

The Jobs Letter

No. 148

6 July 2001

Essential Information on an Essential Issue

KEY

COMMUNITY INTERNS

FROM SOCIAL WELFARE TO
SOCIAL DEVELOPMENT

DEBUNKING THE BRAIN DRAIN

FARM EMPLOYMENT

UNEMPLOYMENT AND MENTAL
HEALTH

OUR TURN TO INNOVATE

DIARY

7 June 2001

Income replacement insurance has become the fastest growing kind of life and general insurance. Over the past ten years, the number of income replacement, accident and trauma insurances policies purchased by workers has increased by over 600%. Biggest users are people who own their own.

8 June 2001

Gisborne mayor John Clarke meets with Tranz Rail management and is told there are no additional freight opportunities in Gisborne and therefore redundancies at the railways are inevitable. Clarke writes to Minister of Economic Development Jim Anderton asking for his assistance to stem the subsequent job losses.

A former Kirbirnie Winz employee is convicted of making illegal payments of over \$31,000 into her own and her family member's bank accounts.

9 June 2001

Australia's Newcastle University's Centre for Full Employment and Equity claims that if hidden unemployment were taken into account, the Australian unemployment rate would be 13.7%. Hidden unemployment refers to people who are disillusioned and not seeking work and people who are under-employed.

- The 1st of July saw the **Community Wage revert back** to a work-tested Unemployment Benefit and a non-work-tested Sickness Benefit. But the return to the old name for these benefits does not spell the end of community work for the unemployed. The government's main intention has been to get rid of the compulsory nature of the previous scheme. In April this year, Winz introduced a voluntary new programme for job seekers called "Activity in the Community".

Everyone applying for a work-tested benefit now has a "Job Seeker Agreement" with Winz which sets out their work-test responsibilities, what Winz will do to help them into work and what they will do to help themselves. In recognition that taking part in community projects is a good way to gain work skills and experience, unemployed people will be able to include "Activity in the Community", and other voluntary work, in their Job Seeker Agreement.

- The government has given the go-ahead for a pilot **Community Intern programme** which will provide work experience for people in the community sector.

The initiator of the scheme is Green MP **Sue Bradford** who says it will be a welcome boost for under-resourced community organisations, as well as opening opportunities for people who are interested in working in the not-for-profit sector. Bradford: "It will enable community organisations to benefit from the expertise of people from a wide range of backgrounds, and will, I hope, create synergies between people with different kinds of organisation experience."

Details of the scheme are still being finalised, but at this stage it looks as though there will be five internships in this first year. Each position will receive an \$18,000 grant for six months wages and another \$2,000 for administration costs to the community organisation. Not-for-profit organisations and interested workers can request details from: National Operations Team, Community Development Group, Department of Internal Affairs, PO Box 805, Wellington.

- The government's approach to social welfare issues has been summarised in a publication released last month by PM Helen Clark and Minister of Social Services and Employment Steve Maharey. "*Pathways to Opportunity: Nga ara whai oranga*" outlines the government's moves to rebuild our social security system around a "**social development**" rather than "**social welfare**" philosophy.

Helen Clark: "The First Labour Government established the present social security system in 1938. It now falls to the Labour-Alliance Government to build on that proud past and have social security making a full contribution to New Zealand's economic and social development this century. The \$5.4 billion we spend each year on

The Jobs Letter

STATISTICS THAT MATTER — from the *Pathways to Opportunity* paper

- Despite improved economic conditions, one in six people of working age rely mainly on a benefit.
- One in 10 people of working-age has been continuously on a benefit for more than two years.
- Nearly a third of people who leave a benefit to take up work, are back on a benefit within nine months.
- An estimated four in every 10 people of working age received a benefit at some point in the six years from 1993.
- Of all those who entered the benefit system in 1993, 73% had two or more spells on a benefit in the following five years.
- Of the 250,000 people who started on a working age benefit in 1993, a third spent a total of at least three out of the following five years in receipt of benefit income.
- Of all working-age benefit recipients whose ethnicity is recorded, Maori make up 39% and Pacific peoples, 8%.

DIARY

10 June 2001

A coalition of twelve educational groups is formed to lobby and advise government on issues facing the industry. High on the agenda is the current shortage of secondary teachers, which is forecast to get worse.

Waikato University's vice-chancellor Bryan Gould recommends his university council should not accept the government's current funding offer. Gould says last year's fee freeze was promised to be a one-off deal and that accepting the offer "...will not allow the university to play its part in the development of a knowledge economy".

