

The Jobs Letter

No. 129

18 August 2000

Essential Information on an Essential Issue

KEY

STATISTICS THAT MATTER

PARTICIPATION RATES

MARGINS OF ERROR

YOUTH CASE MANAGEMENT

MORE SPECIAL BENEFIT

THE JOBS LETTER GOES
"FREE TO AIR"

DIARY

27 July 2000

Business confidence remains low, but not as low as last month. The National Bank says that 39% of businesses surveyed expect business conditions to decline over the next year. Last month, 59% expected business conditions to decline.

30 July 2000

Reports issued by the Downtown Ministry and the Wellington People's Centre say that more than 165,000 households are eligible for special benefits but are not receiving them. See the last issue of *The Jobs Letter*.

31 July 2000

Steve Maharey says that Winz will soon make a welfare services manual available so that beneficiaries and advocacy groups can calculate or check entitlement details themselves. Winz national commissioner Ray Smith says that within a year or two the department will have benefit information posted on the internet.

Over half the long-term unemployed who found stable employment through Winz last year had re-registered as job seekers and back on a benefit by the end of the year. The statistics, according to *The Dominion*, call into question the way Winz measures the success and effectiveness of its programmes to get the long-term unemployed into work.

• The official **unemployment rate fell to 6.1%** for the June 2000 quarter, down from 6.4% in March and 7.0% a year ago. The number of people employed **has also dropped** by 0.2%, or 4,000 people, over the same period. This drop in the level of employment is the second quarterly drop after five consecutive quarters of growth. We include our regular *Statistics That Matter* feature in this issue of *The Jobs Letter*. Some highlights:

— Compared with a year ago, labour market conditions show a **clearer improvement**. The number of unemployed people has dropped by 16,000, and the numbers in employment has grown by 17,000.

— According to the figures, **Maori employed have increased by 25,000** over the last year while the number of unemployed decreased by 6,000. These movements mean that the Maori unemployment rate has fallen by 5.2% to a level of 13.0% — the lowest level since June 1988 when it was recorded at 12.1%.

— The **highest unemployment rates** in the June quarter were recorded in Northland (8.8%), Bay of Plenty (8.6%) and Taranaki (8.0).

— The lowest unemployment rate was recorded in **Southland** at 4.6%. But this masks the fact that the number of employed Southlanders has also dropped by 5,100 in the last year ... accounting for **more than half the total drop in employment nationwide**. These figures do not take into account the pending job losses from the Matura Paper Mill and the Flemings Flour Mill.

• How can we get a drop in both the unemployment and employment figures **at the same time?** It is because the numbers of "people not in the labour force" increased by 1.5% (or 15,000 people) over the same period. This has meant that **the participation rate** of the labour force has dropped to 64.8% per cent — its lowest level since June 1995.

The participation rate has a big impact on how the official unemployment rate is constructed. The unemployment rate is the proportion of the labour force — all those of working age (15 years and over) not in paid employment and actively seeking work — and the size of this labour force **has been declining over the last two quarters**. Although the number of people employed has fallen, the drop in numbers has been more than offset by the contraction of the overall labour force.

Darren Gibbs, Senior Economist with Deutsche Bank, reports that if the labour force participation rate had remained at the same level as it was in the March 2000 quarter, then we would have **an unemployment rate of 6.8%**.

• Why are the labour force numbers declining? Economic commentators **can really only guess** at the reasons. Joanna Smith of the NZ Institute of Economic Research (NZIER) says that although some of the decline may be due to jobseekers becoming discouraged, people exit the labour force for all sorts of reasons — such as retirement, study and raising a family.

Migration flows can also influence the size and composition of the labour force, but NZIER reports that last quarter's net migration outflow "... does not appear to have had a discernable impact on the working age population, which has continued to grow."

The Jobs Letter

VOICES

on the LATEST STATISTICS

"We have lift-off."

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

"I am confident that the medium term prospects for the economy are strong. What is required now is strong and sustainable employment growth, and the Government remains committed to policies that will underpin that growth, and to working with the business community and local government to this end ..."

