

The Jobs Letter

No. 182

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Essential Information on an Essential Issue

KEY

MAYORS MEET
IN CHRISTCHURCH

GLOBAL EMPLOYMENT
SLOWDOWN

NEW CHILD POVERTY REPORT

RAISING CHILDREN IS
NATION-BUILDING WORK

GOVERNMENT EMPLOYMENT
STRATEGY UPDATE

ENGLISH ON WELFARE
REFORM

OZ BUSINESS WARNS OF
UNEMPLOYED UNDERCLASS

- Two years of international economic slowdown has pushed the number of unemployed people to new worldwide heights and there is little prospect of improvement this year. *Global Employment Trends 2003*, a report by the International Labour Organisation (ILO) states that **worldwide unemployment has grown** by 20 million people over the last three years alone, bringing world unemployment to 180 million. Particularly hard hit have been women and young people who often have jobs that are vulnerable to economic shocks. Unemployed workers pushed into informal jobs face **even more uncertainty** due to a near total lack of social security coverage.

Director-General Juan Somavia says that given the receding likelihood of a global economic recovery in 2003, the **deteriorating trend** is almost certain to continue. Somavia: "The prospect of a weak or delayed recovery is very disturbing. A continuation of these trends will dramatically increase the number of unemployed and working poor. A full-scale global recession could have grave consequences for the social and political stability of large parts of the world."

— *Global Employment Trends* (International Labour Organisation, January 2003) is a huge 24 mb PDF file. The table of contents is available at: www.ilo.org/public/english/employment/strat/gloemptrn.htm and each chapter can be downloaded separately.

- **Progress on child poverty** issues is being hampered by a lack of coordination and cohesion in many government sectors, according to the Child Poverty Action Group (CPAG) and this is resulting in **fragmented and ineffective** action.

The publication of the second edition of *Our Children: The Priority for Policy* shows that those involved in CPAG are **clearly frustrated** as they wait for the debate on child poverty to be turned into meaningful legislated policies. While CPAG acknowledges that many small policy initiatives for families and children have been put in place over the last two years, it concludes that the government's commitment to eradicating child poverty has stalled and criticises the government's 2002 Budget for **failing to deliver** significant improvements for children.

CPAG is calling for the immediate amalgamation of the Child Tax Credit with Family Support, thereby eliminating the exclusion of families on a benefit from getting the tax credit. It also wants all family assistance allocations to be adjusted for rises in inflation .

— *Our Children: The Priority for Policy second edition* (Child Poverty Action Group, March 2003). Download (68 pg, 824 kb) from www.cpag.org.nz/Our-Children-Second-Edition-2003.pdf

- The government has **dropped work-testing** for people on the Domestic Purposes and Widows Benefits. This means that the age of their youngest child no longer determines whether these beneficiaries are required to look for paid work. Minister of Social Services and Employ-

DIARY

26 February 2003

School leaders tell a parliamentary select committee there needs to be mandatory standards set for teacher training graduates. Schools principals and other groups say they are angry about the quality of courses run by some smaller teacher training institutions and that schools are being presented with graduates who are ill-prepared for the classroom.

According to the Ministry of Agriculture and Fisheries two-thirds of NZ physical export earnings come from agriculture, forestry and horticulture.

By 2005 the Asia-Pacific region will have more IT programmers and developers than North America according to industry monitor International Data Corp.

US-based telephone toll carrier WorldCom cuts another 5,000 jobs.

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DIARY

27 February 2003

Dame Kiri Te Kanawa says she wishes more Maori were driven by hard work, had more pride, and did not rely on benefits. She says the saddest thing is that Maori had slipped through the cracks of education.

28 February 2003

The NZ Veterinary Association says there is a 13% shortage of vets, mostly practicing on farms. Chief executive Murray Gibbs says that high student debts and low starting pay are luring many graduates overseas.

