

The Jobs Letter

No. 209

30 June 2004

Essential Information on an Essential Issue

KEY

NEW LABOUR MARKET
ANALYSIS

SKILLS SHORTAGES

WHO GOT THE JOBS?

BULLISH ON JOBS

DIARY

14 June 2004

Nelson employers will have to pay more or they are going to struggle to attract the skilled workers they need, according to Minister of Economic Development Jim Anderton. Nelson and Tasman workers are "are particularly bad off" in pay rates and Anderton says if employers want people to come to the area, they have to pay at least average rates, if not more, to compete. Anderton: "The attitude that people should be prepared to earn less in Nelson because it is such a lovely area is outdated."

15 June 2004

There will probably be fewer than 100 jobs lost as Norse Skog, the owner of the Tasman paper mill in Kawerau, plans to close one of its three paper machines. The wind-down will occur over the next two years. The company is spending \$33 million upgrading the remaining two machines.

NZ women are still far behind men in terms of labour force equality. *Framework for the Future, Equal Employment Opportunities in New Zealand* reports that although women had achieved the most progress when compared with other target groups (Maori, Pacific Islands people and people with disabilities), progress had been limited and equality with men across all occupational classes remains a "far-off goal". The report can be downloaded (145 pg, 5.7mb) from www.hrc.co.nz/hrc/worddocs/Final%20Report10June04.doc

- The greatest number of recent job vacancy ads have been for staff to work in **service and sales occupations**. The Department of Labour's Labour Market Policy Group (LMPG) research has found that ads for service and sales staff were generally double or more in number over those of most other occupations during November 2003 to January 2004. All up, 23% of all job ads were for sales and service sector jobs, increasing from 20% the year before. Job ad numbers were also high for technicians and tradespeople.

The greatest rise in the volume of **job vacancy ads** last year was for machine operators and assemblers (+57%). This was followed by sales and service (+35%) and technicians (+33%). There was a decline in job ads for managers and professionals.

This type of information is part of research done by LMPG, which has taken the concept of the ANZ job ads survey a significant step further. LMPG's Job Vacancy Monitor analyses the content and duration of job ads and compares them according to occupational categories. It does this in volume and as percentages of the overall number of advertised jobs. These groupings are also contrasted between 2003 and 2004 to get an idea of growth or slowing trends in each occupational grouping.

- Another new LMPG survey backs up what business people have been saying for some time: that trade workers are in demand and scarce. Overall, in the trades (food, printing, furniture & textiles, electrical, metal & machinery, and building) there was an average of just 0.7 suitable candidates for every advertised vacancy in 2003. And employers were able to fill less than half of their trades vacancies. This information is derived from interviews with employers who advertised for workers (in labour-short occupations) to find out how much difficulty they have filling their vacancies. LMPG has expressed this data as the "vacancy fill rate" and the "average number of suitable candidates per vacancy".

— Both the "Job Vacancy Monitor" and the "Survey of Employers who have Recently Advertised" can be accessed through *workINSIGHT* www.dol.govt.nz/wi-edition4.asp

- Skills **shortages remain** at high levels and affect an increasing number of businesses. NZIER reports that over the last year there has been a net rise in the number of employers having difficulty finding both skilled and unskilled labour. Throughout the country, the number of employers who say labour is the most limiting factor to the expansion of their business, increased from 14% in March 2003 to 23% in March 2004. The figure for South Island employers was 27%.

Earlier this year, over 80% of Winz work brokers surveyed said that engine service and repair workers (mainly mechanics and panel beaters) were in short supply. And nearly the same number of work brokers said there is a shortage of building and construction workers. Although demand for forestry workers dropped last year, a third of work brokers still report a shortage of workers in this field.

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16 June 2004

More than 1,400 Auckland District Health Board management and administration jobs come under review. The board, which spends a higher percentage on management and administration than the national average, says it is first looking at cutting costs not related directly to patient care. The number of job cuts will be announced next month.

17 June 2004

A new intake of young unemployed people is being inducted into the Manukau Youth Employment Cadet Scheme. The council trialled the scheme last year and city manager Colin Dale says most of those cadets performed beyond expectations and many went on to find full-time permanent jobs with the council. Dale: "I see this project as another form of community-building which the council has been involved in for many years. I welcome the chance to help these young people get a break into the job market and I was delighted at the quality of the cadets we took on last year. They continue to be excellent employees."

18 June 2004

During the four-and-a-half years to December 2003, Winz paid for tattoo removals for at least 124 jobseekers, and about half of whom have got jobs. Winz pays for private treatments for some jobseekers who have facial or hand tattoos that make their appearance unacceptable to many employers.

Wellington City Mission spokesperson James Austin says the Winz tattoo removal scheme is a useful way of getting some beneficiaries back into work. Austin: "There appears to be quite a tattoo culture in prison — these things you may get caught up in voluntarily and you want removed when you come to your senses and start looking for a job."

