

The Jobs Letter

No. 139

12 February 2001

Essential Information on an Essential Issue

KEY

STATISTICS THAT MATTER

OZ and US JOB LOSSES

SKILLED MIGRANTS

JIM ANDERTON'S AGENDA

THE PEOPLE'S BANK

STUDENT EUB

CONFERENCES

DIARY

22 January 2001

The acquisition of Ansett Australia by Air New Zealand will create 70 jobs in New Zealand, largely by contracting out accounting services. The Australian Services Union, however, says up to 180 staff in Australia could lose their jobs as a result.

23 January 2001

Business confidence had its largest turnaround since economic surveys began in 1970, according to the latest Survey of Business Opinion by the NZ Institute of Economic Research. The December quarter survey shows that 31% of businesses expect conditions to improve in the next six months, a turn-around from the June quarter when 45% expected conditions to worsen.

24 January 2001

The world's largest phone maker, Lucent, is cutting 16,000 jobs, 15% of its total workforce.

25 January 2001

Hawkes Bay fruit growers are uniting to combat a shortage of seasonal workers. Growers are now considering sharing their workers, and have put together a pamphlet for potential workers which includes an explanation of the region, key contacts, and places to find work.

- Unemployment figures have **continued to fall**, giving a much-needed boost to the policies of the coalition government. Many leading economists, however, regard the good jobs figures with some caution ... particularly in the light of a slowing international economy and massive job cuts in Australia and America.

The official **unemployment rate has dropped to 5.6%**, the lowest rate recorded since June 1988 when it was 5.2%. (Unemployment reached a peak of 10.9% in September 1991). The December figures show the number of unemployed has dropped to 108,000 people. This is 3,000 less than at September 2000. The numbers employed have increased by 20,000 in that time, and **70% of these new jobs have been in full-time employment**. Our regular *Statistics That Matter* summary of the employment statistics is included in this issue. Some highlights:

— Unemployment has dropped by 11,000 (9.2%) and employment has grown by 36,000 (2%) over the last year. The labour force participation rate has increased by 0.5% in that time.

— All ethnic groups have shown declines in their unemployment rates. Current figures show a rate of 13% for Maori, 11.4% for Pacific peoples, and 4% for European/Pakeha.

— Long-term unemployment (over 2 years) is down from 41,700 people a year ago to 32,400 in December.

— The region with the highest rate of unemployment was Northland (8.7%), followed by Gisborne/Hawkes Bay (7.4%) and the lowest rate was found in the Tasman/West Coast/Marlborough/West Coast and Wellington regions, both at 4.7%.

— An estimated 106,400 workers are employed part-time, but say they would prefer to work more hours. This "under-employment" figure includes one in every 28 male, and one in every 12 female workers.

- The financial markets **had been expecting very modest job growth** of around 0.2%, but the official figures were more than double their most optimistic forecast. Many economists have expressed scepticism at the jobs figures, because they suggest that the NZ economy is faring much better than many of our trading partners.

BNZ Chief Economist Tony Alexander says the jobless fall portrays a booming economy, yet this is "clearly not the case". He speculates that employers might be holding onto skilled staff, when they do not need them, in anticipation of improving conditions.

- The good job news in New Zealand is in sharp contrast to the **job losses being recorded in Australia and America**. Australia shed more full-time jobs in January than in any month in the past ten years. The loss of 44,000 full-time jobs last month has pushed Australia's unemployment rate to 6.7%.

Meanwhile, America's unemployment rate has climbed to 4.2%, its highest level in 16 months, after a dramatic slowdown in economic growth which has forced **thousands of layoffs** in the automotive and

The Jobs Letter

VOICES

on the LATEST STATISTICS

"Another surprisingly strong set of numbers ..."

— HSBC Bank

"It does hammer home the fact that the economy is doing comparatively well, and certainly rather better than some of its trading partners appear to be..."

— Bernard Hodgetts, ANZ Chief Economist

"These numbers should be welcomed by all sectors of the New Zealand economy. They indicate that the New Zealand economy is well placed to accommodate any weakening in the international economy. Under the economic stewardship of this Government the economy is nowhere near as exposed as it might have been to changes in the international economy."

"It is still the case that unemployment is concentrated within particular groups in our society and within particular regions — the Government is committed to ensuring that all regions share in the economic recovery."

