

# The Jobs Letter

No. 111

5 November 1999

Essential Information on an Essential Issue

## KEY

ELECTION CAMPAIGN

TIME AS CURRENCY AND  
HEALER

SOCIAL RESPONSIBILITY ACT

UNEMPLOYMENT PETITION

HOUSING POLICIES

HIDDEN HUNGER

## DIARY

7 October 1999

A Labour government would look to changing the State Sector Act to improve efficiency and accountability in the public service, according to finance spokesperson Michael Cullen. Cullen says the belief that public sector agencies are businesses is of fundamental concern.

Northland Health's medical advisor Jonathan Jarman says the increase in tuberculosis, meningococcal meningitis and rheumatic fever in Northland is on par with some of the world's poorest countries. He says poor housing and unemployment are key factors in these poverty-linked diseases.

10 October 1999

NetAid, an eleven hour trans-Atlantic concert is broadcast world wide on radio, television and on the internet promoting the fight against global poverty.

11 October 1999

Heinz Wattie is closing its processing operation in Gisborne in May or June of next year with the loss of 24 fulltime jobs and work for 180 seasonal workers. Cedenco, which is buying the Watties business, will employ four new full time staff and expects to use 50 seasonal workers.

Watties is also closing its Timaru pet food plant with the loss of 14 jobs.

• **Election Campaign.** The jobs agenda has forced its way to the forefront of election issues. Last month's announcement of the closure of three **Bendon factories** in Te Aroha, Te Rapa, and East Tamaki, with the loss of 400 jobs, has catalysed the debate on employment issues and business development policies. Bendon plans to move its manufacturing operation overseas, and blames high costs for its decision to close.

• PM Jenny Shipley, in the leaders' debate on TVNZ earlier this week, claimed that a West Auckland manufacturer, International Lingerie, was going to take over the Bendon plant in Te Aroha and employ the Bendon machinists. Later media reports revised this claim, saying that the lingerie company was only "considering" the move. International Lingerie owner, Ted Sweeney, says he is waiting to hear back on a request for Government financial aid to cover costs of moving to Te Aroha before making a decision.

Sweeney says he was asked if the Prime Minister could tour his factory while in West Auckland, and he was surprised that **she then announced his plans** on television when discussions with Bendon were only in the early stages.

Sweeney told Kim Hill on Radio NZ that without some form of development finance he was not sure the firm could afford to move to Te Aroha, and he doubted the company would be able to take on more than about ten machinists. Kim Hill asked Sweeney to choose whether he would prefer a tax cut or export incentives from the next government. Sweeney's preference: export incentives.

• Jenny Shipley hasn't been the only one having to **back-pedal on claims** relating to the jobs issue. In the last week, Labour leader **Helen Clark** has had to "explain" media reports that her party is promising to **deliver a 3% unemployment rate** in its first term of office. The *Sunday Star-Times* proclaimed last weekend that "Labour aims to halve jobless" ... and went on to quote government and employer spokespeople slamming the proposal as an "ignorant" target, and "an old Labour hoax".

Clark had told National Radio that while Labour had not set absolute targets for its first term, she would be aiming for a level of unemployment that matches the vacancies in the labour market. Clark: "That's where the Americans are. It comes in at around 3%..."

Later, Clark told reporters that the 3% figure was a long-term objective, and not a short-term goal for which a Labour government would be held accountable to in the next three years.

• Meanwhile, the National Party says it has costed out the policies of the Labour, Alliance and Green parties ... and has found that they will substantially **increase employment costs and cost thousands of job losses** each year. Speaking to a business forum in Wellington last week, PM Jenny Shipley listed the opposition policies which will halt the growing economy. These included policies to increase personal taxes, reverse ACC changes, remove the Employment Contracts Act and increase the role of unions and multi-employer negotiations, charge employers for paid parental leave, introduce

**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

## DIARY

12 October 1999

Massey University staff fear that up to 70 jobs will go if the Palmerston North campus restructures.

14 October 1999

ACT's Richard Prebble calls for the community wage scheme to be widened to include all people who are unemployed. Prebble: "Our objective is to have a situation where nobody gets a dole cheque without doing something." He also says ACT intends to give people a hand-up as soon as they become unemployed rather than having to wait a year before getting assistance.

