

# The Jobs Letter

No. 144

18 May 2001

*Essential Information on an Essential Issue*

## KEY

STATISTICS THAT MATTER

US/OZ JOBS DOWNTURN

COMMUNITY SERVICES CARD

MINISTRY OF SOCIAL  
DEVELOPMENT

ECONOMIC DEVELOPMENT  
GUIDEBOOK

## DIARY

17 April 2001

Winz CEO Christine Rankin says she will sue the State Services Commission for disestablishing her job. She says the decision was politically influenced. The \$818,000 claim is for immediate loss of employment, plus future loss that could arise either as a result of her being unable to get work, or having to take a position with lesser terms and conditions.

18 April 2001

There was a 48% drop in the rental price of state houses last quarter and this was a major contributing factor to the overall 0.2% drop in the consumer price index.

The Minister of Social Services Steve Maharey says the processing of student loans has improved "out of sight". Maharey says that 98,000 applications were processed within the first 12 weeks this year and that 94% of students said they were satisfied with the service.

• New Zealand's **unemployment figures have fallen to a 13-year low** of 5.4%, largely attributable to a small decrease in labour market participation. Statistics NZ reports that labour market conditions are essentially unchanged from the previous quarter. Economic commentators are describing the business climate as "**wait-and-see**", in the light of the slowing US and Australian economies. Our regular Statistics That Matter summary of the employment statistics is included in this issue. Some highlights:

— The 5.4% official unemployment rate is the lowest it has been since June 1988. This is a drop of 1% from March last year and a 0.2% improvement on last quarter's figures.

— The drop means there were 3,000 fewer people registered as unemployed. It doesn't appear that these people necessarily moved into jobs, however, as the number of people in employment has remained the same over the last quarter. The indication is that these people left the "official" workforce.

— There was a shift to full-time employment with 11,000 more people working full-time and 10,000 fewer people working part-time.

— Despite the static employment growth this quarter, the number of people in employment grew 2.3% (or by 41,000 new jobs) over the last year.

— There are now 12.0% Maori unemployed, down from 13.0% last quarter. The Pacific Island rate is down to 11.2% from 11.4%. The European/Pakeha rate went up to 4.2% from 4.0%.

— Young people 16—19yrs continue to be the worst affected by unemployment with 16.9% out of work.

• ANZ chief economist Bernard Hodgett predicts that unemployment will remain the same over the coming year. He says that a major factor is the **low rate of growth in the working age population** which grew by only 22,000 over the last year, well down from the growth of up to 60,000 a year during the 1990s. He says the economy only needs to generate 25,000 jobs per year to satisfy the labour market and hold unemployment at the present rate.

• The working age population figure is particularly affected by emigration. **Emigration from New Zealand is running at a ten-year high** with a net loss in the last year of about 20,000 people. Australia remains the prime attraction for migrants — a net 5,000 people left for Australia in the March quarter alone. But National Bank economist Cameron Bagrie says that we may stem this so-called "brain drain" now that NZ's unemployment figures are lower than most OECD countries. He believes that the new policy of limiting NZ'ers eligibility for the dole in Australia will keep more people here, while the bursting of the "international IT bubble" will keep others from chasing high-paying jobs overseas.

# The Jobs Letter

## VOICES

### on the LATEST STATISTICS

*"Today we saw the trough in the unemployment rate."*

— Stephen Topliss, BNZ Bank economist

*"The figures are consistent with an economy in wait-and-see mode. Growth is happening but it is pretty moderate. Firms are waiting to see how bad the slowdown in the United States and Australia will be, and how commodity prices hold up..."*

— Anthony Byett, ASB Bank economist

*"All the signs point to unemployment continuing to reduce over the long term. There is no room for complacency. There have been reductions in unemployment amongst Maori and Pacific peoples but the rate still remains too high."*

