

# The Jobs Letter

No. 151

20 August 2001

*Essential Information on an Essential Issue*

## KEY

### STATISTICS THAT MATTER

"TOWARDS AN INCLUSIVE ECONOMY" - A NEW TREASURY PAPER

"CLOSING THE GAPS" FINISHED

BOB SIMCOCK'S SPEECH REVISITED

WINZ LOSES CASE ON LACK OF ENTITLEMENT DISCLOSURE

## DIARY

30 July 2001

Student fees are likely to rise by 30% to 50% according to a member of the Tertiary Education Advisory Board. Jonathan Boston says he sees little option for universities other than to raise course fees unless government makes a substantial increase in the level of real funding per student.

31 July 2001

Private sector wages have risen 3.5% in NZ over the past year, the highest in three years. The TMP Worldwide salary and employment survey says that 93% of companies are preparing for further labour cost rises over the next year.

1 August 2001

Some 350 new teaching positions will be funded next year. The Post Primary Teachers' Association says the number falls short of the acknowledged need of 1,850 extra teachers over the next three years. The PPTA says the new allocation to its members will add one half of a teaching position per school.

Pipfruit exporter Enza will cut about 30 jobs as it downsizes and shifts its offices from Wellington to Hastings.

- New Zealand **unemployment continues to drop** and the number of **people working has increased**. The official unemployment rate is now at 5.2%. This is the lowest rate since March 1988 and an improvement on the 6.1% recorded at this time last year. There are also 16,000 more people working this quarter than last, and 57,000 more people in jobs now than there were in June last year. Both the decreasing unemployment and increasing employment **figures favour women** workers, although most of the new jobs were part-time. There are now about 100,000 people officially unemployed in NZ. This is some 3,000 fewer unemployed than last quarter and 14,000 fewer than this time last year. Statistics NZ estimates there are now 1,820,000 people employed in NZ. Our regular Statistics That Matter summary of the employment statistics is included in this issue. Some highlights:

— Unemployment has decreased again this last quarter and is now 12.3% lower than it was this time last year.

— Employment has increased this quarter and is now 3.2% higher than at this time last year.

— Of the 16,000 jobs created this quarter 14,000 of these were part-time.

— The overall labour force participation rate has increased by 1% during the last twelve months.

— The unemployment rate for Pacific peoples has dropped to 9.1% from 11.2% last quarter. The quarterly unemployment rates for both Maori and European/Pakeha dropped slightly to 11.9% and 4% respectively.

— There are 3,000 fewer women registered as unemployed this quarter. And of the 16,000 new jobs created last quarter, women took 14,000 of them. Over the full year, women have been employed in two-thirds of all the new jobs.

— The number of underemployed people, that is workers who are employed part-time but say they would prefer to work more hours, remained about the same at 106,200.

— Longer-term unemployment (over 2 years) is down to 6,800 people.

— The regions with the highest and lowest rates of unemployment are the same ones as last quarter. Bay of Plenty (7.6%) and Northland (6.6%) recorded the highest rates although these figures for both districts have reduced since last quarter. The lowest rates of unemployment were in Nelson/Tasman/West Coast/Marlborough (2.5%) and Wellington and Southland (3.2%).

- The financial markets were taken by surprise by the **strongest growth in job numbers in five years**. Brian Fallow of the New Zealand Herald said that the 0.9% employment growth was three times what the market had been expecting. Most economists are not making a decisive call on how the current slump in international economic growth will effect NZ next year. Fallow says that NZ exports are 20% higher now than they were last year but points out that the average economic growth of our top 14 trading partners is only half of what it was last year. One encouraging sign is that while our unemployment rate is among the

# The Jobs Letter

## VOICES

### on the LATEST STATISTICS

"Around two-thirds of the reduction in the level of unemployment over the past year has been met by a reduction in those persons classed as long-term unemployed (unemployed for 6 months or longer). This suggests that the structural rate of unemployment is likely to have fallen over the past year..."

— Darren Gibbs, senior economist Deutsche Bank NZ

"Along with last week's lift in wage growth and yesterday's solid Q2 (second quarter) retail sales, it seems clear that – at least for now – the New Zealand economy is looking decidedly perky"

— Grant Fitzner, senior economist HSBC

"There's now every reason to think that New Zealand's unemployment rate will fall below 5% over the next couple of quarters."

— Bernard Hodgetts, chief economist ANZ

"The gains in employment have, in the main been shared across regions, age groups and ethnic communities. However, while I welcome the reduction in the unemployment rate for Maori and Pacific peoples, the reduction is not a statistically significant one. More remains to be done to ensure that all members of our society participate in the benefits of a growing economy."

