

# The Jobs Letter

No. 126

23 June 2000

Essential Information on an Essential Issue

## KEY

BUDGET 2000 SPECIAL

CEG TO MOVE

INCOME GAP WIDENS

## The Jobs Budget

*"I am confident that an active industry policy, harnessed to a streamlined and much improved training system, and a vibrant research and development programme, will generate quality jobs. A job though, at any price, is not the standard that a participatory democracy sets itself. We spend too much time at work, are too much defined by work, and express ourselves socially too much through work, for work to be set aside from social policy..."*

— Dr Michael Cullen, Treasurer and Minister of Finance, from his Budget 2000 speech

*"For too long governments have neglected regional and industry development, allowed skill levels to fall behind those of other developed countries and neglected the knowledge economy. This Government will work in partnership with the regions, business and local government to turn that around ..."*

— Jim Anderton, Deputy Prime Minister and Minister of Economic Development

*"The Government's employment policy is summed up in one word — jobs. Budget 2000 begins the process of turning around the mistakes of the past by spending existing funds in smarter ways and by introducing new programmes which have an unashamed job creation role ..."*

— Steve Maharey, Minister of Social Services and Employment

## DIARY

29 May 2000

A working group is set up to develop a framework for an agreement between the government and the community and voluntary sectors. Dorothy Wilson, former deputy Mayor of Waitakere will chair the group. Social Services Minister Steve Maharey says the relationship between the government and the community and voluntary sectors has been characterised by mistrust and insecurity. The new agreement aims to change this and ensure these sectors are fully recognised and valued.

30 May 2000

The Alliance-backed policy of providing workers with a paid fourth week of annual leave is now off the government's agenda.

31 May 2000

Women's Affairs Minister Laila Harre says that the government has not backed off its commitment to paid parental leave. She says the legislation is still on track to be drafted by the end of the year.

Up to 30 jobs are expected to be created as part of a new supermarket development in Hastings.

BUDGET ANNOUNCEMENTS on 15 June have seen funding allocated for Jim Anderton's "jobs machine" initiatives, as well as previously-announced programmes like Modern Apprenticeships. There is also **\$90m of new funding** in employment and economic development areas, with a substantial amount allocated to rebuilding the "capacity" of social services, and "**closing the gaps**" between Maori and other New Zealanders. This funding includes **three new employment programmes**, along with other initiatives which target migrants and mature workers, and will commission research into more effective employment programmes and **future work trends**.

• **Highlights** of the Budget 2000 package include :

- \$331.8 million (over four years) for **industry and regional development** through the Ministry of Economic Development (MED) ... Jim Anderton's "jobs machine" initiatives (see *The Jobs Letter* No.120)
- An extra \$30 million for **research, science and technology** ... including a record \$20.8 million allocation to encourage R&D in the private sector.
- \$42.2 million (over four years) for the **Modern Apprenticeships** programme (announced earlier this year, see *The Jobs Letter* No.121).
- New funding of \$42 million (over four years) for **Maori and Pacific community organisations** to "improve their capacity to promote economic and employment activity".
- \$8.5 million (over three years) to establish **Community Employment Organisations (CEOs)**. This new programme aims to assist the development of community-based organisations which are "creating employment for disadvantaged individuals".
- an **Artworks programme**, worth \$585,000 (over three years) to "create employment in the creative industries".

**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

1 June 2000

Finance Minister Michael Cullen says that the government is committed to paid parental leave in its first term but not in the first year. Cullen says that he doesn't see fiscal room for a parental leave scheme this year.

A minimum wage rise for 16 and 17-yr olds will not now go ahead. The Alliance had been pushing to create a transitional category of youth rates at 80% of the adult minimum wage, rather than the current youth rate of 60%.

The first of four Taranaki Territorial Army soldiers to be tried for benefit fraud is acquitted. A judge decided the part-time soldier did not intentionally mislead Winz, who alleged Jones had fraudulently accepted \$3,328 in overpayments. The judge also found that the overpayment had been miscalculated and that the amount Jones will be repaying to Winz will be about half of what the agency had calculated.

The second *Closing the Gaps* report is released quantifying the gap between Maori and non-Maori across all social indicators. (see box, *this issue*)

Public service chief executives will get pay rises of between 6% and 7% this year, excluding performance bonuses, superannuation contributions and other perks.

Winz spent \$2.06m on consultants in the ten months to April this year. Most of the consultants assisted in planning and service development.

