

The Jobs Letter

No. 228

15 April 2005

Essential Information on an Essential Issue

KEY

TRADES ONLY FILLING 4 OF 10
VACANCIES

NATIONAL WOULD CUT
STATE JOBS

PROPOSED NATIONWIDE
SAVINGS SCHEME

'HOBBY' COURSES
TO BE CUT

- Employers are **filling only four in ten jobs** in all major trades and in some trades the fill rate is as low as one in six. A Department of Labour survey of advertised jobs in 16 trades found there was an average of 0.7 applicants per vacancy and a 41% fill rate within six to eight weeks. In none of the trades were employers able to fill 80% of jobs. The worst shortage is of automotive electricians with just 15% of jobs filled, but other trades in notable short supply were bricklayers (23% fill rate), cabinet makers (32%), and fitter and welders (33%). All the surveyed trades were in short supply of workers, including: automotive electricians, bakers, boat builders, bricklayers, butchers, cabinet makers, carpenters, diesel mechanics, electricians, fitter and turners, fitter and welders, hairdressers, motor mechanics, panel beaters, plumbers and sheet metal workers.

The survey of job vacancy ads in 25 daily newspapers has found that **job ads** have recorded **double-digit increases** each month for the last 14 months. The Department has been monitoring the job advertisements to identify skills shortages that could undermine the economy. The results are being used to plan immigration policies and funding for training programmes.

The shortages are assessed to be genuine skill shortages, as opposed to recruitment difficulties, in all but one occupation surveyed. The **causes of trade shortages** are varied and include a drop in young people entering the trades in the 1990s and low training rates at the “fully trade qualified” levels. The growth in number of workers through training and migration falls short of the loss of trades people through retirement and occupational wastage and the increase in demand for more workers through job creation. The Department expects shortages to persist in the short term.

— *Skills shortages, Occupation Reports*, published by the Department of Labour, detailed reports on each of the 16 trades can be downloaded (each report in PDF format approx 10pg, 200kb) from www.dol.govt.nz/publications/jvm/job-ad-trades.asp

- National Party finance spokesman John Key decries the increasing size of the state sector and says a National government would “identify waste” in a thorough review of all state spending. He says the Labour government has been hiring at a fast and furious rate, racking up thousands of new staff in the core state sector to the extent that the government now occupies over half of the commercial buildings in downtown Wellington. Kay says the money saved from such a review would be used to help fund tax cuts.

A Treasury report obtained by the *New Zealand Herald* under the Official Information Act indicates Treasury is also concerned at the **growing state sector** wage bill, which has increased by between \$750 million and \$1 billion in each budget since the Labour-led government came to power. At the end of National’s nine-year term, in 1999, total

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29 March 2005

The Japanese unemployment rates rises from 4.5% in January to 4.7% in February, surprising economists.

30 March 2005

EEO Trust research indicates that offering part-time work may enable employers to take better advantage of NZers’ changing work patterns. The latest EEO Trust *Work & Life Bulletin* can be downloaded (10pg, 1.8M) from www.eoctrust.org.nz

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and is freely available on our website at www.jobsletter.org.nz. We will email you if you want to be notified of the latest issue, or sent the full letter (in PDF format). Paper, posted subscriptions are available at \$79 (incl GST, per annum).

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31 March 2005

Disabled person's advocates present a petition to parliament with over 7,000 signatures against the repeal of the Disabled Persons Employment Promotion Act. Advocates maintain such a law change will cost disabled people their jobs.

A review recommends that more than 30 Bay of Plenty school dental clinics be closed and replaced with eight mobile dental clinics.

Seven times as many Australian employers intend to increase staff levels than expect to drop staff, according to the Hudson report. Hudson Australasia: "The question of sustainability comes into play when we keep seeing results that suggest increasing demand for people who simply aren't available in the domestic market."

3 April 2005

Job losses are on the cards at NZ Post as it considers technology upgrades that will affect how the company's 2,500 mail-processing staff do their jobs. The Engineers Union expects "quite a significant effect on staff".

state sector staff numbers stood at 245,201. By September 2004 that figure had grown by 33,630 to 278,831. In core government departments, staffing has risen from 30,702 to 38,270. The Treasury report indicates it would like to see spending and job cuts in the state sector.

- But Minister of State Services Trevor Mallard says the National Party's review plan would **turn back the clock** to the 1990s days of depleted government capability. Mallard says when the National Party left office, government departments were so short of resources that business people wanting tax returns were left on the phone for hours, students were left begging at foodbanks as their loan and allowance applications were not processed, and policy decisions were made on the whim of ministers rather than through sound policy advice.