15 October 1999

The Auditor-General says no one is to blame for the Winz \$235,206 spending on charter flights and training event at a resort near Taupo in June. In a report, the Auditor-General says spending was the final result of a series of miscommunications and mistakes. It also says that the spending was an isolated incident.

A disease affecting scallops in the Coromandel is also affecting jobs in the area. Whangamata Seafoods is preparing to lay off 40 people as they can not harvest the shellfish.

The restructuring of ACC subsidiary Catalyst Insurers Services will see the loss of 150 jobs this month. Catalyst is disestablishing 400 jobs and asking staff to apply for 250 "new" positions.

17 October 1999

Siggy Bauer completes his 802km, 17 day Wanganui to Auckland "run for the right to work" at the Alliance's campaign launch in Takapuna, Auckland.

The employment focus in Labour's Maori policy includes helping young Maori gain qualifications through a modern apprenticeship programme.

The lawyer for the Winz manager that organised the travel to the Wairakei resort says the full story of the affair would emerge next year when his client goes to court over her suspension.

18 October 1999

NZ First leader Winston Peters tells a Hamilton audience his party would require all 18 year old males to spend 12 weeks training in the armed forces, civil defence or

four weeks' annual leave and increase the minimum wage by \$20 a week.

Shipley: "These charges will put up the cost of employing people by nearly 3 per cent. This might not sound like much, but it could result in 20,000 fewer jobs, or a 1 per cent increase in unemployment. The saddest part is the effect on people, mainly young Maori, whose self-esteem and sense of participation in our society will suffer as a consequence..."

- In announcing Labour's employment policies, Steve Maharey outlined plans for "**community employment organisations**" which would be set up to boost employment opportunities, particularly in regions with high unemployment.

Labour says they could be set up by local or central government, or by private individuals ... but would not be allowed to make a profit nor be in competition with existing businesses. The organisations would be **eligible for establishment grants** — the equivalent of the unemployment benefit for every worker they employed. But they will be required to top up this subsidy to the level of the minimum wage.

Steve Maharey says that the establishment of these organisations would be the most expensive part of Labour's employment policies.

- Another Labour policy involves a scheme called **Workstart** that allows an unemployed person to use their unemployment benefit as a wage subsidy for a specified period. Employers would be required to top up their wages to market levels.
- Meanwhile, the Alliance workplace relations spokesperson Laila Harre says that workers are experiencing the **twin problems of overwork and unemployment**. She says that the an extra week of annual leave is a constructive response to both. Harre: "It creates more jobs because some businesses will hire more staff to cover the holidays of existing staff..." Harre also says that the Alliance will introduce legislation to set **maximum allowable hours of work** — as part of an overall plan to shorten the working week, without any corresponding reduction in pay.
- The Alliance has also announced it will push for a **Government Social Responsibility Act**. This Act will require the government to specify and monitor its performance against social objectives and to prepare social impact reports for any proposed legislation likely to have significant social effects.

MP Grant Gillon says that in a 1994 report on New Zealand, the United Nations Committee on Economic, Social and Cultural Rights explicitly criticised the lack of social monitoring by the government. Gillon: "The absence of transparent information about what the government is trying to achieve and about the social impact of its policies makes it difficult to hold the government to account for its policies. The Fiscal Responsibility Act specifies the principles for responsible fiscal management. Similar obligations should exist in law in relation to social policy ..."

- A Wainuiomata scientist has started collecting 250,000 signatures for a **petition** calling for the government to **cut unemployment to 1%** by the year 2004. By doing so, she would force the government to hold a referendum on the issue. Julie Waring says she has seen the

*(continued on page five)*

## TRENDS

# TIME as CURRENCY and HEALER

British author **DAVID BOYLE** argues that volunteer schemes and alternative currencies can bring social cohesion to the poor. He believes that time-dollar schemes could soon be playing a significant role in national and local community development programmes.

In Britain, the first major time-dollar scheme has already been launched by the charity *Fair Shares*. Other schemes by the *New Economics Foundation* will follow later this year in Newcastle and London.

