

# The Jobs Letter

No. 179

5 February 2003

Essential Information on an Essential Issue

## KEY

BRASH CALL  
TO ABOLISH THE DOLE

REGIONAL LABOUR MARKET  
REPORTS

PRECARIOUS WORK

RIFKIN ON THE HYDROGEN  
ECONOMY

## DIARY

18 January 2003

Australian Employment Minister Tony Abbott argues that high benefit rebate rates act as a strong disincentive for unemployed Australians to move from welfare to work. Abbott: "The wonder is not that Australia has a persistent subculture of unemployment but that more people do not opt out of participation in the workforce."

Alcoa, the world's largest aluminium producer, is to cut 8,000 jobs.

20 January 2003

Wage increases for NZ workers averaged 4.4% last year.

21 January 2003

Research from New South Wales records finds a strong relationship between crime and young men who are long-term unemployed. The research also associates crime with people who were unsuccessful in high school.

The US unemployment rate remains unchanged at 6%, but the number of Americans in paid work decreased again last month.

- Don Brash, National Party finance spokesman, believes that unemployment numbers could be reduced by **abolishing the unemployment benefit**. In a speech to the Orewa Rotary Club last week, Dr Brash said that the concept had been suggested to him in the early 1990s by a prominent (and as yet un-named) Maori elder from South Auckland. The elder apparently felt that the only way to solve Maori unemployment was to abolish the unemployment benefit completely.

Dr Brash: "I don't believe that that could be done in isolation, but it might well be done in conjunction with other measures, such as having local government become employers of last resort – offering a job to anybody who turned up at, say, the local post office at 8am, with payment for that day's work at the end of the day, in cash."

Dr Brash argued that **300,000 of the 400,000 working age adults** on a benefit **are able to work** but do not do so for one reason or another despite the desperate shortage of workers in many parts of the country. Brash: "Too many people see benefits as an absolute and indefinite entitlement, carrying no reciprocal obligation to actively seek employment"

- Dr Brash, who is the National Party's new policy co-ordinator, is also the former Reserve Bank Governor. His Orewa speech has been described as his most political since quitting the Reserve Bank to enter politics. In the speech, he warned said that **New Zealand risks ending up like Argentina** "or worse still like Papua New Guinea or Fiji" if tough decisions were not taken now to improve living standards. He also said that New Zealanders had to first accept that most of **the policy changes of the 1980s and '90s** were "steps in the right direction".

Dr Brash: "We will get nowhere as long as we pretend that those policy changes were mistaken. Of course, no 15 year period is totally devoid of policy mistakes, but by and large that period saw policies changed for the better..."

Dr Brash also advocated a stronger private-sector involvement in both education and health, opposition to any form of special treatment on the basis of race, an increase in security funding, domestic and external, and a greater commitment to economic growth.

- "Where to From Here?" address by National Party spokesman Don Brash to the Orewa Rotary Club, 28 January 2003, available on the internet at [www.national.org.nz/wcontent.asp?PageID=100013529](http://www.national.org.nz/wcontent.asp?PageID=100013529)

- National Party leader **Bill English** confirms that Dr Brash's comments reflect the direction that the party's thinking is going. English: "We don't regard the status quo as acceptable." However, he says that National would not completely eliminate the dole as it was "simply not practical". Instead, English says the party is considering a policy of **scrapping the dole for people under 20** and taking a hard look at a benefit system that was not working: "We have had three or four years now of quite strong growth, but it has not made much impression on the substantial number of people who are still trapped on benefits."
- Dr Brash's proposals have sparked many criticisms from political rivals (see *Voices*). In particular, his suggestion that **local government** should become an

# The Jobs Letter

## DIARY

23 January 2003

Eastman Kodak will cut up to 2,200 jobs in the US and Europe, after cutting 7,000 jobs last year.

26 January 2003

The Disabled Persons' Employment Promotions Act, which exempts sheltered workshops from both minimum wage and holiday provisions, is to be repealed. Minister of Disabilities Issues Ruth Dyson says dismantling the Act will give people with disabilities the same rights as everyone else.

