

# The Jobs Letter

No. 105

13 August 1999

*Essential Information on an Essential Issue*

## KEY

JOB LOSSES

STATISTICS THAT MATTER

COMMUNITY BANKING

STUDENT LOANS

OLDER JOBLESS

AMERICAN GULAG

## DIARY

13 July 1999

An OECD report finds there is no causal link between strong employment protection regulations and high unemployment. It also finds no evidence that laws protecting workers' job security discriminate against women or young people. The report challenges recent moves by some European banks and politicians who want to drop employment protection legislation, claiming it would be a means of lowering the high number of unemployed Europeans.

Ethnic job hiring quotas should be included in the employment contracts of chief executives of all government departments, according to Pacific Island Affairs Minister Tuariki Delamere. He accuses government ministries and departments of racism and says that the government workforce should reflect the ethnic minorities amongst NZ'ers.

The management of the closing Otaki Richmond beef plant has found work for 17 of its workers in Australia. The jobs are at Teys Brothers, a meat processing plant northwest of Adelaide. Teys Brothers is paying the airfares for the workers and their families and Richmond has given each shifting family \$1,500 towards their relocation costs.

- **Tranz Rail** is expected to **cut hundreds more staff**, after already making 480 staff redundant in the last year. This means Tranz Rail will have made nearly a third of its staff redundant in a two-year period. The company says the job cuts will be "across the board" and it has also put a hold on all new capital expenditure, although ruling out the closure or sale any of its businesses.

Tranz Rail says it has been forced into more lay-offs because its profit and revenue results **continue to be disappointing**. Profits for the company were up 46% percent to \$70m for the year, but this was inflated by a one-off tax credit of \$57.3m.

Last year the 480 redundancies cost the company \$18.9m — equal to an average payout of \$39,000 per former worker. Tranz Rail has just announced a \$15.5m contingency for lay-offs this year, which at last year's average payout would indicate the company is looking at cutting 390 staff.

Tranz Rail is controlled by a consortium of Fay Richwhite, Wisconsin Central and the Berkshire Fund, which bought the company from the government in 1993.

- Railway worker unions warn that the company should expect considerable resistance to more layoffs, especially after the high annual profit announcement. Rail union secretary Ross Wilson says that unless there was another economic downturn, Tranz Rail would **need every worker it had**. Wilson: "We wouldn't expect there to be much more room for staff reductions on current tonnages ... and we will need to look at any further layoffs to see if they affect the health and safety of the remaining staff."

- **Hawkes Bay meat processor Richmond** is to centralise most of its specialised lamb processing at a new \$14m plant at Takapau, south of Hastings. The move will see the closure of three meat works — the Omaha Road and the Food Processors plants in Napier, and the Awatoto plant (which will be mothballed). The move will **affect the jobs of 584 people**, although 390 "new" jobs will be available in the new Takapau works.

The Richmond company had acquired Lowe Walker nearly two years ago, which saw its network of plants in the region increase from three to seven. The company says that recent declines in stock numbers played a major part in reducing the efficiency of its network of processing facilities.

- The Dairy Workers Union says that, if the merger of the Dairy Board and several dairy co-operative companies goes ahead, it will **accelerate the job losses expected in the dairy industry**. Union secretary Ray Potroz says that 500 job losses are expected by the industry as technology replaces people and manufacturing plants are further rationalised. Potroz says the axe is currently being held over the heads of dairy factory workers in Kaikoura, Northland, Morrinsville, Golden Bay and Te Awamutu.