In summary, this is good news – but it is good news because there is every sign that the rate of improvement in the labour market is a sustainable one, and that we have a balance between labour market demand and supply."

— Steve Maharey, Minister of Social Services and Employment

"It is good news to see unemployment falling and wages gradually rising in the context of economic growth. However, there is no room for complacency with 100,000 New Zealanders officially unemployed, another 106,200 seeking more hours of work and a total number of jobless of over 170,000."

— Peter Conway, Council of Trade Unions economist

## DIARY

The Knowledge Wave, a three-day conference of local and international speakers, begins. The conference will hear the perspectives of different groups and sectors on ways to stimulate NZ economic and social growth. The conference is being co-hosted by the government and Auckland University and all speakers are being televised live on Sky TV.

2 August 2001

Employment Court judge Tom Goddard rules that former Winz CEO Christine Rankin did not prove that State Services Commissioner Michael Wintringham failed her as his employee nor had he not done enough to inform her about concerns about her performance. Rankin was awarded no compensation.

More than 120 jobs in Melbourne are lost as Unilever shifts its Lipton tea packing plant to Indonesia.

6 August 2001

The nearly 50 staff at Tauranga swimwear manufacturer Expozay are told their jobs will disappear as the company is sold. The manufacturing arm of the company is expected to shift overseas.

lowest in the OECD, the unemployment rates of Britain, the US, Japan and Australia (those countries in the 4% to 6% range) are trending upwards while the NZ unemployment rate has been trending down.

- **Australia**, NZ's biggest trading partner, **has lost a record number of full-time jobs** in July. The latest figures reflect an Australian trend away from full-time and towards part-time jobs. Over the last six months, Australia has lost 117,000 full-time jobs while gaining 122,000 part-time jobs. John Burgess of the University of Newcastle says the huge fall in full-time jobs highlighted a worrying long-term trend. He says that much of the employment growth in Australia over the last decade had been in sectors favouring part-time and casual work while increased outsourcing and contracting had discouraged full-time employment. The overall loss of 12,600 jobs in July left the unemployment rate unchanged at 6.9%, indicating a decline in the number of people looking for work.
- A paper released at the end of last month outlines Treasury advice to government on how to keep the economy on track while including an increasing number of people in any economic advance. *Towards an Inclusive Economy* is Treasury's first major policy document for this government. While it says it was not its purpose to develop detailed policy recommendations, the paper does provide specific views on how Treasury believes the government can **reconcile** those things that are often seen as competing elements: **economic growth and social equity**. Vernon Small, of the New Zealand Herald, says *Towards an Inclusive Economy* is being touted as "a sea change from Treasury's tinder-dry, efficiency-driven approach of the last two decades."
- One shift in culture the report makes is its departure from the prevailing economic theory about the **sustainable rate of unemployment**. During the last two decades, it had become a "fact" that 6% to 6.5% unemployment was necessary in order to keep inflation low and the economy growing. This Treasury paper says that recent interna-

(continued on page 5)

# STATISTICS THAT MATTER

## ONE IN NINETEEN PEOPLE OFFICIALLY UNEMPLOYED IN NZ

OFFICIAL NUMBER OF UNEMPLOYED IN NZ  
June 2001  
100,000  
*Seasonally Adjusted*

OFFICIAL RATE OF UNEMPLOYED  
June 2001  
5.2%  
OR ONE IN 19 PEOPLE  
*Seasonally Adjusted*

DROP IN NUMBER OF UNEMPLOYED IN LAST THREE MONTHS  
March 2001 — June 2001  
3,000  
DROP IN LAST YEAR  
June 2000 — June 2001  
14,000

PEOPLE REGISTERED AS JOBSEEKERS WITH WORK & INCOME NZ  
June 2001  
191,801  
NOTIFIED VACANCIES AT WORK & INCOME NZ  
*Figures unavailable*

UNDEREMPLOYED  
June 2001  
106,200  
*(workers who are employed part time but would prefer to work more hours)*

### GLOBAL

SPAIN	12.8%
ITALY	9.8%
FRANCE	8.5%
GERMANY	7.8%
CANADA	7.0%
AUSTRALIA	6.9%
OECD Average	6.4%
<b>NEW ZEALAND</b>	<b>5.2%</b>
BRITAIN	5.0%
JAPAN	4.9%
UNITED STATES	4.5%