Workforce Industries, one of 261 sheltered workshops in NZ, reacts to the announcement by saying it is considering laying off 10-20 of its least productive workers. Director David Robinson claims Workforce Industries is already losing money and is concerned that there is a lack of subsidies earmarked by government to make up for the changes that will occur through the repeal of the Act.

The first 20 students graduate from the Cisco Networking Academy Program based at Whitireia Community Polytechnic. Cisco, producer of much of the world's computer networking hardware, has 10,000 accredited academies in 148 countries targeted at low-income communities and training people to design, build and maintain computer networks.

27 January 2003

The Ministry of Fisheries expects new jobs to be created in the seafood industry as it progressively adds new species to the commercial fishing quota system. Fisheries manager Michael Arbuckle says the seafood industry already employs 10,000 workers. Adding another 50 species to the quota system, including shellfish like kina, will encourage the industry to expand its workforce.

“employer of last resort” was not warmly received by Local Government New Zealand. President **Basil Morrison** says councils collect all of their money from property taxes and he finds it difficult to believe the Government would expect that to be used as a tool for solving unemployment issues.

Council of Trade Unions president **Ross Wilson** says Don Brash's proposals are unrealistic and would undermine the value of paid work along with **creating a wider gap between the rich and the poor**. Wilson: “Dr Brash is advocating failed policies of the past which created large gaps between rich and poor. The solution to skills shortages is not to attack the unemployed but to address education and training issues to give the unemployed jobs...”

- The government's latest **Regional Labour Market Reports** are now available on the Department of Labour website. These reports are prepared six-monthly for the Winz Regional Commissioners, and they provide information on economic activity and labour market conditions in the various Winz regions, including the outlook for the next year.

The economic analysis uses regional data from the National Bank index of economic activity, building consents, house sales, retail sales, occupancy rates, and consumer and business confidence. Labour market data for the region are drawn from the Household Labour Force Survey and the National Bank Business Outlook, the ANZ Newspaper Job Ads series and Winz's unemployment register.

**The forecasts:** For the next year high economic growth is predicted in Auckland, Bay of Plenty and Taranaki; solid growth in Northland, Wellington, Nelson, Canterbury and Southern; and low growth in Waikato, East Coast and Central.

The labour markets of Auckland, Bay of Plenty, Taranaki and Canterbury are expected to improve as regional economic growth leads to robust job growth. Wellington, Nelson, and Southern labour market conditions are expected to remain steady during the next twelve months, while the Northland, Waikato, East Coast and Central labour markets are expected to weaken slightly.

— The separate *Regional Labour Market Reports* (December 2002) can be downloaded from [www.dol.govt.nz/labour-market-reports.asp](http://www.dol.govt.nz/labour-market-reports.asp)

- The number of “non-standard jobs” — jobs that are **not permanent and full-time** — is increasing in New Zealand and overseas. There is widespread concern that many of these non-standard jobs are also **“precarious”** — jobs that come with relatively low wages, little job security, greater exposure to health and safety risks, little or no control over workplace conditions or hours, and limited opportunity for training and skill development.

The Department of Labour's Future of Work website ([www.dol.govt.nz/futureofwork](http://www.dol.govt.nz/futureofwork)) has just **published a review** on “precarious” employment by Deborah Tucker. There is no official data collected on casual, temporary and fixed-term employment in New Zealand. There have been two national workplace surveys conducted in 1991 and 1995 which both found that casual, temporary and fixed-term employment made up **11% of the workforce**.

- Tucker points out that “non-standard jobs” are not a concern for many people. Increased flexibility may suit people's living arrangements and lifestyle choices. For example, 75% of those with part-time jobs do not want to work longer hours. But clearly, some non-standard workers, particularly casual and/or temporary workers, are not as fortunate. Casual and temporary jobs are most common in agriculture; in unskilled, predominantly manual jobs; in the less skilled service occupations, particularly food service occupations; and in workplaces where demand is seasonal. Tucker: “Some temporary and casual jobs may be traps

# The Jobs Letter

## DIARY

28 January 2003

*The Independent* says the government has delayed the presentation of its discussion document on GATS (see *last issue of The Jobs Letter*). The paper says the document was to be published on the 6 January but has been delayed due to "Cabinet differences".