- **Wanganui** is reeling from the news that **160 jobs are going** as a major government agency, Health Benefits Limited (HBL), is relocating to Wellington. HBL pays prescription subsidies to pharmacists and health

**The Jobs Letter** : ESSENTIAL INFORMATION and MEDIA WATCH on JOBS

EMPLOYMENT, UNEMPLOYMENT, the FUTURE of WORK, and related EDUCATION and ECONOMIC issues

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# The Jobs Letter

## VOICES

### ON THE LATEST JOBS FIGURES

*"The continuing fall in unemployment reflects the return to economic growth in the last year. After being hit hard by the rural drought and the Asian crisis, the economy is rebounding and we have seen growth all year. That's feeding through into more jobs, and it will continue.*

*"We hear regular claims that "there are no jobs", which is clearly nonsense. There are one and three quarter million people in work, and tens of thousands of jobs change hands each year. New Zealand forecasters are predicting growth of around 30,000 new jobs in the year to March 2000. These forecasts, and today's figures, should give New Zealanders confidence in the future ..."*

— Peter McCardle, Minister of Work and Income

*"The figures are a reality check. The employment outturn suggests that businesses are not convinced about the robustness of the economic recovery..."*

—Bevan Graham, Westpac chief economist

*"Do not be fooled. This is another Clayton's improvement. The fall in the unemployment rate from the March quarter was due entirely to the shift of people from inside the labour force to outside the labour force. That is all..."*

— Bancorp economists, quoted in *The Dominion*

*"We are looking at a steady trend into part-time work when people are crying out for full-time jobs and proper incomes. New Zealand is not producing the secure, quality jobs needed in vital sectors. It will end up as a theme park with nothing but service jobs unless we get a government prepared to invest in education, research and business growth ..."*

— Steve Maharey, Labour employment spokesman

*"The government's policy of destroying the viability of the regions while at the same time destroying thousands of jobs through tariff removal is ripping the heart out of New Zealand. This government has no strategies for dealing with unemployment. They are quite content to claim victory at such small fluctuations in unemployment while they allow the Reserve Bank to keep unemployment at around 6-7% permanently..."*

Jim Anderton, Leader of The Alliance

## DIARY

13 July 1999

Prime Minister Jenny Shipley says the government will not support racial job quotas in government departments as suggested by Tuariki Delamere. Shipley says she supports equal opportunity plans rather than quota systems.

14 July 1999

The Labour Party releases its plans to rebuild the apprenticeship system. The scheme is called the Modern Apprenticeship Programme, MAP, and would retain the Industry Training Organisations and the national qualifications framework. The proposed MAP will provide funding to support more people in apprenticeships and will provide incentives for small and medium sized businesses as well as state agencies to take on apprentices.

professionals, and the agency is one of **Wanganui's largest employers**. The General Manager of HBL, Tony White, says the shift is due to extensive re-organisation as claims processing becomes increasingly electronic. The agency has already closed branch offices in Auckland and Christchurch, and operations will now be centralised on the Wellington office. Staffing will eventually be cut from 300 to 100 people. The Labour MP for Wanganui, Jill Pettis, is asking the auditor General to investigate the HBL move. The potential loss of the agency and its \$9m contribution to the Wanganui economy has been a simmering political issue in the town for some years.

- Zelma, the only light bulb manufacturer in NZ, announces it can no longer compete with Asian products and **will close its Miramar plant**. General manager Mike Gill has announced that 70 staff will lose their jobs as the 59-year old company closes its doors. Much of Zelma's products were exported to Australia and South Africa.
- The Power company **Hawkes Bay Network** is also restructuring, to "concentrate on core activities", and will cut staff from about 200 to 78 people. The company does expect some staff to get future employment with the independent contractors who will pick up the maintenance contracts on the line system.

The media has reported that the power company staff were upset at the way general manager Malcolm Walker announced the job losses at meetings in Napier and Hastings. At one meeting, according to *The Dominion*, sixty field staff were crammed into a room and 17 names were read out — the names of the staff to be retained. As each name was read, the person had to stand up and leave the room. Many staff were in tears, and others complained that the experience was embarrassing, inhumane and lacked compassion.

(continued on page five)

The JOBS RESEARCH TRUST is a not-for-profit Charitable Trust constituted in 1994.