## 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 2001.

<b>NORTHLAND</b>	6.6%	or one in 15 people
<b>AUCKLAND</b>	5.6%	or one in 18 people
<b>WAIKATO</b>	5.7%	or one in 18 people
<b>BAY OF PLENTY</b>	7.6%	or one in 13 people
<b>GISBORNE-HAWKES BAY</b>	6.3%	or one in 16 people
<b>TARANAKI</b>	4.6%	or one in 22 people
<b>WANGANUI-MANAWATU</b>	4.4%	or one in 23 people
<b>WELLINGTON</b>	3.2%	or one in 31 people
<b>NELSON-MARLBOROUGH</b>		
<b>TASMAN-WEST COAST</b>	2.5%	or one in 40 people
<b>CANTERBURY</b>	5.8%	or one in 17 people
<b>OTAGO</b>	6.1%	or one in 16 people
<b>SOUTHLAND</b>	3.2%	or one in 31 people

## EMPLOYED

<b>NUMBER OF PEOPLE IN JOBS IN NZ</b>	1,820,000
<i>June 2001</i>	<i>Seasonally Adjusted</i>
<b>RISE IN NUMBER OF PEOPLE IN JOBS IN LAST 3 MTHS</b>	16,000
<i>March 2001 — June 2001</i>	
<b>RISE IN NUMBER OF PEOPLE IN JOBS IN LAST YEAR</b>	57,000
<i>June 2000 — June 2001</i>	
<b>SECTORS WITH A RISE IN EMPLOYMENT IN THE LAST YEAR</b>	
BUSINESS & FINANCIAL, HEALTH & COMMUNITY SERVICES, WHOLESALE & RETAIL TRADE, EDUCATION, AGRICULTURE, FORESTRY AND FISHING, TRANSPORT, STORAGE & COMMUNICATION, MANUFACTURING	
<b>SECTORS WITH A DROP IN EMPLOYMENT IN THE LAST YEAR</b>	
CONSTRUCTION	

## FULL-TIME and PART-TIME

*of the "Employed" statistics*

	FULL -TIME	PART-TIME
<b>MEN</b>	869,300 (89%)	112,200 (11%)
<b>WOMEN</b>	517,700 (63%)	309,700 (37%)
<b>TOTAL</b>	1,386,900	422,000
<b>OVERALL %</b>	77%	23%

**GAIN OF FULL-TIME EMPLOYED IN THE PAST YEAR: 46,000**  
**GAIN OF PART-TIME EMPLOYED IN THE PAST YEAR: 11,000**

## REGIONS

<b>REGIONS WITH A DROP IN UNEMPLOYMENT IN THE LAST 3 MONTHS</b>	<i>March 2000 — June 2001</i>
NORTHLAND	
BAY OF PLENTY	
GISBORNE / HAWKES BAY	
WAIKATO	
TARANAKI	
WANGANUI / MANAWATU	
WELLINGTON	
NELSON / MARLBOROUGH / TASMAN / WEST COAST	
CANTERBURY	

### REGIONS WITH A RISE IN UNEMPLOYMENT

AUCKLAND
OTAGO
SOUTHLAND

A SPECIAL SUPPLEMENT TO

**THE JOBS LETTER**

20 AUGUST 2001

# ONE IN ELEVEN PEOPLE OFFICIALLY JOBLESS IN NZ

OFFICIAL NUMBER OF JOBLESS IN NZ  
June 2001

171,500

OFFICIAL RATE OF JOBLESS  
June 2001

8.7%  
OR ONE IN 11 PEOPLE

FALL IN NUMBER OF JOBLESS IN LAST THREE MONTHS  
March 2001 — June 2001

7,300

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

15,800

## 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

**THE JOBS LETTER**

20 AUGUST 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> .....	12.1%	..... or one in 8 people
<b>AUCKLAND</b> .....	8.8%	..... or one in 11 people
<b>WAIKATO</b> .....	8.2%	..... or one in 12 people
<b>BAY OF PLENTY</b> .....	13.4%	..... or one in 7 people
<b>GISBORNE-HAWKES BAY</b> .....	11.2%	..... or one in 9 people
<b>TARANAKI</b> .....	8.7%	..... or one in 11 people
<b>WANGANUI-MANAWATU</b> .....	8.2%	..... or one in 12 people
<b>WELLINGTON</b> .....	5.8%	..... or one in 17 people
<b>NELSON-MARLBOROUGH</b>		
<b>TASMAN-WEST COAST</b> .....	4.4%	..... or one in 23 people
<b>CANTERBURY</b> .....	8.8%	..... or one in 11 people
<b>OTAGO</b> .....	11.3%	..... or one in 9 people
<b>SOUTHLAND</b> .....	6.1%	..... or one in 16 people