*"Regional employment growth also remains patchy. The government is right to be focussing on regional economic development to ensure that New Zealanders living in the towns, as well as the cities, benefit from a growing economy and the security of paid employment..."*

— Steve Maharey, Minister of Social Services and Employment

*"The Household Labour Force Survey results are becoming increasingly divorced from reality because the survey methodology has not kept up with changing trends. The latest HLFS survey would have us believe there were just 104,000 people unemployed in the March quarter. Yet in March, official government figures show that nearly 143,000 people were on the dole. Clearly this figure makes a nonsense of the HLFS survey result."*

*"The HLFS survey was applied here at a time when there was virtually no such thing as inter-generational unemployment. It simply does not measure people who have long ago resigned themselves to not looking for work and languishing on the dole..."*

*"The 'official' measure has become so disparate with reality that the Australian chief statistician now wants anybody who has worked less than 10 hours in a week recognised as unemployed. Adoption of this here would more than double our rate of unemployment as measured by the HLFS and provide a much truer picture. I believe it is high time our Government Statistician considered supporting this stance."*

— Muriel Newman, Act Party Employment Spokesperson

## DIARY

23 April 2001

1,100 employees of Qantas NZ have already lost their jobs and external job losses from the collapsed airline have started to follow. Director of Pacific Flight Catering Terry Hay says 45 of his Christchurch staff and 25 in Wellington are being made redundant. Hay warns that up to 1,500 people who work for suppliers to the liquidated airline would lose their jobs.

The government raises the income threshold for eligibility for the Community Services Card for beneficiaries and superannuitants.

24 April 2001

The Roy Morgan survey appearing in *The Bulletin* magazine estimates unemployment in Australia to be 10.5% or more than one in ten working people. The Australian Bureau of Statistics puts the figure at 6.8%. The ABS classifies people as employed even if they were looking for work but had only worked one hour during the week.

- Our jobless rate remains **lower than most countries in Europe** and almost as low as Britain. Across the Tasman, firms have **laid off more than 40,000 people** in April, pushing up the Australian unemployment rate to 6.8%.

Meanwhile, American businesses **shed 223,000 jobs** in April pushing the US unemployment figure up to 4.5%. The "help-supply", or temporary workers, have taken the brunt of the job losses with 108,000 lay-offs. The manufacturing sector also lost 104,000 jobs, but this is only slightly more than the 93,000 jobs per month this sector has been losing since early 1998. The big change is that there has been **no increase in jobs in the service sector**, which had previously been balancing the losses in manufacturing.

Job losses in the US information technology sector are **severe** as many companies **continue to announce redundancies**. In the last four months, these have included: Cisco 8,000; Compaq 5,000; Dell 4,000; Ericsson 12,000; Hewlett-Packard 3,000; Intel 5,000; JDS Uniphase 5,000; Kodak 3,500; Lucent 16,000; Motorola 22,000; Nortel Networks 5,000; Philips 7,000; and Texas Instruments 2,000.

- With the recent cost-of-living rise for beneficiaries, the government has raised the threshold of eligibility for the **Community Services Card** so that 1,270 superannuitants and 40 beneficiaries will still qualify for the health care subsidies. However, the new thresholds now mean that **48,000 workers who earn less than these beneficiaries are ineligible for the card**. PM Helen Clark has criticised her Ministers and their departments for not informing her of this anomaly and not mentioning that all beneficiaries qualify for the cards automatically anyway. However, she has since pointed out that no one is worse off and she will not change her mind and include low-income workers in the scheme. Community Services Cards were introduced in 1992. They entitle the holder to subsidies for doctors' visits of \$15 for adults and \$20 for children and subsidised

(continued on page five)

