

The Jobs Letter

No. 226

18 March 2005

Essential Information on an Essential Issue

KEY

OUR BRAIN DRAIN

CHILD POVERTY

HOMEOWNERSHIP

PRISON STAFF WANT OUT

BLUE-COLLAR AND PROUD

HUI TAUMATA 2005

DIARY

27 February 2005

The Australian government reports a 19% increase in the number of people commencing in trades and related New Apprenticeships in the year to September 2004, although the overall number of New Apprentices is virtually the same as the previous year. Technical Education Minister Gary Hardgrave: "It is vital that we ensure that a career pathways that begins with an apprenticeship is recognised as being at least equal to, and in many cases an even better choice than going to university."

28 February 2005

In NZ, over 500 of the 7,088 Modern Apprentices are women.

1 March 2005

Air NZ chief executive Ralph Norris says the company may have to cut labour costs to remain competitive. Qantas Airlines has recently said it would cut 10% of its staff.

Despite the economic growth in the last five years, wages have gone up by 11%, while the cost of living went up 13.5%. TVNZ news says the effects is that the average worker has \$20 a week less purchasing power than they had five years ago.

- Almost a **quarter** of New Zealand's **most highly skilled people have left the country**. A recent OECD report, outlined by Simon Collins in the *New Zealand Herald*, shows that that 24.2% of all New Zealand-born people with tertiary educations now live overseas, in what is the biggest exodus of skilled workers from any developed nation.

Only two other nations come anywhere near this level of "brain drain" — Ireland (also 24.2%) and Luxembourg (22.2%). And **New Zealand's brain drain is nearly 10 times worse than Australia**. According to the report, only 2.5% of tertiary-educated people born in Australia live outside their homeland.

Waikato University population expert Richard Bedford comments to the *Herald* that the expatriate figures would include both young people on short-term overseas experience (OE) and others lured by bigger overseas incomes to **help pay off student loans** now averaging \$14,424 for each student. Bedford: "Certainly that is the case for some people prepared to live in relatively harsh conditions in the United Kingdom where they can earn big salaries..."

The OECD report takes official statistics from its 30 member nations to produce data on the numbers of expatriates from all countries. It shows that 464,465 people born in New Zealand were living in 26 other OECD countries at the last censuses in 2000 and 2001. The actual number of Kiwi expatriates is even higher than the figures indicate, because they count only OECD countries. They also exclude three OECD nations which did not count the numbers of New Zealand-born people separately - Germany, Italy and South Korea.

— *Counting immigrants and expatriates in OECD countries: a new perspective*, by Jean-Christophe Dumont and Georges Lemaitre, (OECD October 2004) can be downloaded (PDF 34pg, 369kb) from www.oecd.org/dataoecd/27/5/33868740.pdf

- National Party leader **Don Brash** says that Kiwis are now **voting with their feet** and leaving the country. He says there is really no incentive for skilled expatriates to return, and calls for urgent tax reforms that will be needed to reverse the brain drain.

Brash: "Labour has done nothing to close the gap in incomes in New Zealand and those in Australia, nothing to stem the flow of people heading overseas, and nothing to help bring them back. New Zealand needs a tax system that provides incentives for hard work and enterprise..."

- The government is working on a major campaign to **lure hundreds of thousands** of New Zealanders **back home** to fill the skill shortages in our booming economy. Minister of Labour and Immigration Paul Swain says his campaign will involve better recruitment use of overseas-based immigration and foreign affairs officials, and pressure will be put on the Immigration Service to improve the turnaround time of skilled migrant applications. Swain hopes that these measures will see the government meet its target of 45,000 immigrants this year — currently, with two-

The Jobs Letter

DIARY

2 March 2005

The latest leg Te Araroa, NZ's Cape Reinga to Bluff walking trail, is being built with the help of volunteers from Waikato high schools over the summit of Mt Pirongia. Te Araroa Trust chief Greg Chapple it has built about 1,000 km of walkways in each of the North and South Islands. The trust aims to complete the construction stage of the long walkway in three years.

4 March 2005

A third of all prison staff in New Zealand want out of their jobs, according to a new report commissioned by the PSA.

6 March 2005

Work and Income is spending \$1 million over three years on Jobz4u software that matches candidates to job vacancies. Nearly 50,000 of the agency's 60,000 job-seekers now have a Jobz4u profile.