Unemployed NZ'ers are 2.3 times as likely to kill themselves as those in work, according to Wellington Medical School research. Psychiatrist Sunny Collins tells the Royal Australian and New Zealand College of Psychiatrists that the suicide numbers could be cut if unemployment was also lower.

About 10,000 people demonstrate in Paris against recent mass layoffs.

12 June 2001

The ANZ job ad survey finds a 0.8% increase in job advertisements over the last month and 1.2% higher than a year ago.

benefits should not only provide security, but also an investment in people's potential ..."

The government says that "social development" is a new approach to "... assist people to gain the **skills that lead to a sustainable job**, provide effective support to keep them in work, and make sure that taking a job always leaves them and their families better off." The report compares the traditional welfare model with a social development model, and identifies six broad strategies for transforming our welfare system.

— *Pathways to Opportunity Nga Ara Whai Oranga* — from *Social Welfare to Social Development* by NZ Government (22pg) available from government website at www.executive.govt.nz/minister/clark/pathways/index.html

- Last week the government also released **The Social Report 2001**, which is the first step in a regular reporting programme on social indicators by the Ministry of Social Policy. Minister of Social Services and Employment, Steve Maharey, sees the report as a prototype for a regular publication on **the social health of the nation**.

Maharey: "This type of social reporting is increasingly common internationally. Most developed countries and some less developed countries already publish an annual statement of social outcomes. A major benefit of this report is its comprehensive nature. It covers a range of areas — from living standards and employment, through health and skills, human rights, the physical environment and the social and civic connections that bind society. This approach reflects that social well-being and social inclusion do not stand in isolation, but are the result of integration and interaction across many social arenas..."

The government concedes that this report **paints a mixed picture** of well-being in New Zealand. As well as positive features such as increasing life expectancy, the report reflects many social shortcomings. These occur in key areas such as the proportion of children living in poor households, adult literacy levels and child safety issues. There are also clear differences in the standard of living, level of qualifications, and health status for different groups within the population.

Maharey: "Some of the facts shown are not particularly palatable, but it is only by facing such truths that we can better understand where the

The Jobs Letter

DIARY

The Modern Apprenticeship scheme is being expanded to further industries. The Minister of Tertiary Education Steve Maharey says the new industries being targeted are aeronautical engineering, agriculture, baking, forest industries, furniture, horticulture, road transport, seafood, and sport turf management. While there are some 800 apprentices now, the government is hoping to have 3,000 apprentices on the scheme by next March.

Job cuts are expected at TVNZ as the state own enterprise announces it must cut costs by \$20 million.

NZ teachers living overseas are being offered \$5,000 to return and work in schools here. The bonuses are intended to fill secondary school vacancies for maths, physics, Maori-language, physical education and information communications technology teachers. The offer also applies to some primary school teaching positions.

13 June 2001

Winz CEO Christine Rankin tells the parliamentary social services committee that staff morale has been harmed by the government's announced plans to restructure the department.

14 June 2001

Minister of Economic Development Jim Anderton says that there may not be job losses on Tranz Rail's Napier-Gisborne route. Anderton: "Tranz Rail has assured the government that it does not plan to close the line in the near future, therefore there does not seem to be an immediate threat to the workers' jobs."

Food prices rose 6.2% over the last 12 months. Statistics NZ says that this is the largest annual rise since the 10% increase in 1990 with the introduction of GST.

concentration of effort and investment needs to go. The majority of areas that stand out in this report as requiring attention are areas that this Government has focused on since coming to office in October 1999..."

- The National Party is critical of the release the Social Report, saying that it is a **"selective use of social indicators"**. National MP Murray McCully argues that the choice of indicators in the report reflects what's important to the Labour-Alliance Government, but not "everyday New Zealanders".

McCully: "This is no better shown than in the fact that there is a cultural and identity indicator measuring "participation in the cultural and arts activities", but no mechanism measuring participation in sport or fitness activities. Interestingly, incorporating the Treaty of Waitangi into Government decision making also cuts the grade as a indicator of society's health ... but an economy growing fast enough to meet the employment aspirations of our young people does not."

