more. The scheme is initially being aimed at people who are in Housing New Zealand market rentals or are on the waiting list for HNZ rental housing. To qualify, borrowers must have a combined household income of less than \$50,000, or if there are more than two adults in the house, less than \$100,000.

The government says it is delivering the new scheme to try to stop the declining rate of New Zealand families who own their own house. The home ownership rate has dropped from 74% to 68% over the last ten years. Minister Steve Maharey: “The possibility that more New Zealanders may remain in private rental accommodation throughout their lifetime has implications for social and health outcomes – security in old age; retirement income; aggregate household savings; and growth in Accommodation Supplement payments.”

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