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

# STATISTICS THAT MATTER

## ONE IN FOURTEEN PEOPLE OFFICIALLY UNEMPLOYED IN NZ

### OFFICIAL NUMBER OF UNEMPLOYED IN NZ

June 99

131,000

Seasonally Adjusted

### OFFICIAL RATE OF UNEMPLOYED

June 99

7.0%

OR ONE IN 14 PEOPLE

Seasonally Adjusted

### PEOPLE REGISTERED AT WORK & INCOME NZ

Figures unavailable

### NOTIFIED VACANCIES

Figures unavailable

### FALL IN NUMBER OF UNEMPLOYED IN LAST THREE MONTHS

March 99 — June 99

3,000

### FALL IN LAST YEAR

June 98 — June 99

11,000

## GLOBAL

SPAIN	17.6%
FRANCE	11.4%
ITALY	12.3%
GERMANY	9.0%
CANADA	7.8%
AUSTRALIA	7.5%
<b>NEW ZEALAND</b>	<b>7.0%</b>
OECD Average	7.0%
BRITAIN	6.3%
UNITED STATES	4.3%
JAPAN	4.6%

## 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 1999

<b>NORTHLAND</b>	13.1%	or one in 8 people
<b>AUCKLAND</b>	6.2%	or one in 16 people
<b>WAIKATO</b>	8.1%	or one in 12 people
<b>BAY OF PLENTY</b>	10.2%	or one in 10 people
<b>GISBORNE-HAWKES BAY</b>	6.9%	or one in 14 people
<b>TARANAKI</b>	5.9%	or one in 17 people
<b>WANGANUI-MANAWATU</b>	5.6%	or one in 18 people
<b>WELLINGTON</b>	6.5%	or one in 15 people
<b>NELSON-MARLBOROUGH</b>		
<b>TASMAN-WEST COAST</b>	5.7%	or one in 18 people
<b>CANTERBURY</b>	7.0%	or one in 14 people
<b>OTAGO</b>	6.8%	or one in 15 people
<b>SOUTHLAND</b>	6.1%	or one in 16 people

## EMPLOYED

**NUMBER OF PEOPLE IN JOBS IN NZ** 1,742,100

June 99 Seasonally Adjusted

**NO CHANGE IN NUMBER OF PEOPLE IN JOBS IN LAST 3 MTHS**

March 99 — June 99

**RISE IN NUMBER OF PEOPLE IN JOBS IN LAST YEAR**

June 98 — June 99

21,000

Due to a change in the way sector categories are classified by Statistics NZ we are unable to compare sectors with previous years to show changes in levels of employment.

## FULL-TIME and PART-TIME

of the "Employed" statistics

	FULL TIME	PART-TIME
<b>MEN</b>	835,100 (88%)	112,700 ( 12%)
<b>WOMEN</b>	482,100 (61%)	307,000 ( 39%)
<b>TOTAL</b>	1,317,200	419,700
<b>OVERALL %</b>	76%	24%

**GAIN OF FULL-TIME EMPLOYED IN THE PAST YEAR: 4,000**

(Seasonally adjusted)

**GAIN OF PART-TIME EMPLOYED IN THE PAST YEAR: 16,000**

(Seasonally adjusted)

## REGIONS

### REGIONS WITH A DROP IN UNEMPLOYMENT IN THE LAST 3 MONTHS

March 99— June 99

AUCKLAND  
BAY OF PLENTY  
WAIKATO  
TARANAKI  
WANGANUI / MANAWATU  
NELSON / MARLBOROUGH /  
TASMAN / WEST COAST  
OTAGO  
CANTERBURY

