

The Jobs Letter

No. 121

27 March 2000

Essential Information on an Essential Issue

KEY

MODERN APPRENTICESHIPS

TIME USE SURVEY

TAX BREAKS FOR R&D

MINING JOBS

TWO MILLION TOO MUCH

100 DAYS OF OPTIMISM

DIARY

1 March 2000

A lack of pickers in the Hawkes Bay will mean much of the fruit may not be harvested this year. Winz has posted 600 vacancies for pickers and the local growers association has set up a helpdesk to help co-ordinate the exchange of pickers between orchards. The season lasts until the end of March.

2 March 2000

A study is being carried out on the relationship of unemployment and premature death. The preliminary findings indicate that unemployed people have a 25% higher chance of premature death compared to those who are working. Researcher Tony Blakely of the Wellington School of Medicine is undertaking a studies from the 1981, 1986 and 1996 census to identify the medical effects of the social change of the last fifteen years.

The Fire Service says it needs more women firefighters. Only 16 of the country's 1,500 paid firefighters are women.

5 March 2000

The Christchurch City Council's economic development unit is to set up a \$5m venture capital fund for young technology firms. Expected to be in place by June, it aims to attract wealthy investors interested in backing high risk information technology projects.

- The government has shown its determination to dramatically increase the numbers of **young people in apprenticeships**, after a decline during the 1990s. The Modern Apprenticeships Scheme, targeted mainly at people aged 16—21, will be piloted later this year before going nationwide in 2001. The government will put \$5.5m into the programme which eventually aims to attract **more than 3,000 apprenticeships** on an ongoing basis.

PM Helen Clark knows she is on a winner with this scheme ... it was one of the more popular Labour proposals promoted during last year's election campaign. She also knows that NZ is currently suffering from a shortage of skilled trades workers in a range of industries ... something that will worsen with a growing economy. Clark: "The Modern Apprenticeships scheme will ensure that the issue of skills shortages is tackled head-on ... providing young New Zealanders with the skills and motivation necessary to succeed."

- How will the scheme work? It addresses the fact that many businesses, particularly small traders, are reluctant to take on apprenticeships because of the administration costs and compliance responsibilities as an employer. Under the new scheme, "**apprenticeship co-ordinators**" will be employed to recruit and act as mentors to ensure that the apprentices are looked after, and their training completed.

The scheme is modelled on **Apprenticeship Training New Zealand**, a not-for-profit charitable trust. As the apprentices' employer, ATNZ handles all administration, career guidance and wage issues, and then invoices participating companies for the hours that the apprentices work in their firms. ATNZ operates mainly in engineering businesses in Auckland and the Hawkes Bay, and presently has 95 apprentices. Under the new programme, ATNZ will go nationwide, and become one of many apprenticeship co-ordinators contracted to Skill New Zealand under the larger scheme.

These co-ordinators will be chosen from ITOs, polytechnics, private training establishments, Maori organisations and community groups. They could limit their activity to placement of the apprentices, oversight of the training, and mentoring ... or they could directly employ apprentices and then hire them out to firms for work-based training.

The co-ordinators will ensure every apprentice trains according to an individualised training plan, and the learning will cover both industry and generic skills with achievements leading to nationally recognised qualifications at levels 3 and 4 of the National Qualifications Framework.

- Helen Clark hopes that the co-ordinators will aim to increase the numbers of Maori and Pacific Island young people in apprenticeships, in light of the government's commitment to closing the gaps between Maori and Pacific peoples and other New Zealanders. Clark: "Trade training was traditionally a route for upward mobility for Maori and can be again..."
- The focus of the scheme will be on getting young people into skills training. The government is particularly keen to see the apprenticeship option **targeted to school-leavers with low qualifications**. Industry trainee and apprenticeship numbers went up under the previous

The Jobs Letter : ESSENTIAL INFORMATION and MEDIA WATCH on JOBS

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

The Jobs Letter , P.O.Box 428, New Plymouth, New Zealand. ph 06-753-4434, fax 06-758-3928, email editor@jobsletter.org.nz

The Jobs Letter

DIARY

6 March 2000

The new minimum wage rates come into effect. Act's Muriel Newman calls the rise heartless, referring to the Labour Department officials warning that youth jobs will be at risk. However, Minister of Youth Affairs and Associate Minister of Labour, Laila Harre says the increase in the minimum wage will discourage the exploitation of workers. Harre says that employers should pay wages that will meet people's living costs. She argues that without a viable minimum wage, the country's 200,000 unemployed competing for work would drive wages lower and lower.