Mallard outlined some of the new non-core government staff are: 2,700 extra teachers over and above those needed for roll growth, 950 medical doctors, 3,300 nurses, more than 820 prison staff, and 1,080 police staff.

- Establishing **individual savings accounts** for all New Zealanders is the central recommendation of the latest public discussion document produced by the New Zealand Institute. The proposed Kiwi Savings Accounts would start with every child getting a \$500 government endowment at birth, added to by another \$500 at the age of five and again at 10. It also calls for the government to match the voluntary contributions (up to \$200 per year) people would be encouraged to make to each account until the child is 18 years old. People could make additional contributions to children's accounts as well.

Opportunity for a lifetime: Creating an ownership society in New Zealand says the government could pay for the savings scheme by **diverting 2%** of what it receives in personal income tax into the scheme, essentially saving 2% of everyone's taxable income, including welfare benefits. These accounts could have more than \$14,000 by the child's 18th birthday, reducing or eliminating the need for a student loan scheme and ensuring everyone starts adult life with a firm financial base.

The discussion document says its proposals would require a major fiscal commitment — \$4 billion a year — to promoting asset ownership in New Zealand. And it calls for policies in a range of areas — housing, student loans and welfare — to be changed to put a greater focus on promoting asset ownership.

- *New Zealand Herald* economics editor Brian Fallow says the \$4 billion price tag for such a national savings scheme has raised eyebrows, if not laughter. He quotes the Minister of Finance Michael Cullen: "Such a level of support would be totally unaffordable and would lead to the government moving from being a net saver to a net borrower, which would undermine the whole purpose of the exercise".

But Fallow says the national savings rate would still go up as long as any reduction in government saving was exceeded by an increase in household saving. In any case, the institute's scheme is also about spreading the benefits of **asset ownership** and a savings culture more widely within society.

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5 April 2005

Bank workers are “extremely upbeat” about their current job opportunities, according to Westpac Bank chief economist Brendan O’Donovan. A survey of 1,500 bank staff found that optimists significantly outnumber pessimists in terms of worker confidence. However, O’Donovan says the optimism had dropped slightly from the previous quarter indicating employees feel that the economic boom times have peaked and that this may be “as good as it gets” in the job market for workers. Looking ahead a year in terms of expected job availability, there were roughly equal numbers of optimists and pessimists.

As many as 50 more jobs go at Masterton Hospital on top of the 12 heads of departments that have already gone, as the Wairarapa District Health Board restructures its workforce in expectation of its new hospital that will open next year. The announcement does not include several departments for whom job cuts are also likely later this year.

The Police Association says Wellington City is short 90 police officers.

The NZ Institute scheme rests on the simple intuition that if you make it easier to do something, people will do more of it. The Institute argues that during the past 20 years we have made it much easier to borrow. Consequently, we have accumulated a lot of debt. Now we need to make it easier for people to save and accumulate assets. Fallow says the government acknowledges the desirability of this and has signalled that the May Budget will contain measures to boost saving for retirement and help with buying a first home. But the sums involved will clearly be modest compared with the institute’s bold proposal and will, therefore, only nibble at the problem.

— *Opportunity for a lifetime: Creating an ownership society in New Zealand*, 6 April 2005, published by the New Zealand Institute, can be found at www.nzinstitute.org/

- The government intends to shift **tertiary education funding** away from courses that don’t lead to a job and put the money into those that build the skills the country needs.

Minister of Education Trevor Mallard says vocational programmes with relatively poor employment outcomes will not be a funding priority and neither will programmes that only relate to personal **interests or hobbies** and have no other benefit. Mallard: “It’s fair to say there have been concerns for some time about burgeoning expenditure on courses around which some of us couldn’t put our hands on our hearts and say they were high quality and highly relevant. Instead our targets for funding will include programmes that match our skill development needs.”

Mallard says the review was not sparked by the recent problems involving Te Wananga O Aotearoa but it is clear the change will affect the institution. He says one of the problems is that the system had allowed for, and probably rewarded, organisations that behaved in a self-maximizing manner. Mallard says the focus for the last 20 years was to get the numbers of people undertaking tertiary study up. Now this has been achieved the focus needs to be on excellence and quality.