Minister of Tertiary Education Steve Maharey says we cannot operate our economy without vets. A tertiary review paper due out in May will consider ways to retain veterinarians, as well as doctors, immediately after graduation.

The median age for NZ women having a first child has risen to 30 years and the average number of babies a woman has has dropped to 1.9 per mother. This declining birth rate is expected to result in the number of children in the population gradually reducing from the current 23% to 17% over the next 25 years.

Many Maori leaders expressed their disappointment with Dame Kiri Te Kanawa's comments about the state of Maori in NZ. Ngai Tahu leader Mark Solomon agrees that Maori have issues that need addressing, but says "...you don't do it by putting down a whole race". National MP Georgina te Heuheu says most of Dame Kiri's comments were inappropriate and based on stereotype, not fact.

Labour MP Tariana Turia suggests how Dame Kiri could have approached the issue more appropriately. She says Maori were proud of Dame Kiri's achievements and that she had been an inspiration to many of her people. Turia: "The best thing is when anyone who achieves remembers all those who advised and guided and supported them ... and to try and return something to their roots to nurture the coming generation".

ment Steve Maharey explains that he has taken the decision to scrap work-testing because part of the country's investment in the DPB is an **investment in children**. He says that if sole parents who have problem children are forced out to work, then society can end up with a raft of costly new problems.

Under the new regime, people on the DPB or WB will be required to participate in a planning process that promotes goal setting and planning for the time when their circumstances allow them to combine parenting and paid work successfully. Helped by their case manager, they are required to develop a Personal Development and Employment (PDE) plan. This plan is expected to reflect the person's parenting and family needs, identify their barriers to employment, and identify ways to improve their skills and participation in the community. Clients will meet with their case manager at least once a year to update their PDE.

- The scrapping of the work-test **does not eliminates sanctions** for people not complying with the conditions of the DPB. Those who fail to meet their obligations can have their benefit reduced by 20% and continued non-compliance could result in a further 30% reduction.

Under the **work-testing** regime, the main focus for Winz case managers was to place DPB clients into jobs. Maharey says this was **counter-productive** and discounted what was going on in each individual family's life. Forcing people into taking up jobs they did not like, or want, often found them bouncing back onto the DPB. Maharey says the new Act recognises that most people receiving Domestic Purposes or Widows Benefits want to improve their own and their children's circumstances and they do not need to be "shoe-horned" into any job no matter how unsuitable it might be in light of their family responsibilities. Maharey: "... raising healthy successful children is vital nation-building work. The new rules assist beneficiaries to move into paid work but being a good parent must come first."

- Opposition politicians are not convinced by the new DPB changes and say that the government has gone soft on welfare by making it a career choice. National MP Katherine Rich says the new policy will give parents an **opt-out clause** from work when the government should be encouraging them back into the workforce. ACT MP Muriel Newman calls the argument for scrapping the work-test "mumbo jumbo". She says that work-testing helped people move off the DPB and now they will be able to languish on it until their youngest is 18.
- The Mayors Taskforce for Jobs held its **annual forum** earlier this month in Christchurch. The meeting included 15 Mayors from around New Zealand, who held workshops on successful local employment strategies and heard presentations from the many partners to the Taskforce initiative. Taskforce Chairman and Christchurch Mayor Garry Moore says: "It's taken a while to get everyone committed to the ideas behind the Taskforce, and I reckon we're at the end of that phase and now it's time to really **start pushing for results** and swapping information about what's working well. We also want to make sure all our young people know that they're valued, that they're wanted in their communities and that we're backing them to succeed ..."
- Last October, the Taskforce signed an agreement with the Government which includes a commitment that "by 2007, all 15-19 year olds will be engaged in appropriate education, training, work, or other options which will lead to long-term economic independence and well-being".

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2 March 2003

A shortage of qualified social workers means that the successful Social Workers in Schools early intervention project is unlikely to be extended as planned, according to Massey University researchers.