As many as 1,200 beneficiaries are expected to do fruit picking "courses" in the Bay of Plenty, in a programme jointly organised by pip fruit growers and Winz. In a drive to get the apple crop picked, beneficiaries will be paid the dole but it will be up to individual orchardists if they want to top up the "wages". Winz staff are operating around the district seeing that people were getting to and from the orchards. Stewart Horn of the Hawkes Bay Fruitgrowers Association says government agencies want to provide local people with work, but he says many of the unemployed are not interested. Pipfruit Growers Association chairman Phil Alison has called for government to ease work permits restrictions in future years to allow people from Asia and the Pacific to pick fruit.

7 March 2000

Up to 12,000 jobs are at risk because of the government's native forest logging policies, according to National MP Tony Ryall. He says his party's sustainable forestry policies helped the furniture industry grow 29% last year and that under the new policies it is possible that the industry may not survive.

8 March 2000

The NZ Treasury is forecasting unemployment to average about 5.5% over the next couple years. It also expects economic growth to hit 4% later this year before dropping off to about 2.5% for the following two years. Treasury also expects inflation and interest rates to rise.

National administration: numbers actually doubled over the last ten years. But these apprenticeships have largely been catering to people in their 20s. While the numbers of those in organised training through Industry Training Organisations (ITOs) amount to 56,000 people, two thirds of the trainees are aged 25 or over, and in some industries there are high numbers in the forty-plus age group. **Only 10% of the present trainees are aged under 20 years.**

- Tertiary Education Minister **Steve Maharey** points out that, according to the last Census, a quarter of all 16 and 17-year olds were not in education, training or full-time work. Maharey: "That's a quarter of our future workforce disappearing out of education, when they should be taking their next step towards a productive adult life. This has serious implications for New Zealand's ability to refresh its skills and knowledge as our existing workforce grows older. It is not overstating the case to say that neglecting the skills development of our young people is a recipe for disaster. Modern Apprenticeships are a brand new vocational and training pathway for young people aged 16—21. They are going to provide a prestige educational alternative for young people who want to learn in the workplace..."
- The Public Service Association is arguing for the Modern Apprenticeship scheme to be **extended into the public service**, and not just be seen as an option for trades and industry. National secretary Richard Wagstaff welcomes "both the intent and the detail" of the Modern Apprenticeships scheme ... and calls for "its philosophy and thrust to be brought into the public sector." Wagstaff: "We want and need to encourage young people into working in the public service and seeing it as a valuable and progressive choice of career. The public sector must again have an important role in the education and training of young New Zealanders, and we are keen to work with the relevant ministers, the State Services Commission and chief executives to explore this and get things happening..."
- **Name Change at the Sallies.** The Salvation Army Training and Employment Programmes — pioneers of the original work schemes in the early 1980s — have changed their name for the new millennium. They will now be known as "Salvation Army Employment Plus".
- Green MP **Sue Bradford** has drawn up a **Members Bill** which she is trying to get onto the parliamentary agenda. She says her Social Security (Work Testing and Community Wage) Amendment Bill would "...remove some of the harsh coercive measures which have been used by Work and Income New Zealand to punish and demean New Zealanders receiving benefits".

Bradford's Bill would get rid of the work-for-the-dole scheme, repeal coercive work tests and stop punitive benefit suspensions. It would also do away with the current 13-week stand-down period and restore student eligibility for the community wage over the summer holidays. The Bill would also provide for a \$21 per week participation allowance to volunteers who are genuinely carrying out community work.

Bradford: "Living on a benefit is not a lifestyle choice, as some politicians and senior management in Winz seem to think. It is in fact, a limiting and onerous existence. Those who find themselves on a benefit deserve the unreserved assistance and support of all Winz staff, and this Bill will help assure that they get it..."

