

The Jobs Letter

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Essential Information on an Essential Issue

KEY

GLOBAL INCOME
INSECURITY

SKILLS SHORTAGES IN OZ

EARLY SCHOOL LEAVERS
DROPPING OUT

MANY NZ'ERS ARE ASSET
POOR

DIARY

10 October 2004

Twelve per cent of employers responding to the National Employers Wage and Salary Survey say that workers claiming sick leave entitlements have increased since April 1 when changes were made to the Holidays Act. The changes mandate a maximum of five days paid sick leave per worker per year and that a doctor's certificate is only required after three sick days' absence from work.

12 October 2004

The Green Party proposes amendments to the Employment Relations Bill to include residential caregivers in the "transfer of undertakings". The proposal would see that if a residential caregiving service company is sold, its employees retain their jobs, conditions and entitlements.

A National anti-gambling lobby group sets up the No Pokie Fund Register of voluntary groups and sporting clubs who refuse to accept money from gaming machines and gambling trusts.

- Economic security remains out of reach for the vast majority of the world's workers. Most people live in circumstances of **economic insecurity** that fosters what the International Labour Office (ILO) calls "a world full of anxiety and anger". Financial security promotes personal well-being, happiness and tolerance but a new report by the ILO reveals that only 8% of people live in countries providing favourable economic security.

People in countries that provide a high level of economic security also record higher national levels of personal happiness. But the report notes that the most important determinant of happiness is not income level but the extent of income security people have, which can be measured in terms of income protection and a low degree of income inequality.

Being economically insecure affects people's attitudes, which can be detrimental to their ideas of a decent society. 76% of Latin Americans who were surveyed said they were concerned about not having a job the following year. And a majority said that they would not mind a non-democratic government if it could solve their unemployment problems.

According to the ILO, highly **unequal societies** are unlikely to achieve economic security or decent work for the majority of its people. Income inequality actually has the effect of worsening economic security.

- There has been an upward trend in the frequency and severity of economic shocks during the period of globalisation since 1980 and economic growth rates per person have declined over the period. The ILO report concludes that this effect is contrary to the predictions often made by those pushing for rapid economic liberalisation. These trends of economic volatility have resulted in millions more people being exposed to **systemic economic risks**, and people are far less able to prepare and cope with economic shocks that affect whole communities and regions.

The report also finds that people who have high skill levels — measured by schooling and training — but perform **jobs below their abilities**, have a decreased sense of well-being. The more educated a person is, the more likely they are to feel dissatisfied if their job is poorly attuned to their needs, abilities and aspirations. The ILO reports that presently, too many workers around the world are finding that their skills and qualifications don't correspond to the jobs they have to perform, resulting in what the report calls "status frustration".

Also in the ILO findings:

- employment security is diminishing almost everywhere, due to the informalisation of economic activities, outsourcing, and regulatory reforms,
- women usually experience more insecurity on average than men and face more types of insecurity,
- most workers in developing countries are unaware of trade unions,

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13 October 2004

Meat and Wool NZ has set up a group to look at ways to attract more people to farm work.

General Motors plans to cut up to 12,000 jobs in Europe.

14 October 2004

NZ manufacturing sector continued to expand in September, although not quite as strongly as it did in August, according to the ANZ-Business NZ Performance of Manufacturing Index.

15 October 2004

Annual inflation rate to the September quarter was 2.5%, up from 2.4% the previous quarter and 1.5% in the March quarter.

16 October 2004

Cabinet Minister John Tamihere steps aside from his ministerial positions as investigations are made into allegations of unpaid tax on a "golden handshake" paid out when he left as CEO of Waipareira Trust.

which in most countries represent less than 10% of workers.

- ILO director-general Juan Somavia says the report, coming shortly after the *World Commission on the Social Dimension of Globalization*, should enrich the debate on how to build a fair globalisation. Somavia: "Unless we can make our societies more equal and the global economy more inclusive, very few will achieve economic security or decent work."