- Even before scientists discovered distant and mysterious planets such as Neptune and Pluto, they knew they were there because something seemed to be bending the orbit of the planets around them. It's the same with that much-discussed but irritatingly elusive earthbound quality known as "social capital". It may be impossible to define or to bottle — but it still seems to have an effect.

The American journal *Science* recently carried the results of an exhaustive study of 343 different neighbourhoods in Chicago. Researchers from Harvard Uni-

versity's School of Public Health interviewed nearly 9,000 people about local violence and found that it seemed to be unrelated to the usual measures of deprivation. Equally poor districts had very different levels of violence.

What made the difference? The researchers defined it as "informal social control and cohesion and trust". The least violent neighbourhoods were places where local people were prepared to "intervene for the common good".

Call it "community", like Amitai Etzioni, "duty", like David Selbourne, "trust", like Francis Fukuyama or "social capital", like Robert Putnam — who discovered it wandering around the medieval towns of Italy — but it is the quality described by Tony Blair as the "magical ingredient" that decides between social breakdown and cohesion.

*"Making people feel useful — when the whole resources of government used to be dedicated to making them feel like a burden — has also proved to be transformational. Problem people turn out to be assets after all..."*

— David Boyle

- How do we recreate this local trust that the Harvard researchers found? Social capital is not just difficult to define, it also seems impossible to create.

Yet there is one emerging idea that could fit the bill and has won praise from the inventor of the *Third Way* concept himself, Anthony Giddens, the director of the London School of Economics. This is a technique that boosts civic involvement by using people's time as a kind of money — borrowing as much from the idea of Air Miles and supermarket loyalty points as it does from old-fashioned volunteering.

## TIME REDEFINING WORK

- Anthony Giddens, director of the London School of Economics, praises the idea of time dollars in the context of "building civil society" and as part of a growing alternative to mainstream work. Time-money is a helpful way of redefining work, going beyond conventional paid jobs and including in its definition anything that communities need doing in order to thrive.

That includes all those tasks that get downgraded by a society impoverished by market economics, such as parenting, caring or tending local parks. Ironically, these are tasks that prop up the money economy.

- According to one British study, volunteering is already putting £41 billion a year into the social economy in the UK, levered by public support worth £300 million. That's £40 of volunteer effort for every £1 spent by government. Encouraging the time-money idea could have a major economic impact.

- First, it is affordable. Time-money can radically cut the cost of programmes for the socially excluded, enabling public bodies to offer services that only the better-off could pay for in cash. For example, because involvement with time-dollar programmes keeps people healthy, a Brooklyn health insurance company, Elderplan, found it was able to accept time-money for 25 per cent of its insurance charges. That is also how the US housing charity Habitat is able to reduce the price of homes for people on low incomes. They require people to give 500 hours' help in building homes as part of the price. This could equally be applied to rents.

- It could have a significant impact on education, too, in particular on the UK student loans system. People on low incomes could repay loans partly in time. In the US, AmeriCorps now has an education grants programme that allows students to pay tuition fees or student loan payments in this way. Berea College in Kentucky, for example, has always required students to pay part of their fees in community service.

There are now more than 200 projects using the idea across the USA and Japan. Giddens explains: "Volunteers who take part in charitable work are 'paid' in time donated by other volunteer workers. A computer system registers every 'time dollar' earned and spent and provides participants with regular accounts. Time dollars are tax-free and can be accumulated to pay for health care as well as other health services."

It sounds too simple. Yet time dollars are more radical than they seem at first sight, particularly when, in addition to health, they can be spent on a wide range of items, from food and clothing to computers and literacy training.

*"Market economics values what is scarce — not the real work of society, which is caring, loving, being a citizen, a neighbour and a human being. That work will, I hope, never be so scarce that the market value goes high, so we have to find a way of rewarding contributions to it...."*

— Edgar Cahn

- Building a local economy in time is also egalitarian, since everyone gets paid the same — an hour is worth an hour whether you are a wealthy lawyer, an elderly housebound woman making supportive phone calls to neighbours or a disaffected 16 year old tutoring 14 year olds after school. And the relationship of donor and recipient gets turned upside down. It sounds like volunteering, but its reciprocal nature makes it in some ways the opposite: people who were once labelled "recipients" or "clients" become participants. They are no longer receiving charity; they are taking part.