The US had better than expected jobs increases in February. The economy grew by 262,000 jobs.

thirds of the financial year complete, just over 25,000 residency applications have been approved.

The government is also investigating creative ways to encourage families here — particularly grandparents — to **attract their children back to New Zealand to live**. Research indicates that apart from All Black rugby wins, little domestic information filters through to New Zealanders overseas. Swain: "There's a lot of Kiwis who have been away for maybe longer than five years who do not know exactly what has happened here. The fact that we have got an economy booming, the fact that we have skill shortages, the fact that we need them home."

- A Unicef study has found that **16.3% of New Zealand children are being raised in poverty** — a rate higher than all but three OECD nations. *Child Poverty in Rich Countries 2005*, published by the United Nations Children's Fund (Unicef) and based on data collected in 2001, found that **one in six New Zealand children** were living in homes that earned less than half of the local national median income. Only Mexico, the United States and Italy had higher rates of child poverty.

According to Unicef, the proportion of children living in poverty in New Zealand rose during the 1990s, from about 5.5% in 1990 to about 14% to March 2005. This increase in child poverty is a reflection of the 1991 benefit cuts and the freeze in family support rates from 1998 until April 2005. New Zealand was one of seven countries that cut its welfare spending during the 1990s as a proportion of the national income, from 21.9% in 1990 to 19.2% in 2000.

Denmark and Finland have child poverty rates of less than 3%, and Norway is the only OECD country for which Unicef describes child poverty levels as "very low and continuing to fall". In contrast, the United States and Mexico have child poverty rates of more than 20%.

- The biggest improvement in child poverty levels has been seen in Britain. Unicef estimates that Prime Minister Tony Blair's **pledge to cut child poverty by a quarter by this year** "is likely to have been met". And Blair has also pledged to halve child poverty by 2010 and to eliminate it by 2020.

UNICEF's Senior Advisor on Global Policy, Gaspar Fajth says it is very clear that government expenditure and intervention is like a safety belt for children. This has been accepted knowledge in the case of poor countries, but this report finds this to be the case in rich countries as well. Fajth: "The core message of this report is that no country, not even the richest countries of the world, can reduce child poverty consistently and significantly without paying attention to the political process. No country, not even the richest countries, can reduce child poverty unless they define very clearly what they mean by child poverty. No country, not even the richest countries can achieve a considerable reduction to child poverty if they don't give priority to children."

— *Child Poverty in Rich Countries 2005*, (Unicef March 2005), published by the Unicef Innocenti Research Centre, can be downloaded (PDF 40pg, 218kb) from www.unicef-icdc.org/presscentre/presskit/reportcard6/repcard6e.pdf

- Minister of Social Development **Steve Maharey** says the grim picture painted by *Child Poverty in 2005* doesn't take into account much of what the government is doing to address the problem. Maharey believes the *Working for Families* package, that includes higher family support and a new "in-work payment" for working families will **slash child poverty by 70%** by the time it is fully implemented in 2007. The

The Jobs Letter

DIARY

7 March 2005

About 160 Hauraki Plains and Coromandel Peninsula jobs go as Tanner Group closes sawmills in Kerepehi, Tairua and Kaitaia. The company milled timber products for the Australian and US markets.

NZ's fifth largest freight company, Phoenix Freight, goes into voluntary liquidation leaving 143 staff redundant, and 1000 creditors..

8 March 2005

Skope Industries, which makes commercial refrigeration products and heaters, says that job losses are imminent because of the high NZ dollar and government policy settings.

9 March 2005

A government report says there is no evidence that student loan debts of almost \$6 billion are driving graduates overseas — even though 26% of medical graduates leave the country after studying.

Finance Minister Michael Cullen says that New Zealand and Australia are now competing against each other to attract skilled migrants. Cullen: "We're looking for extraordinarily similar people — it's the trades and technical areas which are in particular short supply. And we have a disadvantage because Australian wage rates are higher than in New Zealand."

Minister has estimated *Working for Families* would reduce the proportion of children in homes earning under 50% the median income from 14.7% this year to just 4.3% by 2007. Maharey: "This report is data from 2000. When it comes out again I'd like to think that we will be in the top half of the OECD which is where our measures show us at the moment."

- But the **Child Poverty Action Group** (CPAG) argues that New Zealand cannot use the excuse that the figures are out of date because there has been **very little improvement** in the incomes of the poorest children over the past 5 years ... the same period in which Britain poured billions of pounds into the problem and as a result is rapidly reducing child poverty.

