

The Jobs Letter

No. 201

24 February 2004

Essential Information on an Essential Issue

KEY

FLOODS IMPACT ON JOBS

TEC RECOMMENDS
TRADES OVER UNI

UNEMPLOYMENT RISES,
JOB GROWTH SLOWS

WILL THE OZ-US "FREE-TRADE"
DEAL COST JOBS?

JANET FRAME 1924-2004

DIARY

27 January 2004

Many children are working unsupervised and in dangerous or abusive working conditions, according to a report prepared by Caritas NZ. Children of low-income families are more likely to be working to supplement family incomes than those whose families have mid to high incomes.

28 January 2004

Janet Frame, Order of New Zealand, CBE, a New Zealand literary icon, has died at age 79.

The Chinese economy grew by 9.1% last year.

29 January 2004

The Employment Relations Service has posted guidelines for child workers and their employers after a report claims that some children were working for less than \$2/hr. The guidelines can be viewed at www.ers.govt.nz/factsheets/employingchildren.html

The New Plymouth District Council cadetship scheme ends its first year as a "huge success" according mayor Peter Tennent: "If every employer in the district brought in a similar cadetship scheme – whether on their own or by clubbing together with similar businesses – our youth unemployment rate would be practically wiped out."

- This month's floods in the lower North Island are now considered to be the **biggest natural disaster** to have hit New Zealand since the 1931 Napier earthquake, and the impact will be much greater than the devastation caused by cyclone Bola in 1988.

With up to 22 bridges washed out in the small Manawatu town of Feilding alone, Economic Development Minister Jim Anderton says the government relief package would need to be "very, very significant". Anderton: "There is not the loss of life that there was in Napier, but the **damage to** viable farmland and housing and **livelihoods** is on a much bigger scale. There is no doubt that we are facing a cost much higher than anything we have seen in recent New Zealand history."

—The Ministry of Social Development is providing people affected by the flooding with a single point of contact for information on government services. People requiring information on income support, housing options, health issues, community assistance, Taskforce Green clean-up, insurance, civil defence, document retrieval or any other government service should call the Government Flood Helpline on 0800 779 997.

— the Manawatu/Wanganui Regional Disaster Relief Fund has been set up and is being run by Palmerston North Mayor Mark Bell-Booth. People and organisations wanting to make major cash, or other, donations should do so via the region's Mayors.

- The Insurance Council now says that its estimate that the damage would run to \$100 million is conservative. Chief executive Chris Ryan speculates that some smaller communities are likely to have been destroyed by the disaster.

Part of the problem is a **lack of skilled tradespeople** in the areas affected. Ryan says that rebuilding homes, farm and commercial property and infrastructure will require a massive shift of manpower. Ryan: "Where do we access a reasonably strong workforce of skilled tradespeople and for a reasonably long period of time? With something of this size it always takes much longer than most people realise. If you have a small town where a quarter of the residents have lost everything and don't have any way of building new homes, it calls into question the sustainability of the community."

- Farmers will have no choice but to **lay off workers** after floods have put many lower North Island farms out of action. Federated Farmers vice president Charlie Pedersen says some farms are in such a state it will be weeks before they can be cleaned up and repaired so that stock can be returned and farming start again. In the meantime many flood-ravaged farmers say they will not have the income, and will have no choice but to lay off workers.

The Government has advised Federated Farmers that staff being made redundant as a result of the flood will not be required to wait the usual stand down period before becoming eligible for the dole. Federated Farmers is advising farmers that any termination letter makes clear that termination is a direct result of the flood. And they are encouraging

The Jobs Letter

DIARY

1 February 2004

EDS NZ looks set to gain from its US parent company's decision to send more of its work off-shore. EDS is an IT and management outsourcing service with a global workforce of 130,000. EDS NZ chief Rick Ellis says the parent company plans could increase the EDS NZ workforce by more than 2,000 people.

Southern meat company PPCS is adding robotic workers to its freezing works team. One robot specialises in removing the pelvic bone from a carcass and a development team is working on a robot which will divide a whole carcass into prime cuts.