3 March 2003

The Post Primary Teachers Association submission on GATS recommends that the government does not engage in any further negotiations on the agreement until a thorough review is conducted of the impact it would have on development, democracy, environmental sustainability, health and human rights.

4 March 2003

The parliamentary Social Services select committee says that direct debiting rent money would help to solve the budgeting problems faced by many beneficiaries. This reflects a suggestion made last month by Labour Cabinet Minister John Tamihere. The committee also expresses its concern that many tenants in income-related state houses are staying too long and have no incentive to move on.

5 March 2003

Massey University is working on a study to find ways to match worker skills with sustainable jobs. Researcher Paul Spoonley says the work is intended to help make the most of the NZ talent pool, ensure that education fits present and future employment needs, and that sustainable job growth opportunities are followed up.

The number of NZ'ers moving to Australia to live has reduced by nearly 40% over the past year, according to figures provided by the Ministry of Immigration. Last April, Australia barred NZ'ers from eligibility to social welfare benefits until two years after their arrival.

6 March 2003

The Mayors Taskforce for Jobs holds its annual meeting in Christchurch. At the meeting the Taskforce signs a Memorandum of Understanding with the NZ Council of Trade Unions.

Jim Anderton, Minister of Economic Development, who attended the Christchurch forum, says the Mayors Taskforce is playing a “vital role” in building localised support for economic growth. Anderton: “In the early days of this government we faced some opposition from some local authorities, and others, that jobs and economic development were not roles that local government had any responsibility for. In part, because of the creation of the Mayors Taskforce this has now changed. Your **prioritisation of youth employment** is also one shared by the Labour Progressive Government, and we have been proud to work in partnership with you.”

- The Mayors Taskforce now has formal and informal partnerships with Central Government, The Jobs Research Trust and *The Jobs Letter*, The Employment Catalyst and the Tindall Foundation, The New Zealand Business Council for Sustainable Development, The Council of Trade Unions, Ministry of Social Development and Department of Work and Income, Community Employment Group (Department of Labour), Ministry of Economic Development and Industry New Zealand, The Economic Development Association of New Zealand, Local Government New Zealand, Te Araroa Trust, Te Puni Kokiri, Ministry of Pacific Island Affairs, Career Services, Tertiary Education Commission (formerly Skill NZ), Labour Market Policy Group (Department of Labour) and the Ministry of Youth Affairs.
- Mayors attending the 2003 Taskforce Annual Forum included: Garry Moore (Chairman, Christchurch), Frana Cardno (Southland), Tim Shadbolt (Invercargill), Pat O’Dea (Buller), Bob Harvey (Waitakere), Chas Poynter (Wanganui), Jim Abernethy (Kaikoura), Kevin Brown (Grey), Mark Bell-Booth (Palmerston North), Michael McEvedy (Selwyn), Murray Anderson (Ashburton), Tony Arps (Hurunui), Wynne Raymond (Timaru), Colin Hammond (Whakatane) and Alan McLay (Waitaki).
- At the Christchurch meeting, the NZ Council of Trade Unions (CTU) signed up a Memorandum of Understanding with the Mayors Taskforce. As part of this Memorandum, **Mayors will co-operate with CTU**, and with Business NZ, on a campaign to lift the participation of employers and workers in industry training. This partnership will also see the Taskforce Mayors working closer with CTU Regional constituent bodies (Local Affiliate Councils) on the promotion of quality employment and training opportunities. Mayors have also agreed to discuss with the CTU the promotion of a set of minimum employment rights as a guide for young people.

Taskforce Chairman Garry Moore describes signing this Memorandum as “another major achievement for the Taskforce”. CTU Secretary Paul Goulter says: “We are all concerned that despite high demand for labour, there is still nearly 100,000 registered unemployed and we all need to co-operate to improve this situation.”