### REGIONS WITH A RISE IN UNEMPLOYMENT

NORTHLAND  
GISBORNE / HAWKES BAY  
SOUTHLAND

A SPECIAL SUPPLEMENT TO

**THE JOBS LETTER**

13 AUGUST 1999

# ONE IN NINE PEOPLE OFFICIALLY JOBLESS IN NZ

OFFICIAL NUMBER OF JOBLESS IN NZ  
June 99  
211,300

OFFICIAL RATE OF JOBLESS  
June 99  
10.8%  
OR ONE IN 9 PEOPLE

FALL IN NUMBER OF JOBLESS IN LAST THREE MONTHS  
March 99 — June 99  
10,600

FALL IN NUMBER OF JOBLESS IN LAST YEAR  
June 98 — June 99  
14,700

**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**  
13 AUGUST 1999

# 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).

<b>NORTHLAND</b> .....	18.5%	..... or one in 5 people
<b>AUCKLAND</b> .....	9.4%	..... or one in 11 people
<b>WAIKATO</b> .....	11.8%	..... or one in 8 people
<b>BAY OF PLENTY</b> .....	15.7%	..... or one in 6 people
<b>GISBORNE-HAWKES BAY</b> .....	11.9%	..... or one in 8 people
<b>TARANAKI</b> .....	10.2%	..... or one in 10 people
<b>WANGANUI-MANAWATU</b> .....	10.4%	..... or one in 10 people
<b>WELLINGTON</b> .....	9.6%	..... or one in 10 people
<b>NELSON-MARLBOROUGH</b>		
<b>TASMAN-WEST COAST</b> .....	8.7%	..... or one in 11 people
<b>CANTERBURY</b> .....	11.2%	..... or one in 9 people
<b>OTAGO</b> .....	11.6%	..... or one in 9 people
<b>SOUTHLAND</b> .....	10.0%	..... or one in 10 people

## AGE and LONG-TERM

<b>YOUTH UNEMPLOYMENT RATE - AGED 15-19 YEARS</b>	17.1%
June 99	one in 6 young people
<b>MATURE UNEMPLOYMENT RATE - AGED 50-65 YEARS</b>	4.2%
June 99	one in 24 mature people
<b>LONG-TERM UNEMPLOYED (OVER 6 MONTHS)</b>	41,600
June 99	34% or one in 3 of the unemployed
<b>LONGER-TERM UNEMPLOYED (OVER 2 YEARS)</b>	11,900
June 99	10% or one in 10 of the unemployed
<b>VERY LONG-TERM UNEMPLOYED (OVER 5 YEARS)</b>	2,600
June 99	2% or one in 47 of the unemployed

## THE SCHEMES

Figures from Work & Income NZ, Skill NZ and Youth Affairs (Figures are unavailable until August 31 for most of these categories)

<b>TASKFORCE GREEN</b> .....	N/A
<b>JOB PLUS</b> .....	N/A
<b>JOB INTRO</b> .....	N/A
<b>JOB CONNECTION</b> .....	N/A
<b>ENTERPRISE ALLOWANCE</b> .....	N/A
<b>ENTERPRISE ALLOWANCE WITH CAPITALISATION</b> .....	N/A
<b>TRAINING OPPORTUNITY SCHEME (TOPS) COURSES</b> .....	8,802
<b>YOUTH TRAINING (SKILL NZ)</b> .....	5,236
<b>LIMITED SERVICE VOLUNTEERS (ARMY/NAVY) (March 99)</b> .....	93
<b>CONSERVATION CORPS</b> .....	319
<b>YOUTH SERVICE CORPS</b> .....	31
<b>JOB LINK</b> (still counted as unemployed) .....	N/A
<b>COMMUNITY TASKFORCE</b> (still counted as unemployed) .....	N/A

## PARTICIPATION

**LABOUR FORCE PARTICIPATION RATE**  
June 99  
Seasonally Adjusted  
65.2%

## RACE

**MAORI RATE OF UNEMPLOYMENT**  
June 99

18.2%  
OR ONE IN FIVE PEOPLE

**PACIFIC ISLAND RATE OF UNEMPLOYMENT**  
June 99

12.8%  
OR ONE IN EIGHT PEOPLE

**NZ EUROPEAN RATE OF UNEMPLOYMENT**  
June 99

5.1%  
OR ONE IN 20 PEOPLE

# The Jobs Letter

## DIARY

16 July 1999

Microsoft Corporation becomes the first company ever to record a market value of \$US 500 billion.

20 July 1999

A survey of employer confidence says over one-third of NZ firms are planning to take on more staff this year while less than 15% of firms are intending to lay workers off.

The Morgan & Banks bi-annual job index survey says that small and medium size businesses are those most confident of growth, but also, many large NZ companies expect to take on staff. Highest job growth industries are in computers, information technology and sales.

