

The Jobs Letter

No. 183

15 April 2002

Essential Information on an Essential Issue

KEY

BUSINESS GUIDE TO YOUTH
EMPLOYMENT LAUNCHED

CITY CARE PRE-
APPRENTICESHIP

GOVERNMENT'S YOUTH
TRANSITIONS GOALS

WAITAKERE AND PORIRUA
YOUTH PILOTS

SKILL SHORTAGES IN
BUILDING INDUSTRY

LITERACY AND NUMERACY
IN INDUSTRY

DIARY

21 March 2003

The American-led war in Iraq begins. American stock markets rise higher than they had during any one week in the past 20 years.

23 March 2003

Dargaville's Richmond meat processing plant is to cut 70 jobs. Richmond is upgrading the plant and management says the new facility will employ one-third fewer workers.

The number of permanent and long-term arrivals to NZ last year was 35.7% higher than the year before. The greatest increases were in immigrants from China and the UK. Immigration has accounted for a 1% growth in the NZ population.

25 March 2003

The Auckland Chamber of Commerce quarterly survey of employers finds 28% expect to increase staff numbers during the coming year. 38% have found it harder to hire skilled staff and 13% say it has been harder to find unskilled staff.

Around half of NZ'ers are saving for their retirement, according to the insurance company AMP. However, 75% of NZ'ers expect they will want more income than government superannuation to retire on.

- The NZ Business Council for Sustainable Development (NZBCSD) has launched its "Industry Guide to Youth Employment" booklet and website. The guide outlines the "business case" for getting more involved in **youth employment** issues, and has been produced as part of the partnership between the NZBCSD and the Mayors Taskforce for Jobs. It draws on the experience of NZBCSD member companies such as the Warehouse, Fonterra, City Care, Urgent Couriers and Holcim Cement in detailing how businesses can initiate their own youth employment programmes.

In launching the Business Guide, NZBCSD Chairman and Warehouse founder Steven Tindall says he is **challenging all** New Zealand **businesses** to think about their own opportunities for enabling the education and employment of young people. Tindall: "Earlier this year we learned that skill shortages are limiting the capacity of one-in-six New Zealand businesses, while one in ten young people are out of work or training. Somehow we are allowing ourselves to miss out on the tremendous wealth of energy, skills and perspective that our young people can potentially offer. We have written this guide to share our findings and demonstrate why it can be a smart move for NZ businesses to proactively address youth employment."

Steve Maharey, Minister of Social Services and Employment, who also spoke at the launch of the publication, says it is heartening and inspirational to see the **growing commitment** from local government and the business community to supporting **initiatives for youth** employment. Maharey: "It will take more than government policy and initiatives to ensure that all our young people get the opportunities they deserve. There is widespread recognition that the whole of New Zealand needs to work together collaboratively to support our young people in achieving their full potential."

— *Business Guide to Youth Employment: Making a Difference for a Sustainable New Zealand* by the New Zealand Business Council for Sustainable Development (March 2003). The guide can be viewed online or downloaded (PDF, 36pg, 2.31MB) from www.nzbcscd.org.nz/youthemployment/

- One of the **leading examples** of the NZBCSD approach to youth employment can be found at City Care, the Christchurch-based company that provides contract services to local authorities and other major assets owners. City Care employs 500 staff in a diverse range of operations including maintenance of parks, water networks, buildings and roads.

While City Care employs more than 80 apprentices, many of them are older than 25 years of age. CEO Richard Lauder has been conscious of the need to **bring younger people into his workforce** to ensure a replacement supply of skilled labour across his diverse operations. Lauder: "City Care operates in industry sectors that are not regarded as attractive for school leavers, and our industry has generally neglected training new staff during the 1990s. As a result, many of our trades qualified staff are reaching the end of their working careers, and we do not have enough younger staff in training to replace these skilled workers."

The Jobs Letter

DIARY

26 March 2003

The new management company for the Kaingaroa Forest is looking to employ 80 staff.