— Steve Maharey, Social Services and Employment Minister

"In a decade in office, the National Party never brought the level of unemployment this low. If National and Act were in government today, the unemployment rate could be as high as 6.1%, on their own forecasts. That would have meant 11,000 more official unemployed, and 18,000 more jobless than under a Labour-Alliance coalition."

"There are still serious challenges facing the economy which the Government has to address. No one in the Government will be satisfied yet. There is still essential work to be completed to

create more jobs and rising incomes for all New Zealanders, particularly in the regions..."

— Jim Anderton, Deputy Prime Minister

"A growing economy is always going to create new jobs. But I think the thing we need to look at is what's driving the growth. You have increased volumes of commodities being produced, you've got a reasonably strong market, and you've got a collapsed dollar. The only thing the government has contributed to that is the collapsed dollar, so I don't think we can say that it's a sustainable gain coming out of government policy ..."

— Bob Simcock, National Party Social Services Spokesman

"The lower unemployment figures are good news for the unemployed, but the problem we have is that the Government has done nothing to help employers boost the economy — quite the reverse. It is now more costly to employ a person than it was a year ago. The Employment Relations Act makes it hard to sack an employee — which means they are less likely to be offered a job in the first place. To really beat unemployment and encourage sustainable economic growth, New Zealand needs to free up the labour market and drop taxes. This Government has gone the other way..."

— Rodney Hide, ACT Party Finance Spokesman

"In this country the job figures tell a story of steady, unspectacular growth, which is much to be preferred to the boom and bust phases we had for too long. Both sides of Parliament can (and will) claim credit for the improvement. The drastic fall in the dollar after the change of government undoubtedly has also spurred the rural economy and tourism..."

— New Zealand Herald editorial, 9 February 2001

DIARY

26 January 2001

US Federal Reserve chairman Alan Greenspan says the country's economic growth has plummeted to near zero. He says that he backs US President George Bush's plans for tax cuts to prevent the economic slowdown becoming a recession.

29 January 2001

Australian PM John Howard unveils a A\$2.9 billion plan to boost Australia's research and development. A major amount will be spent on a loan scheme to help 240,000 postgraduate students update and acquire new skills.

other manufacturing industries. Manufacturing in America lost 65,000 jobs in January, bringing total manufacturing losses to a quarter million jobs since June last year.

- Is the US economy on the **brink of a recession?** The manufacturing layoffs may indicate that after almost nine years, the longest non-stop economic expansion in US history **may be coming to an end**. Almost every economic indicator is pointing to a significant downturn in American economic fortunes: retailers have experienced their worst Christmas in years, house and car sales are sluggish, and manufacturing output has fallen to its lowest level in a decade.

The economic problems stem from the collapse of the dot.com companies in April last year (see *The Jobs Letter No.123*). At that time, investment in new technology companies drove their share prices to absurd levels in the belief that the internet was propelling the US into a "new economy" of permanently higher growth. **The bubble burst**. And in the last nine months the effects of that stock market collapse has spread to mainstream "blue-chip" companies, and to the banks that lent them money.

(continued on page five)

STATISTICS THAT MATTER

ONE IN EIGHTEEN PEOPLE OFFICIALLY UNEMPLOYED IN NZ

OFFICIAL NUMBER OF UNEMPLOYED IN NZ

Dec 2000

108,000

Seasonally Adjusted

OFFICIAL RATE OF UNEMPLOYED

Dec 2000

5.6%

OR ONE IN 18 PEOPLE

Seasonally Adjusted

PEOPLE REGISTERED AS JOBBEERS WITH WORK & INCOME NZ

Nov 2000

217,051

NOTIFIED VACANCIES

Figures unavailable

DROP IN NUMBER OF UNEMPLOYED IN LAST THREE MONTHS

Sept 2000 — Dec 2000

3,000

DROP IN LAST YEAR

Dec 2000 — Dec 2000

11,000

GLOBAL

SPAIN	13.6%
ITALY	10.5%
FRANCE	8.9%
GERMANY	8.2%
CANADA	6.9%
AUSTRALIA	6.7%
OECD Average	6.4%
NEW ZEALAND	5.6%
BRITAIN	5.4%
JAPAN	4.8%
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 December 2000.