— *The Social Report 2001: Te Purongo Oranga Tangata 2001 — Indicators Of Social Well-Being in New Zealand* (129pg) published by the Ministry of Social Policy. For copies email socialreport@mosp.govt.nz or download full document (PDF file) from www.mosp.govt.nz/publications/docs/socialreport.pdf

- The belief that NZ has suffered from a long-term **loss of skilled people through migration** is not borne out by the facts, according to a Treasury report. Over the past 47 years, the number of people arriving to live in NZ from overseas has been over 270,000 greater than the number of NZ'ers who leave permanently. Treasury says NZ has experienced a **"brain exchange"** rather than a **"brain drain"** with the skills levels of people arriving being at least as high as those leaving.

The study did find that NZ'ers who leave on a permanent basis tend to be more highly skilled than the general population. But it also found that the people coming to NZ to settle are just as highly skilled as the NZ'ers who leave. Newcomers who have English as a second language generally have lower incomes and are less likely to be employed when they first arrive. However, this decreases over time and, within 10 to 14 years, the income level of people who had arrived from non-English speaking countries compares favourably with NZ born people.

- The Treasury study, by Peter Bushnell and Wai Kin Choy, was undertaken to see if the 1983 Closer Economic Relations deal with Australia had led to an unbalanced number of highly skilled NZ'ers migrating across the Tasman. The study found that the skills-mix of NZ'ers going to Australia was generally the same as the skills mix found in the general population. What is clear is that Australia is the preferred destination of 50% of migrating NZ'ers while Australians make up only 12% of immigrants here. The report found that this trend has not changed with the introduction of CER, and that the key influence on trans-Tasman migration is economic performance and the ease in finding employment.
- Our Media Watch notes that **public awareness of the "brain-drain"** was at its height in October last year when there was a *New Zealand*

The Jobs Letter

DIARY

Minister of Youth Affairs Laila Harre introduces the Minimum Wage Amendment Bill that will see teenage apprentices receiving the youth minimum wage. Harre says that while most young apprentices are paid at least the minimum wage, there are common exceptions in the hairdressing and horticulture industries. Spokespersons for both those industries say that under the new rules employers may not be able to afford to take on so many trainees. Susan Shipley of Skill NZ says that most of the industries involved in apprenticeships pay upwards of 80% of the adult minimum wage.

15 June 2001

Tranz Rail officials discuss employment options with its four Gisborne staff as the company considers closing its Napier-Gisborne line.

20 June 2001

Pathways to Opportunity, a booklet in which the government outlines its new approach to social security, is released.

Herald series on the issue, and also a series of **Holmes items** on TV1. The Holmes items focussed on Auckland Richard Poole who ran full-page newspaper advertisements on the “Lost Generation” referring to young, skilled NZ’ers working overseas. The ads appealed to the government to do something stop the “brain-drain”. Last month, the Broadcasting Standards Authority **upheld a complaint** about the items, saying that there had been very little attempt to provide balance. The BSA: “In his enthusiasm for the story, the presenter [Paul Holmes] failed to demonstrate the impartiality required of him. The presenter’s empathy for Mr Poole’s point of view, regardless of his integrity as a news source, was evident throughout the three items..”

- Winz and Taranaki Federated Farmers have formed a partnership to try and place **200 people into jobs in the dairy industry** in Taranaki over the next year. It is the first time a Winz office and a branch of Federated Farmers have undertaken such a project. Federated Farmers will be responsible for building relationships with potential farm employers, while Winz will provide suitable people for vacancies. Winz regional commissioner Gloria Campbell: “We’re keen to show employers and jobseekers that this is a credible industry and can provide career opportunities. This is not a relief scheme. It has market rates of pay and desirable conditions.”
- The leading **agricultural website Fencepost** is also making it easier for rural employers and job seekers to get together — no matter where they are in the country. Last week the website launched a new service targeting rural employment. Fencepost chief operating officer Alison Andrew says that the rural sector needs to be doing all it can to attract young people into farming and help fill **the many farm vacancies** over the country. Andrew: “Fencepost wants to fill the gap — especially in the

TRENDS

OUR TURN TO INNOVATE

Media Watch. The *New Zealand Herald* has been running a major editorial series this week looking at overseas economic success stories to see if New Zealand could emulate their example. Feature writer Simon Collins and photographer Paul Estcourt recently travelled to Ireland, Singapore, Taiwan, Israel, Australia and Denmark to investigate “high performing” economies which are in a similar situation to New Zealand.

Simon Collins writes: “If you look around the world, it is clear that other small, relatively peripheral states have somehow kept — or in Ireland’s case, rekindled — the confidence that they can achieve their dreams.