— Steve Maharey, Minister of Employment

"In spite of strong economic growth, 4,000 jobs have been lost in the June quarter, following the 6,000 jobs that were lost in

the March quarter. This is unprecedented in a time of strong economic growth, and can only be linked to employers being fearful of employing staff under this government's anti-employment agenda.

"The rate of official unemployment has only fallen because people are dropping out of the work force altogether. The 64.8% labour force participation rate is the lowest in years. It should send a loud warning to this Labour Government that their anti-employment policies are costing jobs."

— Muriel Newman, ACT Employment spokesperson

"Six months of Jim Anderton's "Job Machine" and we've got 10,000 fewer people in work ... The latest Household Labour Force Survey figures indicate that many people have either given up on the chance of finding a job, or left our shores."

— Bob Simcock, National's Employment Spokesman

DIARY

1 August 2000

A shortage of mathematics teachers in NZ is part of an international trend. Recruitment agents from many countries are scouring the world for maths teachers and one British school unable to hire staff, says it has been forced to train its own.

NZ looks likely to sign a closer economic relations agreement with Singapore that is even more comprehensive than the CER agreement with Australia. The agreement will eliminate tariffs and prohibit subsidies in goods and services traded between NZ and Singapore. It is expected to be operating by April 2001.

3 August 2000

Statistics NZ releases figures that show unemployment dropped from 6.4% in March to 6.1% in June. Maori unemployment drops from 18% to 13%, the lowest level in 12 years. While these percentages have improved, there are also fewer people now working.

4 August 2000

Deputy PM Jim Anderton accuses Reserve Bank governor Don Brash of raising interest rates to stop falling unemployment. Anderton says Brash is fixated on maintaining 6% unemployment as a hedge against inflation.

• **How robust are all these figures?** The Household Labour Force Survey is derived from a large sample of 15,000 households representing about 30,000 people. But there is still a considerable **margin of error** around the statistics — often larger than the changes that drive the headlines. When Statistics NZ, for example, reports a drop of 12,200 in the number unemployed in the last quarter ... it is really saying it is 95% certain the number dropped somewhere between 800 and 23,600 people. (The sampling error in this example is calculated at +/- 11,400 people).

In the case of the 25,000 increase in Maori employment over the last year, the sampling error means that Statistics NZ is 95% certain the number of Maori in jobs increased somewhere between 14,000 and 36,000 people. (The sampling error here is calculated at +/- 11,000 people).

Jacinda Dalziell of Statistics NZ says we can expect these levels of sampling errors, because the survey is not based a census of the total NZ population. Statistics NZ reports that a change in the figures between quarterly periods is only "statistically significant" if the numbers are larger than the sampling errors.

• The core group of the **Mayors Taskforce for Jobs** will be meeting in Wellington later this month with members of the former **Maori Employment and Training Commission**. The meeting is being convened by Wairoa Mayor Derek Fox, and will be a chance for the Taskforce members to review the purpose and outcomes of the former Commission and discuss any implications for the work of the Mayors Taskforce.

The Commission had been set up by the previous government as a short-term "think-tank" to develop initiatives for accelerating Maori development in employment, training, and economic development. Before it was dis-established, the Commission was working with Professor Ian Shirley of Massey University to create **a multi-party plan for job creation**.

• The Canterbury Development Corporation (CDC) is presently negotiating with the Department of Work and Income (Winz) to try and gain **more effective case management** of unemployed Christchurch **young people**. The CDC has adopted goals (similar to the Mayors Taskforce for

(continued on page five)