- an **Activity in the Community** programme which will replace the Community Work scheme. This new programme expects to work with up to 13,000 participants in its first year. The government will be reallocating \$33.6 million of existing funding together with investing a further \$24.9 million "...to refocus the scheme and better tailor it to the needs of individual job seekers".
- \$330,000 (over the next year) to trial specific programmes aimed at meeting the needs of the **recent migrants** to New Zealand and the growing number of unemployed **mature job seekers**.
- An increase of \$23 million (over four years) in the **Industry Training Fund**, taking this fund to \$281.8 million, over four years).
- \$32 million extra (over four years) for the **Training Incentive Allowance**.
- A variety of measures "...to help **lower the cost of tertiary education**".
- \$3 million extra (over four years) to **Student Job Search**.
- \$8 million (over four years) to adult education and community learning services to help **improve basic literacy skills**.
- an extra \$6.2 million (over four years) to enable the **Careers Service** to expand the careers education it provides to schools and parents, including the development of information on the KiwiCareers website.
- a commitment to permanently fund the **CareerPoint 0800 information line** which provides free and impartial advice on career and training options, and is aimed at all age groups.
- \$4 million to pilot a **new Gateway programme** designed to improve the transition from secondary school into the workforce.
- \$1.7 million (over three years) to "undertake action **research into new employment initiatives**".
- \$2 million (over four years) for the Department of Labour to produce advice on "**future work trends**".
- A key feature of the Budget is the "**closing the gaps**" package of social service and employment initiatives targeted at Maori and Pacific communities. Prime Minister Helen Clark, who chairs a special "gaps" cabinet committee, says the initiatives are in **response to the strong voice from Maoridom** urging that it be able to take control of its own destiny, determine its own strategies, and devise its own solutions.  
The PM says that the government is going back into the mainstream departmental budgets to ensure that funding meant for Maori actually delivers for Maori (Clark: "The evidence is that it has not been") Much of the new funding in Budget 2000 will go towards **building up the "capacity"** of Maori social service and employment organisations.
- This "closing the gaps" package includes:
  - \$20.8 million (over four years) for Maori economic and organisational development "to improve the capacity and capability of Maori organisations, assist with Maori land development and develop local partnerships that will create local employment opportunities".
  - \$14.1 million (over four years) for Maori women's development "to assist Maori women to enter into, remain in or expand their businesses, and to promote the development of Maori women leaders in their community and provide enterprise and leadership training."

(continued on page four)

# The JOBS MACHINE INITIATIVES

The Budget has revealed some more details on how the Ministry of Economic Development will be administering its “jobs machine” initiatives—the range of advisory and practical assistance programmes for new and growing businesses.

These new programmes will be unveiled progressively between July and September, with three of them being available from the beginning of next month.

- **Regional Development Programme.**

This is aimed at strengthening regional economies and will take a bottom-up approach, “...working with local communities to assist them to make best of the assets and advantages of their regions.”

How do you qualify? A proposal must involve a number of community groups; have emerged from an inclusive regional development consultative process; have local funding of at least 25% of the total cost; and, “be sustainable and consistent with the Government’s policies”.

How much is available? Up to \$100,000 for any single strategic planning or audit initiative in any single region. Up to \$2 million for major regional or community initiatives.

- **Early Stage Financing.**

These are grants which will assist the development of innovative projects in the early stage ... “ensuring that entrepreneurs with innovative ideas are not prohibited from realising the potential of those ideas by a lack of early stage finance.” The grants will enable entrepreneurs to develop existing research for commercial applications, establish a firm, or expand a firm that is very small or has a limited track record.

How do you qualify? A proposal must come from New Zealand resident individuals and businesses with well-developed early stage project proposals that are committed to growth. Grant applications need to show a minimum contribution of 50% from non-government sources.

How much is available? The grants will be limited to \$10,000 in any one year.

- **Incubator Development Programme.**

This will provide individuals and small businesses with “skill-based assistance to develop their ideas to the point where others can invest in them”.

The government plans to fund a national programme of workshops and seminars which will provide information and training to small businesses about obtaining investment capital. It also will support a national network of “ideas brokers” who will act as a focal point for innovative entrepreneurs and companies and help them obtain investment funding.

### SUSTAINABLE DEVELOPMENT

- Economic Development Minister Jim Anderton, and his Associate Minister Phillida Bunkle, have released a cabinet paper on “sustainable development” which they say underlines their overall strategies for economic and regional development. Bunkle: “Development which ignores the essential needs of the poorest people or erodes the quality of our environment is not sustainable development. This new approach will integrate social environmental and economic issues.

Anderton defines sustainable development as “meeting the needs of the present generation without compromising the ability of future generations to meet their own needs”. He says that the Budget announcements represent the first time that the government has taken environmental and social factors into account alongside purely economic ones.