The Jobs Letter

DIARY

9 March 2000

The government's Budget Policy Statement indicates its intention to play a sizeable and long-term role in the economy. In contrast to the previous government, Treasurer Michael Cullen announces that government surpluses will be used to fund national superannuation rather than pay down the national debt.

Steve Maharey ends work-testing for people on invalids benefits. He says the evaluation of the trial held last year showed the policy was "completely useless". He says people with disabilities want to work and he prefers to put money into positive programmes that remove barriers to their employment.

The government owned company Health Benefits is to remain in Wanganui. The company, which processes the claims for subsidies submitted by doctors and pharmacists, had been earmarked for closure, with the services shifting to Wellington. The announcement by Helen Clark is met with tears and applause by workers, whose jobs had been under threat for 18 months. Increasing use of electronic processing at the company, however, will still see about half of the 130 Health Benefits jobs axed.

12 March 2000

Volunteer Awareness Week. The Wellington based Volunteer Centre estimates 70,000 people do voluntary work in the Wellington region.

13 March 2000

Eight women have been flown in from Thailand to testify in the Employment Court about an Auckland clothing manufacturing sweatshop they had worked. Some of the Thai nationals tell the court their employer had confiscated their passports, that they had worked four months to repay their airfares and after that netted \$575/month for working 72 hrs/wk.

14 March 2000

The Employment Relations Bill, the coalition government's replacement for the Employment Contracts Act, is introduced to parliament. Labour Minister Margaret Wilson says the previous law was based on low-trust and that labour relations were left to the courts. Wilson: "I want to see employment being

- **Private training providers** are feeling **the cashflow squeeze** as they wait for Winz payments for their courses. In some cases, training providers are three months behind in receiving their payments. The problem: delays in processing student loan applications, which need to be finalised before Winz pays institutions their course fees.

Tricia Henderson of Tricia's Total Coordination says her firm **is owed close to \$1m** ... which would be critical if the firm did not otherwise have a decent cashflow. Henderson says that other training providers are getting "very very edgy" as money owed by Winz fails to materialise. *The Independent* estimates that 200 training institutions are caught in the cashflow problems, and they could be **owed \$100m or more**.

- Winz pins the blame on inefficient administration by the training providers and students not filling out their forms properly. Winz student services manager Lorraine Williams: "The majority of applications that are not finalised are either awaiting a contract to be returned from the student and/or further information, or awaiting verification details from the institution. Until this information is returned, the application cannot be finalised ... therefore the institution cannot be paid fees."

Margaret Yates, an executive member of the NZ Association of Private Training Providers, says that while not every provider is functioning perfectly, information has sometimes been provided to Winz several times and still gets misplaced.

- The Employers and Manufacturers Association are lobbying government to provide **more tax breaks for research and development** spending. The Association argues that many more jobs would have been created in the last three years if tax breaks were available, and recommends increasing the tax deductibility of private R&D to 125%, and expanding the public R&D programmes already in place.

The EMA Central region recently surveyed 258 members on research spending and got responses from 132 businesses. These companies combined annual turnover was \$4.1 billion, including \$2 billion from exports, and they employed 16,000 people. The survey found that if companies had been able to tax deduct research and development spending at 125%, they would have spent 17% more and created up to 580 more jobs in the past three years.

- A spokesman for the Minister of Economic Development, Jim Anderton, says that the government is looking at several proposals on tax deductibility. Expect an announcement in the next Budget.

- The **mining industry** is also lobbying government, saying it could **create another 12,000 jobs** — many of them in the regions — if policies were amended to encourage industry growth. The NZ Minerals Industry Association says that a more vibrant mining sector has the potential to generate a GDP contribution to NZ equivalent to more than the entire fishing industry. Douglas Gordon, Association executive director: "The government is pushing for economic development, and we can contribute quite significantly to that goal..."

Gordon reports that the mining industry has drawn up a national strategy which identifies the "barriers to growth". The Association wants a government-industry partnership that encourages more research and development, and it also wants changes to policies governing access to Crown-owned minerals on private and public land.

The Association is calling on government to raise current spending on mining and minerals research from the current \$3m annually to \$26m a year. In turn, the industry would increase its current investment levels from \$15m to \$60m annually. Gordon: "There's little point in industry upping its commitment under current conditions. We need a legislative environment that will make that investment worthwhile..."