“In the decade to 1998, New Zealand’s income per head grew by 10% in real terms (after taking inflation into account), according to the World Bank. In the same decade, real incomes grew by 15% in Australia, 17% in the United States, 22% in Denmark, 23% in Israel, 70% in both Singapore and Taiwan, and an extraordinary 92% in Ireland.

“Israel, Singapore, Taiwan and Ireland were all poorer than New Zealand in 1988, but had easily surpassed us a decade later. Within each country, many businesses are showing that it is possible to make significant contributions to the world even from remote locations.

“Their successes were based on new ideas — innovations. [... And], in most kinds of innovation, skilled people are vital. They are in desperately short supply: between 1994 and 1999, the US “imported” 124,000 Indians, 68,000 Chinese, 57,000 Filipinos, 49,000 Canadians and 42,000 Britons with higher education degrees.

“Most of the successful [countries examined in this series] make at least some attempt to forecast their needs for people with different skills, and to plan their education systems to meet those needs.

“None of the countries allows large numbers of people of working age to rot on welfare benefits without attempting to find them training or jobs.

“Finally, all of them put a lot of effort into building their networks with the rest of the world...”

— The *New Zealand Herald* feature series, entitled “Our Turn”, can be followed at www.nzherald.co.nz/ourturn

The Jobs Letter

DIARY

National MP Roger Sowry releases a petition signed by 1,000 Winz staff in support of Christine Rankin.

Winz CEO Christine Rankin's unfair dismissal claim will be heard in the Employment Court after the government's application to appeal the decision is not granted.

Christine Rankin says she has been approached by "a huge number of people" to run for the Wellington mayoralty.

21 June 2001

The Public Service Association's Richard Wagstaff questions the validity of a Winz staff petition supporting Christine Rankin. Wagstaff: "The PSA has had complaints of standover tactics. Some staff who did not sign the petition have been asked by some managers why they didn't sign it. Other staff have told us they felt coerced into signing it."

University vice-chancellors hold a meeting with senior government ministers, the first since the universities refused to accept the government's budget announcement of its annual funding offer. At the meeting are vice-chancellors James McWha, John Hood and Bryan Gould and ministers Michael Cullen, Trevor Mallard and Steve Maharey. Vice-chancellor McWha: "We took this meeting as a very significant indication of the government's desire to get this resolved."

25 June 2001

Winz CEO Christine Rankin's unfair dismissal case against State Services Commissioner Michael Wintringham begins in the Employment Court in Wellington.

A rising number of employers are expecting to take on staff during the next six months according to TMP's Job Index Survey. Some 45.2% of the 1,603 employers surveyed said they would be increasing staff. This is 3% higher than at the previous survey six months ago.

The world's largest manufacturer of computer disk drives, Maxtor, will lay off about 1,500 staff in Singapore and the US.

light of the current shortage of farm workers and skills..." Potential employers pay just \$29.95 for up to three months of advertisements on the website. Job seekers can place a "work wanted" ad free of charge. For more information contact www.fencepost.com.

- Meanwhile, the **Agriculture ITO** has just published a booklet to help farmers recruit and employ staff. Co-author Linda McIntyre says that the industry is struggling to find good, skilled staff and that the guide will help. It is both detailed and easy-to-follow with sections on recruiting, employment terms and conditions, and staff management.

— *Managing Your Team — A Guide to Good Employment Practices* by Yvette James and Linda McIntyre (72pg) published by Agriculture ITO, free PDF document download available from Agriculture ITO website at www.agricultureito.ac.nz/news/ManagingYourTeam.pdf

- No one knows whether the **"mainstreaming" of government services for Maori** has been an effective move or not, according to a Treasury report. In 1991, the National government transferred delivery responsibilities for programmes aimed at reducing the number of disadvantaged Maori away from the Department of Maori Affairs over to mainstream government departments.

But a working paper appraising the state sector management reforms says there has been **no analysis of the move**. Treasury: "As far as we are aware, no evidence has been collected on the effectiveness of mainstreaming as a policy."

- In a global study on the **number of hours people work**, South Koreans rate the highest with an average of 55.1 hours per week. The survey by Roper Starch Worldwide says Americans and the Chinese are working 42.2 hours per week. The French, who officially cut their workweek to 35 hours last year, are now working 40.3 hours. While NZ was not one of the countries surveyed, Statistics NZ says that NZ'ers work an average of 38.2 hours per week.
- A study of the health of unemployed freezing workers has found that they **suffer more stress** than those in work. The study, by Te Ropu Ranga Hauora a Eru Pomare, a Maori health research centre at the Wellington School of Medicine, compared the health of freezing workers who were made redundant from the Whakatu works in 1986 with people who still had jobs at the Tomoana works for another eight years.