Anderton: “Sustainable development means a major shift in government policy. Previous governments have only worried about short-term economic gain which has often been at the expense of the environment or jobs. This new approach realises that the benefits of growth do not always trickle down, and sustainable development must address human needs directly...”

- Bunkle and Anderton list several key factors in guiding sustainable development decisions:

- Thinking broadly about costs and benefits, not merely separating issues into economic, environmental and social compartments

- Considering long term effects as well as short term ones

- Assessing indirect as well as direct effects

- Taking extra care when developments might be irreversible.

# The Jobs Letter

## DIARY

4 June 2000

Northland Maori say they will occupy the site of the planned Ngawha Prison to stop or disrupt the building of the new facility. Spokesman for the Ngapuhi group, Kingi Taurua says Ngapuhi are insulted at what the government is offering Maori in Northland. Of his iwi, Taurua says: "They see Westland offered \$120m to help that area with its unemployment situation ... Well, we've been unemployed for years and they've not given us anything. The answer seems to be to build a prison."

Nearly a third of all NZ'ers over 18 yrs receive some sort of benefit. Social Services Minister Steve Maharey says that while about half of those are superannuitants, the government intends to begin to tackle the other half by simplifying the benefit system. He says the government will be introducing a core benefit that offers incentive payments. Maharey: "At the moment we have a highly complicated benefit system that traps people."

- \$7.1 million (over four years) for Pacific People's organisational development "to provide assistance with administrative skills, leadership training, IT and infrastructure development for Pacific community organisations."
- \$3 million (over three years) for investing in Maori communities "to assist whanau, hapu, iwi and Maori communities to identify their needs and support their development".
- \$3.1 million (over four years) for a Pacific People's Provider Development Fund "to develop social services that are more responsive to the needs of Pacific families."
- \$14 million (over four years) for Iwi/Maori Provider and Workforce Development (including iwi social services) "to further develop the capability of iwi social service providers, so increasing the numbers of Maori children and young people cared for by their iwi, hapu or whanau."
- \$10 million (over four years) for a Maori Youth Contestable Fund "to fund initiatives developed by Maori communities which aim to reduce Maori youth offending."
- \$19.9 million (over four years) to strengthen the quality of Maori language education.
- \$12.9 million (over four years) to improve Maori teacher supply both in mainstream and kura kaupapa schools.
- \$11.2 million (over four years) on programmes like mentoring schemes to help young Maori participate more fully in the school system.
- \$10.4 million (over four years) for "Maori responsiveness initiatives" including expanding the number of iwi education schooling improvement projects and piloting new approaches for professional development for teachers working with Maori students.

## VOICES

### on the CLOSING THE GAPS Package

*"In our country growth in inequality has had a unique and unfortunate dimension. There has been a growing disparity between the life chances of Maori and other New Zealanders, and Pacific peoples and other New Zealanders. It is simply not tolerable to this government to see tangata whenua consigned permanently to the status of disadvantaged citizens in their own land. It is not acceptable."*

— Helen Clark, Prime Minister

*"The Government is creating more gaps than it's closing with this Budget. It takes a scattergun approach — spraying money around in a muddled way for initiatives for Maori and Pacific Islanders. There is nothing for other low income New Zealanders who have similar gaps that need to be bridged. They will be asking themselves why they missed out..."*

— Wyatt Creech, National deputy leader

*"Closing the Gaps' is a PR term for Labour re-paying Maori support at the ballot box. There is nothing in the Budget to stop welfare dependency amongst Maori. Welfare is an addiction that this government is feeding by constantly telling Maori 'not to worry, we are not going to make you work'. 'If you commit crime, we are not going to make you pay'. 'If you goof off on the job, we will make sure you don't lose your job'. This attitude*

*where government nursemaids Maori will continue to cripple families and individuals and strip them of their mana, dignity and ability to contribute ..."*

— Donna Awatere Huata, Act's Maori Affairs Spokesperson

*"The 'Closing the Gaps' programme will create serious racial divisions — it is social apartheid. It is a policy that could have come from George Speight's policy advisers in Fiji. Programmes should be based on human needs — not racial differences. The inevitable result will be separatism and divisiveness within communities throughout the country.*

*"The first Labour Government of Michael Joseph Savage concentrated on human needs — not racial needs. In social policy the fifth Labour Government has forgotten that it represents ALL New Zealanders. Every New Zealander is entitled to good food, good shelter, good health and good education. These are basic human rights, not racial needs..."*

— Winston Peters, NZ First leader

*"Because the same policies that benefit non-Maori poor probably apply just as effectively to Maori, the smart way to close the gaps is to provide more jobs. Rather than put this to the test, however, big bucks are being spent on programmes giving the appearance of achieving something for Maori and Pacific Islanders. Whether the money spent will help poorer Maori and Pacific Islanders is a moot point."*

— editorial, The Independent

# The Jobs Letter

## DIARY

6 June 2000

The Maori Affairs select committee drops its investigation into the Waipareira Trust's use of public money. The police, the Serious Fraud Office and the Auditor-General have all held investigations and all cleared the Trust of any wrongdoing.