The world's second biggest bank, the UK-based HSBC, will cut or re-deploy 3,500 jobs as it restructures its UK operations.

- A striking characteristic of the current job market is that new jobs have increasingly been **taken up by older people**. Employment for people 60 years and older has grown 138% between 1991 and 2003. In contrast, employment growth for people 15–39 years was 10%. The Department of Labour offers several reasons for this including the rising percentage of the population in the older age bracket, the abolition of compulsory retirement, and the raising of the age of eligibility for superannuation. It also surmises that due to changes to the tertiary education funding, more parents are having to support their children longer, resulting in parents having to continue working after they might have retired.

Non-European/Pakeha groups have also had much greater percentages of employment growth. Since 1991, Maori employment has increased 78%, Pacific people increased 114% and "other" ethnic minority groups increased 155%.

- Statistics New Zealand has made **a clear connection** between educational achievement and employment. Adults with no or low qualifications are less likely to be in work than those with qualifications. *workINSIGHT*, the Department of Labour's bi-annual reader for those working in the employment field, says the skill level required to do many jobs is rising and more employers are using educational achievement to assess whether they will hire staff. This puts those with few or no qualifications at a disadvantage in the job market.

— *workINSIGHT* No.4, May 2004, published by the Department of Labour can be downloaded (pdf, 39 pg, 726kb) www.dol.govt.nz/wi-edition4.asp

- In promoting the "Working for Families" Budget package, Minister of Finance Michael Cullen said it would support people with dependent children to move into work and to remain "connected to the labour market". However, a Treasury **briefing paper warned** that the "Working for Families" package might result in only 2% of sole parents moving off benefits and into work, and there may be no net change for couple families. The Treasury estimates were based on overseas modelling evaluating the impacts of the introduction of similar forms of family assistance. However, the Treasury briefing also noted that the financial savings could well be higher if the government was able to capture the gains from the improved work incentives and combine these with improved delivery to help people move into work.

The Department of Labour's pre-Budget briefing said that the package should make a positive difference to those facing barriers to work such as sole parents and low-income earners. Still, the department counselled the government that, overall, the Budget was likely to have "relatively modest" employment impacts.

- The National Party has attacked the government's family assistance Budget package saying it **contained disincentives** for people in middle-income-earning families to increase their earnings from working. Families with children who receive the extra assistance will have their family assistance entitlements abated as their pay packet increases. Because their family assistance payment decreases, much of the gains they make by earning more at their job will be off-set. National argues the effective tax rates created by the package will provide little point for many people in the \$38,000 - \$70,000 income bracket to increase their earnings.

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21 June 2004

Long-term migration to NZ has slowed from a peak net of 42,000 people last year to 24,000 in the year to May. Deutsche Bank economist Darren Gibbs expects net inward migration to drop to about 1,000 people per month by December. Gibbs expects this to slow the housing market and the construction industry.

The number of Asian tourists arriving in NZ has nearly rebounded to the level it was at before SARS drastically reduced the number of Asians travelling.

22 June 2004

Consumer confidence remains strong, although it has dropped since the last quarter, according to the Westpac McDermott Miller index. A net 39% of consumers think it is a good time to purchase a major household item. This is a drop from 49% over the two previous quarters. In the past, a drop like this has generally preceded a slowdown of the domestic economy.

23 June 2004

Qantas airlines would like to move one in four of its flight attendants overseas in a bid to cut costs. Chief executive Geoff Dixon says the move could save the company \$20 million a year by shifting an extra 400 long-haul flight attendants overseas, primarily to London. The state-owned enterprise is currently allowed to base 370 long-haul staff outside Australia.

Youth unemployment has been reduced by 61% since the government was elected in 1999. Associate Minister of Employment Rick Barker credits programmes like Modern Apprenticeships and Gateway, the increasing number of young people going to polytechs and university, and Winz lifting its game. Barker: "The government has put a real emphasis on ensuring young people get a good start to their working lives. The challenge now is to drive youth unemployment even lower"

- However, Prime Minister Helen Clark says one of the intended effects of the family assistance package was to make it more worthwhile for **people to enter the workforce**, and this is where the new package is targeted. In the past, the abatement rates on government assistance were heavily weighted against those in the lowest income brackets who tried to move from the welfare system into low-paying work. This characteristically resulted in lost assistance that was not balanced by the wages they earned. Clark says the new package intends to make it worthwhile for people to go to work and did this by shifting the abatement rate problems up the income scale. But she says there was no evidence that middle and higher-income earners would stop working out of fear of losing their family assistance payments. Clark: "With unemployment at 4.3%, any such person turning up to register for the benefit would be told where the job down the road is."

- Business and Economic Research Ltd (BERL) forecasts up to 100,000 new jobs will be created in New Zealand and unemployment to stay in the 4%-4.5% range over the next two years. There were 60,000 new jobs created last year, and BERL believes job growth will not be as brisk, but still expects 40,000-50,000 new jobs each year during 2005 and 2006. BERL's June quarterly report says the **key challenge** is to find enough workers to sustain present growth rates.