The unemployed workers had much greater evidence of **severe mental disorders** resulting in self-harm and, as a group, had committed or attempted suicide about 2.5 times more than their counterparts in work. The study found no great differences in other health indicators such as cancer or heart disease.

- **Roger Tweedy**, founder of the New Work Centre in Wellington and chairperson of the Work & Age Trust, will be visiting the US and Canada in August and September to look at "future work" initiatives from both academic and community action perspectives. The study tour is being funded by a Churchill Fellowship. Tweedy says he will be looking employment opportunities in the Third Sector, responses to the aging workforce, and the ways North Americans are responding to changing employment patterns.

The Jobs Letter

DIARY

26 June 2001

Tranz Rail, the US owner of NZ's rail services announces it will close several long distance passenger services and sell most of the rest to an Australian company West Coast Railways. Tranz RAILS Michael Beard says that all affected staff would be offered jobs elsewhere.

27 June 2001

NZ's new rail passenger service operator West Coast Railways says it would buy the passenger services that Tranz Rail is closing if the communities affected could provide solutions to make the services viable. Minister of Transport Mark Gosche says there are subsidies available for passenger services.

State Insurance will shed up jobs as it attempts to cut costs for its new overseas owner NRMA. Just 30 of State's 61 sales offices will remain open. Call centres in Hamilton with 130 staff, and Tauranga with 75 staff, will also close.

28 June 2001

NZ exports were at a record high in May. At \$3.2 billion dollars, exports are 26% higher than this time last year.

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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

- **Jobs from Waste.** An Auckland firm has succeeded in a plan to divert the tonnes of **waste paint dumped in Auckland landfills** — and create twenty-one new jobs in the process. EnviroPaints Ltd started to collect the waste paint last year through the Haz Mobile (an Auckland mobile hazardous waste collection service), transfer stations and from paint shops. This paint is then **re-manufactured**, enabling it to once again become a valuable resource. The empty plastic and metal paint pails are also recycled.

The re-manufactured paint — coloured to strict laboratory standards — is being used by Auckland City Council contractors for work on graffiti removal on bus shelters, public toilets and fences etc, under the Council's "**zero tolerance**" of graffiti policies. To date, eight Civic Contractor vans have painted over 20,000 properties with EnviroPaints. This service alone has created 12 new jobs. A further two positions have been created at the paint sorting station where, so far, up to 100 tonnes of waste paint has been diverted.

A mobile "zero waste" recovery truck is now circulating throughout the rest of New Zealand, collecting waste paint, pigments and solvents and delivering them back to EnviroPaints Ltd ... creating the potential for further significant waste paint diversion, and more jobs.

— for more information on EnviroPaints Ltd, phone 0800 50 ENVIRO or email info@enviropaints.co.nz

VOICES

from the PATHWAYS TO OPPORTUNITY paper

"The traditional social welfare system, focused on providing modest income assistance to people who were unemployed or otherwise prevented from earning a living, worked well for its time. But over the years the structure of the economy and of families has changed. In a dynamic economy and society more passive forms of assistance are no longer sufficient..."

"Our benefit system needs an overhaul. It was designed 65 years ago and it has failed to keep pace with the changing needs of our population."

"We are now a more diverse society made up of many different communities, families and cultures. The way we live and work has changed too, with more women than ever before in paid work and many people in part-time work."

"The present system does not deliver what people want or need. It is overly complex with many layers and types of benefit. People do not

get all the assistance they need because they do not know what to ask for or the administration of it is too complex to meet their needs.

"The system often does not assist people to take on the risks of an entry-level job or take the first step towards a new career. It can not give people certainty that getting a job will leave them better off. Nor does it respond quickly enough to changing individual needs."

"At a time when there are skill shortages in some industries, we still also have many long-term unemployed. Our current system has failed to make the right social investments to bridge this gap. Overall, it is outdated, complex and ineffective in helping people achieve independence."

"We need a social security system that is modern, simple, flexible and more effective in supporting people to take up and stay in work."

— **PM Helen Clark and Steve Maharey, Minister of Social Services and Employment, from the government paper "Pathways to Opportunities" (2001).**

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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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