

The Jobs Letter

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Essential Information on an Essential Issue

SPECIAL

Employment Strategy Progress

EMPLOYMENT STRATEGY
PROGRESS

— THE FEEDBACK —

from



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The government's recently published *Employment Strategy: Progress to Date* is a "stocktake" on how the government feels it is progressing on the six employment goals it adopted just after the last election. The report examines each goal and details how effective it has been in achieving them over the July 2000 – December 2001 period.

While the report has elements of being a promotional bulletin, it does go further than being a series of good news stories — recognising those groups of people who are still failing to obtain work within the existing labour market, and spelling out what the government is putting in place to try to change this.

But this document is, in effect, the government's leading punch on employment policies in this election year ... albeit a punch that has gained little attention in the mainstream media.

In this special issue, *The Jobs Letter* has asked three spokespeople from parties outside the coalition government to give their feedback on this report. We give *an essential summary* of the government's own assessment on each goal, and we have asked each of the politicians to tell us what they think the government is doing well ... and what they would do differently.

We have also invited Dr Jane Higgins, of the Department of Sociology and Anthropology at the University of Canterbury, to give her review of the *Employment Strategy* report.

Goal 1: Ensuring macroeconomic policies enable sustained economic growth and its accompanying job creation.

Labour / Alliance Government: The government has maintained a prudent and responsible approach to fiscal policy. At the same time it has delivered on its key policy commitments and begun saving to meet future New Zealand superannuation costs. The monetary policy framework is delivering low and stable inflation and avoiding unnecessary instability in output, interest rates and the exchange rate. The government has taken active steps to ensure growth is not constrained by shortages of skilled people.

Bob Simcock, National: The Governor of the Reserve Bank recently confirmed that under current policy settings our capacity for inflation free growth is very low. While no individual policy is responsible for reducing growth opportunities, a series of policies including increased taxes, nationalisation of ACC, increasing government debt, refusal to reform the Resource Management Act, and changes to employment law, have added up to a serious reduction in our capacity to create jobs.

Sue Bradford, Green: The support of the current government for maintaining and increasing the number of free trade agreements we are part of is always going to be counterproductive to dealing with unemployment. The government is taking an absolutely passive approach to lowering unemployment in the macroeconomic context because our current situation is dependent on high agricultural returns – and in fact the government itself is predicting that unemployment will rise over the next period as the rate of growth drops. Government hasn't taken advantage

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of high agricultural commodity prices to actively go out and create jobs, which we believe it should have done.

Muriel Newman, ACT: Despite two years of very favourable international conditions, high prices, and a very low dollar, New Zealand has stuttered along with around 2.5 percent growth. Treasury forecasts this to continue for the next 10 years. Until New Zealand reduces red tape and compliance costs on business, and lowers taxes to attract capital and investment, we will continue to have over 140,000 able New Zealanders consigned to unemployment.

Goal 2: Promoting an 'employment rich' economy by removing barriers to employment growth.

Labour / Alliance Government: One of the key barriers preventing people gaining sustained employment is low levels of literacy and numeracy. The government has done considerable work developing the basic literacy and numeracy skills attained during compulsory schooling. An Adult Literacy Strategy has been initiated to enhance the capability of adult literacy providers, improve their access to high-quality teaching resources and enhance their quality assessment systems. Work is also being done to enhance the existing capabilities of firms to uptake technology and further business growth.

Bob Simcock, National: The government has been content to harvest the easy fruit. Unemployment has fallen at the short-term end. But the number of people who have been unemployed for over two years has grown and the underemployment of people over 45 years is emerging as a serious problem that the government has not even recognised. Of all of the initiatives listed in the report only the Adult Literacy Strategy has any likelihood of removing barriers to employment.

Sue Bradford, Green: The Ministry of Economic Development to date appears to be primarily an employment project for consultants and analysts – the greatest proportion of money is going on the infrastructure, not out into Small and Medium Enterprises or into community economic development. The main function of MED appears to be to underwrite the business activities of privileged and already successful large-scale enterprise. At the 'lower' end services like small business support appear to have gone on the whole out of the hands of the community sector groups who have a real understanding of and affinity with struggling small business, and into the purview of councils, chambers of commerce and accountancy firms.

Muriel Newman, ACT: Statements that New Zealand has 5.4 % or 102,600 unemployed and only 6,800 persons out of work over two years, are simply dishonest and wrong. This is demonstrated by the fact that we have 140,000 on the dole, and 47,000 on it for over two years. We must dramatically reduce the imposition of red tape and regulations on business. We need to provide more incentives for employers to invest and employ with greater labour market flexibility. We must also lower taxation on businesses and workers.