# STATISTICS THAT MATTER

## ONE IN NINETEEN PEOPLE OFFICIALLY UNEMPLOYED IN NZ

### OFFICIAL NUMBER OF UNEMPLOYED IN NZ

March 2001

104,000

Seasonally Adjusted

### OFFICIAL RATE OF UNEMPLOYED

March 2001

5.4%

OR ONE IN 19 PEOPLE

Seasonally Adjusted

### DROP IN NUMBER OF UNEMPLOYED IN LAST THREE MONTHS

Dec 2000 — March 2001

3,000

### DROP IN LAST YEAR

March 2000 — March 2001

16,000

### PEOPLE REGISTERED AS JOBBEAKERS WITH WORK & INCOME NZ

March 2001

199,601

### NOTIFIED VACANCIES AT WORK & INCOME NZ

Figures unavailable

### UNDEREMPLOYED

March 2001

99,900

(workers who are employed part time but would prefer to work more hours)

## GLOBAL

SPAIN	13.7%
ITALY	10.1%
FRANCE	8.9%
GERMANY	7.8%
CANADA	6.9%
AUSTRALIA	6.7%
OECD Average	6.4%
<b>NEW ZEALAND</b>	<b>5.4%</b>
BRITAIN	5.4%
JAPAN	4.9%
UNITED STATES	4.2%

## 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 March 2001.

<b>NORTHLAND</b>	7.7%	or one in 13 people
<b>AUCKLAND</b>	5.4%	or one in 19 people
<b>WAIKATO</b>	6.5%	or one in 15 people
<b>BAY OF PLENTY</b>	8.5%	or one in 12 people
<b>GISBORNE-HAWKES BAY</b>	6.6%	or one in 15 people
<b>TARANAKI</b>	6.2%	or one in 16 people
<b>WANGANUI-MANAWATU</b>	6.5%	or one in 15 people
<b>WELLINGTON</b>	4.5%	or one in 22 people
<b>NELSON-MARLBOROUGH</b>		
<b>TASMAN-WEST COAST</b>	2.9%	or one in 34 people
<b>CANTERBURY</b>	6.0%	or one in 17 people
<b>OTAGO</b>	5.3%	or one in 19 people
<b>SOUTHLAND</b>	2.8%	or one in 36 people

## EMPLOYED

**NUMBER OF PEOPLE IN JOBS IN NZ** 1,804,000

March 2001 Seasonally Adjusted

**RISE IN NUMBER OF PEOPLE IN JOBS IN LAST 3 MTHS**

Dec 2000 — March 2001

0

**RISE IN NUMBER OF PEOPLE IN JOBS IN LAST YEAR**

March 2000 — March 2001

41,000

**SECTORS WITH A RISE IN EMPLOYMENT IN THE LAST YEAR**

AGRICULTURE, FORESTRY AND FISHING, HEALTH & COMMUNITY SERVICES, CONSTRUCTION, MANUFACTURING

**SECTORS WITH A DROP IN EMPLOYMENT IN THE LAST YEAR**

BUSINESS & FINANCIAL, WHOLESALE & RETAIL TRADE, TRANSPORT, STORAGE & COMMUNICATION, EDUCATION

## FULL-TIME and PART-TIME

of the "Employed" statistics

	FULL -TIME	PART-TIME
<b>MEN</b>	883,400 (89%)	106,600 (11%)
<b>WOMEN</b>	539,200 (66%)	277,200 (34%)
<b>TOTAL</b>	1,422,600	383,800
<b>OVERALL %</b>	79%	21%