5 February 2004

People working as carpenters and joiners have enjoyed some of the largest pay rises last year, according to the Statistics NZ labour cost index. Carpenters, joiners and teachers averaged 4.3% pay rises. Throughout the whole economy, salaries and wages rose by 2.4%.

The rate of Maori employment is rising and the rate of Maori unemployment is dropping in regards to the general population. Even so, the standard of living of Maori is not rising as it is for the general population. MSD research at www.beehive.govt.nz/Documents/Files/Summary%20of%20Indicators%20and%20Initiatives.doc

British retailer Marks and Spencers is offering unpaid work experience to 2,000 school pupils, 200 parents seeking to return to the workforce, 200 disabled people and 100 young unemployed people.

As 10 new (mostly former communist) Eastern European states are set to become part of the EU, Britain joins with an array of EU members who will refuse to allow free migration from the new member countries. The new members represent 73 million people, with many living in poverty, and the existing EU members are reportedly concerned about protecting their own welfare systems.

laid-off staff to make themselves known immediately to Work and Income, as their skills will be in high demand as part of the recovery efforts.

- The Tertiary Education Commission (TEC) is **advising school-leavers to forego degrees** and get lucrative blue-collar jobs to help the country solve chronic skills shortages. TEC chairman Andrew West says too many people are going to university and suggests that parents' desires for their children to gain a degree are not always the best thing for their child or for society. He says that there are growing skill shortages in trades and technical areas, yet more than half the 300,000 people undertaking tertiary study are at degree level or higher. West: "Many parents want their children to have a secondary school education that leads to a degree ... is that always in the individual's best interests? And how many graduates does this country need?"

But Unitec president John Webster warns that there is a danger that well-meaning attempts to persuade parents that their children should set aside ambitions for a degree-level education may increase rather, than reduce, our **longer-term skills deficit**. Webster believes the focus should instead be on encouraging school-leavers to think beyond the traditional degree subjects, and on helping them understand tertiary education is not an option only immediately after completing secondary school.

Massey University Assistant Vice-Chancellor professor Luanna Meyer comments that gaining a degree or a trade should not be an either/or situation. Those with a trade are equally able to benefit from a university education as those in an academic or professional discipline. Meyer: "Why would we want any less than the very best education for our tradespeople and technicians than we want for our doctors, teachers and scientists?"

- Unemployment rose in the December quarter after falling consistently for over a year. The **unemployment rate rose** to 4.6% from a 16 year low of 4.4%. The figures have contradicted the expectations of economists who had predicted further falls in unemployment and greater rises in employment. A week before the Statistics New Zealand figures were published, Deutsche Bank senior economist Darren Gibbs predicted unemployment to drop to 4.3% and Westpac's Nick Tuffley picked the rate to fall to 4%.

The economy produced only 1,000 new jobs over the quarter. The government is explaining this **low level of job creation** as a period of "consolidation" after the labour market had grown feverishly over the previous two quarters. This "consolidation" is partly due to the movement of people from part-time jobs into full-time jobs. There were 7,000 full-time jobs created during the quarter, but there was a loss of 6,000 part-time jobs, and analysts tend to agree that this movement towards full-time jobs is a result of labour and skill shortages. Without suitable candidates for new jobs, employers are working their existing staff longer hours.

We include our regular *Statistic That Matter* summary in this issue of *The Jobs Letter*. Some highlights:

- there was an increase of 4,000 people unemployed this last quarter, bringing the total number to 93,000 people. This is about 4,000 fewer unemployed people than this time last year.
- while only 1,000 new jobs were added to the economy over the last quarter, there were 51,000 new jobs created over the last the year.
- Maori unemployment rose slightly over the quarter from 9.7% to 10%; the Pacific rate rose from 6.6% to 8.8%; and the European/Pakeha rate remained fairly static at 3.2%.

The Jobs Letter

DIARY

6 February 2004

Waitangi Day.

7 February 2004

Hundreds of pre-schools will have to close next year because they will not be able to meet government staffing qualifications requirements, according to the Early Childhood Education Council. Many experienced teachers are leaving the industry because they are unable return to full-time study to get the degree in early childhood education that will soon be a requirement to supervise a pre-school.