Goal 3: Developing a flexible, highly-skilled workforce

Labour / Alliance Government: The government has decided to establish a Tertiary Education Commission, which will assume responsibility for the funding of all post-compulsory education and training. A draft Tertiary Education Strategy was released for public consultation in December 2001. The government also carried out an Industry Training Review, which took steps to increase the coverage, quality and responsiveness of New Zealand's industry training system. Modern Apprenticeships were also introduced to improve access to structured workplace learning for young people. Support for innovation in research knowledge, skills and expertise, has continued with grants for health research, social research and new economy research.

Bob Simcock, National: The report recognises that 19% of our young people are leaving school without any qualifications. But it then goes on to talk about Tertiary Education Advisory Commission, Industry Training, and Modern Apprenticeships, none of which will solve the problem for those school leavers. Most of the 19% have multiple difficulties that will have been evident from a much younger age, but the strategy says nothing about what needs to be done to address those difficulties. For some ideas, refer to the National Party's discussion document "Making Sure Every Child Gets a Good Start".

Sue Bradford, Green: The government certainly deserves credit for the Modern Apprenticeship Scheme which is a great step in the right direction. However, good work like this is undermined and negated by the ridiculous student loan scheme which adversely affects even those young people going into occupations with very modest long-term income prospects.

Muriel Newman, ACT: Successive governments have played only lip service to developing a skilled and motivated work force. This is evidenced both by the 47,000 persons registered unemployed over two years, and by constant reports of skilled staff shortages. Major investment in the workforce, including by the private sector, is essential. Part of government's role is to ensure that those on benefits who are able to work become involved in full-time training, community work, or job search.

Goal 4: Developing strong communities

Labour / Alliance Government: The government has put considerable effort into rebuilding the capacity of the Community Employment Group. The Stronger Communities Action Fund is being used to run a series of pilots to build social capital and stronger social services. A number of government agencies are working co-operatively with Te Rarawa to identify joint initiatives and partnerships. The project focuses on the achievement of the iwi's own vision where services for iwi will be delivered by iwi. Industry New Zealand's Regional Partnerships Programme brings together government and local communities to develop their unique strengths and competitive advantages.

Bob Simcock, National: When I visit communities that are reforming themselves, like Moerewa, I find that their progress has a lot to do with the quality of

local leadership, and little to do with government policy. These communities are running to their agenda not the governments. A recent select committee review of the Community Employment Group's activities raised real concerns about how much rhetoric has overwhelmed substance in this area. Flowery language is being used to give political ownership of things that have little to do with politicians. Community Employment Organisations, and Social Entrepreneurship Conferences will not develop stronger communities, local leaders will.

Sue Bradford, Green: It's been great to see some stunning results in regions like Southland, Manawatu and Canterbury, although I'd question what percentage of this was due to high farm gate returns as opposed to any government intervention. In terms of the role of the Community Employment Group, the Green Party remains concerned at the disproportionate amount of resource that goes into CEG infrastructure and staffing as opposed to creating jobs at grassroots level, and at a lack of government appreciation of the fact that jobs created at the margins of society are on the whole always likely to need some ongoing external support.

Muriel Newman, ACT: This goal is the subject of unjustified government rhetoric. There are few measurable outcomes in terms of creating jobs. It must be seen as complimentary to the higher challenge of giving people and businesses greater opportunity to get on with their businesses, and create real jobs. ACT believes in community solutions to local problems – as opposed to central government imposed strategies. ACT values the strength and importance of the family unit, and believes in providing regional economies with the best possible environment for businesses to grow and employ.

Goal 5: Improved participation in employment for Maori and Pacific people

Labour / Alliance Government: One of the challenges facing the government is that significant proportions of Maori and Pacific people are leaving the education system with little or no qualifications. The Review of Training Opportunities and Youth Training programmes is identifying how they can be improved to meet the educational and employment needs of people with significant histories of unemployment, 'at risk' of long-term unemployment and/or those with no or low qualifications. Other important initiatives are the development of six Maori Adult Literacy and Pacific Adult Literacy pilots, and Te Puni Kokiri's Maori capacity building initiatives.

Bob Simcock, National: Maori and Pacific people are over represented in unemployment figures largely because they are over represented in the 19% of young people who leave school without a qualification. Until we deal with that problem, unemployment rates will continue to be relatively high for those people. Literacy programs are a useful response but they are very much at the bottom of the cliff!

Sue Bradford, Green: The government is making a huge and commendable effort in this very difficult area. Much of this effort, especially in relation to young people, is sabotaged by the impacts of the student loan scheme. It is an uphill battle to per-

suade insecure low-income families that taking out large student loans, required now in almost every part of post-school training and education, is a productive way forward for their children.