NORTHLAND	8.7%	.....	or one in 11 people
AUCKLAND	5.2%	.....	or one in 19 people
WAIKATO	5.6%	.....	or one in 18 people
BAY OF PLENTY	6.3%	.....	or one in 16 people
GISBORNE-HAWKES BAY	7.4%	.....	or one in 14 people
TARANAKI	5.2%	.....	or one in 19 people
WANGANUI-MANAWATU	5.2%	.....	or one in 19 people
WELLINGTON	4.7%	.....	or one in 21 people
NELSON-MARLBOROUGH			
TASMAN-WEST COAST	4.7%	.....	or one in 21 people
CANTERBURY	5.4%	.....	or one in 19 people
OTAGO	5.9%	.....	or one in 17 people
SOUTHLAND	5.5%	.....	or one in 18 people

EMPLOYED

NUMBER OF PEOPLE IN JOBS IN NZ **1,805,000**

Dec 2000 Seasonally Adjusted

RISE IN NUMBER OF PEOPLE IN JOBS IN LAST 3 MTHS
Sept 2000 — Dec 2000 **20,000**

RISE IN NUMBER OF PEOPLE IN JOBS IN LAST YEAR
Dec 99 — Dec 2000 **36,000**

SECTORS WITH A RISE IN EMPLOYMENT IN THE LAST YEAR
AGRICULTURE, FORESTRY AND FISHING, WHOLESALE & RETAIL TRADE, MANUFACTURING, TRANSPORT, STORAGE & COMMUNICATION, HEALTH & COMMUNITY SERVICES, BUSINESS & FINANCIAL

SECTORS WITH A DROP IN EMPLOYMENT IN THE LAST YEAR
CONSTRUCTION, EDUCATION

FULL-TIME and PART-TIME

of the "Employed" statistics

	FULL -TIME	PART-TIME
MEN	877,900 (89%)	113,500 (11%)
WOMEN	534,500 (65%)	292,500 (35%)
TOTAL	1,412,400	406,000
OVERALL %	78%	22%

GAIN OF FULL-TIME EMPLOYED IN THE PAST YEAR: 37,000
LOSS OF PART-TIME EMPLOYED IN THE PAST YEAR: 400

REGIONS

REGIONS WITH A DROP IN UNEMPLOYMENT IN THE LAST 3 MONTHS
Sept 2000 — Dec 2000

BAY OF PLENTY
WAIKATO
TARANAKI
WANGANUI / MANAWATU
WELLINGTON
CANTERBURY

REGIONS WITH A RISE IN UNEMPLOYMENT

AUCKLAND
GISBORNE / HAWKES BAY
NELSON / MARLBOROUGH / TASMAN / WEST COAST
OTAGO
SOUTHLAND

A SPECIAL SUPPLEMENT TO

THE JOBS LETTER

12 FEBRUARY 2001

ONE IN ELEVEN PEOPLE OFFICIALLY JOBLESS IN NZ

OFFICIAL NUMBER OF JOBLESS IN NZ
Dec 2000

181,600

OFFICIAL RATE OF JOBLESS
Dec 2000

9.1%
OR ONE IN 11 PEOPLE

RISE IN NUMBER OF JOBLESS IN LAST THREE MONTHS
Sept 2000 — Dec 2000

4,300

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

13,800

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

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12 FEBRUARY 2001

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	13.2%	..... or one in 8 people
AUCKLAND	8.3%	..... or one in 12 people
WAIKATO	8.6%	..... or one in 12 people
BAY OF PLENTY	12.6%	..... or one in 8 people
GISBORNE-HAWKES BAY	11.7%	..... or one in 9 people
TARANAKI	8.6%	..... or one in 12 people
WANGANUI-MANAWATU	9.2%	..... or one in 11 people
WELLINGTON	7.2%	..... or one in 14 people
NELSON-MARLBOROUGH		
TASMAN-WEST COAST	8.1%	..... or one in 12 people
CANTERBURY	8.9%	..... or one in 11 people
OTAGO	11.5%	..... or one in 9 people
SOUTHLAND	9.6%	..... or one in 10 people

AGE and LONG-TERM

YOUTH UNEMPLOYMENT RATE - AGED 15-19 YEARS 15.7%
Dec 2000 one in 6 young people

MATURE UNEMPLOYMENT RATE - AGED 50-65 YEARS 3.9%
Dec 2000 one in 26 mature people

LONG-TERM UNEMPLOYED (OVER 6 MONTHS) 32,300
Dec 2000 30% or one in 3 of the unemployed

