

The Jobs Letter

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5 July 2005

Essential Information on an Essential Issue

KEY

TASKFORCE MAYORS
IN
NEWCASTLE

DIARY

8 June 2005

India's universities are not turning out enough graduates with the appropriate skills to fill the expected growth in its software and outsourcing industries, according to its National Association of Software and Service Companies. President Kiran Karnik says the industry is expected to double in size to 2 million workers over the next four years and most of the current graduates do not have the right skills.

9 June 2005

A shortage of building craftspeople is threatening the future of historic buildings in Britain, according to the National Heritage Training Group. There is a particular need for specialist bricklayers, carpenters, roofers, stonemasons and thatchers. The group says skills such as drystone walling, thatching and earth walling could disappear altogether within 10-15 years.

- A group of Australian Mayors have decided to **start an Australian Mayors Taskforce for Jobs**, focussing on political and cultural support for a job guarantee for all young Australians. The decision follows a visit to **Newcastle, New South Wales**, last month by Mayors involved in the New Zealand Taskforce for Jobs. The Newcastle meeting was hosted by the Lord Mayor of Newcastle, John Tate, and included many Mayors from throughout New South Wales.
- At the meeting, NZ Taskforce chairman and **Mayor of Christchurch Garry Moore** detailed the history and progress of the NZ Taskforce. Taskforce Community Adviser Vivian Hutchinson then outlined the many partnerships and strategies which the Taskforce has undertaken which are now resulting in on-the-ground initiatives, particularly in skills-training.

Mayor Moore reinforced the importance of the **partnership** the NZ Taskforce had **forged with government**, and in particular the Minister of Social Development, Steve Maharey, and the Minister of Economic Development, Jim Anderton. Moore: "When the Labour government gained office in 1999, they said they would forge a new relationship with local government. The Mayors Taskforce represents a tangible success in this regard. We have succeeded in getting substantial commitments of support from the government Ministers and our major government departments. Our government has signed a memorandum of understanding with us that by 2007 all young people in New Zealand under the age of 20 will either be earning or learning. And they have been putting in \$50 million in special programmes each year to back up their commitment to this goal."

"The Mayors have succeeded in making this an apolitical initiative ... the members of our Taskforce come from all different political sympathies. But we have found common ground on our shared goal for the "zero waste of New Zealanders", particularly focussing on our young people. And we have been actively speaking to all political parties to ask how they can get in behind this cultural goal."

Moore says that, as far as he is aware, the Newcastle meeting was **the first trans-Tasman Mayoral meeting** that has focussed on a major social issue such as unemployment. Moore: "It's great that our Australian cousins are picking up the idea of the NZ Taskforce initiative. I believe we will have a great deal to learn from one another as their new Taskforce gets off the ground..."

- NZ Mayors Taskforce Community Adviser **Vivian Hutchinson** told the Newcastle meeting that unemployment and skills shortages in Australia and New Zealand are really **two sides of the same coin**. Hutchinson: "They are both governance issues. They both relate to a failure of governance to prepare for, and invest in, the next generation of our workers. Unemployment and skill shortages are a failure of governance not only in central and local government, but also in business, in education and in other levels of civil society."

"The Mayors in the New Zealand Taskforce are stepping up to this governance challenge and are in a unique place to speak to many levels in our communities about the cultural goal of having all our young people in either education or work. We will not achieve these cultural goals by just introducing a new scheme or programme. We need a systemic approach that asks for changes right across many different organisations. The Mayors are in a unique position to "connect-the-dots" and speak to these systemic changes..."

The Jobs Letter — Essential Information and Media Watch on Jobs, Employment, Unemployment, the Future of Work, and related Education and Economic issues. It is published every 2-3 weeks, and is freely available on our website at www.jobsletter.org.nz. We will email you if you want to be notified of the latest issue, or sent the full letter (in PDF format). Paper, posted subscriptions are available at \$79 (incl GST, per annum).

The Jobs Letter

DIARY

12 June 2005

Australian job growth continues to revolve around part-time jobs. The *Australian* newspaper says about 330,000 workers are switching from full-time to part-time jobs every quarter. It also found people who are unemployed are much more likely to be offered part-time work. More than half the people who were unemployed and found work in May, got part-time jobs.