Muriel Newman, ACT: The government is wrong in using Household Labour Force Survey figures to claim that only 25,200 Maori are unemployed. In fact about 60,000 Maori registered unemployed. Of these, 32,000 were registered over a year, at the end of November 2001. Maori and Pacific Island job seekers figure disproportionately in unemployment figures. They need better education, training and a greater number of job opportunities. This will only come from stronger economic growth, and by the government involving the long-term unemployed in full-time training, community work and supported job search.

Goal 6: Improving participation in employment for people with disabilities and other groups at risk of long-term unemployment

Labour / Alliance Government: Childcare, transport, debts, housing and health issues all affect a person's ability to secure a job. It is also important that jobs pay sufficiently to make it worthwhile for people to work. The government is looking at ways to improve the transition from benefit to work, and is reviewing the current benefit structure. The Social Security Amendment Bill, Working Towards Employment provides enhanced case management for recipients of the Domestic Purposes and Widows Benefits. In the area of disabilities, the Vocational Services Review focused on increasing opportunities for people with disabilities. Pathways to Inclusion sets out a comprehensive strategy for improving vocational services.

Bob Simcock, National: It is surprising that in a period of high labour demand the government is boasting about a 1.9% decrease in the number of people who depend on benefits. That's a shameful performance! The report repeats the government's rhetoric about Making Work Pay but admits that for 805,137 people it has failed to achieve that.

Sue Bradford, Green: The government has taken some steps in the right direction here, for example in its efforts around improved resourcing for childcare and out-of-school care, and in its work on Pathways to Inclusion. However, the Green Party has serious problems with the thrust of the latest Working Towards Employment Bill which retains the 1990s National-lead focus on getting domestic purposes beneficiaries into paid work – we believe that if there are to be more resources put into assistance for unemployed people (and there should be), these should be prioritised towards all those who are registered unemployed with Work and Income rather than towards people on the DPB.

Muriel Newman, ACT: The disadvantaged, particularly the long term unemployed are the losers from the government's failure to address long term unemployment. The Ministry of Social Development should not focus on the easy-to-place jobseekers but on eliminating long-term unemployment, with local offices accountable for their own strategies and results towards this goal.

REVIEW



Employment Strategy: Progress to Date — July 2000 - December 2001

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download full document (14pg PDF file 266 KB) from
www.executive.govt.nz/minister/maharey/employment-strategy-update-feb02.pdf

Dr Jane Higgins, Department of Sociology and Anthropology, University of Canterbury, writes:

At one level it is difficult to comment on the strategy because so much of it is tied up with policy reviews at various stages of completion (Adult Literacy Strategy, Industry Training Review, Making Work Pay Project, Review of Training Opportunities and Youth Training, Tertiary Education Strategy and Vocational Services Review). Until these reviews are completed and new policy drafted and implemented it may be premature to judge the effectiveness or otherwise of many elements of this strategy. Nevertheless, this level of policy work on employment suggests that the government recognises the value of research and consultation in the design of effective policy, and that it is prepared to take an extended time horizon, beyond the limits of the three-year election cycle, to develop such policy.

This is a 'third way' strategy: on the one hand, it is characterised by the market-liberal themes of the 1980s and 1990s in which employment policy was concerned with setting the 'right environment' for business (Goal 1) and placed a heavy emphasis on supply side problems, particularly with respect to skill deficits in the workforce (elements of Goals 2-6). On the other hand, within these parameters the strategy indicates a readiness by the state to be actively involved in some forms of investment, such as helping some businesses (Goal 2); development in

the regions (Goal 4); and social investment in adult literacy and various forms of training.

One of the most significant features of the strategy concerns the balance it strikes between attention to the demand and supply sides of the market. The strategy is heavily weighted in favour of the latter: most of the Goals and 'Emerging Issues and Challenges Ahead' are concerned with the perceived skill deficit of the workforce.

This raises a number of questions. Will the creation of a skilled workforce lead to investment in skilled work, as the strategy seems to assume? What can be done, alongside the Modern Apprenticeships scheme, to promote work-based training and to encourage a training culture among employers? What can be done to foster local, as well as overseas, investment in skilled work? What can be done to strengthen New Zealand's traditionally weak institutional linkages between education and the workplace? What other interpretations of unemployment should be considered in such a strategy, besides that of the skill deficit (for example, lack of ready access to childcare and to family-friendly workplaces for all caregivers)?

The strategy pays significant attention to social investment in the education and training needs of New Zealanders, particularly among groups whose needs have been neglected in the past. The data in this document relating to unemployment and lack of qualifications among young people, and among Maori and Pacific peoples, demand such attention.

On the whole, pursuit of the goals in this strategy entails commitment to a significant level of resourcing by government. Current levels of disarray within the tertiary sector are an indication that there is some way to go on this. This calls for more attention, perhaps, to be paid to the investment/demand side of the market so that those who invest significant resources in education (students as well as the government) are able to recoup the costs of that investment in the future.

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