30 March 2003

Minister of Social Services and Employment Steve Maharey clarifies the status of the 780 people who had been on a benefit and reportedly had earnings of \$60,000 or more last year. Maharey says these people either took up or left high paying jobs during the year, rather than receiving that amount of benefit.

Forty more student places at medical schools will be funded from next year in a bid to address the nationwide shortage of doctors. Lifting the number of medical students from 285 to 325 will be the first increase since 1981.

Bankrupt US steel producer Bethlehem Steel has won court permission to eliminate health and life-insurance benefits for about 90,000 retirees as it sells up to new owners.

31 March 2003

An East Coast forestry firm stands-down 360 forestry staff as wholesale electricity rates make the full-scale operation of Pan Pac Forest Products uneconomic. Managing director Stuart McKinlay says that electricity is costing ten times the amount the company had budgeted for.

Minister of Youth Affairs John Tamihere says the Maori tertiary institution Te Wānanga o Aotearoa is not providing its students with skills to get jobs. Tamihere voices his concerns about course quality, assessment procedures and relevance of some of the courses provided by the Te Awamutu-based institution.

The government makes an initial offer to the World Trade Organisation in the second round of the General Agreement on Trade in Services (GATS).

United Future MP Judy Turner says the government's failure to adequately explain the 7.4% rise in the number of sickness beneficiaries last year indicates it is unable to effectively address the issue.

ACT MP Muriel Newman says that people on the sickness benefit who have permanent health conditions should be moved to the Invalids Benefit and those who claim to be sick, to avoid the need to find a job, should be jettisoned.

- Lauder secured a flexible arrangement with Work and Income subsidies to support the company taking on 20 young long-term unemployed people. City Care offered them: **12 months paid employment and training** while cycling through 8 occupational areas at City Care; training to a new Level 2 NZQA certificate in a range of generic trades skills, including life skills and remedial literacy and numeracy; buddying with experienced Trades qualified mentors for the twelve month period; and the opportunity to continue on with fully fledged apprenticeships with City Care, or to continue employment and training with other Christchurch employers.

Lauder: "The programme has been very successful. Staff morale and our public profile have improved, and we have 20 enthusiastic new staff members. I strongly encourage other employers to take up this rewarding initiative..."

— further information on this project, plus a guide to implementation can be found in the "2003 Best Practice Ideas Guide" of the Mayors Taskforce for Jobs, at www.jobsletter.org.nz/mtfjobs/mtfjobs67.htm

- In October last year, the government signed a revised Memorandum of Understanding with the Mayors Taskforce for Jobs, outlining the process by which central government and the Taskforce will co-operate towards the achievement of the shared goal, 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*". This government goal is seen as a **significant commitment** towards the Mayors Taskforce goal that all young people under 25 years should be in work or training in our communities.

The figures: according to Census 2001, there are approximately 265,000 young people aged 15-19 in New Zealand. Of these numbers, the government estimates that, at any point in time, between 27,000 and 45,000 (or 10-17%) young people are not participating in formal education, training or work.

- Employment Minister Steve Maharey has just announced details of a "work programme" towards achieving the 2007/under-19 goal. This will consist of three strands:
 - improving our understanding of **youth transitions** to better direct future investments;
 - identifying initial priorities and a **course of action** to make measurable progress in the identified priority areas.
 - working towards achieving a coherent transition system, including **better co-ordination** of services for young people at risk, and alignment of services, institutions, agencies, and policy frameworks.

The Minister has sought further advice from his officials on the dynamics of youth transitions, and this report will be due to Cabinet in July. This work is intended to contribute towards new measures which will be announced in the 2004 Budget.

- Steve Maharey and Economic Development Minister Jim Anderton have also just announced funds for two major **regional pilot programmes** aimed at improving the transitions from school to work **for young people**.

The programmes will be undertaken by Partners Porirua and Enterprise Waitakere, and will work to better match skill development programmes for young job seekers with the local employment opportunities. The two pilots have received a total of \$400,000 from the Ministry of Economic Development.

The Jobs Letter

DIARY

1 April 2003

Hundreds of jobs will be created as movie-maker Peter Jackson announces he has signed a \$200 million contract to make a new version of *King Kong*.