**GAIN OF FULL-TIME EMPLOYED IN THE PAST YEAR: 43,000**

**LOSS OF PART-TIME EMPLOYED IN THE PAST YEAR: 3,000**

## REGIONS

### REGIONS WITH A DROP IN UNEMPLOYMENT IN THE LAST 3 MONTHS

Dec 2000 — March 2001

NORTHLAND  
GISBORNE / HAWKES BAY  
WELLINGTON  
NELSON / MARLBOROUGH /  
TASMAN / WEST COAST  
OTAGO  
SOUTHLAND

### REGIONS WITH A RISE IN UNEMPLOYMENT

AUCKLAND  
WAIKATO  
BAY OF PLENTY  
TARANAKI  
WANGANUI / MANAWATU  
CANTERBURY

A SPECIAL SUPPLEMENT TO

**THE JOBS LETTER**

18 MAY 2001

# ONE IN ELEVEN PEOPLE OFFICIALLY JOBLESS IN NZ

OFFICIAL NUMBER OF JOBLESS IN NZ  
March 2001

178,800

OFFICIAL RATE OF JOBLESS  
March 2001

9.0%  
OR ONE IN 11 PEOPLE

FALL IN NUMBER OF JOBLESS IN LAST THREE MONTHS  
Dec 2000 — March 2001

2,800

FALL IN NUMBER OF JOBLESS IN LAST YEAR  
March 2000 — March 2001

26,400

## 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 MAY 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).

<b>NORTHLAND</b> .....	12.4%	..... or one in 8 people
<b>AUCKLAND</b> .....	8.3%	..... or one in 12 people
<b>WAIKATO</b> .....	9.3%	..... or one in 11 people
<b>BAY OF PLENTY</b> .....	13.4%	..... or one in 7 people
<b>GISBORNE-HAWKES BAY</b> .....	10.5%	..... or one in 10 people
<b>TARANAKI</b> .....	9.8%	..... or one in 10 people
<b>WANGANUI-MANAWATU</b> .....	9.6%	..... or one in 10 people
<b>WELLINGTON</b> .....	7.7%	..... or one in 13 people
<b>NELSON-MARLBOROUGH</b>		
<b>TASMAN-WEST COAST</b> .....	5.5%	..... or one in 18 people
<b>CANTERBURY</b> .....	9.3%	..... or one in 11 people
<b>OTAGO</b> .....	9.7%	..... or one in 10 people
<b>SOUTHLAND</b> .....	6.3%	..... or one in 16 people

## AGE and LONG-TERM

**YOUTH UNEMPLOYMENT RATE - AGED 15-19 YEARS** 16.9%  
March 2001 one in 6 young people

**MATURE UNEMPLOYMENT RATE - AGED 50-65 YEARS** 3.9%  
March 2001 one in 26 mature people

**LONG-TERM UNEMPLOYED (OVER 6 MONTHS)** 30,500  
March 2001 29% or one in 3 of the unemployed

**LONGER-TERM UNEMPLOYED (OVER 2 YEARS)** 8,300  
March 2001 8% or one in 13 of the unemployed

**VERY LONG-TERM UNEMPLOYED (OVER 5 YEARS)** 2,300  
March 2001 2% or one in 45 of the unemployed

## THE SCHEMES

Figures from Work & Income NZ, Skill NZ and Youth Affairs (As at the end of March 2001)

<b>TASKFORCE GREEN</b> .....	663
<b>JOB PLUS</b> .....	2,860
<b>JOB PLUS MAORI</b> .....	88
<b>JOB CONNECTION</b> .....	100
<b>ENTERPRISE ALLOWANCE</b> .....	70
<b>ENTERPRISE ALLOWANCE WITH CAPITALISATION</b> .....	167
<b>TRAINING OPPORTUNITY SCHEME (TOPS) (March quarter)</b> .....	7,966
<b>YOUTH TRAINING (SKILL NZ) (March quarter)</b> .....	5,349
<b>LIMITED SERVICE VOLUNTEERS (ARMY) (March quarter)</b> .....	98
<b>CONSERVATION CORPS</b> .....	1600
<b>YOUTH SERVICE CORPS</b> .....	265
<b>ACTIVITY IN THE COMMUNITY (still counted as unemployed)</b> .....	2,136

## PARTICIPATION

**LABOUR FORCE PARTICIPATION RATE**  
March 2001

Seasonally Adjusted

65.6%

up from 65.3% last year

## RACE

**MAORI RATE OF UNEMPLOYMENT**  
March 2001

12.0%

OR ONE IN EIGHT PEOPLE

**PACIFIC ISLAND RATE OF UNEMPLOYMENT**  
March 2001

11.2%

OR ONE IN NINE PEOPLE

**NZ EUROPEAN RATE OF UNEMPLOYMENT**  
March 2001

4.2%

OR ONE IN 24 PEOPLE

# The Jobs Letter

## DIARY

25 April 2001

National Party leader Jenny Shipley complains to the Human Rights Commission over the government's policy of discrimination between beneficiaries and workers in regards to Community Services Cards.