— the full Memorandum of Understanding is available on the Mayors Taskforce for Jobs website at www.jobsletter.org.nz/mtfjobs.htm

- The Mayors Taskforce has also decided to help establish a **national youth employment network** that will work alongside the Taskforce. The Mayors have decided to back this initiative after meeting with Sen Thong, who was the sole New Zealand representative to the Youth Employment Summit in Alexandria, Egypt in 2002. Thong is hoping to establish a local network of young people who want to contribute to the Alexandria Summit’s “Decade of Action” on youth employment, and their global goal that, by 2012, an additional 500 million young adults,

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7 March 2003

Migrants to NZ are better educated, have a higher employment and lower unemployment rate now than five years ago, according to the Department of Labour. Its latest External Migration report is available at: www.dol.govt.nz/PDFs/External_Migration.pdf.

The US unemployment rate rises to 5.8%.

Rotorua engineering firms say they are suffering from a "chronic" shortage of skilled workers. Local firms blame the scrapping of the old apprenticeship system a decade ago.

The NZ dollar rises to its highest value since PM Robert Muldoon floated it in 1985.

8 March 2003

In Nelson, the government attends the first of what is planned to be a series of 13 regional meetings on how to address skills shortages.

10 March 2003

National MP Maurice Williamson calls for a work-for-the-dole scheme as well as random drug testing as a condition for people to receive the dole.

Global IT company EDS plans to establish a Business Processing Outsourcing centre in NZ. The government is to contribute \$1.5 million to the venture and Minister of Economic Development Jim Anderton says as many as 360 high tech jobs may be created.

Fewer than one-in-five NZ workers take their allocated lunch break, according to a survey done by recruitment agency Robert Walters.

11 March 2003

A war with Iraq could cost US air carriers \$10.7 billion and 70,000 jobs, according to James May of the Aviation Transport Association. May says sequential airline bankruptcies are inevitable if passenger numbers drop as expected.

The European Central Bank lowers its interest rate to 2.5%.

especially youth facing poverty, will have productive and sustainable livelihoods.

— for more information, contact Sen Thong at phone 04-970-5529 021-147-6254 or email Sen@back2basics.co.nz

- At the Christchurch forum, the Taskforce also released a "**best practice**" guide to ten of the local employment projects being supported by the Mayors. These include a pre-apprenticeship work skills programme in Christchurch, "packaging" seasonal employment in Central Otago, apprenticeships in Dunedin, working in not-for-profit organisations in Taranaki, working in recycling in Kaikoura, a "theatre for change" in Porirua, developing the wharf in Dargaville, life-skills for young people at Borland Lodge in Southland, employment initiatives in Wairoa, and developing the Te Araroa Trail in the Far North.

Garry Moore: "We know that there is a wealth of opportunities for young people in their own communities and these examples show that. This guide not only tells about the projects but also gives you the key factors for success. I hope it will be widely used and the examples copied, changed and developed in communities throughout the country ... "

— *Best Practice Ideas from the Mayors Taskforce for Jobs (2003)*, edited by Jan Francis for the Mayors Taskforce, can be downloaded (26pg, 553kb) from www.jobsletter.org.nz/mtfjobs/mtfjbest03.pdf

- The Jobs Letter editor Vivian Hutchinson, who is also Community Adviser to the Mayors Taskforce for Jobs, gave a keynote speech to the Christchurch forum. A paper based on this speech, entitled "An Economy of Connection", has been published by the Jobs Research Trust, and is available on the internet at www.jobsletter.org.nz/vivian/econnect03.htm.
- The government has **updated** its official **Employment Strategy**, and reported its assessment on its progress over the last eighteen months. Despite global employment trends deteriorating, Minister of Employment Steve Maharey reports that the number of people in jobs in this country has risen to 1,886,000 workers — more than at any time in New Zealand's history. Maharey says that the future focus of the Employment Strategy is on developing a highly-skilled and flexible workforce. While the overall qualifications of NZ'ers has improved, the report points out that 10-17% of **young people** between 15-19 years of age are **still not taking part** in formal education, work or training. It is this group that will be the focus of the government's goal that, by 2007, they will all be engaged in education, training, or work.
- The government's Employment Strategy has been updated to place a greater emphasis on developing *sustainable* employment. Maharey: "The focus is not just on any job, but on a job that will improve the economic independence of job seekers. We would like people to have the opportunity to move into employment, spend less time unemployed and move into higher quality jobs..."