- Making people feel useful — when the whole resources of government used to be dedicated to making them feel like a burden — has also proved to be transformational. Problem people turn out to be assets after all.

"This new money can enlist the people the market had already discarded or rejected," says one driving force behind time-dollar schemes, the US civil rights lawyer Edgar Cahn. "It puts them to work on problems generated by the very economy that had thrown them away. Creating a new form of money that could do this was driven by a simple moral imperative: no more throwaway people."

- The first time-dollar projects were launched in six cities in 1987 amid widespread publicity, and many health centres and hospitals now have their own schemes attached. Research shows that about a third of the people taking part in time dollars have never volunteered for anything before. They also tend to stay volunteering longer than average volunteer schemes, many of which have a serious "burn-out" problem.

The first projects — in Brooklyn, Dorchester in Massachusetts, Jefferson City, Miami, St Louis and San Francisco — proved within a year or so that they were effecting real budget savings. Services were being provided that allowed older people to stay in their own homes, and taking part in the programme as volunteers and recipients — or both — was giving people human contact and a sense of purpose, which also kept them healthier.

- The idea can be developed in other areas apart from health — anywhere, in fact, where we need to transform neighbourhoods or set up a new kind of relationship between institutions and clients.

The notorious Benning Terrace housing complex in Washington DC is a prime example. Here residents earn time dollars for volunteer work, which has transformed the estate, and they use these to buy four tons of food per month at the local food bank.

- Perhaps the most impressive story comes from the Washington law firm Holland & Knight, which won the 1997 American Bar Association award for its time-dollar project, organised under the company's pro bono programme.

It could have done the work for the community group for nothing, of course. But it was a big job, which meant closing crack houses in the Shaw neighbourhood, unfreezing the grant money allocated for refurbishing a local playground, cleaning up local police corruption and keeping the neighbourhood school open — and Holland & Knight needed local involvement for it to work. So it charged the community a retainer in time-money.

By the end, the firm had billed the equivalent of \$230,000 in time dollars. This was paid off by the local community by helping with the clean-up, providing a night escort service for old people, campaigning for better street lighting, taking down the car numbers of drug dealers, school tutoring and much else besides.

- As Cahn develops the idea to bring in young people and encourage training — in the time economy people earn by doing training — the systems look for wasted resources that can be made available for time earnings. And increasingly the wasted asset underpinning the time-dollar economy is old computers, about 15 million of which are put into landfill every year in the USA — with many more pending, thanks to the millennium bug.

So in 17 Chicago problem schools, pupils have been earning time dollars by taking part in a peer-tutoring programme, earning the 100 or so time dollars necessary to buy their own refurbished computer. Their parents also have to chip in four time dollars for their children to make the purchase.

- Cahn himself has taken over part of the youth court from the District of Columbia, which — like the Chicago public school system — has been groaning under a surfeit of violence and a shortage of money and ideas. Now, defendants are tried for minor offences by other teenagers, who are paid for their participation in time dollars — also used for buying refurbished computers.

- A similar idea has been tried, much more controversially, in Baltimore public housing. Families in this system pay up to eight hours a month in time-money in addition to paying rent. This is a difficult idea — especially if the hours worked are perceived as providing replacements for services that the landlords should be providing anyway.

Cahn believes it is defensible provided the participants of the system are in charge, rather than making landlords responsible for enforcing the time debt. He also points out that this kind of scheme can tackle depression and isolation and revitalise an estate.

- If people are prepared to make a contribution to society in this way — earning time-money because there are no paid jobs — then even the most enthusiastic devotee of the work ethic would probably accept that they deserve the basic necessities of life.

Source — *The New Statesman* Essay "Time is a great social healer" by David Boyle 23rd August 1999 [www.newstatesman.co.uk](http://www.newstatesman.co.uk). David Boyle is a Senior Associate at the New Economics Foundation and also the author of "Funny Money: in search of alternative cash" (HarperCollins).

# The Jobs Letter

## DIARY

similar activity. Peters says the scheme would give the young men purpose and direction, useful skills and more respect for authority.

There are 28,000 males turning 18 each year and about 26,000 would qualify for the scheme. Although young women would be allowed to volunteer, women would be excluded from compulsive aspect of the scheme because of logistical reasons and because they were less likely to be troublemakers.