— *Economic Security for a Better World*, a 450pg book, can be ordered from www.ilo.org/public/english/protection/ses/index.htm

- Electricians, welders, boilermakers, plumbers and other skilled tradespeople are snapping up big pay packets as Australia's **skills shortage impacts on wages**. Tradespeople in some areas across Australia earn more than teachers, architects and even doctors and dentists. Metropolitan newspapers have recently carried job vacancies advertising \$100,000-a-year packages for air-conditioning electricians and \$70,000 salaries for kitchen cabinet installers. The shortage of tradespeople has hit household budgets with the likes of ceramic tilers prices up more than 20% on year to June, builders rates up 18.3%, carpenters 12.5% and plumbers and brickies rates were up almost as much.

Business groups have estimated Australia needs 21,000 more tradespeople to solve its national skills shortage crisis. The Australian Chamber of Commerce and Industry chief executive Peter Hendy says the lack of qualified workers is the biggest hurdle for business for the first time in 14 years.

Australian Industry Group AIG chief executive Heather Ridout says that unless the problem is solved, the skills shortage will hurt the Australian economy. An AIG report found one-in-two firms could not find skilled labour. Among the states, Queensland firms had the biggest problems, with 70% reporting difficulties finding skilled workers.

- The shortage of labour is the biggest concern for Auckland employers. A quarter of the 500 businesses surveyed in the latest Auckland Chamber of Commerce quarterly report say that **difficulty hiring staff** is their single biggest impediment to growth. And 68% of companies with 20 employees or less say this is the factor most limiting their ability to expand. Labour shortages are of particular concern in areas such as the trades, science and engineering.

The Auckland survey also finds that with unemployment at low levels, more businesses are concerned about finding **unskilled workers**. 22% of businesses say unskilled labour is harder to find than it was three months ago.

- Despite the difficulty of finding staff, business confidence has improved on the last two quarters. 16% of businesses are expecting to see the general business situation in New Zealand improve during the next six months, and 57% predict the general business situation will remain stable. A BRC Sherwin Chan and Walshe poll has found the "relentlessly positive" business outlook has confounded the predictions of economists that five Reserve Bank interest rate rises this year would slow activity and growth.
- Employers would have less of a problem with skill and labour shortages if they removed the **barriers that prevent women** from participating in the paid workforce, according to the Council of Trade Unions. Secretary Carol Beaumont says the participation of women in the paid workforce is relatively low in New Zealand (60%) compared to Sweden (77%). She says

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17 October 2004

Demand for IT workers in NZ is on the rise, according to recruitment company Hudson.

18 October 2004

The Westpac McDermott Miller Employment Confidence Index finds that workers are increasingly optimistic about their job prospects for the coming year. More workers expect jobs to be more available in a year's time.

Population information held by 19 government agencies is now available through one website at www.population.govt.nz

In the US, the enormous wealth gap between white families and black and Hispanic families increased after the most recent recession. At the end of the last recession in 2002, white households had a median worth of \$US88,000, while Hispanic families had a net worth of \$7,900, and black families had a net worth of \$6,000.

there are a range of reasons for this, including: low wages in many of the industries that provide part-time work, unattractive or insecure part-time work, lack of access to affordable quality early childhood education, and lack of access to out-of-school care.

Beaumont: "Basically, it is about the difficulty of balancing work and other personal and caring responsibilities. Employers needed to consider flexible working hours and arrangements that suit workers, and invest in further training for their staff. The answer is in providing decent work for New Zealanders that will enable women, older workers and the unemployed to participate fully in the labour market."

- The Green and ACT Parties have both spoken out against the changes to the **Charities Bill** which looks set to be passed into law by the end of this year. The parties say that the new Charities Commission will in fact act as a muzzle on community activism on social and political issues, and they believe that the Bill is being rushed through without taking into account the feedback from the charities sector.