Those opposing GATS say the delay means time is running out for any meaningful public debate on the government's intentions to open up to 160 service sectors in the NZ economy to international competition. The government is expected to table its offers of NZ services to be included in a new agreement by 31 March 2003.

National MP Nick Smith says it is unacceptable that there are 376 secondary teacher vacancies as the school year begins. Nick Smith says the teacher shortage problem is real and getting worse.

The current teacher shortage prompts Post Primary Teachers Association president Phil Smith's call for an urgent convening of the Ministerial Taskforce on Secondary Teacher Remuneration. Smith says the Taskforce needs to come up with fresh ideas and long-term solutions to solve the staffing crisis in schools. Smith: "We can't put bandages on it and hope that it will get better in 2008".

National Party finance spokesperson Don Brash gives a speech to the Orewa Rotary Club arguing for the dole to be abolished. (See *story this issue*)

29 January 2003

As Act MP Donna Awatere Huata stands accused of misappropriating public money provided to a charitable trust, Act party leader Richard Prebble says he is going to find out "who else is on this gravy train."

Vacancies for skilled jobs in Australia are 10% higher than they were a year ago.

In his "State of the Union" speech, President George W Bush says the US economy is not growing fast enough to employ every man and woman who seeks a job. His solution is to attempt to stimulate the economy by eliminating the taxes that investors pay on their dividend incomes.

rather than stepping stones to standard work, with temporary workers moving back and forth between the states of unemployment and temporary work..."

- Tucker's review quotes a recent Ministry of Social Development report into the amount of time people stayed off a benefit after having gone into work ("*Departures from the Benefit into Definite Work, Summary of Key Findings*" by John Gilbert, Robert Haig, and Mike O'Rourke, 2002). In the report, the overall national average was that 46% percent of the beneficiaries were off a benefit for over 12 months and may never have returned. **But 30% returned within three months**; 11% returned between three to six months; and 13% returned between six to 12 months.

There were significant variations occurring between regions — especially in those regions reflecting a high proportion of seasonal short-term labour demands. Nelson had 45% of "exits" from the benefit system return to receiving a benefit within three months ... and 58% of all "exits" returned within six months. Data for the East Coast was very similar. All Auckland regions and Wellington, on the other hand, had low proportions of people returning to receiving a benefit.

— "*Precarious Non-Standard Employment - A Review of the Literature* by Deborah Tucker (Dept of Labour, December 2002) can be downloaded (78pg, 528kb) from [www.dol.govt.nz/PDFs/PrecariousNSWorkLitReview.pdf](http://www.dol.govt.nz/PDFs/PrecariousNSWorkLitReview.pdf)

- The Department of Labour is to hold a **one-day workshop on the "Future of Work"** in Wellington on 19th March. The workshop is the first in a series that will provide an opportunity for researchers to share knowledge on "Future of Work" issues, and to consider possible directions for more research.

Workshop sessions and presenters include: Technology and the labour market (Dr John Gibson, Waikato University); Skill acquisition (Associate Professor Sholeh Maani, University of Auckland); Youth transition into the workforce (Associate Professor Tim Maloney, University of Auckland); and Issues for older workers (Dr Judith Davey, NZ Institute for Research on Ageing, Victoria University).

Attendance is free of charge, but numbers are limited. For further contact, email the Future of Work team at [info@dol.govt.nz](mailto:info@dol.govt.nz) or phone Jonathan Guest at 04-915-4405.

- **Jeremy Rifkin**, the author of the 1990s controversial classic "The End of Work" has just published another book, entitled "The Hydrogen Economy", which is destined to spark just as lively a debate over the emerging shape of the global economy. In his new book, Rifkin argues that oil will soon no longer be the lifeblood of the global economy and will be replaced by the **"fuel of the future" — hydrogen**.

Hydrogen is the most abundant element in the universe, and can be captured using renewable energy technologies. Hydrogen never runs out and produces **no harmful CO2 emissions**. Commercial fuel-cells powered by hydrogen are just now being introduced into the market for home, office and industrial use. And major automakers have spent more than \$2 billion developing hydrogen cars, buses, and trucks, with the first mass-produced vehicles are expected to be on the road in just a few years.