Increased teleworking would solve a number of problems, according to a survey of businesses by the Wellington Regional Council. The survey says that larger companies could benefit by as much as \$3,000 per employee. It calculates that if longer distance commuters stayed away from the city for half the week, traffic would decrease by 15%.

The unemployment rate in the US lifts slightly and is now at 4.1%.

7 June 2000

Only about 3% of the 45,000 people investigated for benefit fraud by Winz are convicted. Winz minister Steve Maharey says the low success rate reflects problems with the department confusing criminal fraud with overpayments. Winz is getting a new recording system that will provide data isolating cases of clear criminal intent from other overpayments.

Massey University's 230 union members say they will fight plans to cut 116 teaching positions.

8 June 2000

A funding package to retrain foreign immigrant doctors is announced by the Minister of Health, Annette King. The programme will fund medical school refresher courses and internships for immigrant doctors who arrived here between 1991 and 1995 but have not been able to pass NZ registration exams. More than 300 immigrant doctors have shown interest in the programme.

National's finance spokesperson Bill English says that the recent rises in interest rates, petrol prices and tobacco products have added nearly \$30/wk to the cost of running the average NZ household.

### THE GAPS: Socio-Economic Indicators of Maori and non-Maori

	Maori	non-Maori
Early childhood education participation	65%	99%
School leavers with Sixth Form Certificate or more	40%	72%
School leavers entering formal tertiary education	22%	45%
Unemployment among working age population	12%	5%
Unemployment among youth population	29%	13%
Median income of employed population per week	\$485	\$536
Households earning less than \$400 per week	25%	15%
Apprehension rates per 1000 of 14+ population	145	44
Conviction rates per 1000 of 14+ population	50	12
Household crowding index ( over1.0 is overcrowding )	0.79	0.62
Life expectancy for females ( years )	72	81
Infant mortality per 1000 births	7.5	4.5

source - National Business Review

- Establishing a network of **Community Employment Organisations** (CEOs) was one of the key pledges in Labour's election employment manifesto. The \$8.5 million will be directed to "creating additional employment opportunities for disadvantaged job seekers in community enterprises."

Steve Maharey defines these community enterprises as providing services of benefit to the economy or the environment ... but they **should not be in direct competition with the private sector**. His examples: foreshore beautification programmes, or providing clerical and financial services to community organisations. His goal: that Winz will start referring job seekers to CEOs later this year.

How will CEOs be funded? The final policies are still being worked out. The preliminary information available suggests that the CEOs will be **eligible for partial wage subsidies** to employ disadvantaged job seekers, with the CEO topping up the subsidy to at least the minimum wage. There is also the expectation that CEOs should be trying to become independent of wage subsidies over time - and looking to take on some of their workers on an unsubsidised basis once the subsidy ceases.

- While the government is not setting up a specific "FutureWork Unit" (as promised in Labour's election employment manifesto), the \$2 million special **"future work trends" funding** will enable the Department of Labour to commission specific research on changing labour market trends. Most likely, this work will be done by the department's own Labour Market Policy Group (LMPG).

Steve Maharey says that an immediate priority for this funding will be a project to determine how we can **close the "digital divide"** between those with and without skills and access to information technology "...so that all New Zealanders can better take advantage of the world-wide growth in the knowledge industries."

# The Jobs Letter

## DIARY

11 June 2000

Growth in rural NZ is much greater than in the three main centres. The National Bank's regional survey shows that the rural areas collectively had 1.4% growth in the first quarter, compared to the cities' growth of just 0.1%. Gisborne and Hawkes Bay both had growth of over 3%.

The New Zealand Dairy Group announces plans to lay off 47 workers at its Te Awamutu and Te Rapa factories. The company is centralising its testing services at Waitoa and 30 of the jobs will be relocated there.

Around 10% of NZ's junior doctor positions are currently unfilled and hospitals are concerned about growing staff shortages ... with applications for next year's positions well down. A worrying trend: 25% of graduating doctors intend to work overseas.