Nominations close for the Australian Prime Minister's Work for the Dole Awards. Awards are presented for the Best Work for the Dole Participant, the Best Work for the Dole Activity, and the Best Work for the Dole Supervisor.

11 February 2004

Job advertisements fall by 8.1%, according to the ANZ job ads survey. The drop follows a surge last month and job ad numbers are still 10% above this time last year. For the first time, the ANZ job ads survey includes a seasonally adjusted internet series. There were 4.2% more internet job ads posted in January than in December.

12 February 2004

The high kiwi dollar is a contributing factor in the loss of 70 jobs at Feltex Carpets near Christchurch. Manager Noel Stewart says an even larger issue is the competition from cheaper imported carpet.

The Australian economy added nearly 14,000 jobs last month. This was the sixth straight month of job increases, something that hasn't happened in Australia for more than three years. The unemployment rate rose from 5.6% to 5.7%.

16 February 2004

Monumental flood swamp parts of the lower North Island.

NZ artists earn \$20,700 on average and most spend only half their time on their art, according to a Creative NZ poll. Artists spend the other half of their time doing work unrelated to their art to support themselves.

—the number of people under-employed (working part-time and wanting more hours) has dropped to its lowest level since 1990.

- Tens of thousands of Australian jobs will be lost under the “free-trade” deal the country has signed with the United States, warns the Australian Manufacturing Workers Union. National secretary Doug Cameron claims that the **manufacturing sector was written off** as Australian negotiators tried to seek better outcomes for their agricultural industries. The US plans to boost imports into Australia by \$US2 billion and Cameron says this would cost “tens of thousands of jobs”.

In the end, the Australians didn't get the agricultural deal that they wanted. Oxfam NZ director Barry Coates points out that the Australian negotiators got no improvements in access on sugar, which the government had identified as the “make or break” issue. They got little additional access for dairy products and 18 years of slow reductions before the US would be completely open to Australian beef. Meanwhile, the Australians gave open access for almost all US exports, including subsidised farm products, more access for film/TV programmes, changes to rules that may increase the price of medicines, and automatic approval for most US investment in Australia.

- The US-OZ trade deal has also sparked **warnings of jobs and investment being lost** in New Zealand. Northern Employers and Manufacturers Association spokesman Bruce Goldsworthy says that the deal would mean that investment in new production capacity, and the jobs that go with that, will now trend towards Australia.

But *Sunday-Star Times* columnist Rod Oram believes this is unlikely to happen. Oram points out that Australia faces industrial tariffs averaging only 2.8% in the US, similar to the level faced by our exporters. Oram: “Reducing them to zero will barely register in any calculation of where to manufacture a product. There are a few big changes, such as the elimination of the 25% tariff on light commercial vehicles and auto parts. But these are highly specific and barely relevant to NZ manufacturers.”

- Five hundred sickness beneficiaries in South Auckland who are on hospital waiting lists are being asked to take part in a trial scheme in which they will be **treated through the private healthcare** sector. The trial scheme will find out if it is cheaper for the government to buy sickness beneficiaries' healthcare needs privately rather than paying them to remain on a benefit until the public system can treat them. Minister of Social Development Steve Maharey says the scheme could be rolled out nationwide within the year. Treating people quickly and getting them back into the workforce is predicted to save taxpayers millions of dollars a year in benefit payments. A similar scheme adopted by the Accident Compensation Corporation in 1997 saved the ACC \$4 billion.

- A new **job monitoring programme** that analyses newspaper job advertisements and surveys employers to find the areas where skill shortages are the most serious has been set up by the Department of Labour. The programme complements the existing ANZ job ad survey, which for the past 13 years has monitored the volume of jobs advertised in New Zealand newspapers and is based on an Australian model that has been running for more than 20 years. Programme manager Patrick Conway says the new information could help shape policies in employment, immigration and education and will contribute to the government's skills action plan to be launched in September.