The man who managed the Upper Hutt Employment Trust, Trevor O'Brien, is remanded on 51 fraud charges. The Trust gained a high profile last year when WINZ Minister Peter McCardle promoted the scheme as a model for the community wage scheme.

22 July 1999

Chinese president Jiang Zemin tells his party that eliminating poverty is a matter of national security. It is estimated China now has at least 42m people living below the poverty line.

23 July 1999

The Race Relations Conciliator Rajen Prasad says that there are more than 500 foreign doctors living NZ but are unable to practice. He says that nearly all are unemployed while a few are working in low-skilled jobs. Most of these doctors came to NZ with an assurance they could qualify to practice here. Prasad says the problem stems from a lack of co-ordination between the Immigration Service, the Medical Council and the Qualifications Authority.

27 July 1999

Outgoing president of the Public Health Association Dr Bob McKegg says the move to market rents for state housing has increased the rate of infectious diseases. A survey by the association says that people living in overcrowded houses have a greater rate of diseases such as tuberculosis and meningococcal disease.

- The latest **Household Labour Force Survey** shows that the growth of employment has stalled, unemployment has declined slightly, and there has been an increase in the numbers of people “not in the labour force”. We include our regular *Statistics That Matter* summary as a insert in this issue of *The Jobs Letter*.
- The official unemployment numbers stood at **131,000 people** for the June quarter, with the unemployment rate **now 7%**, compared to 7.2% three months ago, and 7.6% a year ago. The average OECD unemployment rate is 6.8%. The employment numbers have remained steady at 1.74 million, the same as in the March quarter, but 21,000 higher than at June last year.
- Also in the figures:
  - The drop in unemployment (3,000 people) is almost entirely accounted for by a rise in the numbers of people classified as “not in the labour force”, rather than people who have got a job.
  - Women accounted for 18,000 of the 21,000 new jobs in the last year
  - Three-quarters of the new jobs were in part-time work.
  - Three sectors have had significant shifts in employment: services and sales worker numbers rose 17,800 in the past year; agriculture and fisheries numbers rose 16,800; machine operation and assembly worker numbers declined by 11,800.
  - Fewer young workers are in paid work, with the number of people 20-24 years old in employment falling 11,700 in the last year.
  - Maori unemployment remains high at 18.2%, compared to 12.8% for Pacific Islanders and 5.1% for Europeans.
- Since 1993, 555 bank branches (or a total of 36%) have closed across New Zealand. A **“Community Banking” forum**, addressing the economic impact of the loss of these banking services to rural and suburban New Zealand, was held in Wellington last week. The forum, convened by the Commonwealth development organisation Commact, heard many stories of how rural communities have been reduced to “ghost towns” after their last local bank closed. The main reason: when people drove to larger centres to do their banking, they **usually did their shopping there as well**.

Australian Commact leader Peter Kenyon quotes research that when the last bank closes in a town, annual turnover in other businesses also slumps by about 25-40%. His figures show that when a local bank closes, transactions worth \$350/person per month also leave the area.
- Northland businessman Tony Shicker told the “Community Banking” forum how the tiny community of **Maungaturoto** recently held a public meeting and formed their own storefront “money exchange” in order to keep banking services in the district. They faced an uphill battle: when the last bank closed its doors two months ago, the bank sent in a demolition team to smash up fixtures with sledge-hammers, and remove the carpets, so that nothing could be re-used.
- The Commact forum featured Russell Jenkins from the **Bendigo Bank** in Victoria, Australia — a bank which is proving to be a world leader in bringing financial services back to isolated communities. Over the last year the Bendigo Bank has been offering franchise partnerships to “bankless” communities, and has been overwhelmed with the response. Dozens of Australian rural and suburban communities are presently working with Bendigo to set up their own community banks.