12 June 2000

The ANZ job ad survey shows job ads at about the same level as last month. This is 2% lower than the peak of last November, yet close to the levels recorded in the strong periods of economic growth in 1995 and 1996.

Cabinet decides to double the number of Working Holidays Visas for young visitors to NZ. There will now be 20,000 of these visas available to people aged 18–30yrs which will allow them to stay in NZ for up to one year and work. Immigration Minister Lianne Dalziel says cabinet is also keen to expand the existing reciprocal working holiday schemes to include a number of additional South American countries, as well as Germany, Italy and Hong Kong.

Winz Hawkes Bay regional commissioner Lindsay Scott says that the placement of 6,000 people into fruit picking jobs is a quantum leap forward. Fruit growers, however, are riled by the fact that many unemployed people do not want picking work. Fruit growers intend to try to attract more backpackers to their area next year by setting up a website with information on Hawkes Bay seasonal work.

- The government has announced significant funding in **conservation and bio-diversity strategies** ... several of which contain significant employment benefits. An extra \$57 million will be spent on controlling animal pests and weeds on public conservation lands over the next five years — work which represents a **150% increase** in invasive weed control and enhanced control of browsing pests such as goats, deer and possums. Specifically, this new work will involve:

- Increasing the area of high conservation-value habitat under possum control.
- Goat control to improve natural habitats and prevent expansion of goat populations into currently goat-free areas.
- Managing deer farm escapes and illegal releases to prevent new deer populations establishing.
- Investigating the impacts and distribution of noxious fish, including Gambusia and Koi carp, and putting in place measures to contain their spread.
- Actively searching for new weed invasions while they are still manageable.

- Conservation Minister **Sandra Lee** is keen to see this increased funding creating more opportunities for local communities and tangata whenua to become aware of the threats facing New Zealand's biodiversity ... and also to become more involved in the pest and weed control programmes.

- This year's Budget also included a **special "Green Budget" package** — a series of measures totaling \$15 million, reflecting a partnership on specific issues between government ministers and the Green Party.

These Green initiatives include funding towards: a stop-smoking programmes for low-income New Zealanders; implementation of the Greens' energy efficiency legislation; stepping up biosecurity measures (increased inspection of containers and used cars); running conservation awareness programmes; resourcing environmental legal aid; pilot work on alternative national accounts and business environmental reporting; developing a domestic organic certification scheme; grants to assist community environment centres; working on a pesticide reduction programme; establishing a Ministerial Advisory Committee on complementary and alternative health therapies; and contributing to the industry/government working group on organics.

- For all this funding at the front-line of environmental concerns ... the Greens hope that it will be the \$730,000 for **"alternative national accounts and business environmental reporting"** that will see them having a longer-term influence on government economic thinking and business policies. The money will pay for the development of a social and environmental audit programme, undertaken in partnership with business and community groups, as well as supporting work with Statistics New Zealand to develop a system of alternative national accounts.

- This funding is part of Green leader Jeanette Fitzsimons' long-held view that until we change the way the government and business **accounts its environmental costs** — the green "bottom line" — then the environment will continue to bear the brunt of economic development. Fitzsimons: "Accounting can seem a bit dry at times, but the profit and

### BUDGET 2000 on the internet

- The major Budget 2000 papers are available on the internet at [http://www.treasury.govt.nz/pubs/bmb/budgets/2000/toc\\_bud.htm](http://www.treasury.govt.nz/pubs/bmb/budgets/2000/toc_bud.htm)  
<http://www.executive.govt.nz/budget2000/>

# The Jobs Letter

## DIARY

13 June 2000

Agriculture Ministry papers, released under the Official Information Act, say the government was warned that a several hundred jobs would be lost with the immediate end of rimu felling on the West Coast. The papers say that most of the job losses would be in the furniture industry but increased pine milling would mitigate job losses on the West Coast itself.

Exports of manufactured goods increased by more than 12% last year. Income earned by manufactured exports hit a new high of \$10 billion.

14 June 2000

The Community Employment Group is removed from Winz and returned to its old place in the Department of Labour. (see *item, this issue*)

15 June 2000

Budget Day.

loss figures at the bottom affect every decision that businesses and government make. GDP currently includes many negative costs such as pollution and biosecurity invasions in its measure of economic activity, and excludes constructive voluntary activities such as parenting and skill-learning. Modified national accounts would measure progress in a more sensible way, by including positive activities such as voluntary work and unpaid childcare, and deducting negatives such as pollution and biosecurity clean-ups. This programme is a crucial first step towards measuring genuine progress and ensuring that economic activity is sustainable rather than destructive...”