The Bill will establish a Commission which will register and monitor charities. Registration is voluntary, but charities will miss out on tax exemption if they don't sign up. The registered charities will also have to file annual financial returns with the Commission.

Provisions in the Bill under fire from charities and political parties include:

- prohibiting officers of charities from getting indemnity insurance;
 - the Commission's wide powers to de-register charities for various reasons, including for serious wrong-doing or dishonesty offences by individual officers;
 - making officers personally liable for paying administrative penalties to the Commission, and;
 - requiring the charities to fund the Commission through fees ... when other such bodies (like the Commerce Commission) are funded from taxes.
- Minister of Commerce Margaret Wilson has announced some changes to the proposed legislation, including a \$9.8 million commitment from government which will mean that the initial registration process to the Commission will be free for all charities. Charities earning less than \$10,000 a year will not be required to pay ongoing fees, and those earning more than \$10,000 a year will pay annual fees ranging from \$50-\$75. All charities will still be required to provide annual financial returns.

Wilson is also asking members of the Social Services Select Committee to consider codifying the common law so that charities can undertake secondary purposes, for example advocacy, in support of their charitable purposes.

- Green MP Sue Bradford is still concerned that the Bill poses a significant **threat to the charity sector's** autonomy and freedom from government control. She says that the proposed rewrite of the Bill has ignored the real concerns of the community and the voluntary sector. Bradford: "The sector is concerned not just about the compliance costs, but about ensuring that the sector is free from excessive government control. Under the Bill's current form, any government could wield undue influence in return for tax exemptions. The government needs to throw out the Bill, starting from scratch again and this time talk to the people who work in the sector and who are affected by this deeply flawed legislation."

Act MP Muriel Newman: "The Charities Bill is Labour's attempt to regulate the voluntary sector. ACT has always opposed the push for wholesale regulation. And when the Bill was introduced, it was opposed by virtually

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19 October 2004

Job ads were up 15.4% annually, in September. The ANZ survey says that many jobs were re-advertised as employers struggled to find suitable applicants. Until this year, nationwide job ads levels closely mimicked movements in advertising in the three major urban centres. However, in 2004 figures suggest provincial NZ has been driving job ad growth.

About 300 on-site construction workers will be needed for the development of the Kupe natural gas field in Taranaki next year. The construction is also expected to create 550 off-site jobs. When the construction is completed and the field is brought into production, it will employ at least 50 full-time staff.

The government passes legislation to fix unintended consequences to the Holidays Act. Minister of Labour Paul Swain says it was never intended that workers should be paid double time-and-a-half and it was unfair that workers who called in sick should get it.

all charities who made a submission ... A Bill like this has the power to undermine the voluntary infrastructure underpinning civil society. Kiwis deserve an assurance that government will consult before forcing heavy-handed rules and regulations onto agencies which could drive them out of business.”

- Some school principals believe that many **15-year olds** are being given permission to leave school early, but are **dropping out** of the training courses or jobs they have lined up. Wainuiomata High School principal Rob Mill says the system is being abused, and that with no income support or benefit available to under 16-year olds, some early leavers are drifting into crime or drugs. Mill says that often a student will leave school with a course or job lined up, but will quit after a few days or weeks, “then we just see them drifting around town”. He believes there is little follow-up being done by the Ministry of Education.
- Although school is compulsory for everyone aged between six and 16, parents of 15 year olds can seek a Ministry of Education exemption on the basis of educational problems, conduct, or the unlikelihood of the student benefiting from school. Parents are required to detail the training programmes or employment that the young person will be moving on to.

There has been a huge increase in the numbers of students being granted these exemptions. The Ministry figures: In 1999, 2,802 students left early; in 2003, it was 3,840.

Ministry student support manager Murray Williams told *The Dominion Post* that he believes that “99% of students” who have been granted an early-leaving exemption are successful, and go on to good careers. He says that regular checks are made on early leavers, and course providers are obliged to contact the Ministry if the students stop turning up. Williams: “As soon as we get the call, we’re on to them.”