30 April 2001

It looks increasingly likely that Air NZ will sign a joint venture with airline engine manufacturer Pratt & Whitney that will create over 200 aero-engineering jobs in Christchurch. Union officials say that counting support staff, the deal will eventually create about 600 jobs.

Job growth looks to be diminishing in Australia. A TMP Worldwide survey of Australian businesses says 20% are hiring but close to 70% say they would soon shed staff. Most of these will be from businesses that have fewer than 20 workers.

1 May 2001

May, the traditional international "Labour Day" is marked by large anti-globalisation and anti-corporate lay-off demonstrations around the world.

The government announces that bulk funding for doctors may replace the Community Services Card system and that a dedicated health tax is mooted to fund it.

4 May 2001

Former CEO of the Department of Social Welfare and retiring head of the Ministry of Social Policy Margaret Bazley will take over Winz when Christine Rankin's contract ends on 5th July. Bazley will hold the position for as long as six months while a CEO for the new Ministry of Social Development is found.

8 May 2001

The government's decision to end the jet fighter capabilities of the NZ armed forces will see a net of 250 people out of work. All up, 600 jobs will go but about 350 of these people will be redeployed to other jobs in the Defence Force.

prescriptions. There are approximately one million Community Services Cards in circulation and between 25% and 30% are held by people not on benefits. The eligibility threshold for cards for single beneficiaries is now \$19,100 but the threshold for workers is \$18,500.

- The government dismissed opposition claims that low-income workers were being encouraged to quit their jobs, go on the dole and receive subsidised health care. However, it seems the bottom line for this government is that **the year's Budget is already over-spent** and it is unwilling to put up the \$14 million more dollars it would take to include the low-income workers. Minister of Health Annette King considers the Community Services Card a "blunt instrument" for providing low-income earners access to health care and said it would be replaced soon, anyway. "Soon" turns out to be the 2002-03 financial year.
- Green MP Sue Bradford has called for the immediate scrapping of the Community Services Card. Bradford argues that **health care should be provided as a right of citizenship** and not just targeted at low-income earners. However, Bradford says her party was unable to convince the government to include the low-income workers in the interim. Bradford: "I'm really upset but the Greens are not about to bring down the government over this issue when the alternative – a National-Act coalition – has a disastrous track record in its treatment of beneficiaries and low income workers."
- The amalgamation of Winz and the Ministry of Social Policy has been criticised for its haste, but *New Zealand Herald* columnist **Colin James** argues that it is not just an elaborate strategy to dump the present Winz CEO Christine Rankin. He describes the new Ministry of Social Development as the **forerunner of a fundamental change to the NZ public service**. James: "The merger is being done in the context of a strategy for the state sector as a whole. The move is more remarkable for having been done without – or with minimal – advice from officials. It is major policymaking by amateurs, namely politicians."

Colin James describes the new Ministry as **the "social" equivalent of the Treasury** — testing all policy against social criteria the way the Treasury does against fiscal and economic criteria. The new Ministry will also act as a balance to Jim Anderton's Ministry of Economic Development.

These changes should be seen in the light of the state sector reforms of 1988 which separated policy advice from the government's delivery and regulatory services. This separation was intended to sharpen managers' focus, provide efficiencies and improve effectiveness. While this was generally considered successful, the side effect is that NZ now has 39 departments operating independently on behalf of their particular goals. What the government is now attempting to do is to get **a cohesive body of departments who compliment each other**. The new Ministry of Social Development will give the government a clearer view of the actual effects of its policies. The jargon in Wellington describes this as a "whole-of-government" or "joined-up government" approach.