CPAG spokesperson Mike O'Brien: "In fact, current policy deliberately leaves the poorest, most marginalised children excluded from vital government aid aimed at low income children. The much heralded Working for Families package doesn't go nearly far enough. We cannot afford to allow children's wellbeing to depend on whether or not parents are in work. Children whose parents are not in work live in even worse circumstances; we need to be more generous with them, rather than less."

- It is CPAG's intention to make the **reduction of child poverty** a key issue in this year's national election. CPAG says that to give all our children an equal, fair start in life the government must establish an action plan to reduce child poverty that includes specific targets and timelines and the commitment of substantial resources.

Child Poverty Action Group health spokesperson Dr Nikki Turner: "Our aging society can't afford to lose sight of any of its precious children. Yet despite the economic boom, many of my patients still can't regularly afford nutritious food for their children. CPAG calls on New Zealanders to ask politicians in this critical election year to make child poverty reduction a key priority, given that it is in their power to do it. An action plan, with specific targets and timelines and substantial resources committed, is urgently needed to give all our children an equal, fair start in life."

- **Sue Bradford**, the Green Party's children's affairs spokesperson, says the Unicef report confirms other research over the past five years that shows the deliberate actions of both the Labour and National governments had created **intergenerational poverty**. Bradford: "New Zealand also has a very low wage economy — many workers wages are not even enough to properly feed, house or care for their families. We believe the minimum wage should be raised to \$12 an hour and it's time that employers stopped relying on the taxpayer to subsidise wages through accommodation supplement and other forms of family support."
- The **Salvation Army** has added its voice to growing concerns about the **falling rates of home ownership in New Zealand**. The Salvation Army recently established a social policy and parliamentary unit in Manukau to draw lessons from its social work into ideas for fixing social problems. It's first report "*From Housing to Homes*" was released at the end of February.

Director of the Social Policy and Parliamentary Unit, **Major Campbell Roberts**, says that the decline in the rate of homeownership in recent years has significant social and economic implications. Major Roberts: "The benefits of home ownership are financial and social, encouraging social stability, savings, and asset accumulation. Promoting and assist-

The Jobs Letter

DIARY

11 March 2005

Beneficiaries are in line for a 2.7% pay increase due on 1st April. Benefits are adjusted annually in line with inflation.

12 March 2005

An OECD report shows that more tertiary-qualified kiwis have chosen to emigrate than in any other OECD country.

13 March 2005

The National Bank is now offering a 100% mortgage option on new homes. The Sunday Star-Times warns that it could pose a disaster to new home-owners who are also coping with student loans and rising house prices. The average home in New Zealand is now worth about six times the average salary.

14 March 2005

Don Brash calls for more tax relief in order to reverse the brain drain.

Despite an extremely tight local IT job market, computer professionals have only won an average of 2.7% wage rises in the past year, just keeping above inflation.

The Pathway to Arts and Cultural Employment (Pace) scheme has 1200 people on it who are allowed to receive the unemployment benefit while they perfect their crafts. While on the scheme, they don't have to accept a job outside their chosen field. A breakdown of the scheme issued by MSD Minister Rick Barker reveals a broad brush is being used to determine whether a person is called an artist. On the scheme are 91 film and television production staff, 59 graphic designers, 29 photographers, 9 fashion models and camera operators, 5 hopeful radio and television announcers, a cinema projectionist, tattooist-body piercer, martial arts teacher, florist and stuffed-toy maker. Barker says the scheme has been hugely successful.

ing people into homeownership used to be an important part of government housing policy. It needs to become so again..."