- Asset ownership, or the lack of it, has a profound effect on the lives of New Zealanders, according to the latest report from the New Zealand Institute. Chief executive David Skilling says that people with assets, such as real estate, feel a greater stake in their community and have a buffer against problems. Skilling argues that the problem is that many years of a “hands-off” approach by governments has contributed to a situation where many New Zealanders are **struggling to accumulate wealth**, while debt is easier to accumulate. The Institute report argues for more deliberate action by government, business, and community groups to help many more people accumulate assets. And it says that doing something to help people into home ownership is an important priority.
- The Institute points out that asset ownership also affects the functioning of communities. Broad asset ownership contributes to **social cohesion** as more people are able to participate meaningfully in society. And asset ownership increases the number of stakeholders in the success of the economy, who move ahead as the economy moves ahead.

But despite the substantial personal and community benefits from asset ownership, the Institute notes that there are few deliberate policies in New Zealand to encourage people to save and to build wealth. New Zealand has the **least asset-friendly policies** of all English-speaking countries and most of the OECD. Skilling: “It is no coincidence that New Zealand has the most hands-off approach to asset accumulation in the Anglo world and also has amongst the worst outcomes in terms of savings and household wealth”.

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20 October 2004

The ILO estimates that due to HIV/AIDS there will be a cumulative loss of 28 million people to the global workforce by 2005, increasing to 48 million people by 2010. *HIV/AIDS and work: global estimates, impact and response – 2004*, published by the ILO can be downloaded from www.ilo.org/public/english/protection/trav/aids/publ/global_est/index.htm

21 October 2004

Inward migration has dropped to 17,760 over the past year, down from more than 40,000 the previous year.

Carter Holt Harvey will sell forests worth \$375-\$400 million. The company is also planning to build the country's largest sawmill either at Marsden Point or at Kinleith. Such a mill could employ 250 people, although the company is making no comment at this stage.

- The New Zealand Institute is a privately funded think-tank that aims to generate debate, ideas and solutions to develop a more prosperous country. This is the second of five papers on wealth creation.

— *It's Not Just About The Money: The Benefits of Asset Ownership* published by the New Zealand Institute October 2004 can be downloaded (PDF 566Kb, 52pgs) from www.nzinstitute.org/images/uploads/pubs/FR_Money.pdf

- The government says it is working on a plan to help poorer New Zealanders to **buy their first home**. Options for the plan, which is expected to be in next year's Budget, include taking state assistance — such as family support, the child tax credit or the accommodation supplement — as a lump sum, or a rent-to-buy scheme. The move is aimed at reversing declining rates of home ownership, which have dropped from 74% in 1991 to 68% in 2001.

Many lower-income families struggle to save for a deposit for a house, especially in the main urban centres. Until 1986, many New Zealanders were able to buy their first home by capitalising on the family benefit (a weekly payment to families for every child in the country, which was scrapped in 1986).

However, un-named government sources in *The Dominion Post* say it would be much more difficult to put this kind of policy into practice today, because support payments are no longer universal but are targeted and tied to individual circumstances which readily change. There are also concerns about the impact on the housing market, inflation and building costs if a large group of new-home owners entered the local market.

- Some countries which are the most highly taxed in the world are also among the **most competitive**. A World Economic Forum report says that of the 104 **countries** studied, Finland again ranked as the most competitive country in the world with, Sweden ranking third, Denmark fifth, Norway sixth and Iceland 10th. Overall, New Zealand dropped from 14th last year to 18th this year.

— The executive summary of the *Global Competitiveness Report 2004-2005* published by the World Economic Forum can be downloaded (PDF 93Kb, 13 pg) from www.weforum.org/site/homepublic.nsf/Content/Global+Competitiveness+Programme%5CGlobal+Competitiveness+Report

- More students are borrowing larger amounts of cash to pay for their studies, according to the **student loan scheme** annual report. The average student loan balance stood at \$14,242 on June 30 this year, an increase of 4.1% on last year. Total student loan scheme debt is now almost \$6 billion, up by more than \$600 million over last year.