# The Jobs Letter

## DIARY

29 July 1999

The student debt is hindering people getting mortgages, saving for retirement, doing further study and even getting into relationships, according to Karen Skinner, co-president of the NZ University Students Association. The NZUSA and the Aotearoa Polytechnic Students Union have published 'Student Debt Case', a study of the effects of the student loan scheme on its members. The authors say government has not researched the long-term impact of student debt. APSU president John Barkness calls on the government to heed the research and consider the real effects of the scheme on people.

Each month for the past five months, the National Bank Outlook Survey has found business confidence weakening. Only 29% of businesses expect conditions to improve over the next twelve months although 38% expect their own business activity to increase over the next year.

The gender education gap is widening according to an Education Review Office report. The report says that underachievement by boys may have serious employment consequences for the individuals and society as well. Fewer boys than girls are successful in obtaining School Certificates and more boys leave school without qualifications.

3 August 1999

Northland's unemployment register is expected to continue to rise at least to the end of the year, according to the WINZ Northland business plan. The plan acknowledges that the west coast of the Far North and Kaipara are areas of high poverty. In Kaipara, 20% of families live in poverty or deprivation which is defined as living on a means-tested benefit, having no access to a telephone or car and living in overcrowded conditions. WINZ regional commissioner Sharon Browne says the plan is an attempt to be transparent with its customers and community.

Welfare roles in the US are now at 2.7% of the population. This is the lowest since 1967.

4 August 1999

Training for the casual jobs at the new regional stadium in Wellington will begin at the end of August. WINZ has been contracted to find all of the 750 people to fill the vacancies. The

The Bendigo partnership model involves the community creating a trust which attracts hundreds of local investors to become the **shareholders in their own local bank**. The trust operates under the co-operative principles of "one person one vote", regardless of how many shares that person might own.

The trust does a business plan and establishes the local storefront bank, buying the equipment and hiring and paying staff. The Bendigo Bank provides the use of its banking license, protects all deposits, and offers the full range of services including loans, investments, superannuation, and insurances.

All profits **are split 50-50** between the bank and the local community. Russell Jenkins reported that the first community banks established just a year ago in the small Victorian communities of Minyip and Rupanyup are already turning a profit.

Jenkins: "If the local people are owners of their own bank, then they are much more likely to support it. We are finding that we are getting more than twice the normal market-share of the local business using this franchise model ... which is a win for us, and also a win for the local communities which get their banking services back, and they get a share of the profits that are generated by the business."

- Can a Bendigo community banking system happen here in New Zealand? The Commact forum heard many stories from rural New Zealand illustrating the **market potential waiting** for such a system. The sticking point is finding the right local partner, with a banking license, that is prepared to develop our own franchise model.

Ian Reid, a former head of the Public Service Investment Society (PSIS) told the Commact forum that the few remaining NZ-owned financial institutions — PSIS, The Taranaki TSB Bank, local building societies and credit unions — are all small individually, but control total assets of around \$3 billion. Reid: "I think there is an opportunity to try and tap the existing businesses, and that could well be brought together in some informal or formal way to provide a reasonable asset..."

The chief executive of the Southland Building Society (SBS) Ross Smith, says he has had discussions with the TSB "to see if there is something we could do jointly". Smith: "Nothing has come of that. That's not to say we won't talk to someone else..."

- Green MP **Rod Donald** last week hosted a public meeting at the Beehive theatre to promote the Bendigo model for local banking. He says that if the Greens are a part of the next coalition government, he will try to bring together the NZ-owned banking institutions in order to foster a local banking franchise. Donald: "I believe there is very definitely a crisis for smaller communities as the big banks focus on their large corporate customers and making big profits. The little people, the small retailers, the superannuitants and the beneficiaries are losing out in this process ... but so is the whole wider community because the local businesses are losing turnover.

"The big banks are going to have to sit up and take notice, because these people are going to shift their business to something like the Bendigo model. Every building society and credit union in the country could become a branch of the TSB in a partnership arrangement ... and this would bring banking back to the local communities."