- The job description for the CEO of the new Ministry is being described as a person who can "...think strategically and analytically about the government's roles in relation to social policies and the delivery of services". This extraordinary individual "must demonstrate the analytical and conceptual skills to lead and advance debate" on social wellbeing, policy responses and auditing social policy generally, and to

# The Jobs Letter

## DIARY

9 May 2001

A new report, *Around the Clock*, quantifies that women do the same amount of work as men but are not paid for much of it. On average, men and women both work 49 hours over a seven-day week. Men get paid for 60% of that time but women get paid for only 30% of their work. The report is based on the first national time-use survey done in NZ.

Statistics NZ releases its Quarterly Employment Survey. Unemployment is now at 5.4%. See feature in this issue.

11 May 2001

The ANZ job ad survey finds there were 4.1% fewer vacancies published in the print media in April than in March ... although job advertisements are 7.8% above this time last year.

16 May 2001

Betty Wark 1924 – 2001

Kuia, mentor and friend. Founder of Ngati Arohanui. "Ma Betty" to thousands of Auckland's homeless young people, drug addicts and ex-prisoners.

### Editor

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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](http://www.jobsletter.org.nz)*

"lead production of timely, innovative, relevant and intellectually rigorous policy advice integrating the broad range of social policies..."

Colin James: "It is almost certain that the government will not pay enough to get this intellectual and managerial Hercules. As a useful adjunct, Ms Rankin's capabilities fall far short ..."

- A guide to how local authorities can get more involved in **economic development activities** has been published by Local Government New Zealand. "*Unleashing the Economic Development Potential of our Communities*" is specifically aimed at elected representatives and staff at local government level, and it argues for councils being more involved in economic development activities. The guide has been written by Mark Goodchild, Sarah Russell and Kel Sanderson of Business & Economic Research Ltd (BERL).

In the guide, Dunedin Mayor **Sukhi Turner** (who is chair of the Economic Development Working Party) describes an "explosion of interest" by central government over the past year in the concepts of local economic development. She says that this has, in turn, inspired many of local authorities to review their efforts, or, if the council's active involvement was negligible, to now get involved.

Turner: "It is our job as the leaders of our communities to be pro-active and acknowledge our essential role in the local economic development process. There is more to economic development than just understanding, or being aware of the principles. It is also about putting these principles into action and about our councils committing resources for the long-term to develop sound strategies and effective initiatives. The regional statistics show that many parts of the country are still very undeveloped and that our national economy is much poorer for this. This shows there is still a lot of work for us all to do to grow our local economies..."

— The Guidebook can be downloaded from the Local Government New Zealand website at [www.localgovtnz.co.nz/library/subnreport/pdfs/EDGuidebook.pdf](http://www.localgovtnz.co.nz/library/subnreport/pdfs/EDGuidebook.pdf)

## VOICES

### **on the COMMUNITY SERVICES CARD**

*"It is unfair and wrong for the government to say to two poor people on exactly the same income that one will get help and one will not, on a totally arbitrary basis."*

— Jenny Shipley, National Party Leader

*"The government is sending a signal to 48,000 people who are in work that they'd be better off on a benefit."*

— Richard Prebble, Act Party Leader

*"We're not cutting anything out for people who have got something now. What we are not going to do is to lift it to take in a whole lot of other people when we'd rather look at the community service card itself."*

— Annette King, Minister of Health

*"Every time a new threshold is set, another group will lose out. The only way to overcome this inherent inequity of targeted benefits is to move to universality."*

— Sue Bradford, Green MP

ISSN No.1172-6695 Produced by the Jobs Research Trust, a not-for-profit charitable trust constituted in 1994.

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

The Jobs Research Trust is funded by sustaining grants and donations. Yes, you can help.

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