STATISTICS THAT MATTER

ONE IN SIXTEEN PEOPLE OFFICIALLY UNEMPLOYED IN NZ

OFFICIAL NUMBER OF UNEMPLOYED IN NZ

June 2000

114,000

Seasonally Adjusted

OFFICIAL RATE OF UNEMPLOYED

June 2000

6.1%

OR ONE IN 16 PEOPLE

Seasonally Adjusted

PEOPLE REGISTERED AT WORK & INCOME NZ

Figures unavailable

NOTIFIED VACANCIES

Figures unavailable

DROP IN NUMBER OF UNEMPLOYED IN LAST THREE MONTHS

March 2000 — June 2000

6,000

DROP IN LAST YEAR

June 99 — June 2000

16,000

GLOBAL

SPAIN	14.1%
ITALY	10.7%
FRANCE	9.6%
GERMANY	8.4%
AUSTRALIA	6.7%
CANADA	6.6%
OECD Average	6.5%
NEW ZEALAND	6.1%
BRITAIN	5.7%
JAPAN	4.7%
UNITED STATES	4.0%

OFFICIALLY UNEMPLOYED

The official unemployed rates are an internationally recognised figure for unemployment based on the Household Labour Force Survey run by Statistics New Zealand. These are the latest figures for June 2000

NORTHLAND	8.8%	or one in 11 people
AUCKLAND	5.8%	or one in 17 people
WAIKATO	5.6%	or one in 18 people
BAY OF PLENTY	8.6%	or one in 12 people
GISBORNE-HAWKES BAY	5.9%	or one in 17 people
TARANAKI	8.0%	or one in 13 people
WANGANUI-MANAWATU	6.9%	or one in 14 people
WELLINGTON	5.3%	or one in 19 people
NELSON-MARLBOROUGH		
TASMAN-WEST COAST	5.5%	or one in 18 people
CANTERBURY	6.1%	or one in 16 people
OTAGO	6.4%	or one in 16 people
SOUTHLAND	4.6%	or one in 22 people

EMPLOYED

NUMBER OF PEOPLE IN JOBS IN NZ 1,760,000

June 2000

Seasonally Adjusted

FALL IN NUMBER OF PEOPLE IN JOBS IN LAST 3 MTHS

March 2000 — June 2000

4,000

RISE IN NUMBER OF PEOPLE IN JOBS IN LAST YEAR

June 99 — June 2000

17,000

SECTORS WITH A RISE IN EMPLOYMENT IN THE LAST YEAR

CONSTRUCTION, WHOLESALE & RETAIL TRADE, EDUCATION, MANUFACTURING

SECTORS WITH A DROP IN EMPLOYMENT IN THE LAST YEAR

AGRICULTURE, FORESTRY AND FISHING, TRANSPORT, STORAGE & COMMUNICATION, BUSINESS & FINANCIAL, HEALTH & COMMUNITY SERVICES

REGIONS

REGIONS WITH A DROP IN UNEMPLOYMENT IN THE LAST 3 MONTHS

March 2000 — June 2000

NORTHLAND
AUCKLAND
WAIKATO
GISBORNE / HAWKES BAY
TARANAKI
WELLINGTON
OTAGO
SOUTHLAND

REGIONS WITH A RISE IN UNEMPLOYMENT

BAY OF PLENTY
WANGANUI / MANAWATU
NELSON / MARLBOROUGH / TASMAN / WEST COAST
CANTERBURY

FULL-TIME and PART-TIME

of the "Employed" statistics

	FULL TIME	PART-TIME
MEN	847,200 (88%)	114,600 (12%)
WOMEN	496,000 (63%)	295,300 (37%)
TOTAL	1,343,300	409,900
OVERALL %	77%	23%

GAIN OF FULL-TIME EMPLOYED IN THE PAST YEAR: 26,100

LOSS OF PART-TIME EMPLOYED IN THE PAST YEAR: 9,800

A SPECIAL SUPPLEMENT TO

THE JOBS LETTER

18 AUGUST 2000

ONE IN TEN PEOPLE OFFICIALLY JOBLESS IN NZ

OFFICIAL NUMBER OF
JOBLESS IN NZ
June 2000

187,300

OFFICIAL RATE OF
JOBLESS
June 2000

9.7%
OR ONE IN 10 PEOPLE

FALL IN NUMBER OF
JOBLESS IN LAST THREE
MONTHS

March 2000 — June 2000

17,900

FALL IN NUMBER OF
JOBLESS IN LAST YEAR
June 99 — June 2000

24,000

THE JOBLESS FIGURES

According to Statistics NZ, the difference between the official "unemployment" figures and the "jobless" figures is that many of the people on the jobless measurement are available for work, but not actively seeking it.