- *Statistics That Matter:* The **WAIRARAPA ELECTORATE** contains 22,212 households, of which 52% have household incomes below \$30,000 per year before tax. That 52% is 18% above the rate for the country as a whole. There are 30,861 adults aged 20-59 in the Wairarapa electorate,

# The Jobs Letter

## DIARY

agency is targeting the long-term unemployed and Maori for these jobs and some people are going for interviews from as far away as Taranaki. There are 84 large events scheduled for the first year.

5 August 1999

The Cannons Creek Fanau Centre is given the keys to 545 state houses in the Cannons Creek/Porirua area. The community group will manage the rental houses on behalf of Housing NZ. Housing Minister Tony Ryall says this type of partnership provides local solutions to local problems.

Student debt protestors march from Auckland University to the Queens St WINZ office. Auckland University Students Association president Efeso Collins says they are protesting WINZ's poor handling of the student allowance scheme earlier this year as well as the student debt. Police prevented the protestors from entering the WINZ offices.

Student loans are not for sale, according to Minister for Tertiary Education Max Bradford. He says financial institutions have made approaches to the government wanting to buy the debts but that this is not an option he is looking at.

6 August 1999

Prime Minister Jenny Shipley tells students that if they borrow money and then leave NZ, they will be found and their debt collected. Shipley says it is only a matter of time before NZ made arrangements with other countries for student debt recovery. Later, a spokesperson says Shipley was only floating the idea and there were no plans in place to raise the issue with other governments, or in parliament.

8 August 1999

Sue Bradford, veteran campaigner for the rights of the poor and unemployed, is appointed Green Party spokesperson for Enterprise and Employment. Bradford is running for parliament in the Rodney District, north of Auckland.

9 August 1999

The Bay of Plenty WINZ regional business plan is released. BOP has 11.3% unemployment, substantially higher than the 7.2% national average. The region has the highest number of long term unemployed in NZ and commis-

of whom 61% are in paid, full-time work. Another 14% are in part-time work. Unemployment in the electorate is 2% below the national average. Localities in the Wairarapa electorate which have high levels of deprivation are: Eketahuna and Masterton: Central, East, and Railway.

(— *Electorate statistics compiled by Judy Reinken, and based on 1996 Census*).

- A company that helps match skilled information technology (IT) workers with IT jobs says that the **student loan scheme is creating a brain drain** in NZ. Murray McCaw, managing director of Comtex, says that the average IT graduate spends only 16 months working in NZ before going overseas. At exit interviews, the graduates say it is more than the big OE or better money that is drawing them away. A major factor in their decision to leave the country is also to **avoid repaying their student loans**. McCaw says the country needs to reconsider how it is training people: "We need to make sure that we have education directed in a manner that ensures that we're going to reap the benefit."

Alliance education spokesperson Liz Gordon reports statistics that support the view of a "brain drain" being caused by the student loan scheme. Students who have left the country currently owe \$100m. Gordon says that those who have left the country owe on average \$3,000 more than other students and she says this points to their motivation for leaving.

- The lack of skilled IT workers is **a disincentive** for high tech companies to set up in NZ according to Howard Frederick, director of the NZ Internet Institute at Victoria University. Frederick says that Motorola corporation has been considering setting up in NZ but the company **does not see a local skills base** to support an operation here. He says Motorola could employ 400 staff but would expect to interview as many as ten times that number over four years. Frederick says NZ just does not produce that number of people with graduate IT degrees, and he calls on the government to provide stimulus funding to expand training in this area.
- A Massey University lecturer predicts that many **mature workers will be forced out of full-time work** by the year 2010. Professor David Thomson told an audience at Auckland University last week that up to 40% of the mature labour force could lose their full-time work early in the next century. Thomson: "This change in the past 20 years has been huge and relentless, it touches all levels of society, spreads right across the developed world, and shows little sign of halting, let alone reversing ..."
- Thomson says that, if the present trends continue, then within a decade a third of all NZ men by their later 40s will be "retired" (without significant prospects of getting paid work again)... and half of them by their mid-50s. For women, he expects that only 40% will have substantial paid work in their mid-50s.

The current figures show just how deeply we are already into what Thomson describes as a "post-work world". Until the 1970s, 96 out of every 100 men had full-time paid work from their 20s to their early 50s ... and only then did employment levels fall off.