- The figures: Homeownership peaked at 73.8% in 1991 but since then the rate has fallen to 67.8% (in 2001). The expectation in the current climate is that homeownership rates are likely to fall below 65% within 10 years. Younger people have seen the biggest reduction in homeownership with a decline of around 12% for people aged 34 years and under, and 10% for people aged 35-39 years.
 - The Salvation Army says that international evidence points to several broad policy approaches that will assist New Zealand's low and modest income households into homeownership. These approaches include:
 - **Shared Equity.** This is an option where the equity in a property is (at least initially) is shared between two parties. One of the major advantages of this option is the ability of shared equity housing models to be created/adapted for a variety of household types and housing regions.
 - **Right-to-Buy.** This would enable state tenants the right-to-buy their property at a discounted price, and would be targeted at particular areas of New Zealand and sections of the housing market, such as areas where there is an oversupply of state houses, and lower cost housing markets.
 - **Supported Savings.** These schemes encourage savings by matching or otherwise enhancing savings made by individuals or households. They often involve the locking in of savings for specific purposes, such as home deposit or education, by providing bonuses for those who do not withdraw before a specified period.
 - One further scheme being promoted by the Salvation Army has particular relevance to those cities with skill shortages but cannot afford to house the workers it needs. The **Land Lease For Key Workers** scheme operates by the government leasing, at a discounted price, government land in high housing cost areas for key workers (such as nurses, police officers, teachers) to build homes on. The Salvation Army: "There is potential to use zoning, planning, and other land use rules to encourage (or require) property developers to supply affordable housing."
- The Land Lease scheme would enable key workers to live in or near the communities in which they work. In this scheme, the government earmarks land (in Hobsonville, Whenuapai, or Papakura, for example) to be used for housing key workers. The households pay for the cost of the house, and the government provides a favourable long-term lease on the land. This makes quality homeownership attainable and sustainable for these key workers and their families.
- *From Housing to Homes*, by the Salvation Army Social Policy and Parliamentary Unit, (Salvation Army February 2005) can be downloaded (PDF 45pg, 560kb) from www.salvationarmy.org.nz/SITE_Default/x-files/10081.pdf
- *Voice:* Jane Clifton writing in the *Listener* on **the Single Benefit:** "Some of us even fell for the government's audaciously hyperbolic line, that the single benefit reforms were the most significant in 70 years. If you asked a beneficiary, the benefit cuts of 1991 must just pip what is essentially a bureaucratic restructuring for that honour. Or if you asked anyone who was a solo parent in the 1960s, say, when you simply couldn't get a benefit, she might tell you that the advent of the domestic purposes benefit was pretty darned seminal..."

"True, the new system might make the benefit system less of a jargonic and acronymous thicket. But in this, the government is hardly doing us

The Jobs Letter

DIARY

15 March 2005

A strong job market may be causing university student numbers to fall, according to Massey University.

16 March 2005

The average New Zealand household is worth about \$235,000, up almost 9% on last year. But NZ'ers are also borrowing heavily and spending more than they earn.

Editors

Vivian Hutchinson
Dave Owens
Bill Taylor

Associates

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.jobslatter.org.nz

a favour — merely what it should have been doing all along. Congratulating itself for being less obstructive of the needy is hardly in order, specially when it doesn't entirely know how this will be done. Or, as Steve Maharey puts it, "There is a time-line in terms of the release of the policy." ..."

- Nine out of ten **prison staff** say they **want to quit their jobs**, and a third are actively seeking other employment, according a survey published by the Public Service Association. *Life on the Inside* says the key reasons prison staff give for looking for alternative employment is they are seeking better pay, less stressful work, safer work and better hours. Staff say that workloads and overtime have increased due to the "double-bunking" of inmates — necessary because inmate numbers have increased faster than new prisons facilities can be made ready. Department of Corrections staff also say the shift to qualifications-based salary structure means they must complete unit standard-based qualifications in order to get promotions or pay rises. Staff maintain that with all the over-time required by the crowded prisons, they are having to trade away their career development for their inmate management duties.

Public Service Association national secretary Richard Wagstaff says the Department of Corrections **needs to recruit 1,800 new staff** in the next three years, while the survey of prison staff reveals its members are demoralised by the family-unfriendly hours of work. Wagstaff: "They feel undervalued and unsafe with most looking for alternative employment."

— *Life on the Inside*, published by the Public Service Association March 2005, can be downloaded (PDF 16pg 660kb) from www.psa.org.nz/prison_staff_survey.pdf

- The United States is starting to realise that it is running desperately **short of skilled, hands-on blue-collar workers**. The US Labour Department predicts that America will need 2.5 million new skilled trade workers over the next 8 years. And it expects demand for blue collar workers to **remain high for the next thirty years**.

The main reason for the blue-collar job shortages is the ageing of America. Because the baby boomers are retiring, huge worker shortages are already developing in areas such as construction, healthcare, auto repair, and all of the skilled trades such as electricians.