The Jobs Letter

DIARY

about a relationship, not solely about profit, and not solely about contracts.”

Australia's official unemployment rate hits a ten-year low of 6.7%.

In parliament, Act leader Richard Prebble tables a leaked memo written by Ian Mackintosh, new chief executive of Te Whanau O Waipareira Trust. In the memo, Mackintosh says that when he took over his job, he had found a serious deficiency in financial planning and budgeting at a corporate and business level. Prebble's comments are directed at Labour MP John Tamihere who was the previous CEO at the trust.

Prebble also asks questions about \$200,000 of Health Funding Authority money paid to Waipareira that found itself in the Aotearoa Maori Football League account. John Tamihere denies any wrong doing and says that Waipareira "... runs a huge accounting operation, it acts as an umbrella for a large range of organisations and to that extent, now and then it gets things wrong.”

15 March 2000

Health minister Annette King says she is satisfied that problems with HFA funds paid into Waipareira accounts were the result of a clerical error. King says she is assured no health dollars were misused.

Ian Mackintosh says he is upset that his trust's internal documents have been leaked to the public. He says that the financial systems have been dealt with and that Waipareira's assets exceed its liabilities and it was forecast to break-even or make a small profit this year.

Christine Rankin appears before the Social Services Select Committee. Act's Muriel Newman says it has never been established who was responsible for the Winz charter flights debacle. Newman says that either the ex-manager misled Christine Rankin or Rankin misled parliament. She says that a non-disclosure clause in the ex-manager's grievance settlement should not preclude the public from knowing who was responsible. Rankin assures the committee she will provide a written answer clarifying culpability and the total cost, including legal advice, of the incident.

Rankin also tells the committee that she was not paid a bonus last year.

- To mark the occasion of International Womens Day, the Ministry of Womens Affairs and Statistics NZ have released some selected results from the upcoming **Time Use Survey report**.

The Time Use Survey will show how **unpaid work**, (including childcare, care for the elderly, household work, and voluntary community work) impacts on the New Zealand economy. Advocates for the survey, including university lecturer and development consultant Marilyn Waring, argue that the value of this work has been largely ignored in our national finances.

The survey has collected time-use information which identifies the time commitments of population groups such as men, women, Maori, non-Maori, the employed, the unemployed, urban or rural dwellers. The information in the Time Use Survey will be used **to improve public sector policy-making** and programme development in the health, employment and welfare sectors.

- Some of the main findings released so far include:
 - Men in all age groups spend more time on paid work than women, but women do a daily average of two hours more unpaid work.
 - Men usually working less than 20 hours a week do less unpaid work than men who work longer hours.
 - Maori women and men both spend more time than non-Maori on unpaid work outside the home - an average of 39 minutes per day compared to the 31 minutes of non-Maori.
 - Women who usually work 30 or more hours a week in paid employment and have a pre-school child, work an average of 5.0 paid hours a day over a seven-day week. They also spend 5.0 hours a day on unpaid work and have 2.8 hours of free time.
 - Men whose usual hours of paid work are 30 or more, work 6.9 hours a day on average when they have a pre-school child, spend 3.0 hours on unpaid work and have 3.2 hours of free time.
 - Rural people do more paid work at home than urban people - 32 per cent of rural people's paid work is done at home compared to 9 per cent of urban people's.
 - Rural people do more of their labour force activity in the weekends than urban people.
 - More men than women work long hours in paid work. Of all the daily records for men, 16 per cent recorded labour force activity of 10 hours or more. The proportion increased to 25 per cent in the 35-54 age group. This compares to the average 5 per cent for women of all ages.
 - Paid workers spend an average of 44 minutes travelling to and from work each day. Workers on higher incomes spend more time travelling to work than those on lower incomes.
 - The British Chancellor Gordon Brown claimed earlier this month that Britain **now has enough work available for every job seeker** in the country. The British Treasury has used the "claimant" count figures — the number of people registered as claiming unemployment benefit — to show that in January the number of vacancies in the economy (1m) was almost equal to the number of unemployed people (1.1m).
- The Trades Union Congress has **cried foul** over this "full employment" claim ... saying that Labour had formerly promised to use the Household Labour Force Survey statistics as it is a more accurate measure of unemployment because the survey counts not only those who say they are actively looking for work but also those who say they want a job. The TUC says that, using these figures, the real situation is that in Britain there are **four people who want a job for every vacancy**.