Last week, President George Bush's "State of the Union" speech signalled support for these new technologies when he announced a \$1.2 billion "Freedom Fuel" initiative based on developing hydrogen fuel cells ... "to reverse America's growing dependence on foreign oil.

- Jeremy Rifkin believes that the future of the global economy will depend on how successfully we **make the transition** from an economy driven by fossil fuels to one that is driven by hydrogen. His view is that this transition will fundamentally change the nature of our market, political and social institutions, just as coal and steam power did at the beginning of the industrial age.

# The Jobs Letter

## DIARY

31 January 2003

The Aotearoa Tertiary Students Association calls for the government to provide a 52-week allowance from the time a student starts studying until they finish.

1 February 2003

The New Plymouth District Council signs-up 14 unemployed young people into council-based cadetships. The cadets will get on-the-job training for a year at various council sites.

One of the most exciting prospects of this new economy, and perhaps the most challenging to existing energy companies, is the prospect for what Rifkin calls a **“Worldwide Energy Web”**. This is his vision of a decentralised energy industry where ordinary consumers produce energy in their hydrogen fuel cells in cars or in their homes and offices ... and then **sell their excess energy back** to the local, regional or national energy grids, using the same design principles and technologies that made the internet possible. In this way, every human being has the potential to become the producer as well as the consumer of his or her own energy supply.

- Jeremy Rifkin’s book contains many warnings about the **vulnerability of the global economy on oil**. On the eve of another Middle East War, where the notion that it may be driven by a thirst for oil is often dismissed as a “conspiracy theory”, Rifkin’s book presents some topical statistics.

One example is the **reserve-to-production ratio (R/P)** for oil reserves around the world. This ratio estimates the number of years that known oil reserves in a particular country will last at current production rates. In the US, the R/P is 10:1. In Kuwait (number two in the list), the figure leaps to 116:1. However, in Iraq (at the top of the list), the ratio leaps to a staggering 526:1 — meaning that **Iraq has 526 years of oil left** at current production rates.

— *The Hydrogen Economy: the Creation of the World-Wide Energy Web and the Redistribution of Power on Earth*, by Jeremy Rifkin (published by JP Tarcher 2002)

**Editor**  
Vivian Hutchinson

**Associates**  
Dave Owens  
Jo Howard  
Rodger Smith

*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)

## VOICES

### on ABOLISHING THE DOLE

*“Everybody shares Dr Brash’s ambition to see the dole become surplus to requirements. But full employment, not abolishing the dole, is the solution...”*

— **Jim Anderton, Minister of Economic Development**

*“Dr Brash’s latest economic recipe is a “giant leap backwards” to the social and economic disasters of the Labour and National governments of the 1980s and early 1990s. He wants the unemployed to queue up outside post offices, forgetting that he and his ilk were the economic saboteurs who closed all the post offices many years ago.”*

— **Winston Peters, leader of NZ First**

*“Dr Brash is proposing to take the country back to the 1930s. He’s calling for a fresh look at social welfare but he’s 70 years out of date...”*

— **Sue Bradford, Green MP**

*“Getting rid of the unemployment benefit would see poverty increase. A commitment to training and employment would help those without jobs ... not Depression-type filling in hole programmes supported by Dr Brash. He has spent too much time cloistered away from the real world. People on the unemployment benefit are people with families and they are people who contribute to the economy...”*

— **Matt Robson, Progressive Coalition MP**

*“Abolishing the unemployment benefit is not the right way to go ... though changes are needed to halt the downward spiral of benefit dependency. Beneficiaries need organised days to help them develop skills and habits for the workforce, assistance with childcare, transport and relocation to overcome barriers to work, and we should also be introducing time limits on benefits to create a sense of urgency.”*

— **Muriel Newman, Act spokesperson on social welfare.**

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.

**The Jobs Letter** — P.O.Box 428, New Plymouth, New Zealand phone 06-753-4434 fax 06-753-4430 email [editor@jobsletter.org.nz](mailto:editor@jobsletter.org.nz)