Using data from the census (in which full-time work is defined as 20 or more hours a week), Thomson reports that by 1996, the proportion of men in full-time work was below 80% at every age. It was 77% for men in their later 40s, 65% in their later 50s and 40% in their early 60s.

Thomson: "We press everyone to save for retirement, with vague threats about the shrinking of superannuation in the future. But the advertis-

# The Jobs Letter

## DIARY

sioner Carl Crafar says his office is targeting these and the 2,607 young job seekers. Cragar says WINZ offices in his region placed 400 people in work in July.

NZ continues to import at high levels while exports fall. The announced June quarter current account deficit of \$178m is the first June quarter in the red for 14 years. ANZ Bank economists say this underscores the worrying state of NZ's balance of payments. The bank says that the deficit, now approaching 7% of GDP, may make investors wary of staying in NZ and could fuel a further lowering of the value of the dollar. It says the drop in exports is due to weak international commodity prices and low domestic production levels, exacerbated by two years of drought. Treasurer Bill English says there is no short-term fix for the problem, and that lowering taxation to increase personal savings and business investment is the answer.

WINZ is trialing a sports-related careers programme in Waikato, the Bay of Plenty, Taranaki and Gisborne. Taranaki Sports Assist co-ordinator Dan Tatham says they have found 150 sports related community wage positions in clubs, schools and sports organisations and have filled about a third of these. The pilot ends on October 1.

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ing campaigns are built unthinkingly around the assumption that full and unbroken employment will last until age 65..."

- Thomson reports that more and more of the work done after age 45 is in **self employment** — and much of this is uncertain, insecure and low-paying. Twenty years ago, 75% of men aged 50-54, for example, received wages or salaries for full-time work, and 20% were self-employed. By 1996, just 50% had wages or salaries for 20 or more hours a week, and 27% were self-employed. The rest included some part-timers, but Thomson says most were simply without work.

Thomson: "If large-scale, later-life joblessness is here to stay then it is time to debate some difficult matters: Do we care if some people past 45 have jobs and most do not? If we don't, then how are we going to find incomes for the many people without earnings? These issues are beginning to be confronted and debated elsewhere in the developed world. It is time we addressed them too..."

- America is becoming "the world's only true gulag", according to Sasha Abramski of the *Independent*. Abramski reports that, in the last 20 years, the **US prison population has risen by 566 per cent**, from 300,000 inmates in 1981 to nearly 2 million today. President Clinton's "three strikes and you're out" law means that even the pettiest criminals can find themselves incarcerated for life.

This rise in prison population is unprecedented in a democratic society. It leaves the United States far outstripping other developed countries in its rates of imprisonment — 645 detainees per 100,000 of population, which is 6-10 times higher than that of the countries in the European Union.

- *Le Monde Diplomatique* observes that the US prison system "makes a direct contribution to regulating the lower segments of the labour market". It quotes US researchers Bruce Western and Katherine Beckett's research showing that, during the 1990s, the prison population has meant that the **US unemployment rate has been under-reported** by as much as 2 percentage points.

- **Japan** may have an unemployment rate as low as 4.4%, but this is also disguised by the fact that a large number of Japanese unemployed have been **absorbed by public works**. Japan is still suffering its worst recession since World War II, although conditions have stopped deteriorating. The Japanese newspaper *Nihon Keizai Shimbun* reports that, as part of the Japanese government's massive spending on job creation, one tenth of the manual labour force has been absorbed into the building and transport sectors which are heavily subsidised by the state. And this year the Japanese government has pledged to create another 700,000 jobs in the telecommunications, IT, tourism and public housing areas.

*Nihon Keizai Shimbun* says that the result of all this public works has been to distort not only the Japanese economy, but also its politics. It says that the construction industry is now so dependent on the public sector that it has become a major political player in its own right: any party promising to increase government spending is guaranteed its considerable support. The paper observes that all this "intervention" is not solving unemployment in Japan ... which is still predicted to rise to 7%.