The Jobs Letter

DIARY

16 March 2000

Frustrated students occupy a central Auckland intersection in protest of delays on their student loans and allowances. In all, 18 are arrested after nearly 200 students march from Auckland University to the Queen St Winz office.

Winz says that the great majority of student loans have been approved although 16,000 are stalled for lack of detail or confirmation of enrollment. The department also says 18,000 student living allowances are still being processed.

19 March 2000

The Probation Department is investigating allegations that a number of its officers had offered periodic detention and community service workers for work on private projects. People under the department's jurisdiction are prohibited from doing work for private individuals or organisations.

20 March 2000

NZ'er Steve Outtrim, founder and main shareholder of Sausage Software looks to become this country's richest man when Sausage merges with Solution 6. Outtrim was unemployed six years ago will now own shares worth about \$NZ895m.

The police are investigating the alleged theft of between \$80,000 and \$100,000 by a former Winz employee in the agency's Turangi office.

The Citizens Advice Bureaus Association releases a report, "Forgotten People: The Experience of Immigrants to New Zealand". It says that many foreigners, especially those qualified in medicine, dentistry, veterinary and engineering, find that once here they can not get work because their qualifications are not recognised by registering authorities. The CAB report recommends the Immigration Service's Immigrant Helpline should be expanded; that bridging courses be established to enable people to work; a code of ethics should be developed for immigration consultants; and a new emphasis be placed on stopping discrimination in employment.

Gordon Brown, who has set himself a target of "full employment", used the Treasury figures to step up pressure on the jobless to move to areas where there is work. Brown: "I say to the unemployed who can work: you must now meet your responsibility to earn a wage..."

As part of the government's campaign, **thousands of mobile phones will be handed out** in "unemployment blackspots" to enable job centres to notify unemployed youngsters the moment a vacancy arises. Brown also plans to draw up a multimillion-pound scheme to provide subsidised transport for jobseekers who find work.

- Vigils have been held in more than 30 cities in the United States last month to draw attention to the arrival of the country's **two millionth jail inmate**. November Coalition, an alliance of civil rights campaigners, justice policy workers and drug law reformers want to draw attention to what they feel is a disturbing trend for locking up ever more offenders in the US, most of them non-violent.

The US comprises 5% of the global population yet is responsible for 25% of the world's prisoners. The November Coalition says it has a higher proportion of its citizens in jail **than any other country in history**. The US prison industry employs more than 523,000 people ... making it the country's biggest employer after General Motors. The cost of building jails has averaged \$7bn a year for the past decade, and the annual bill for incarcerating prisoners is up to \$35bn. Of those held in federal rather than state prisons, 60% are drug offenders **with no history of violence**.

"Two million is too many" is the theme of the coalition's campaign, which is calling for alternatives to prison for the country's 500,000 non-violent drug offenders. Says Nora Callahan from the Coalition: "We are calling on state and federal governments to stop breaking up families and destroying our communities. Prison is not the solution to every social problem..."

- The activist and protest groups that paralysed downtown Seattle last November during the World Trade Organisation (WTO) conference are planning **further protests** against "unjust" global economic institutions. They plan to converge on Washington on April 16 to disrupt a joint meeting of the World Bank and the International Monetary Fund.

The activists aim to keep alive what they call "the Spirit of Seattle" in using the occasion to lobby politicians, hold educational events and to stage peaceful demonstrations. They are hoping many thousands of people will travel to Washington, where some activists will also attempt to "shut down" the meeting by non-violent means, with many willing to be arrested.

- Jubilee 2000-USA, part of a worldwide movement pressing for lending institutions such as the World Bank and the IMF to **forgive the debt of the world's poorest countries**, plans to stage a peaceful human-chain event in Washington on April 9th, the Sunday before the meeting begins.