Electricians are seeing such a worker crisis that unions are offering fully paid apprenticeships to learn the trade. Community colleges involved in trade training report that they cannot keep enough students on their courses to keep employers satisfied. And websites are emerging (see www.bluecollarandproudoft.com) to persuade high school students **not to go to college**, but consider a blue collar job instead.

- Only 4% of US high school graduates pursue careers in technical fields, whether auto or boat mechanic, plumber, heating and air-conditioning technician, or factory workers. Mechanically minded young people are instead pushed by parents and guidance counsellors to attend college or are pulled by the high-technology industry into a "cutting-edge" field. But, according to the National Center on Education and the Economy, **at least 1 million US jobs**, most of which do not require a four-year degree, went unfilled this year because employers could not find workers with the necessary skills.

VOICES

from the HUI TAUMATA at Te Papa, 1-3 March 2005

“David Lange opened the first Hui Taumata by issuing a challenge to Maoridom. He said then that the desire for change must well up in the community itself and come from the hearts of the people. He said that the government could not impose change, but nor should it be an obstacle to change – and where there was a will for change, the government must work alongside that will. Today the government stands here in that spirit. Maoridom itself is supplying the navigators and is building the waka to carry Maori forward. All New Zealand looks forward to watching this waka sail even faster on a rising tide, and we want to be sailing alongside you...”

— **Helen Clark, Prime Minister**

“For our own future protection, we need to raise our educational standards, enhance and diversify our skills and ensure that we are more evenly distributed across all areas of the labour market. The reason that we suffered so greatly from the economic reforms in the 1980s was that our workforce was concentrated in low and semi-skilled jobs in Railways, Ministry of Works and other departments affected by the restructuring and in the processing industries.

“If there was one single factor that motivated me to take the journey into politics, it had to be the memory of that event. To see thousands upon thousands of our people rendered unemployed by the restructuring of the state sector and all within two to three years of the first Hui Taumata was heart-breaking and it is something that I would not want to see repeated...”

— **Parekura Horomia, Minister of Maori Affairs**

“Over half of us are under 23 years of age. Within a generation Maori will form around 1 in 5 of the total labour force. In 20 years there will be greater numbers of kuia and koroua. We must do all we can to ensure that our mokopuna are entering the workforce with sufficient skills and knowledge and that we continue to manaaki and tautoko our kuia and koroua.”

— **Sir Paul Reeves, former Governor-General and Hui Taumata Convener**

“Make no mistake our gathering is a watershed event. Our focus in the 21st century must be on the world stage. For three decades, since the 1975 Matakite Land march we have been examining our place in Aotearoa. That phase is over. Our population has grown by over a third since the last Hui. We are

far more visible, our culture and heritage is intact and seen as a source of pride by more than ourselves. Even more importantly we have proved we are an adaptable people. Adaptation is the key to our survival.”

— **Shane Jones, Waitangi Fisheries Commission chairman**

“Providers, including some iwi, have depended almost entirely on state contracts for sustaining their business. Having contested the notion of state dependency and welfare benefits at the Hui Taumata in 1984, there would be an irony if provider development were to create another form of state dependency albeit at another level. It is a reminder that multiple revenue streams embracing the private sector, combined perhaps with a system of user co-payments, might create more sustainable provider arms than total dependence on state contracts...”

— **Professor Mason Durie, Massey University Assistant Vice-Chancellor**

“The type of investment company an iwi has, or the businesses they invest in, should depend on what it is they require in terms of benefits. But it rarely does. We clearly feel we are tied to a particular group of assets and are therefore in no position to sell or trade them. The catch cry ‘not one more acre!’ has contaminated our ability to think outside of the box when it comes to investment...”

— **Tahu Potiki, Te Runanga o Ngai Tahu chief executive**

“The Hui Taumata resembles a prayer meeting in the church of the almighty dollar. And there are not many non-believers here. It is just the high priests of economic development preaching to the converted...”

— **Mike Smith, Maori Activist**

“The what-next [after Hui Taumata] is to get Maori richer. Maori are a sort of third-world nation lurking within this supposedly first-world one. If they don't get richer the nation's economic potential will be seriously blunted. The demographics make that inescapable point: Maori are a quarter of the population under 15 and so, inevitably, their proportion of the total population will climb towards that level. If Maori continue on average to get less well educated and less skilled and get lower-paying jobs than non-Maori, that will cut overall economic performance, make the country less attractive to investors and high-flyers and generate a downward spiral. “

— **Colin James, political columnist**