19 October 1999

Winz have had 535 (or 13%) of its staff leave over the last twelve months.

A woman who was injured while working unpaid as a trainee is to have the cost of her treatment covered by ACC. A recent court ruling has found that whether a person is being paid for their work or not should not have a bearing on their coverage by ACC for a work injury.

The four largest Australian banks have cut their staff by 7,400, nearly 5% during the past year.

21 October 1999

Bendon, NZ's underwear manufacturer, announces it is closing its Te Aroha plant with the loss of 100 jobs there. Another 242 workers will go if a buyer is not found for the Te Rapa plant, which has planned to shut its door at the end of March. Bendon is setting up manufacturing in China, Thailand and the Philippines. Managing director Hugo Venter says his company is leaving NZ in order to remain competitive.

The pre-election "opening of the Treasury books" shows modest GDP growth of 2.3%, inflation at 2.7%, a current account deficit of \$8.5 billion and a governmental budget surplus of \$14m.

Experienced intensive care and accident and emergency nurses are in short supply. Waikato Hospital has recruited British nurses to fill vacancies.

As many as 200 jobs are likely to go in the liquor distribution industry by March next year. Dominion Breweries will lose 15 head office staff in South Auckland and Allied Liquor Merchants will see 150 jobs go in Pakuranga as they withdraw from their wholesale spirits business. The change is also likely to see another contractor lose 35 warehouse and driving staff. Distribution Workers' Union's Mike Jackson says parallel importing of name brand spirits is allowing small companies with just a few casual staff to nobble the larger companies.

effects of unemployment on family and friends and sees very clearly the difficulty and pain that people are going through. She says she is motivated by what she sees as MPs preoccupation with trivial issues. Waring hopes to "raise public awareness on the negative effects of unemployment" including crime, depression and youth suicide.

To help collect signatures, write to Julie Waring, P.O.Box 42-009, Wainuiomata, or ring Wellington's *City Voice* newspaper at 04-385-6711.

- **Statistics That Matter:** The **NORTH SHORE electorate** contains 21,672 households, of which 35% have household incomes below \$30,000 per year before tax. This is 20% below the rate for the country as a whole. There are 32,685 adults aged 20-59 in the North Shore electorate, of whom 66% are in paid, full-time work. Another 14% are in part-time work. Unemployment in the electorate is 9% below the national average. (*— Electorate statistics compiled by Judy Reinken, and based on 1996 Census*).

- **Housing policies for the poor** have had little effect on upgrading the substandard living condition of many families in Northland and on the East Cape. The parliamentary social services select committee reports that many people in these regions are still living in caravans, sheds, converted garages, derelict houses and cars — without running water, sewage, electricity, laundry or kitchen facilities. The report also says the **poor health** of many people in Northland is a reflection of their living conditions.

**Less than a quarter** of the families targeted by the Low Deposit Rural Lending scheme have taken out the loans. Of the 1400 families identified as needing assistance when the scheme was launched in 1995, only 323 loans have been made, averaging \$70,000 each. This was despite over 3,000 people completing a workshop on home ownership as part of the loan scheme.

The select committee acknowledged the complexity of solving the housing problem, but says the criteria for qualifying for the loan scheme should be expanded and that low, fixed interest rates and suspensory loans should be considered.

- A report titled '**Hidden Hunger**' has been released by the NZ Network Against Food Poverty and shows an alarming number of New Zealanders are **suffering the health effects of food poverty**. The report uses 70 bodies of research that link low income to poor diet and health and social problems.

It says that at least 4% of NZ households nationally, and up to one third of households in the lowest income areas, do not have the variety of foods they need for a healthy life. Urban foodbanks estimate that **they supply up to 10% of the households in their areas**, including people who are in work.

The report calls for benefits and wages to cover basic living costs. Network spokesman Kevin Hackwell: "The best budgeting in the world can't solve the problem of not having enough money. Food poverty cannot be tackled unless there is some increase in the level of benefits and access to decently waged work..."

The NZ Network Against Food Poverty includes foodbanks, public health workers and social and health agencies.