About 60% of those who were eligible to borrow money last year did so, up from 57% last year. In 1999, 50% of eligible students borrowed money for their studies. But repayment times are dropping. The forecast average repayment time is now 9.3 years, compared with an expected repayment time of 9.6 years in 2003 and 10.3 years in 2002.

- Minister of Tertiary Education Steve Maharey says the reducing repayment period shows the government's moves to cut tertiary education costs are working. One third of all debt incurred since the scheme started 13 years ago has been repaid or written off, and that figure is forecast to rise over the next ten years. Maharey: "The total debt level is now expected to rise more slowly as repayments increase. By the middle of next decade it is estimated that the amount repaid each year will be greater than the amount borrowed."

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22 October 2004

A workshop on *Dealing with Workplace Bullying* will be held in Wellington on November 5. Details at www.wave.org.nz

23 October 2004

American Airlines, the world's largest, is to lay off as many as 1,100 pilots, mechanics and ground staff over the next few months.

25 October 2004

Labour Day, a celebration of the adoption of the 40 hr working week in NZ.

TV1 screens *In a Land of Plenty*, Alistair Barry's 2002 documentary that traces the origins, politics and the effects of New Zealand's policy of structural unemployment from the mid-1980s through the 1990s.

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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

- But students faced **fee hikes** in 2004 and will be paying even higher fees in 2005. NZ University Students Association co-president Fleur Fitzsimons: "Labour should stop defending the loan scheme and get real about the problems. Student debt is wreaking havoc with our society and economy and no amount of government spin will make the problem go away. The report shows that more students now have debts above \$20,000 compared with the same time last year."
- New Zealand parents are flocking to enrol their **under-two-year-olds** in daycare centres as more and more mothers are returning to work while their children are very young. Last year, nearly 32,000 under-tuos were enrolled in daycare, and infant care is now the fast growing section of the childcare industry.

Research shows that quality care is particularly vital for under-tuos, who are at a critical stage of development. But some argue that existing standards for infant care don't guarantee an assurance of quality. Helen May, professor of Early Childhood Education at Victoria University, says that the current 1:5 staff-to-infant ratio is not good enough. May: "The regulations were always designed at the minimum of acceptability. Quality is above that. What we're trying to get is to move the minimum standard closer towards quality."

The Ministry of Education agrees lowering the **staff to infant ratios** would lead to better outcomes for children and has indicated it would like to see improvement to 1:4 or even 1:3. But Ministry spokesperson Ross Boyd says that rushing the changes would only result in daycare centres being unable to comply with regulations. The point is to improve the ratio, not force services out of business. The shortage of trained staff is unlikely to see any improvement in ratios before 2007.

- A return to something like the previous, and more restrictive, **working holidays scheme** in Britain looks likely. Last year the British government expanded the eligibility criteria for the working holidays scheme and made it available to all Commonwealth countries — rather than just restricting it to Canadians, South Africans, Australians and New Zealanders. But a spokesperson for the British High Commission in Wellington said the Home Office began a review of the relaxed scheme after an influx of applications from countries such as Bangladesh, Nigeria, Sierra Leone, Ghana, India and Pakistan.

No details have been announced yet, but in June this year documents were leaked in London revealing that Britain was considering a quota system that would effectively restrict applications from Asian and African countries. The document also considered restricting the scheme to countries with return arrangements. The changes are also likely to prevent working holiday makers to switch to the more permanent working visas after two years — a step towards permanent residency — which was a significant feature of last year's changes. About 9,000 UK citizens use the New Zealand working holidays scheme each year while about 7,000 New Zealanders use the British equivalent.

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To develop and distribute information that will help our communities create more jobs and reduce unemployment and poverty in New Zealand.

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