Asset-testing of elderly people in long-term care will begin to be phased out starting in 2005.

Japan announces it is lifting tariffs on imported beef from 38.5% to 50%.

2 April 2003

The Immigration Service has issued 114 work permits that allow overseas visitors to work in orchards in the Hawke's Bay and Central Otago. This is the fourth consecutive year the Services has offered horticultural work permits to help counter worker shortages.

People who are returning from the Hong Kong Sevens rugby tournament are advised not to return to work until it is clear they have not contracted the respiratory disease SARS.

Students from China and Hong Kong who are studying in NZ are being advised not to return to their homeland for Easter for fear they may be infected with SARS. Some tertiary institutions have banned staff travel to high-risk SARS areas.

The international aviation industry is in crisis with the downturn in air passengers due to the Iraqi war and the SARS health threat. Air Canada has filed for bankruptcy and KLM, British Air, Air France and Lufthansa have all laid-off staff. American Airlines, the world's largest carrier, appears to have struck a deal with its 100,000 employees to cut wages by 15% – 20% in order to avoid bankruptcy.

3 April 2003

The SARS virus poses a genuine threat to the NZ economy, according to Stephen Topliss of the BNZ. Last year NZ exported more than \$500 million in fresh food and beverages to Hong Kong and Singapore and this trade may be reduced significantly as tourist numbers slump in those countries.

The government plans to increase the financial penalty imposed on women on the Domestic Purposes Benefit who do not name the father of their child. There are currently 16,498 women on the DPB who have not revealed the name of the father of their child and the government is keen to have these men identified so that they can be made to make liable parent contributions.

Jim Anderton sees these pilots as part of a “whole-of-government” approach which will involve central and local government, schools, businesses and the wider communities within the pilot areas. He says the programmes will be evaluated to ensure lessons from them are available for the benefit of all regions. Anderton: “Youth unemployment is unacceptably high at 11 per cent and we are committed to action. We need to see young people in challenging jobs that build their talents and skills, to ensure that they are feel valued and can contribute to the community. This is essential for our economy, particularly at a time when regions and businesses throughout the country are facing skill shortages...”

- **Skill shortages** are high in most sectors and regions, but are being felt most acutely **in the building industry**. Half of all builders have reported difficulties in finding skilled workers, and nearly a third have had difficulty finding unskilled workers. One in three building businesses say that finding workers is a constraint on expansion.

The Building and Construction Industry Training Organisation chief executive Pieter Burghout says that new housing permits normally number 19,000-20,000 a year, but are now at 25,000-26,000. Burghout told *The Dominion Post* that the sector is now campaigning to **attract more young people**. The industry employs about 35,000 people, but needs as many as 10,000 more. Apprenticeship numbers have doubled in the past year, and the industry hopes to boost recruitment by 10% for each of the next five years.

Burghout points out that the training of existing workers is also a problem. At the moment, just a third of workers in the building industry are trade qualified ... and the ITO believes this number should be increased to at least half the workers.

- With New Zealand companies reporting they suffer from skill shortage problems, some are putting in place their own **literacy and numeracy programmes**. And those who are, see significant “return on investment”, according to Workbase, the National Centre for Workplace Literacy. Companies say they benefit through increased production levels, reduced day-to-day problems, improved worker health, better adherence to safety procedures, improved documentation, and reduced mistake and reject levels.

Rod McDonald, a learning and strategy consultant, says that literacy and skills development are two of the most effective weapons in developing **greater workplace and worker productivity**. Workers who have key skills, including higher levels of literacy and numeracy, are more effective and need less supervision. McDonald says that training improves staff retention and attracts skilled workers. McDonald cautions employers that trained staff expect to be able to use their skills and that they may need to be provided with more satisfying work and better pay or they may leave for a better offer.

- Only twelve of the 145 World Trade Organisation (WTO) members have tabled their General Agreement on Trade in Services (**GATS**) offer by the 31 March deadline. New Zealand was included in the twelve.