13 June 2005

A review of immigration law may put more responsibility on the wine industry to check that they are using legal workers. The Department of Labour says it is not convinced many Marlborough vineyard employers are as innocent as they say when it comes to using contractors who employ illegal workers. The Central Amalgamated Workers Union alleges only 20% of Marlborough's viticulture contractors use legitimate employment practices.

14 June 2005

Newspaper job ads dropped 3.8% in May and falls were recorded over all regions by the ANZ survey. On an annual basis the Manawatu has had the strongest rise in job advertising (+17%) while Auckland had the sharpest decline (-18%).

The ACT Party alleges Corrections Department managers are preparing a deliberately skewed report on its prisoner job-training programmes in order to gain more funding. ACT says an internal email asked Corrections managers to provide the names of their top 10 inmates who had succeeded in finding jobs after release to "build a case for further funding". \$30 million is budgeted for inmate employment training this year.

The number of people arriving to live in NZ has slowed to just 6,000 more than left, for the year through May. The Department of Labour says there is a chance by the end of the year more people will have left than will have arrived.

- The **Lord Mayor of Newcastle, John Tate** told the meeting that the skill shortages facing the Australian economy really do represent a social failure. He says that many groups are doing their best to address the situation, but the Mayors needed to be frank and concede that the "... existing institutions are only addressing it marginally".

John Tate said he was attracted to the idea of the Mayors Taskforce because there needed to be another focus for leadership on these unemployment and skill shortage issues, and a leadership that **spoke across the institutional barriers**. He said he was impressed by the track record of the New Zealand Mayors Taskforce, and, with the help of the local resources from Newcastle University, he intends to bring together a group of fellow Mayors from the Hunter Valley region of New South Wales, which will form the foundation of the new Australian Taskforce.

- The New Zealand Mayors Taskforce for Jobs has 68 members, **covering 92% of all Mayors in the country**. The Australian Taskforce is taking on a much bigger challenge: there are 152 Mayors in New South Wales alone, and 673 Mayors across all of Australia.
- The Australian Mayors at the meeting included John Tate the Lord Mayor of Newcastle, John Anderson Deputy Mayor of Shoalhaven, Craig Baumann Mayor of Port Stephens, Peter Blackmore Mayor of Maitland, Steve Low Mayor of Dungog, Greg Piper Mayor of Lake Macquarie, Leo Kelly Mayor of Blacktown and Vice-President of the NSW Local Government Association, and Ian McKenzie Newcastle councillor (Greens) and Executive Member of the NSW Local Government Association.

The New Zealand Mayors at the meeting included Garry Moore Mayor of Christchurch City (chairman of the Taskforce), Paul Matheson Mayor of Nelson City (deputy chair of Taskforce), Jenny Brash Mayor of Porirua City, Peter Tennent Mayor of New Plymouth, Yvonne Sharp Mayor of the Far North, Maureen Reynolds Mayor of Tararua District, Alan McLay Mayor of Waitaki, and George Wood Mayor of North Shore.

- The Newcastle visit by New Zealand Mayors was also organised so that Mayors could explore a closer partnership with the **University of Newcastle Centre for Full Employment and Equity (CofFEE)**, which is an international leader in research on full employment issues, and, in particular, job guarantee schemes. This year the New Zealand Mayors Taskforce adapted its mission statement to include the concept of **job guarantees for all young people under 25 years**. Taskforce chairman Garry Moore: "We know we are not going to reach our goals unless we gain a working understanding of the macro-economic settings which will lead to fuller employment. We can only do so much with the good work we are doing on local projects. But there is a deeper political and governance challenge in getting the macro-economic policies to be in service to our cultural goals. That is one of the main reasons we have come to Newcastle ... to listen to the Australian academics and take advantage of their extensive research and international connections on full employment issues..."
- The New Zealand Mayors were welcomed to Newcastle University by the **Vice Chancellor and University President Nick Saunders**. He said the meeting was "a wonderful example of civic leaders drawing on applied academic research to foster a more inclusive society."
Saunders: "As its name suggests, the Centre for Full Employment and Equity is devoted to understanding the causes of unemployment and to developing pathways to full employment in our local communities. The University is proud of CofFEE's research record and highly supportive of its efforts to work with Mayors from Australia and New Zealand to reduce the damage caused by persistent unemployment."
- The CofFEE Centre for Full Employment is the only university research centre in the Southern Hemisphere dedicated to full employment issues. It was

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17 June 2005

Aviation fuel prices are expected to skyrocket next year and there is strong speculation that Qantas Airlines will lay-off as many as 5,000 of its 30,000 workforce.