LONGER-TERM UNEMPLOYED (OVER 2 YEARS) 8,000
Dec 2000 7% or one in 14 of the unemployed

VERY LONG-TERM UNEMPLOYED (OVER 5 YEARS) 2,200
Dec 2000 2% or one in 49 of the unemployed

THE SCHEMES

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

TASKFORCE GREEN	1,371
JOB PLUS	10,048
JOB PLUS MAORI	343
JOB CONNECTION	395
ENTERPRISE ALLOWANCE	502
ENTERPRISE ALLOWANCE WITH CAPITALISATION	803
TRAINING OPPORTUNITY SCHEME (TOPS) (Dec quarter)	8,057
YOUTH TRAINING (SKILL NZ) (Dec quarter)	5,478
LIMITED SERVICE VOLUNTEERS (ARMY/NAVY) (Dec quarter)	113
CONSERVATION CORPS	925
YOUTH SERVICE CORPS	155
COMMUNITY WORK (still counted as unemployed)	5,782

PARTICIPATION

LABOUR FORCE PARTICIPATION RATE
Dec 2000

Seasonally Adjusted

65.9%

up from 65.4% last year

RACE

MAORI RATE OF UNEMPLOYMENT
Dec 2000

13.0%

OR ONE IN EIGHT PEOPLE

PACIFIC ISLAND RATE OF UNEMPLOYMENT
Dec 2000

11.4%

OR ONE IN NINE PEOPLE

NZ EUROPEAN RATE OF UNEMPLOYMENT
Dec 2000

4.0%

OR ONE IN 25 PEOPLE

The Jobs Letter

DIARY

New Zealand Trade Union Federation president Maxine Gay has her arm in plaster after falling and breaking her wrist during protests against the World Economic Forum in Davos, Switzerland. She says police prevented more than 1,000 demonstrators from reaching Davos, and used tear gas and water on about 500 that managed to assemble at the Davos railway station. Police outnumbered demonstrators 5 to 1.

30 January 2001

NZ lingerie company Bendon is cutting 29 workers from its East Tamaki, Auckland factory.

Wellington recruitment company Education Personnel says it has hundreds of new teachers on its books looking for a job. Director Simon Birch says the employment climate for graduates is terrible, as most clients are looking for experienced teachers. One new graduate, Nathan Hook, believes that young teachers are encountering ageism. Hook: "You feel discriminated against because you're not long enough in the tooth."

Japan's jobless rate last year averaged 4.7%, the highest it has been for 46 years.

31 January 2001

Hawera call centre company Marketing Concepts has secured a major US contract that will create up to 100 jobs in Taranaki over the next five years. The company will handle calls for Animal Herbals, a pet herbal product company.

Social Services and Employment Minister Steve Maharey releases reports detailing the steps the Government has taken to reduce inequality amongst New Zealanders. The reports cover labour, employment, social services, immigration and senior citizens. Maharey says the Government has an ambitious programme right across the social sector and it is now looking to build on what it has achieved.

More women than men graduated from NZ universities in 1999, according to a recent graduate employment survey. 55.7% of the 24,054 graduates surveyed were women. 69.9% were Pakeha European, Asians accounted for 14.2%, and Maori only 5.7% of the total graduates.

- Why should this lead to a recession? The British media watch *The Week* points out that whatever happens in the stock market has a huge impact on the American public, as **more than 45% of US citizens own shares**.

The Week: "Eight years of soaring stock market wealth have encouraged US investors to run down their savings and spend wildly. Many borrowed heavily to do so. As a result, the average minimum monthly payment Americans owe on their debts has reached its highest level since 1987, while the ratio of personal savings to income is the lowest for 78 years. But now that the markets are falling, consumers are cutting back on their spending and many may try to rebuild their savings. If they continue to do so, it will further undermine corporate profits and lead to yet more job losses and factory closures..."

- The government has announced it will **increase the annual number of skilled and business migrants** approved to enter New Zealand. It will now allow a total of 27,000 people a year — a 60% increase on last year's figure of 17,000 migrants. Immigration Minister Lianne Dalziel says that the new target is aimed at ensuring the NZ economy has the **skills and entrepreneurial base** to develop the high-value industries and services it needs. The government has also announced it will — grant open work permits to the spouses and partners of work permit holders — ease the English language test requirements
- Dalziel also announced that the government is looking at other immigration policy initiatives which will introduce a linkage between work permits and **residence specific to the regions**. These moves come after local government leaders have asked the government explore options for the regions.