The GATS offers signal which industry sectors a country is willing to open to up unrestricted foreign competition in return for reciprocal commercial access in another country. The **New Zealand offer** includes postal and courier services, credit reporting and collection agency services, environmental consultancy, urban planning consultancy, landscape architecture consultancy, interior design services, services relating to the placement and supply of personnel, veterinary and animal husbandry services, computer services, telecommunications, construction services, financial services, maritime transport, and air transport.

DIARY

8 April 2003

The number of NZ job ads dropped by 3.1% last month and are now slightly lower than they were at this time last year, according to the ANZ Job Ads survey. ANZ's David Drage says that the current rate of job vacancy advertising indicates continued employment growth.

Mana Men's Rights spokesman Bruce Chariton says his group will fight the government's intention to force women on the DPB to name the father of their child. Chariton says it is a myth that separated father do not support their children just because they do not pay into the child support system.

Green MP Sue Bradford says that women on the DPB who feel their safety or the safety of their child would be compromised by naming the father should be exempted from doing so.

10 April 2003

56% of NZ businesses expect a deterioration of business conditions during the next six months, according to the NZIER quarterly survey.

The Australian unemployment rate rises to 6.2%. Stephen Koukoulas of TD Securities says the economy is on the precipice of a significant downturn and predicts unemployment will rise to 6.75% this year.

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

Meanwhile, WTO negotiations about trade liberalising the trade of agricultural products have not even make it to the talking stage. Industrialised countries that have protectionist agricultural policies have **not been able to agree on** a "framework" for the talks. This lack of action on **agricultural trade issues** is expected to fuel the cynicism of developing countries who have agricultural exporting potential but are excluded from the markets of the world's wealthiest countries.

— *New Zealand's Initial Offer in the WTO Services Negotiations* by Ministry of Foreign Affairs and Trade (April 2003) can be downloaded (PDF, 11pg, 43kb) from www.mft.govt.nz/foreign/tnd/wtonegotiations/stagetwoservices/nzservices1.html

- The NZ Council of Trade Unions is still concerned about how the New Zealand GATS offer will affect local workers. The CTU had been seeking a delay in tabling the offer so that full consultation could occur. Secretary Paul Goulter says the unions are now requesting **clarification on the specifics** of what opening up things like maritime cargo handling and postal services actually means.

Green Party co-leader Rod Donald argues that it is time to pull the plug on GATS. He says the government had embraced the GATS process in the belief that in doing so it would earn "brownie points" with the major markets for our farm products. Donald: "The government's commitment to this GATS process was predicated solely on gaining influence for our farm export lobbying. Now with that collapsed, there remains no good reason to proceed with our GATS offer."

- The Labour Market Policy Group (LMPG) of the Department of Labour plans to take its *Future of Work* workshops to Christchurch and Auckland later in the year. They plan to invite academics, local and central government representatives, education providers and people from voluntary organisations to listen and respond to current research.

The research papers from the first *Future of Work* workshop held in Wellington in March can be downloaded from www.dol.govt.nz/futureofwork/workshopsandconferences.asp

- American economists remain pessimistic about the **US economy** and its **shrinking number of jobs**. The US private sector has shed 2.6 million jobs since President George W Bush took office in 2001, and his administration has been counting on a quick victory in Iraq to boost the stock market and lift consumer confidence to re-ignite the economy.

The Washington Post, however, says many economists agree that American economic problems are much broader than the war and will be more difficult to solve. The current US unemployment rate is 5.8% and one-in-five of those unemployed Americans have been without paid work for over six months — the highest level in ten years. The Economic Policy Institute says that, by some measures, the US is experiencing its longest continuous stretch of job decline since 1944-46.

The Bush administration has calculated that its \$726 billion tax cut proposal will result in 450,000 new jobs being created this year. This is slightly fewer than the number of jobs the economy lost in the past two months alone. Randell Moore, editor of *Blue Chip Economic Indicator*, points out that the Bush tax cut proposal will not change the fact that economic forecasts are down. Moore says that the US is **using only 75%** of its industrial capacity — the lowest level in 20 years. He warns that working through that excess capacity, and adding the jobs to do so, will take some time.

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