The natural net increase in the number of working age people in New Zealand is about 30,000 per year, which means the economy needs to find an additional 20,000-30,000 people to join the workforce over the next two years if it is to grow to its capacity. At the moment, net immigration looks to be heading towards a net gain of 15,000-20,000 people per year.

Some of the people who may swell the workforce will be those not leaving it. More people are delaying their retirement, or coming back from retirement, a trend that may increase the number of available workers. BERL also expects more mothers will rejoin the labour force and estimates the "Working for Families" Budget package will encourage up to 10,000 people back into the workforce.

- Refugees are among the most marginalised groups in the New Zealand employment market, and organisations that help migrants and refugees to settle in say New Zealanders have a long way to go in overcoming discriminatory attitudes. The JR McKenzie Trust has published a review of the refugee assistance programme it funds and executive director Iain Hines reports that New Zealanders' **attitudes** towards refugees **contributes to the difficulties** these dispossessed people have finding jobs.

Some employers say they hesitate to employ refugees because of health and safety issues, and small employers say they don't always have the time to assist refugees to settle into the workplace. The report found that some Winz staff have "punitive attitudes" towards refugees, who characteristically find it difficult to find out about and accessing their ongoing entitlements.

The report says other common problems that refugees face in getting a job are that they often have limited knowledge of New Zealand workplace culture and work options and many have inadequate trade skills in the New Zealand context. Gender issues, attitudes to age and attitudes to

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24 June 2004

United Future MP Judy Turner says the government needs to stop patting itself on the back about falling youth unemployment and face the fact that there has been a huge movement to invalid and sickness benefits for youth. Turner says the good news is "hugely tempered" by the real concern that more young people than ever are not in work due to some ailment or disorder. Turner: "Young people, who should be at the height of fitness and health, are being consigned to the benefit before they have even really begun their working lives."

The NZ economy grew by 2.3% last quarter, boosting the gross domestic product to 3.6% for the year.

28 June 2004

The NZ economy enjoyed a \$656 trade surplus in May

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Research sources for the main items in The Jobs Letter are available in our internet edition at www.jobsletter.org.nz

time can all raise adaptation problems. Past experience of terror can sap a person's self-confidence and drain them of motivation or hope. Women are often especially disadvantaged, and refugees arriving as teenagers are a high-risk group.

— *The Journey to Work, Jobs for Refugees*, May 2002, published by the J R McKenzie Trust. Download the full report (16 pg 138kb) or the summary (4pg pdf 507kb) from www.jrmckenzie.org.nz/

- The number of **low-skilled jobs** in Manukau City is **decreasing** and in the future the city will struggle to find workers to do the jobs that require increased skills. A report commissioned by the Manukau City Council forecasts that more than 40,000 new jobs will be created in the city over the next eight years, and nearly 60% of these will require post-school qualifications. Manukau's population is expected to continue to grow, but *A Review of Tertiary Education Supply and Demand Relevant to Manukau*, says that a wide range of education and training will be required if Manukau residents are going to be skilled enough to meet the challenge of these new jobs.

Manukau's unemployment rates are high and this is reflected in the high proportion of the population having **low educational achievements**. A quarter of the city's population have no qualifications, more than a third have no post-school qualifications and only 7% have degrees. If this low rate of educational achievement continues, not enough Manukau residents will be prepared to do what it takes to get the jobs of the future.

- Big roading projects in Auckland, Wellington and other centres over the next 10 years will see the industry needing to boost its skilled workforce by 30%, to 2,000 people. Minister of Transport Pete Hodgson says training initiatives and a "hard-hitting" recruitment campaign are planned in order to meet the labour needs and Winz intends to bring a substantial number of people off the unemployment benefit to help meet the demand for roading workers.

But these initiatives appear unlikely to produce enough skilled and semi-skilled workers to make up the shortfall. John Wills, head of industry training organisation InfraTrain, says that **bringing in people from the Pacific Islands** is an option being discussed with the Immigration Service. Even though New Zealand has migrant quota obligations with to Pacific Island countries, it has been unable to fulfil them because immigrants must have a job before they are accepted, a criteria that is difficult to meet for people outside the country. Wills says the rules could be relaxed to allow people to come to New Zealand to train before taking up roading jobs.

The Immigration Service says it is too early to comment on the possibility of bringing in Pacific Island workers to help build roads. But confirms it is talking with industries to help find ways of better filling its quota of Pacific people migrating to New Zealand.

- Fiji Trade Union Congress national secretary Rajeshwar Singh welcomes the news that New Zealand is considering opening the door to Pacific Island workers to work in the roading industry. Singh says sending out-of-work Fijians to New Zealand is a good idea and would help ease the Pacific country's unemployment problem.

ISSN No.1172-6695 Produced by the Jobs Research Trust, a not-for-profit charitable trust constituted in 1994.

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The Jobs Research Trust is funded by sustaining grants and donations. Yes, you can help.

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