Local Government NZ President **Basil Morrison** says that migration is one of the keys to successful local economic development initiatives. Morrison: "Being able to get the right people, in the right place at the right time, with the right skills and drive is fundamental to the success of local economic development. Both LGNZ and the Mayors Taskforce for Jobs have been very concerned that past migration policy simply didn't deliver what we needed. The government's announcement is an important step in the right direction..."

- National's Immigration spokesperson, Marie Hasler, argues that the latest announcement is an example of the government "covering its own embarrassment" over the increasing numbers of **skilled New Zealanders leaving the country**. Hasler: "The government shouldn't just focus on replacement. It must start to focus on rewarding effort and achievement. The government boasts about developing a knowledge economy and then, contrary to all reason and common sense, reduces the level of education and skill, such as English language pre-requisites, required to build such a learning-based economy..."
- *Watch for*: The Labour Department's report on **Workforce 2010**, which it hopes will stimulate debate on labour market issues and the future of work in New Zealand. The report is based on current labour market trends, their forward projections, and includes occupational patterns, participation rates, and expected areas of skill demand. It is being produced by the Labour Market Policy Group (LMPG), and is likely to be released late this month or early March.
- LMPG have also done a "literature review" on the social and qualitative aspects of **the future of work**. This review looks at key trends on issues such as the impact of technology on the workforce, the ageing workforce,

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A CD-Rom offering ways for workers to get days off work has become one of the top 20 selling CD-Roms in Germany. The CD explains how employees should behave when at the doctor in order to get a medical certificate. Utech, the maker of the product, says it is not meant to be taken seriously.

US internet retail giant Amazon is cutting 1,300 jobs, 15% of its workforce.

1 February 2001

Rental accommodation is in hot demand in Invercargill as students of the Southland Institute of Technology invade the city. The polytechnic's fee-free scheme has attracted 1,800 students, more than double the 700 enrolments last year. Southland Real Estate rental manager Evan Jones says the situation is "absolutely ballistic". Jones: "This is great for the city to have a real rental crisis."

changing attitudes to work, job tenure and security, the over- and under-worked, inequality of incomes, the changing social contract between employers and employees, and other issues. A draft paper on these trends was completed as background to *Workforce 2010*.

- National party leader Jenny Shipley has announced a re-shuffle of her policy spokespeople. List MP **Bob Simcock** has gained the most rapid rise in prominence, joining National's front bench and taking on the social services, employment and work and income **shadow portfolios**. As such, he will be "locking horns" with Social Services Minister Steve Maharey.

Simcock is a second-term MP and a former vice-president of the National party. He is a trained clinical psychologist, with a master's degree in social science and psychology. He says his immediate priority is to tackle Maharey on the performance of the Department of Child, Youth and Family Services, which he says is "drowning" in a flood of child abuse notifications. Simcock: "We cannot succeed as a society unless we do a better job with our kids and make sure they get a decent start to life. At the moment it's not just happening..."

- The junior coalition partner, **the Alliance**, has detailed its priorities for 2001. In a "State of the Nation" speech given at the Orongomai Marae in Upper Hutt (see *Voices*, this issue) leader Jim Anderton outlined several **key social and employment proposals** which his party will be urging Labour to also undertake. These include:
 - ensuring that no-one under the age of 20 is on the dole
 - ensuring adequate financial support or employment for students over the summer holidays
 - working with industry to ensure free access to some tertiary courses
 - looking at wiping the debt for science and engineering students if they work in New Zealand for a number of years after graduation

CONFERENCES

- The inaugural **Conference of the Social Entrepreneurs Network** (Australia and NZ) is being held in Sydney this week (15-16 February). The conference aims to raise the profile of social entrepreneurship and its implications for communities, business, corporates, policy-makers and the welfare sector.

The network being launched at the conference is modelled on the UK-based Community Action Network (CAN) which offers practical advice, technical support and access to expertise for communities wanting to think and act entrepreneurially.

Invited speakers at the conference include Andrew Mawson from CAN, Peter Kenyon from the Centre for Small Town Development, and NZ'ers Cliff Colquhoun, Lindsay Jeffs and Bruce Hamilton. For further information: conference website is at www.social-entrepreneurs.conf.au or contact Vern Hughes at Hotham Mission email hotham@sub.net.au

- **Globalisation or Localisation — Reclaiming the economy for the community** is to be held at Tapu Te Ranga Marae in Wellington on 3rd March.