This change is reflected in the rewording and updating of the future goals of the Employment Strategy. The six former goals are now replaced by eight new ones: 1. Ensuring macroeconomic policies enable sustained economic growth and its accompanying job creation, 2. Promoting an "employment-rich, high productivity" economy, 3. Developing a flexible, highly-skilled workforce that is responsive to the needs

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12 March 2003

State benefits, pensions and allowances will rise 1.82% from 1 April as a cost of living adjustment.

The Auckland People's Centre is technically insolvent and laid-off 19 advocacy and support staff earlier this year. Free medical and dental services continue to operate at the Centre and co-founder, Green MP Sue Bradford, says she expects the advocacy and related services to be restored later this year.

ACT MP Gerry Eckhoff claims that the rural sector is awash with employment opportunities but that many people on the dole are too unfit to do the work.

13 March 2003

Associate Minister of Employment Rick Barker says ACT Party claims about the fitness of the unemployed people amounts to beneficiary bashing. 900 people in the Nelson/Tasman districts and 2,310 in the Hawke's Bay people have come off the unemployment register, and Barker says they have largely gone to orchard work. Barker says the Hawke's Bay fruitgrowers' federation is unaware of any major labour shortages.

The Australian unemployment rate drops to 6.0%.

17 March 2003

780 of the 193,000 NZ'ers who earned more than \$60,000 last year derived at least part of their income from a government welfare benefit, according to the Minister of Finance Michael Cullen.

18 March 2003

The Child Poverty Action Group's report "Our Children: The Priority for Policy" is launched at the Beehive.

The Department of Labour publishes its updated *Employment Strategy: Progress to Date*.

The government is investigating ways of encouraging more employers to set up superannuation schemes for their workers. Just 3% of NZ employers offer super schemes and 16% of workers take part in these.

of the labour market and an innovative economy, 4. Developing community capability as a source of employment opportunities, 5. Promoting a fair employment environment that enhances working relationships, 6&7. Improving participation in employment, earnings and the quality of employment for Maori, and Pacific peoples, 8. Improving participation in employment, earnings and the quality of employment for women, youth, mature workers, people with disabilities, and other groups at risk of long-term and persistent unemployment.

— *Employment Strategy: Progress to Date July 2001 – December 2002* (pub. Department of Labour, March 2003) can be downloaded (11pg, 363kb) from www.dol.govt.nz/PDFs/Employment%20Strategy%20Progress.pdf

- The National Party is **re-working its welfare policies** and will soon release a paper. Leader Bill English has set the tone by telling a group of Dunedin business people that a welfare benefit is not a lifestyle choice or entitlement and that National would aim to keep welfare beneficiaries moving through the system rather than settling into it. Look for: policies which will **return to a work-for-the-dole** scheme, a prominent feature of the National/NZ First coalitional government in the mid 1990s.

English says National would reverse the government's decision to scrap the work-test for people on the DPB and teenage mothers would be required to continue their education as an eligibility requirement of the DPB. He favours **new sanctions** for those who do not seek work or deliberately flunk work interviews and suggests that a lower level of benefit for those dodging their responsibilities may be the answer.

- National is also looking at proposals to introduce an Australian-like job placement system. In the New Zealand context this would see the **job placement functions** of Winz largely **privatised** and carried out by businesses and community organisations on a pay-for-performance basis. English says he wants to turn the job placement function over to those in the community who have a real stake in the solutions. He claims that the voluntary sector sees beneficiaries who are hard to place in work as their natural constituency, and that these beneficiaries feel more comfortable about receiving assistance from the voluntary sector.