## AGE and LONG-TERM

<b>YOUTH UNEMPLOYMENT RATE - AGED 15-19 YEARS</b>	15.7%
June 2001	one in 6 young people
<b>MATURE UNEMPLOYMENT RATE - AGED 50-65 YEARS</b>	3.4%
June 2001	one in 29 mature people
<b>LONG-TERM UNEMPLOYED (OVER 6 MONTHS)</b>	26,500
June 2001	27% or one in 4 of the unemployed
<b>LONGER-TERM UNEMPLOYED (OVER 2 YEARS)</b>	6,800
June 2001	7% or one in 15 of the unemployed
<b>VERY LONG-TERM UNEMPLOYED (OVER 5 YEARS)</b>	2,000
June 2001	2% or one in 50 of the unemployed

## THE SCHEMES

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

<b>TASKFORCE GREEN</b> .....	533
<b>JOB PLUS</b> .....	3,472
<b>JOB PLUS MAORI</b> .....	82
<b>JOB CONNECTION</b> .....	171
<b>ENTERPRISE ALLOWANCE</b> .....	79
<b>ENTERPRISE ALLOWANCE WITH CAPITALISATION</b> .....	176
<b>TRAINING OPPORTUNITY SCHEME (TOPS) (June quarter)</b> .....	9,327
<b>YOUTH TRAINING (SKILL NZ) (June quarter)</b> .....	5,843
<b>LIMITED SERVICE VOLUNTEERS (ARMY) (June quarter)</b> .....	92
<b>CONSERVATION CORPS</b> .....	1708
<b>YOUTH SERVICE CORPS</b> .....	323
<b>ACTIVITY IN THE COMMUNITY (still counted as unemployed)</b> .....	1,558

## PARTICIPATION

**LABOUR FORCE PARTICIPATION RATE**  
June 2001

Seasonally Adjusted

65.9%

up from 64.8% last year

## RACE

**MAORI RATE OF UNEMPLOYMENT**  
June 2001

11.9%

OR ONE IN EIGHT PEOPLE

**PACIFIC ISLAND RATE OF UNEMPLOYMENT**  
June 2001

9.1%

OR ONE IN 11 PEOPLE

**NZ EUROPEAN RATE OF UNEMPLOYMENT**  
June 2001

4.0%

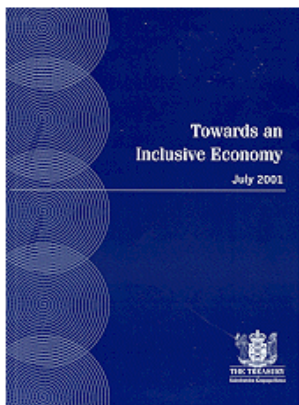
OR ONE IN 25 PEOPLE

# The Jobs Letter

## DIARY

7 August 2001

NZ universities and polytechnics seem likely to accept a funding offer by government that will see student fees frozen for another year. The offer is for a 2.6% increase in government funding plus a \$35 million one-off payment to assist them in adapting to major government reforms that are expected to be recommended by the Tertiary Education Advisory Commission next year.



### – Towards an Inclusive Economy July 2001

Published by the New Zealand Government  
ISBN 0-478-11817-1

Copies available from the New Zealand Treasury  
P O Box 3724, Wellington

**To read an Abstract or download the entire document** visit;

[www.treasury.govt.nz/workingpapers/2001/01-15.asp](http://www.treasury.govt.nz/workingpapers/2001/01-15.asp)

PDF file (88 pg, 335 KB)

tional examples demonstrate that countries with 4% to 5% unemployment are not suffering inflationary pressures or loss of productivity because of their tighter labour markets. Treasury now says there is evidence that lowering the unemployment rate by drawing more people into the workforce from the low-skilled end of the labour market may actually be beneficial to economic growth.

Following this same vein, the paper encourages government to concentrate on **raising the skills level** of people at the bottom end of the income scale as a more effective way of addressing poverty than trying to redistribute wealth through taxation or other regulations. It says that raising the achievement level of people in the two lowest deciles, will have the biggest effect on improving incomes which in turn improves health, reduces crime, lifts disadvantaged communities, increases trust and increases community and political involvement.