Speakers include Edward Goldsmith, editor of *The Ecologist*; Sohail Inayatullah, political scientist from Queensland; Sue Bradford, Green MP; and Warren Snow of Envision NZ. Conference website www.prout.org/globalisation, or contact Bruce Dyer phone 03 548 7284

- Local Government New Zealand is convening an **Economic Development Forum** on 5-6 April in Wellington. It is being held in partnership with EDANZ, with sponsorship from BERL. The Forum will showcase examples of successful economic development initiatives being used around the country, with in-depth workshops on funding/partnerships, clustering, and measuring the success of initiatives. For further information: brochure is on website at www.lgnz.co.nz, or contact David Barnes LGNZ phone 04-470-0015 email davidb@lgnz.co.nz

- The first **NZ Social Auditing Conference** will be held in Wellington on 21-22 May. It is being organised by COMMACT Aotearoa on behalf of Social Audit NZ Ltd and the Australasian Institute of Social and Ethical Accountability, and will include speakers from NZ and overseas. For more information contact socialauditnz@xtra.co.nz

The Jobs Letter

DIARY

2 February 2001

Beneficiaries are the most discriminated group in NZ society today, according to a National Business Review-Compaq survey. The poll finds that 75% of those surveyed felt that people on welfare were likely to come up against some discrimination. Being gay or lesbian was seen as the second most victimised group, by 74% of the survey. Next in the list was Asian people (at 73%), followed by overweight people (72%), Pacific islanders (71%), Maori (70%), people with disabilities (61%), the elderly (53%) and women (50%).

Chris Lawrence of the Human Rights Commission says that the NBR-Compaq poll disproves the Kiwi myth that NZ is an easy-going and unprejudiced society.

4 February 2001

Super-yacht builders Sovereign Yachts are to set up a new shipyard on surplus land at the Hobsonville Air Base in West Auckland, creating 350 new jobs. The \$18m project will generate an estimated \$600m in export earnings over the next five years.

The Australian Council of Trade Unions (ACTU) releases a previously unpublished report from the Bureau of Statistics (ABS) to support its claim for a \$28 a week pay rise for the "working poor". According to the report, there are 800,000 low-paid working families in Australia who are struggling to pay for the basic necessities of life. The report follows on from another released last year that found that two in every five families living in poverty had one or both adults working. The Australian Chamber of Commerce and Industry says it will support a modest wage rise.

5 February 2001

A lecturer at the University of the South Pacific, Joseph Veramu, estimates that 42% of Fiji's population live in extreme poverty. Veramu: "In spite of the tourist brochures touting Fiji as a place with romantic swaying in the cool breeze and a paradise-like environment, the reality is that many people are poor and face hardships in meeting their basic needs."

Last year an unprecedented 4,000 children considered at risk were still waiting to be seen by CYFS workers.

— cutting welfare abatement rates to make it easier for people to move off benefits and into paid employment.

- PM Helen Clark's reaction to the speech is that it contains many "good ideas". Clark: "We'll put them into the Budget process and see how we go..." She told the *New Zealand Herald* that cutting benefit abatement rates is "desirable", but ministers were juggling priorities within fiscal limits.

Tertiary Minister Steve Maharey says that the idea of a student "bond" for scientists and engineers may also be discussed as part of **this year's Budget round**. Maharey: "It is an important suggestion but I do think before I would want to commit myself to major spending in this area, we would need to get better evidence."

Maharey is **sceptical that a "brain drain" of scientists and engineers in fact exists** in NZ at the moment. Maharey: "There seems to be no evidence of a lift in the number of students going off overseas with their skills and not coming back. This does not mean, however, that New Zealand will not find itself competing with Australia and other countries to offer young IT professionals jobs in the future.."

- Another key goal for Jim Anderton and the Alliance this year will be the **establishment of a "People's Bank"** — offering lower fees and a full range of banking services through the NZ Post's branch network. Media reports speculate that senior Labour Ministers have set aside their reservations about the new state-owned bank, and will approve the proposal at Cabinet this week. If so, the bank could be up and running by October.

But it is not only Labour politicians that have reservations about the proposal. Green Party MP **Sue Bradford**, who was one of the founders of Auckland's People's Centre, says she has **"serious doubts"** about what could be achieved by Anderton's proposal. Bradford: "At this stage, it appears to be merely a poor people's bank based on massive government support, but with no direct ownership by local people, and with no concept of a role in supporting community economic development."