- **Media Watch: 100 Days of Optimism.** The *New Zealand Herald* has given generous coverage to the first 100 days of the Labour/Alliance coalition government, with a weekend special edition entitled "100 days that lifted our spirits", and describing "a new mood of optimism sweeping the country". A Herald Digipoll on the State of the Nation reveals **strong public support for a more hands-on approach to job creation**, with 62.7% of NZ'ers giving support to Jim Anderton's plans to use taxpayer money to create jobs. The survey also shows that NZ'ers

The Jobs Letter

DIARY

22 March 2000

Winz says it is holding an internal inquiry into the Waipareira Trust's employment centre after it received an anonymous allegation early this year that the trust had misused employer-related subsidies.

Wellington City Council is opting to make redundant its rubbish collectors, street cleaners and drainage workers and put these services out to tender. The latest move will affect 150 people and will bring the total number of positions axed from the council payrolls since 1993 to about 700.

The government unveils plans for modern apprenticeship training. (see feature in this issue)

23 March 2000

John Tamihere charges Richard Prebble with "malice and premeditated racism" as Prebble reiterates his claims, under parliamentary privilege, that Waipareira misused public money when Tamihere was chief executive. Current Waipareira CEO Ian Mackintosh reports that all information regarding the allegations have been turned over to the Serious Fraud Office. Mackintosh: "We are very satisfied with what we've been able to reconcile."

PM Helen Clark tells Richard Prebble to "put up or shut up" over the allegations of money misuse at Waipareira.

Editor

Vivian Hutchinson

Associates

Dave Owens

Jo Howard

Rodger Smith

now rate unemployment/employment as equal with education as the most important issues facing the country.

- Gavin Ellis, Herald editor-in-chief, in an essay in the special edition, argues that the single biggest factor in moulding NZ's collective future will be the way the government perceives shared values and social equity. He says that the key to change will be acceptance that, at the beginning of the 21st century, social equity should not be defined by the social structures that were the product of the 19th century.

Ellis: "The government can play the leading role in redefining our social expectations. It can point to new social structures and new approaches to the way we work and live. It could begin, for example, by asking a simple question: what is work? The answer may revise traditional concepts of employer and employee and usher in the age of the freelance entrepreneur. The electronic environment can create a whole new breed of productive people who do not fit neatly into existing definitions of work and employment..."

VOICES

on the MODERN APPRENTICESHIPS

"Our survey of business conditions is recording a steeply rising trend of companies having difficulty recruiting skilled staff; 33 per cent of our survey's manufacturers registered this issue last December; 45 per cent in January, with the figure up to about 55 per cent in February. Government's swift action announced today could therefore help avert a crisis by giving employers the confidence to take on trainees.

"The new apprenticeship plan could draw fire as expensive at \$27 to \$29 million over the next three years, but it is based on a proven, workable model. In fact the new scheme is more attractive and likely to be cheaper than an alternative approach which would be to give employers financial incentives to take on new apprentices as it has much more flexibility.

"There are several very positive aspects to the Apprenticeship Training New Zealand model. Neither the apprentice nor the employer are bound to a work and training contract that may prove to be unsatisfactory or unsustainable. An example is if a change in market conditions saw a business facing financial difficulties, the apprentice could switch to another employer to ensure ongoing training. If an apprentice proves to be incompatible with other employees, a similar solution could be found. The approach also ensures training can cover a broad range

of work skills and working environments leading to a better education outcome.

"Government's apprentice co-ordinators operating in this manner should go a long way toward achieving a win win result for apprentices, employers and the country..."

— **Bruce Goldsworthy, Director of Employers and Manufacturers Association (Northern)**

"The Employers' Federation gives the thumbs up to the Government's direction on apprenticeships. The decision to pilot the use of coordinators to help young people into apprenticeships is a sensible step.

"It is a concern that teenagers make up only 10% of those in apprenticeships. This is not a problem that is confined to New Zealand - there are problems in youth labour markets around the world, as young, unskilled people are the ones most affected by the trends towards new technologies and the globalisation of trade.

"The best response to these trends is to work towards upskilling everybody, and getting a culture of lifelong learning. But young people do need special help to get onto pathways to work and further learning.

"The use of apprenticeship coordinators will help employers, especially in small enterprises, to take on young apprentices. It's consistent with the case management approach taken by ACC and WINZ and should help more young people into relevant work training..."

— **Anne Knowles, chief executive Employers Federation**