- A key example of Jim Anderton’s new regional development support is seen in the \$1.8 million **funding for the Topoclimate South** mapping project. The funding will ensure that this project is completed ... and it will probably serve to be a model for other regions wanting to develop alternative land-use options.

The Topoclimate South project involves the intensive surveying of 805,000 hectares of Southland and Otago to map their soils and microclimates, taking the guess-work out of developing more intensive land-use opportunities in the region. The trust is working closely with another economic development trust, **Crops for Southland**, which has been set up by commercial interests, farmers, growers, and scientists in conjunction with the regional and local authorities. Crops for Southland has been researching the alternative crops that can be grown in the region (such as Meadowfoam, Boronia, Cranberry, Gentians, Paeony, Valerian and Wasabi) and developing the markets for these crops which will make new enterprises viable. The job opportunities inherent in this strategy will be considerable.

In April, the *Southland Times* reported that there were just five flower and bulb growers in Southland five years ago, but now this number has increased to more than 90. Topoclimate South quotes research by the Dutch government which says that one extra job is created for every hectare converted to intensive horticulture ... and, in addition to this, an extra eight positions are created downstream.

- **Jim Anderton** is keen to capitalise on this initiative as part of his “jobs machine” programmes. Anderton: “The stereotypical image of a region fit only for growing swedes and other low-value crops is a grossly unfair one. The growth of the tulip industry in Southland, and the emergence of other exotic crops such as wasabi, show the potential to capitalise on non-traditional areas of activity. The Topoclimate Survey is an essential aid to this process of transition, as well as boosting production, efficiency and income for existing land uses...”
- Topoclimate South is being held up as **an excellent model** of what community, local government and central government **partnerships** could achieve. Southland District Mayor Frana Cardno says that the funding grant “...is more solid evidence that this government is true to its word and its promise of partnerships with the regions”. Cardno: “This project is not only significant in terms of our region, but could also prove to be vitally important to this country as we diversify the economy and invigorate our rural communities...”
- The Topoclimate funding comes hard on the heels of government support for another major Southland economic development initiative — the completion of the Hump Track near Tuatapere, which Southlanders hope will attract more tourists and backpackers into the region.

# The Jobs Letter

## DIARY

16 June 2000

The number of redundancies at Carter Holt Harvey's Tokoroa sawmill is climbing. In April the company said it would make 19 people redundant. By May the number had increased to 30. Yesterday's announcement of 55 job losses, one third of the workforce, has the local council, workers and their union reeling. Union delegate Megan Jones-Mamanu says the company has not adequately explained the restructuring or where it is leading. Jones-Mamanu: "How many more jobs? None of us believe this is the end."

• In a reversal of the "one-stop shop" policies that led to the merging of several government agencies and the formation of Winz, the government has decided that the **Community Employment function of Winz** will be transferred back to the Department of Labour. It will be a separate service unit, with its own management structure reporting to the Department of Labour Chief Executive. All permanent staff currently employed by Community Employment will transfer across to the Department of Labour. Both Winz and the Department of Labour have been asked to prepare a detailed implementation plan on the changeover and will report back to the Ministers by the end of this month.

• Employment Minister Steve Maharey says that the overall effectiveness of the government's employment development objectives will require a **strong Community Employment capability within the public service**. Maharey: "It will need the autonomy and credibility to broker linkages across the full range of community and government organisations without placing undue emphasis on either social or economic issues..."

From its new home, the Community Employment agency will be focussing on:

- targeting specialised advice and support to Maori and Pacific communities to close growing social and economic gaps
- building community capacity and developing leadership
- community based strategic planning
- low cost testing of innovative employment and local development ideas
- building partnerships and networks between communities and the public and private sectors.

## VOICES

### on THE CEG MOVE

*"Community employment development has a vital role to play in progressing social and economic advantage. Communities are the basis for lasting progress and the source of sustainable solutions to the problems caused by changing labour market conditions, particularly in depressed regions and within Maori and Pacific communities. The Government is moving to ensure that we have all the tools we need to fulfil our manifesto commitments to improve local employment development and to close the gaps."*

— Parekura Horomia, Associate Employment Minister

*"The Green Party commends the decision to transfer the Community Employment function to the Department of Labour. The Community Employment Group and the community organisations with which it works have suffered immensely since it was restructured into the Winz conglomerate, and I hope that this shift to DOL will revive and strengthen its potential to assist with grassroots community economic development and job creation projects."*

— Sue Bradford, Green MP

*"The Government's move to take Community Employment out of Winz and put it back into the Department of Labour is more about settling old scores than getting New Zealanders into real jobs. One of my chief concerns is that Mr Horomia has simply pursued his personal agenda, as the former general manager of CEG, to re-establish the service as it was. The move to the*