- Bradford points to the successes of the growing network of **Bendigo Banks** in Australia, where small rural communities have successfully developed their own banking facilities where local people own the building, and pay the staff, in partnership with a hub bank.

The Bendigo partnership model (see *The Jobs Letter No. 105*) involves the community creating a trust which attracts hundreds of local investors to become the shareholders of the local bank. All profits are split 50-50 between the bank and the local community.

Sue Bradford says the key to the success of the Bendigo model has been the large numbers of local people who switch their personal banking to the new bank because they have **a stake in its success**. She doubts whether the Anderton "People's Bank" will be enough to encourage people to actually change banks when the time comes.

Bradford: "Studies overseas show that account holders are often resistant to moving banks, unless they are highly motivated. Anderton's bank does not involve ordinary people except in their traditional and distant role as customers. I fear that the "People's Bank" in which so much hope and government money will be invested will in the end be a costly exercise in futility at the expense of other more fruitful and potentially more cost-effective options."

The Jobs Letter

DIARY

6 February 2001

Deputy Prime Minister Jim Anderton proposes several social and economic policy goals in his Waitangi Day speech at Orongomai Marae, including wiping debts for science and engineering students who promise to stay and work in NZ.

7 February 2001

ACT leader Richard Prebble doubts whether Jim Anderton is serious about his debt-wiping ideas. Prebble: "This is the Alliance Party continuing to put out policy which they have no intention of implementing..."

8 February 2001

Official unemployment figures for December 2000 show unemployment at 5.6% of the workforce.

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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

- **Student leaders** have vowed not to let another summer break go by without students having **access to the Emergency Unemployment Benefit (EUB)**. The New Zealand University Students Association has resolved to launch a nation-wide campaign demanding the reinstatement of the income support.

President Andrew Campbell says the government needs to realise that their pre-election talk of being a student friendly government is "starting to ring hollow". Campbell: "Without the EUB, students are in the unenviable position of being the only group in society not entitled to financial support from the government whilst unemployed. We note that Labour is the only party in the government and its supporters that opposes this fundamental right. We intend to make this clear to students on campus and the wider community..."

VOICE

from JIM ANDERTON'S WAITANGI DAY SPEECH

"Employment must surely be our highest priority. I want to work towards ensuring that we have no one under twenty on the dole. There are no magic wands. But if the whole country adopted that goal, we would find a way to ensure young people would be guaranteed a place in education, training or in paid work.

"If we didn't consign our young to the dole, what responsibility would we be prepared to take as a community?"

"There will always be a welfare safety net. But we have created a net that can trap people in poverty — partly because we don't provide enough high quality jobs for everyone who wants to work.

"We also need to make it easier for people to move off benefits and into paid employment. We can lower the rate at which social welfare benefits are reduced as a person earns money from other work. So we don't penalise beneficiaries who try to get work.

"I know the Government is not going to halve abatement rates immediately. So we might think about a trial in a region. We could ask regions to nominate themselves. We could say to regions: "What are you prepared to do if the Government's contribution is to make it easier for beneficiaries to move back into the workforce?" We could trial something like this in a geographical region and then examine the results.

"We want to give our young people security and opportunity. A major influence on their future life is the opportunity they have for a high quality education.

"I would make education free. Get rid of fees. Pay young people an allowance to study. But I also have to acknowledge that our society has repeatedly refused to vote for free education.

"But I think New Zealanders do want to see some improvement. At the very least we need to ensure adequate support or employment is available for students over summer. More importantly, we need to explore new policies.

"I would like to see a scheme where students could pay off their student debt by agreeing to work in New Zealand for a period after they graduate.

"I want to work with industry to look at the advantages of making access to some courses free. If we want lots more high-income jobs for New Zealanders, we need to start producing a lot more scientists and engineers. So we could look at wiping student debt for science and engineering students, or for graduate students, if they agree to stay in New Zealand for a certain number of years after graduation.

"Jobs and education. These are the keys to security and opportunity for our young people. The pathways to success for New Zealand."

— Jim Anderton, Deputy Prime Minister and leader of the Alliance, from his Waitangi Day "State of the Nation" speech at Orongomai Marae, Upper Hutt, 6 February 2001.

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