18 June 2005

Eight NZ Mayors from the Mayors Taskforce for Jobs travel to Australia to meet Mayors there and to support the setting up of an Australian Mayor's taskforce for jobs, and to study the Australian jobs guarantee scheme.

19 June 2005

A Matamata engineering firm has hired three Fijian welders. Juno Engineering says it could find no local tradesmen.

20 June 2005

More NZ businesses are planning to hire staff than at any time over for the last six years, according to the Hudson report. 43.5% of the nearly 1,700 businesses surveyed plan to increase staff numbers.

The EU is prepared to phase-out agricultural export subsidies if advanced developing countries such as Brazil and India do the same, according to EU Trade Commissioner Peter Mandelson.

Minister of Education Trevor Mallard will not rule out the possibility that Te Wananga o Aotearoa will be folded up.

23 June 2005

The NZ current account deficit has increased to what is now 7% of GDP, the largest gap between earnings and spending since 1988.

26 June 2005

Information technology workers are expected to remain in high demand in NZ for the next six months, according to recruitment agency Hudson. 63% of IT firms surveyed plan to increase staff.

established in 1998 by **Professor Bill Mitchell** to undertake and promote research aimed at restoring full employment and "achieving an economy that delivers equitable outcomes for all".

Mitchell: "In Australia, the Federal Government has not delivered full employment and local governments have not argued that the cost this imposes on their communities is unacceptable. The New Zealand Mayors do not think about their vision for a Job Guarantee in terms of which policy buttons to press. Their aim is to create a culture of full employment. Once there is a group of people who are willing to commit to this cultural vision, groups like CofFEE can provide the research support and policy ideas that can help them to realise their goals ..."

- One of the CofFEE Centre's major projects is a proposal for a **Community Development Job Guarantee** (CD-JG). This proposes macroeconomic policy settings that will deliver sustainable minimum-wage jobs for the most disadvantaged. The CD-JG would also create a **new order of public sector jobs** (a buffer stock) that will support community development and advance environmental protection and repair. CofFEE argues that the Job Guarantee work will be considered worthwhile, much of it will be labour intensive, and it could be combined with training.

The Job Guarantee research project has recently attracted Australian Research Council (ARC) funding, has been unanimously endorsed by local businesses, the Hunter Region Organisation of Councils and the Trades Hall Council and is now official policy of the Newcastle City Council. CofFEE academics have given extensive briefings to politicians of all persuasions on the Job Guarantee proposals.

— CofFEE's website can be found at <http://e1.newcastle.edu.au/coffee/>

— The main paper on the Job Guarantee policy proposals can be downloaded from <http://e1.newcastle.edu.au/coffee/pubs/reports/2003/CDJG.pdf>

- CofFEE also runs a wider research program in areas including the dynamics of employment and unemployment, the links between economic growth and economic equity, the interaction between financial markets and the labour market, and the impact of policy design on labour market outcomes. CofFEE is also part of an Australian national research network for economic analysis which brings together geographers, urban planners, health researchers and economists.

International linkages have also been a feature of CofFEE's research collaboration, and in 2001 a sister centre, CofFEE-Europe, at the University of Maastricht in the Netherlands was established. The Centre is also part of a research collaborative network in the UK with the recently established Cambridge Centre for Economic and Public Policy at Cambridge University in the UK, and with the Center of Full Employment and Price Stability at the University of Missouri-Kansas City in the US.

- Every December, the CofFEE Centre holds its **annual conference**, which is also combined with Australia's National Conference on Unemployment. Inspired by the work of the New Zealand Mayors Taskforce for Jobs, the CofFEE conference this year will have the theme of "Creating a Culture of Full Employment" "...to develop approaches which will help our communities develop the necessary cultural shifts that will compel policy-makers to move our economy back to full employment."