*Department of Labour is also an absolute contradiction to Mr Maharey's statements that he will be strengthening the employment focus of Winz.*

*"The re-creation of Community Employment as a separate service unit will be expensive and a big step back. What is the logic of Winz Commissioners, who are responsible for all other Government employment programmes in the provinces, overlapping with staff of another Department, when working with the same client group toward the same employment goal?"*

— Dr Muriel Newman, ACT Social Welfare Spokesman

*"The Government is stripping Winz of all the tools which it needs to help the unemployed into jobs. It has already axed the Community Wage scheme, and instructed Winz not to "hassle" people to take up available jobs. Combined with the announcement of the shift of Community Employment ... this leaves Winz stuck in the role of simply paying out benefits, instead of having any means of helping people improve their prospects.*

*"That's a complete attack on the one-stop-shop approach which was greeted warmly by beneficiaries and which is being copied around the world. It will mean the return of the dole queue, with people going to Winz simply to sign on. Whether the aim of the change is pure ideological zealotry or an attempt to punish Christine Rankin by weakening her Department, either way it's not good for people who want jobs."*

— Bob Simcock, National Party Social Services spokesman



# The Jobs Letter

## DIARY

17 June 2000

Goodman Fielder is dropping or relocating more than 100 staff as it closes its Auckland flour mill and its Flemings oat mill in Gore. The Auckland business is being shifted to Mt Maunganui and the Gore capacity is going to Christchurch. Gore District mayor Mary Ogg says locals are shocked and devastated as the Flemings Mill had been an integral part of the district for more than a century.

Steve Maharey offers to mediate between the Palmerston North Winz office and the Poverty Action Group there. Poverty Action spokesman Ian Ritchie says that despite promises, the department continues to make it difficult for beneficiaries to see staff, fails to inform people of their entitlements and makes it difficult for community groups to have face-to-face meetings with the management. Maharey has agreed to convene a series of meetings to resolve the issues.

19 June 2000

Jim Anderton's "Kiwi Bank" plans gets cabinet approval for further investigation. Anderton says he supports a full-service bank, while Helen Clark says she sees scope for a reasonably modest banking service which meets banking needs not delivered by commercial banks.

Technology company Motorola will soon make a decision about whether it will set up a software research facility in New Zealand or in Australia. The plant will initially employ 150 people and Christchurch is a contender for

- Community Employment's move back to the Department of Labour is a clear signal of the government's intention to develop "capability" in the area of grass-roots community development. Steve Maharey says that while jobs and economic development continue to be central goals of this initiative, the Community Employment function is also **about promoting "social cohesion"** and taking **a holistic approach to problem solving**. Maharey: "It promotes this holistic approach because in communities with high levels of unemployment and benefit dependency, unemployment is usually just one aspect of broader social and economic difficulties including poor health, low incomes and inadequate housing. Community employment development works from a bottom-up approach, promoting local solutions to local problems."

- The **enthusiasm of the Department of Labour** for this approach was foreshadowed in the Department's briefing papers to the incoming government (see *The Jobs Letter* No.115). In this briefing, the department was arguing for a "community development" approach to the design and delivery of employment initiatives. It defined this approach as "focussing on the community as a whole" rather than focussing on individual unemployed people.

- A week before the Budget, a Treasury-commissioned study was released which shows that New Zealand now has **one of the highest levels of income inequality in the OECD** ... and this income gap has been growing faster than in other developed countries.

The report, by economist and statistician Des O'Dea, shows that the incomes of the richest 10% of households rose significantly between 1982 and 1996 (allowing for inflation) while incomes of households in the lower- and middle-income bands fell.

When similar statistics were produced last year by Statistics NZ (based on their household economic survey) the results were criticised, in some quarters, because the survey was based on a relatively small sample of the population. But O'Dea points out that further research work has been done since then, based on tax and census data ... and **it tells the same story** of a widening income gap. O'Dea: "This conclusion is reached regardless of how income is measured: individual or household incomes, before and after tax, from different data sources and after adjusting for changes in household size and composition..."

- Between 1986 and 1996 the average household income after tax rose 0.4% a year, or 0.7% if adjusted for the fall in average household size over that period. But much of this increase was concentrated in the top 10% of households. Over the same decade, the median household income fell 0.7% a year ... which O'Dea describes as "a better indicator of how the typical household fared."

- O'Dea reports that some (10%-25%) of the increase in income inequality can be put down to changes in the make-up of households, especially in the higher proportion of sole-parent homes and of pensioners. About another 25% can be explained by changes in the age mix, employment status and educational qualifications of the population.