National Party social welfare spokesperson Katherine Rich is clearly impressed with the 1996 American welfare reforms that put a **time limit on benefits**. Rich says that despite what critics say about the initiatives, US welfare numbers have dropped by 60% since the reforms were instituted. She claims that most of those people have gone into work and that child poverty and child hunger measurements in the United States have also dropped over the same period.

- New Zealand has a **declining rate of home ownership** and the government is considering what it can do to reverse this drift and encourage people to buy their own home. Against international trends, private home ownership has fallen over the last decade from 74% to 68%. Massey University professor Bob Hargreaves says the reasons for people not buying houses include a decline in job security, people being more mobile, people delaying having children, the difficulty people have in saving up a deposit, and people's desire to repay existing debts before taking on a house mortgage.

Hargreaves says a key factor is the **increased disparity in income** levels of New Zealanders. He describes the model of New Zealanders' income levels as having changed from being egg-shaped, with many

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19 March 2003

The Commonwealth Bank of Australia is to print its credit cards in Christchurch threatening hundreds of jobs in Victoria, according to Australian union officials.

Qantas will temporarily cut another 1,000 jobs through a forced-leave programme. The airline has already cut 1,500 in anticipation of slower business due to the war in Iraq.

20 March 2003

200 jobs may disappear from the Wellington area as Telecom NZ advances plans to merge its Hutt Valley contact centre with its Hamilton facility.

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earning good solid middle incomes, to an hour-glass shape with more people's incomes up and many more people's incomes down. This increase in the number of low-income families is reflected in a decreasing number of people who buy houses.

The government says it will not go back to policies in which the state-owned Housing Corporation acted as a major lender to first homebuyers as it did through the mid 1980s. Acting Minister of Housing Steve Maharey says some options on the table are the government acting as **guarantor** for those with no collateral, and offering **suspensory loans**.

- **Employment issues** for New Zealand **young people** is a major focus of The Lowdown, a website hosted by the Citizens Advice Bureau. The Lowdown, aimed at 12 – 25 year olds, offers information on things like employment agreements, minimum pay, unions, obligations of the worker and their employer, wages, holidays and harassment. The site also provides youth-focused information on consumer rights, tenancy, the police, and legal ages.

— *The Lowdown* can be found at www.cab.org.nz/lowdown/index.html

- The CEOs of Australia's top 100 companies warn that a "community disaster" will result if the federal and state governments do nothing to improve the country's school retention and participation in education rates. If nothing is done, 80,000 young Australians will leave school with no qualification over the next decade and the Business Council of Australia says the country is risking the **establishment of an underclass** who will face long-term unemployment and poverty.

The Cost of Dropping Out, prepared by the Council says that over the past decade only 67% of students completed year 12. 21% of the young men who left school in Year 9 failed to find work, compared with 7% of Year 12 leavers. A massive **59% of females** who left school in Year 9 were **unable to find work**.

The Council chief executive Katie Lahey says that young people who drop out and don't go on to other training find it difficult to find employment and are sometimes condemned to a **lifetime of social and economic hardship**. Lahey: "It's a really important issue, not just from a business point of view but from a community point of view. The broader community pays through higher welfare costs, higher health costs, higher crime rates and other social impacts. And businesses face labour and skill shortages."

The Cost of Dropping Out points out that the ongoing reduction of unskilled or low-skilled jobs in the job market continues to cut into the opportunities for early school leavers. Factors contributing to young people dropping out of school include living in rural areas, coming from a low socio-economic background, and having poor literacy and numeracy skills. Katie Lahey says a more **co-ordinated response is required** which included improved school programmes, better job and career advice, and better use of management and mentoring.

— *The Cost of Dropping Out* (pub. Business Council of Australia, January 2003) can be downloaded (14pg, 255kb) from www.bca.com.au/upload/The_Cost_of_Dropping_Out.pdf

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