The reasons for not actively seeking work range from people being discouraged because they lack the skills needed, or were the wrong age, or that the right work was not available in their area, or they were only looking for jobs in the newspaper. This measurement also includes those actively seeking work but not yet available for it.

A SPECIAL SUPPLEMENT TO

THE JOBS LETTER

18 AUGUST 2000

OFFICIALLY JOBLESS

"Those Without a Job and Wanting a Job"

These are the statistics that are more commonly used by community workers and employment activists in New Zealand because they more accurately reflect the people who are their concern or clients. These "Jobless" figures are also based on the Household Labour Force Survey run by Statistics New Zealand, but include a wider definition of unemployment, usually referred to as "those without a job and wanting a job" ... (see note in side panel).

NORTHLAND	13.3%	..... or one in 8 people
AUCKLAND	9.2%	..... or one in 11 people
WAIKATO	8.5%	..... or one in 12 people
BAY OF PLENTY	13.2%	..... or one in 8 people
GISBORNE-HAWKES BAY	10.0%	..... or one in 10 people
TARANAKI	12.2%	..... or one in 8 people
WANGANUI-MANAWATU	11.2%	..... or one in 9 people
WELLINGTON	8.5%	..... or one in 12 people
NELSON-MARLBOROUGH		
TASMAN-WEST COAST	8.9%	..... or one in 11 people
CANTERBURY	9.3%	..... or one in 11 people
OTAGO	9.8%	..... or one in 10 people
SOUTHLAND	8.9%	..... or one in 11 people

AGE and LONG-TERM

YOUTH UNEMPLOYMENT RATE - AGED 15-19 YEARS 18.1%
June 2000 one in 6 young people

MATURE UNEMPLOYMENT RATE - AGED 50-65 YEARS 4.4%
June 2000 one in 23 mature people

LONG-TERM UNEMPLOYED (OVER 6 MONTHS) 35,900
June 2000 31% or one in 3 of the unemployed

LONGER-TERM UNEMPLOYED (OVER 2 YEARS) 9,000
June 2000 8% or one in 13 of the unemployed

VERY LONG-TERM UNEMPLOYED (OVER 5 YEARS) 1,800
June 2000 2% or one in 63 of the unemployed

THE SCHEMES

Figures from Work & Income NZ, ETSA and Youth Affairs (As at the end of June 2000)

TASKFORCE GREEN	748
JOB PLUS	4,596
JOB PLUS MAORI	112
JOB CONNECTION	283
ENTERPRISE ALLOWANCE	146
ENTERPRISE ALLOWANCE WITH CAPITALISATION	300
TRAINING OPPORTUNITY SCHEME (TOPS) (June quarter)	8,701
YOUTH TRAINING (SKILL NZ) (June quarter)	5,883
LIMITED SERVICE VOLUNTEERS (ARMY/NAVY) (June quarter) ..	265
CONSERVATION CORPS	732
YOUTH SERVICE CORPS	107
COMMUNITY WORK (still counted as unemployed)	7,931

PARTICIPATION

LABOUR FORCE PARTICIPATION RATE
June 2000

Seasonally Adjusted

64.8%

down from 65.2% last year

RACE

MAORI RATE OF UNEMPLOYMENT
June 2000

13.0%

OR ONE IN EIGHT PEOPLE

PACIFIC ISLAND RATE OF UNEMPLOYMENT
June 2000

10.8%

OR ONE IN NINE PEOPLE

NZ EUROPEAN RATE OF UNEMPLOYMENT
June 2000

4.7%

OR ONE IN 21 PEOPLE

The Jobs Letter

DIARY

5 August 2000

Maori leaders have greeted with delight the news that 25,000 more Maori have found jobs in the last year. But the same leaders have been struggling to report where the extra jobs have indeed been created. Some have been pointing to the upswing in forestry and tourism, and others to the development of iwi groups contracting for government services. But Ian Mackintosh, CEO of West Auckland's Waipareira Trust, doubts the extent of the reported gains.