The Jobs Letter

DIARY

National Party leader Don Brash says he will campaign into the election taking a tougher line on benefit dependency and tax cuts. These add to his pledge to strip special treatment for Maori from government programmes.

18 February 2004

Flood waters cut the gas pipeline link to the Hawke's Bay and eastern Wairarapa. Many businesses cannot operate, including Heinz Watties who have put 650 staff at two factories on "non-productive" duties while they wait for the power to be restored.

It will be another three weeks before the government announces which areas unemployed people will not be allowed to move to if they expect to be able collect the dole. The government has run into difficulty with many local body politicians as many small and isolated communities do not want to be labelled as no go zones.

Minister of Employment Steve Maharey made it clear in Parliament he did not like the term no go zones. Maharey: "It has never been government policy to create no go zones." Work and Income staff would get an "alert list" of places where there was no work available, but there would not be a blanket ban on all areas on the list.

Editors

Vivian Hutchinson
Dave Owens
Bill Taylor

Associates

Jo Howard
Rodger Smith
Chris Elphick

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

- The government's **work-life balance project** has begun public consultation. Over the last six months a steering group led by the Department of Labour has been talking to different groups around the country. It has also set up a website that sets out to be informative, spark discussion, and receive input.

About 25 groups are actively involved with the project including Business New Zealand, the New Zealand School Trustees Association, the EEO Trust and the New Zealand Council of Trade Unions and the Maori Women's Welfare League. 5,000 discussion packs containing response forms for registering ideas are being distributed through these organisations. The discussion packs will also be available through Citizens Advice Bureaus and from the website www.worklife.govt.nz.

Minister of Labour Margaret Wilson says the aim of the consultation is to **gather the ideas and views** of as many New Zealanders as possible on a variety of work-life issues. Case studies so far indicate that some of the benefits of work-life balance policies are improved recruitment and retention rates with associated cost savings, reduced absenteeism and sick leave usage, and improved productivity. Wilson: "New Zealand is facing skill shortages across all business sectors of the economy. Businesses need to attract and retain the best people. Quality of life is a point of international difference we can't afford to overlook."

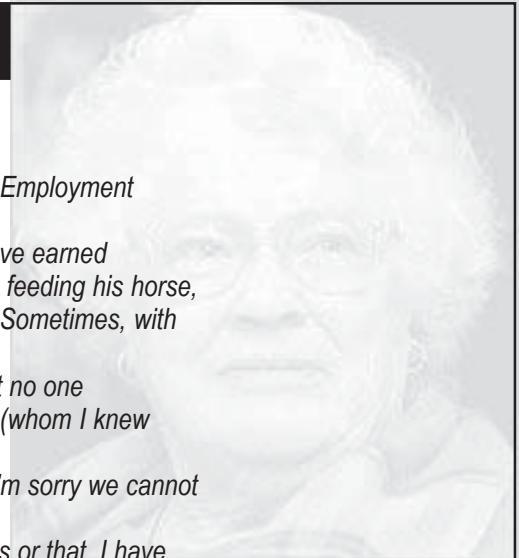
VOICE

on UNEMPLOYMENT

*Each Tuesday at ten o'clock I go to the Employment Exchange,
fill in the form they give me, tell what have earned
for chopping down the neighbour's tree, feeding his horse,
rescuing a silly sheep from the swamp. Sometimes, with
odd jobs,
I make as much as a pound a week, but no one
offers anything permanent. The official (whom I knew
at school,
a bear in the back seat) gapes at me: I'm sorry we cannot
place you.
And therefore I am not placed, not in this or that. I have
a fine box of tools that I keep well-oiled. I have
experience
and knowledge tied in a waiting bundle in the corner of
my mind
nearest the door but no one knocks and the door is never
opened.*

*I collect my weekly allowance. I go home,
I cuddle my wife, feed the cat,
and for no purpose in no place, grow fat.*

— Janet Frame



Janet Frame
1924-2004

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The Jobs Letter — P.O.Box 428, New Plymouth, New Zealand phone 06-753-4434 fax 06-753-4430 email editor@jobsletter.org.nz