— The conference will be held at the University of Newcastle on December 8-9 2005. More details can be found at <http://e1.newcastle.edu.au/coffee/conferences/2005/index.cfm>

- The New Zealand Mayors Taskforce for Jobs has commissioned **Professor Ian Shirley** (who is the Pro Vice-Chancellor (Research) at the Auckland University of Technology, and Director of the Institute for Public Policy) to bring together a local team of academics to **look at the CofFEE policy proposals** for a Job

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28 June 2005

More and more Australian employers are turning to contracted workers for their source of skilled workers, according to the *Hudson Report Employment Expectation*. Hudson SA manager Phil Morton: "It can be interpreted as a signal of the difficulty companies are increasingly facing when it comes to sourcing skilled staff in permanent positions."

1 July 2005

The NZ economy expanded by a "moderate 0.6%" in the first quarter of 2005, below expectations and below the 10-year average of 0.8%, according to Department of Labour's latest *Labour Market Report*. Annual average growth of 4.2% for the year to March 2005 is set to fall to 2.4% at March 2006. The major driver of last year's economic growth was a 3.5% rise in hours worked. The *Labour Market Report* can be found at www.dol.govt.nz/publications/lmr/lmr-gdp.asp

2 July 2005

Live 8 concerts in Moscow, Tokyo, Johannesburg, Barrie (Canada), Rome, Paris, London, Philadelphia and Berlin appeal to the G8 leaders to end world poverty.

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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

Guarantee, and review existing New Zealand research on youth employment policies. This project has been partially funded by the Mayors Taskforce Employment Catalyst Fund. The academic group will begin meeting in August, and plans to write a paper and policy proposals that the Taskforce hopes will contribute to **a wider New Zealand discussion and debate on full employment issues.**

- One of the more recent examples of a successful CofFEE-style Job Guarantee programme can be found in **Argentina**. When the Argentine economy collapsed in December 2001, the country defaulted on its debts of more than \$100 billion, **the largest default in history**. Doomsday predictions abounded — and the general view was that unless Argentina adopted orthodox economic policies and quickly cut a deal with its foreign creditors, hyperinflation would surely follow, the peso would become worthless, investment and foreign reserves would vanish and any prospect of growth would be strangled.

However, Larry Rohter in the *New York Times* reports that three years after the Argentine collapse, the apocalypse has not arrived. Instead, the economy has grown by 8% for two consecutive years, exports have zoomed, the currency is stable, investors are gradually returning and unemployment has eased from record highs — all without a debt settlement or the standard measures required by the International Monetary Fund for its approval. Rohter: "Argentina's recovery has been undeniable ... the Peronist-led government has chosen to stimulate internal consumption first and told creditors to get in line with everyone else."

- CofFEE Professor Bill Mitchell says that a major part of the Argentine recovery was the introduction of *Jefes de Hogar* (Head of Household program) which was **a Job Guarantee programme** drawing on the research work done by CofFEE and CFEPS (the Centre of Full Employment and Price Stability, based in Kansas). Mitchell: "The decision to implement a Job Guarantee program was prompted by civil riots which demanded that the government underwrite the security of households. There has also been a strong bounce back in employment with more than two million jobs created since early 2002."

The Heads of Household program provides a wage of 150 pesos (\$NZ75) per month to a head of household for a minimum of 4 hours of work daily in a variety of community services and small construction or maintenance activities. Alternatively, participants can elect training which might include completion of basic education. To be eligible, the household must contain children under age 18, or people with disabilities, or a pregnant woman.

- The Argentine spending on *Jefes de Hogar* is currently equal to about 1% of GDP, with nearly 2 million participants (about 1.6 million in *Jefes* and 300,000 in *PEL*, a similar programme). This is out of a population of only 37 million, or more than 5% of the population. The size of the program was a concern, not only because of organizational demands but also because of the cost. Most other safety net programs were eliminated or reduced in order to shift funding to *Jefes*. However, Bill Mitchell points out that the US spends 1% of GDP on social assistance, while France and the UK spend 3-4% of GDP on such programs. Given that Argentina has a national poverty rate above 50%, and a child poverty rate approaching 75%, it's spending is small relative to needs.

— "*Employer of Last Resort—a case study of Argentina's Jefes Program*" by Professor L. Randall Wray, of CFEPS at the University of Missouri-Kansas City, can be found at www.epicoalition.org/docs/ArgentinaJefes.htm

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