Green Party MP Sue Bradford's Social Services Bill is drawn by ballot to be read before parliament. The Bill would abolish the 13 week stand-down for the dole and reinstate eligibility for income support for all students during summer break. Student leader Sam Huggard says that whether the Bill makes it to a select committee is a litmus test of the government's commitment to students.

6 August 2000

NZ Businesses say they are taking on more workers. The Morgan & Banks survey of employers reports that 40% of those asked intend to take on more staff, while 16% say they are reducing staff. This is most positive result since the survey started in 1997.

7 August 2000

The ANZ Bank newspaper job ads survey shows an annual national rise of 5.7%. The increases were in Hamilton 5.5%, Wellington 10.9%, Dunedin 11.1% and Christchurch 32.2%. Auckland ads were down by -1.8%.

The *Southland Times* says that while the local unemployment numbers have dropped by 1,100, there is scant comfort to be drawn from this news: "The reason our unemployment rate is so low is because so many of us are upping sticks to search for work elsewhere, seeing little prospect here. That's what we need to change."

9 August 2000

Winz's national commissioner Ray Smith explains his department's interpretation of the Special Benefit to parliament's Social Services Select Committee. Smith says that a Special Benefit is short-term assistance to help a person overcome hardship cause by special or unusual

Jobs) that by 2002 all 18 and 19-yr olds will gain "full participation" in their community ... and that by 2005 this will also apply to all young people under 25 years. The CDC defines "full participation" as being in employment, training and education, or involved in voluntary work in the community.

The CDC Employment Services, backed by Christchurch Mayor Garry Moore, want to extend their Actionworks service aimed at case-managing all 18 and 19-yr olds into "full participation". To do this, they want to work with Winz to run a Canterbury-wide pilot based around **case managers who are specialised in youth issues**, and who also have a significantly **lower caseload**. At present, the average Winz case manager has a caseload of around 300 people each. The Actionworks proposal is to get this caseload down to 125, and focus it on the young people.

- To move in this direction would be quite a change in policy for Winz. It will cost them about \$730,000 to put the extra staff and services into Canterbury for such a scheme. And Winz does not currently employ youth specialists — the present staffing emphasis is on "multi-skilling", where case managers are required to know the details of every type of benefit.

CDC Employment Services Manager Brigid Lenihan: "There's just so much to know. What we are saying is that we need specialised case-workers who can connect directly with the young people ... and make the service more responsive to youth needs. A lot of these young people haven't had anyone take the time to get to know them and explain the options open to them in the labour market, as well as further education and training. We also need people who can also plug young people into community networks..."

The CDC already pours \$600,000 into its Actionworks strategy, out of the \$2.4m it spends on employment programmes and \$800,000 on economic development initiatives. It is getting good results — with about a **50% better local placement rate** with its existing scheme, compared to the Winz national averages.

- The proposal to extend Actionworks has also attracted **solid support** from the Canterbury local authorities, and the Chamber of Commerce. Mayor Garry Moore says the new scheme would stop unemployed 18 and 19-yr olds from feeling hopeless about their situation or just accepting it ... and prepare them for the jobs which are opening up in Canterbury's growing economy. Moore: "Young people should not be paid to sit around and do nothing. This scheme will give young people a sense of hope and be reassuring for their parents and families."
- Employment Minister Steve Maharey is also very interested in seeing the programme happen. Maharey: "We're very keen on local involvement in a programme which targets unemployment. The Christchurch City Council is taking the lead with this, and the CDC have very good employer contacts and a better appreciation of local needs. If the model works we will be trying it elsewhere..."
- The Wellington People's Centre did not produce a *joint* report with the Downtown Community Ministry on **the Special Benefit**, as reported in the last issue of *The Jobs Letter*. They produced *separate* reports, which used different methodologies yet are broadly compatible and **reach similar conclusions**.