But at least half of the increase in inequality **cannot be explained** by any of these factors, and more research will be needed to pinpoint the fuller reasons for the widening gaps. O'Dea: "There have been winners and losers, but the overall picture, combined with only modest increases in average incomes over the period, should be a source of concern for policy-makers..."

- Treasury secretary **Alan Bollard** stresses that the report does not represent the views of Treasury or the government. He told *The Dominion* that Treasury "does not have a view" on the desirability of a less even income distribution structure.

# The Jobs Letter

## DIARY

the facility.

20 June 2000

Steve Maharey announces the government's response to the Hunn Report. Winz is instructed to take more of an employment focus, and there will be decentralisation of Winz by giving wider powers to the thirteen regional commissioners. Winz CEO Christine Rankin keeps her job, but is directed to work more closely with other chief executives.

The World Health Organisation's Report 2000 ranks NZ at 42 out of the 191 members. This is behind most of the countries NZ'ers tend to associate themselves with. The report gives an index of national health systems' abilities to achieve good health status for their populations, to be responsive to people's expectations and to maintain fair financial contribution.

21 June 2000

At the Grey District Council offices, Michael Cullen and Jim Anderton sign up the \$120m compensation package for canceling logging contracts on the West Coast.

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## VOICES

### on BUDGET 2000

*"This Budget points the way to rebuilding a fair and sustainable social and economic order..."*

— **Dr Michael Cullen, Treasurer and Minister of Finance**

*"The Budget makes a significant investment in Maori and Pacific people's communities and organisations in order to better determine their needs and build their capacity. The aim is to establish a firm partnership to improve social and employment results for the future. This approach recognises that Wellington does not have all the answers. Strong whanau, hapu, iwi and Maori and Pacific peoples community organisations are often more effective because they understand local needs..."*

— **Tariana Turia, Associate Minister of Social Services and Employment**

*"It is one huge leap to the left for the government, and one huge leap backwards for New Zealand."*

— **Wyatt Creech, National Party deputy leader**

*"Dr Cullen has failed to deliver the king hit that New Zealanders needed to restore flagging confidence in the future. And he has shown he doesn't understand what drives enterprise and initiative. He doesn't know how to restore confidence, and without that, New Zealanders' jobs, incomes and investments will suffer ... There is nothing in this Budget to restore confidence in the Government's policy or meet the high expectations Labour has created for social change."*

— **Bill English, Opposition Finance spokesperson**

*"This Budget is a huge step back to tax, spend and bust. Fire Michael Cullen. He will never write a budget that will create jobs, growth, and attract kiwis home! Appoint Phil Goff."*

— **Richard Prebble, Act Leader**

*"After 9 years of trumpeting that he was "going to reinvent the Welfare State", Mr Maharey has won no new funding for his key portfolio areas. The Department of Work and Income base lines have barely changed. While the Minister has proclaimed he would help more people into*

*jobs, there is no new funding in the budget for work schemes. Like the deck chairs on the Titanic, the Minister has re-shuffled employment programmes, but there is no new money to help those hundreds of thousands of people who are stuck on a benefit, to move off..."*

— **Dr Muriel Newman, ACT Social Welfare Spokesman**

*"This is another Budget that has focussed on delivering social, cultural and other outcomes without any apparent recognition that you first need sustained economic growth to pay for them..."*

— **David Moloney, Chief Executive of the New Zealand Manufacturers Federation**

*"Practical support for structured industry training, including Modern Apprenticeships, and for the difficult area of school-to-work transition will be welcomed by employers. However, it is clear that the costs of other policies such as re-unionising the workplace and re-nationalising ACC have not been taken into account in this Budget."*

— **John Pask, NZ Employers' Federation**

*"The pluses in the budget for unemployed workers and beneficiaries are the introduction of income related rents for state tenants, the increase in the special benefit and other pro-beneficiary changes to the Department of Work and Income, the creation of jobs through social, economic and regional development policies and the increase in health and education spending. But none of these changes will take those on a benefit out of the poverty trap that Mrs Shipley threw them into with her 1991 benefit cuts. Until benefits are restored to a just level, those on a benefit will not be able to "participate in a vibrant social democracy" that Michael Cullen's Budget states as his goal..."*

— **Robert Reid, President of UNITE!, the union representing unemployed workers**

*"Not since Ruth Richardson's Mother of All Budgets in 1991 has the government's annual financial statement carried so much philosophical baggage. It read more like a Labour manifesto than a financial statement."*

— **editorial, National Business Review**