The *Hidden Hunger* report is available from the Downtown Community Ministry P.O.Box 6133 Marion Square Wellington fax 04-384-7688

## DIARY

Out-going finance minister Bill Birch estimates the NZ economy is creating 600 jobs per week.

24 October 1999

The Winz annual report says that 8,650 people who had been unemployed for six months or longer were placed in stable jobs during the last 12 months. This is 38% fewer placements in the same category than achieved last year. The number of people who have been on the unemployment register for more than two years rose from 25,907 to 35,941.

An ex-Winz case manager is serving 18 months in prison for fraudulently paying herself \$121,471 over a two year period.

25 October 1999

Labour Day.

Labour promises to review the adult and youth minimum wages. Pete Hodgson says it guarantees fulltime workers 11 paid public holidays and part-timers a pro rata entitlement, guarantees overtime payments and a day in lieu for people working a public holiday. Labour will also see that workers are paid their entitlement to holiday pay even if they are laid off just prior to the holiday.

26 October 1999

The Alliance targets job creation on the West Coast as leader Jim Anderton promises 1,200 jobs through economic development during the next three years. The Alliance wants to see 2,000 hectares of exotic trees planted, owned by a community trust which could require them to be processed locally.

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## VOICES

### on the 1999 ELECTION CAMPAIGN

*"Unemployment has been created through government policies. It's not a natural thing. Since unemployment has been created by government, so can jobs be created. It cost less to create meaningful, real jobs than it does to build prisons..."*

— **Siggy Bauer, after the completion of his 802km, 17 day, Wanganui to Auckland "right to work" run**

*"For Labour, full employment means that the amount of paid employment available matches the numbers of people actively seeking work. It also means that people are able to get the kinds of jobs that match their needs.*

*"As we enter the next century, it is time to reassert commitment to full employment. New Zealanders know that the best economic and social policy is a job with a living wage. We need to get the government focused on jobs again. Too much time is spent on welfare and on dead-end schemes like the community wage. We will turn this around."*

— **Steve Maharey, Labour employment spokesman**

*"Helen Clark's 3% unemployment target shows an appalling ignorance of the core of the unemployment issue in New Zealand, which is the high rates of unemployment among Maori and Polynesians. There is no sign of a policy prescription that shows they could work some miracle on those core high unemployed ..."*

— **Bill English, Treasurer**

*"The Prime Minister's claim that an Auckland company is poised to take on the 98 people who will lose their jobs when Bendon closes its Te Aroha factory this month was exaggerated and self-serving. Mrs Shipley's opportunism is made even starker in that while she grandstands on television about jobs that don't exist, her Government is at the same time refusing to provide the kind of backup assistance to exporters like Bendon Ltd that would have helped the company to prosper in New Zealand..."*

— **Helen Clark, Labour leader**

*"What's the use of cheaper goods if you can't afford to buy them because there are no jobs? Bendon's decision to shift its manufacturing to Asia is the latest in a long line of factory closures to small towns. Our provincial centres are littered with empty businesses which have shut their doors because they can't compete with imported goods made in Asian sweatshops.*

*"National's free trade policies are kicking the guts out of provincial New Zealand. The truth is that at least 60,000 manufacturing jobs have disappeared in the last decade because of tariff reductions and other free trade policies. With our trade deficit now standing at \$1.8 billion for the year to August it is time for some common sense on trade policy.."*

— **Rod Donald, Green Party co-leader**

*"Most New Zealand towns and cities have a youth problem. Here, the answer to many of the social problems created by young males in South Waikato lies down the road at Waiouru. Twelve weeks training under strict military type discipline would be the making of many of them.*

*"Most of our young people are good citizens, but unfortunately, too many of them are lacking in leadership and direction. In many European countries, the system we are advocating works and is accepted as part of the obligations of adult males..."*

— **Winston Peters, NZ First leader, announcing the NZ First policy of compulsory military training for 18-year old men.**

*"Compulsory military training won't create one more job. The \$150 million that NZ First would spend giving people the military training would be far better spent on high-skilled new technology industries and training young people for jobs..."*

— **Jim Anderton, Alliance leader**

*"If the military is so good for young people and discipline, Winston Peters should sign up straight away ... he's the most erratic and ill-disciplined person I know. A stint in the Army might do him well."*

— **Tau Henare, Mauri Pacific leader**