The Wellington People's Centre report charges that, since 1995, there has been a deliberate policy by Income Support, and later Winz, to **reduce spending on Special Benefits**. The report says that, since 1995, the eligibility

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DIARY

circumstances. He says it is not designed to meet a deficit caused by ongoing basic living costs.

The lack of skilled workers in the dairy industry will soon compromise farm production, according to industry sources. NZ Dairy Board's Harry Bayliss says the momentum of the industry has opened up a huge range of opportunities and the industry now needs more skilled staff. Both Massey and Lincoln Universities agree that there are far more agricultural vacancies than graduates to fill them.

13 August 2000

Carter Holt Harvey is training staff and finalising the construction of a timber laminating plant in Whangarei. The plant that will employ 110 people will be capable of making huge laminated beams for the domestic and export markets.

15 August 2000

The falling number of social workers at Child Youth and Families Services is creating concerns about the department's ability to do its job properly. An average of three social workers leave the department each week and there is not the qualified staff around to replace them. A report from parliament's Social Services Select Committee says the shortage is endangering children.

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The Diary is sourced from our media watch of New Zealand daily and weekly newspapers.

Research sources for the main items in The Jobs Letter are available in our internet edition at

www.jobsletter.org.nz

criteria for Special Benefit has become progressively more relaxed and the number of people who qualify has increased ... yet the number of people actually receiving special benefit has dropped by more than 70%.

The report: "The consequence is that the families who have been denied their correct benefit entitlements have been forced further into debt with the Department in order to meet their most basic and essential needs such as accommodation."

Special Benefit Report 1995-2000 by the Wellington People's Centre, available from P.O.Box 9491, Te Aro, Wellington phone 04 385-8596 email wprc@actrix.gen.nz

- The Special Benefit controversy will no doubt be a major item on the agenda of a **three-day national conference** later this month involving fifty beneficiary advocates and government officials. The conference is being held at Tatum Park, Otaki, and is a joint venture between the advocates, the Ministry of Social Policy and Winz. The programme will consist of a number of forums on beneficiary issues, as well as a presentation on the linkages between benefits and jobs.

Social Services and Employment Minister Steve Maharey says that the meeting will build on the "constructive discussions" officials have established with the **Beneficiary Advocates Reference Group** since January this year. Maharey: "As the Reference Group is not representative of all beneficiary advocacy groups, the national conference is seen as a worthwhile opportunity to meet a wider group for a discussion on increased incentives and opportunities for beneficiaries to move into work..."

- **The Jobs Letter goes "free to air"**. This issue of *The Jobs Letter* marks a significant change for us at the Jobs Research Trust. Earlier this year, after seven years of building up a track record with this project, our trustees set themselves the goal of enabling *The Jobs Letter* to be more freely available to all New Zealanders concerned about employment issues.

We are pleased to announce that the trust has now gained enough support to enable a wider distribution. From now on, *The Jobs Letter* will be freely available on our website at the time of publication ... and we can now also give our readers full permission and encouragement to copy and redistribute our resources.

The funding support to enable this to happen is being provided by the Mayors Taskforce for Jobs with the Ministry of Economic Development, Caritas Aotearoa NZ, the Cathy Pelly Maungarongo Trust, and the koha/donations of many individual supporters. Our thanks go to all of you for this ongoing support.

- We are also now distributing a **PDF (Adobe Acrobat) version** of *The Jobs Letter* which can also be downloaded directly from our website, or emailed directly to you. This will also be a free service. We are still producing the regular paper, posted edition of *The Jobs Letter* ... however, this service continues to be available only by subscription.

We have also substantially **upgraded our website** to cope with an expected increase in demand for our new free services. The website now includes all our diary and back-issues back to 1994, links to the Mayors Taskforce for Jobs project, an improved "hotlinks" section pointing to other internet resources, and an online bookstore (in partnership with Amazon.com).

Check out these new sections out at www.jobsletter.org.nz.

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

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