- Some of the key points made in The Treasury paper:
  - The **well-being** of NZ'ers is vitally linked to the country's ability to achieve and sustain a steady growth rate and a rising level of income per person.
  - Educational achievement is related to **people's earning capacity**. One extra year of education is associated with 5% to 15% increase in an individual's earnings.
  - The **cost of unemployment** is much greater than the personal loss of income to individuals and to their communities. Job loss and unemployment have direct, negative impact on mental health and is clearly associated with increases in drug and alcohol abuse, crime and teenage motherhood.
  - Policies and programmes should **target the long-term unemployed**. Incorporating the long-term unemployed into the workforce will reduce the "sustainable" unemployment rate and does not risk raising inflation.
  - Providing **subsidies directly to people** in disadvantaged groups, more so than to their employers, may be a better way of encouraging people to take up jobs where low wages is the major barrier to moving off a benefit. This may be especially effective for solo parents, so long as child-care and transportation costs barriers are addressed as well.
  - Benefit administration should be more rigorously applied. NZ administers its work test requirements and sanctions more gently than other countries and the tougher approach is more effective. People **should be required to take up jobs** even though the job, or its location, may not a person's ideal.
  - The primary focus of Winz should be on getting beneficiaries into **jobs rather than training**. Overseas programmes have found that work, not training, is the more efficient way to get and keep people off benefits. Providing training opportunities while people are already in work is a more effective way of helping them keep the job they have and to move on to more skilled positions.
  - The larger cities, and Auckland in particular, are a critical force in NZ's long-term economic development. Subsidies should be made available for individuals who are **willing to shift** from places of high unemployment to cities where there are jobs. Downsides to this are the further depletion of the regions as these people leave and the creation of ghetto neighbourhoods in the cities where they arrive.
- It came as news to the Maori Affairs select committee that the quarterly Closing the Gaps **monitoring reports had stopped being produced** by government departments. Closing the Gaps was a high profile Labour Party campaign slogan that was a call-to-arms to rectify the perceived

# The Jobs Letter

## DIARY

9 August 2001

Job advertisements were at a record high in July. The ANZ survey says job ads rose 2.2% over the previous month and were up 7.8% on July last year.

The NZ Air Force will make 296 people redundant this year as it dismantles the air combat force. A further 400 air force jobs will be disappear over the next four years.

A national shortage of 2,000 nurses is beginning to cause the cancellation of some scheduled elective surgery in public hospitals.

14 August 2001

The new chief executive of the Ministry of Social Development is to be Peter Hughes, the current chief executive of the Department of Internal Affairs. Peter Hughes' began his public service career as a benefit clerk at the Department of Social Welfare in 1981. Hughes will begin work at MSD on 1 October.

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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)*

economic and social disparities between Maori and Pakeha. In launching Closing the Gaps in January 2000, Prime Minister Helen Clark said that she would chair the Closing the Gaps Cabinet committee and that public service chief executives would have their pay docked if they failed in their responsibilities to close the gaps. Initially all 39 government departments furnished quarterly reports on the 70 Closing the Gaps policies, but a spokesman for the Prime Minister now says the reports were "a bit of a waste of time". The Prime Minister's Gaps committee has now been subsumed into the social equity committee chaired by Steve Maharey. The new reporting arrangement, according to The Dominion reporter Jonathan Milne, only requires a summary table setting out progress on initiatives by the five key social service agencies. Milne also says that these contain no performance or accountability information.

- In his speech to the **National Party** Conference last month, the party's Social Welfare spokesman **Bob Simcock** did not directly say he would "bring the hassle back for teenage mothers" as reported in the last issue of The Jobs Letter. Nor were comments made by researcher Helen Wilson dispelling stereotypes of people on the Domestic Purposes Benefit published in direct response to Simcock's speech. Bob Simcock writes to The Jobs Letter: "At no point in my speech did I even refer to the DPB, or to hassling teenage mothers." Simcock says that his speech was "an argument in favour of getting all New Zealanders into the jobs they need".

—The speech did contain themes on teenage motherhood as well as his view that "... we have to be honest enough to say that some life choices are dumb and need to be discouraged." He stated that, "For people who are stuck on welfare, for people who are poorly motivated, for people who have other sources of income, and for people who are just too comfortable on the benefit, National will be bringing the hassle back." Many media reports at the time took this to be a clear signal that the National Party would get tough on the DPB.

- You can read the entire speech at: <http://www.national.org.nz/press/july%202001/simcock20-07-01.htm>
- Winz has lost a High Court appeal that, had it won, would have put the onus on people to find out for themselves exactly what they were entitled to before applying for a benefit. Winz had appealed against a Social Security Appeal Authority decision that had ruled that Winz should pay six years of arrears to a beneficiary who qualified for a special benefit but had not known about it at the time and therefore had not applied for it. When she found out about her entitlement and applied for it in writing, Winz said that it would only be enacted from that date, not retroactively. But High Court Justice Doogue ruled that **the Department should have made the woman aware of her entitlement from when she applied** for an accommodation benefit and that people should not have to seek independent advice in order to obtain their full entitlement. Doogue: "The so-called policy reasons put forward on behalf of the chief executive in support of an argument for formality of applications wither away entirely when the circumstances of the case are looked at."

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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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