- Minister of Maori Affairs Parekura Horomia says Maori should concentrate on studying **science and trades**, not just language and culture. He says Maori need a range of skills in a modern economy and should consider studying their own language, culture and customs in their own time, rather than in “formal” learning time. Horomia: “It’s not enough just to be able to speak Maori, you have to have something to say in it. We must have a full and fair ratio of Maori accountants, Maori engineers, Maori doctors, Maori plumbers, Maori maths teachers, Maori information technologists.”
- Dr Helen Potter of Te Mana Akonga, the national body of Maori tertiary students, says a lot of money has come into tertiary education for Maori language. With this the government has purchased two important statistics in an election year: a decrease in Maori unemployment and a massive increase in Maori participation in tertiary education through Te Wananga O Aotearoa. Potter says that for many, this is a crucial step that led to other courses. She says if the government wants **to increase Maori numbers** in tertiary education it should address Maori student debt and rising fees which are discouraging Maori from enrolling in science and degree courses.

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6 April 2005

Early childhood teachers are now on the Immigration Service "long-term skill shortage list". This year all private childcare centres will have to have a qualified, registered teacher with a three-year early childhood teaching diploma on duty at all times. The government is hoping to attract foreign staff to make up the shortfall in qualified NZ childcare staff.

The Manukau City Council says its police district should have 160 more officers than it does.

Unmotivated staff cost the NZ economy \$3.67 billion to according research by Gallup which says 15% of the workforce is "actively disengaged" from their work. Gallup says managers need to address employees' needs and "create active engagement at work".

National Australia bank is cutting 550 Australian jobs

- The high level of **medical student loan debt** is redirecting young doctors' career paths and lives. *Doctors and Debt: The Effect of Student Debt on Doctors* shows that medical graduates are struggling to repay their student loans that average \$65,000. 48% of first-year doctors say they would consider going overseas as a result of their debt and nearly two thirds of those surveyed said they were considering leaving New Zealand within three years of graduating. 42% said that their student debt had influenced their decision when and whether to have children. And four out of 10 say their debt will have a direct impact on the area they worked in — forcing them into higher-paid specialties. This could lead to shortages of doctors going into general practice and diverting young doctors who want to work in rural areas.

Dr Don Simmers, deputy chair of the Medical Association, says while New Zealand doctors have traditionally gained overseas experience, there is now concern there is little incentive for them to return. Simmers: "We need practical ways of encouraging doctors to stay here and work."

The report recommends the government reduce medical school fees (now \$11,000 per year), increase the trainee intern grant, and give all students a living allowance. Only 20% of graduates surveyed received a living allowance for the full 6 years of their MBChB study.

— *Doctors and Debt: The Effect of Student Debt on Doctors*, March 2005, published by NZ University Students Assoc, NZ Medical Assoc & NZ Medical Students Assoc, ISBN 0-476-01494-8 can be found at: www.nzma.org.nz/news/publications.html

- Trends. Retirement homes are on the out and the new model for **looking after our elders** is for them to stay in their own home, supported by home care workers. Dr Matthew Parsons, senior lecturer in gerontology at Auckland University says the trend is worldwide and New Zealand is slowly and progressively moving to the point where we're no longer going to have rest homes. Parsons: "It's basically about keeping people in their own home, no matter what happens to them, and wrapping services around them. In 10 years there will be no more rest homes."

Indicating the shift in policy is the huge increase in spending in the sector. Government spending on **home support** services has nearly doubled since 1999, from \$94 million to \$170m last year. About half a million hours of home support are being billed each month, and 144 agencies have contracts with the government to care for those with disabilities, predominantly the elderly, at home.

- But the transition from resthome care for elders to home care is not going smoothly. Research for the Ministry of Health on the quality of disability support services indicates an **underpaid and poorly supervised** workforce of carers. A co-ordinator of a home support service told the *Sunday Star-Times* some workers clear only \$4.80 an hour after travel time and travel costs are taken into account. Forced by government contracts to offer such poor pay, agencies say staff are hard to find or keep. For the industry, staff turnover averages an alarming 39% per year, and some agencies report their figure is up to 90%. One home care agency said its entire staff is illiterate. Another told the researchers that they were driven to placing job ads that said "no experience necessary".

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7 April 2005

Recruitment agency Kelly Services NZ says the job market is “incredibly tight across all sectors and getting worse.” Kelly has increased its advertising budget last year and it is now costing twice as much to attract and retain its own workforce and to attract the candidates they refer to customers.

Green Party MP Sue Kedgley’s private members flexible working hour bill has been drawn out of the ballot and is supported by the government to go to select committee.

In March, the Australian economy added nearly six times the number of jobs than economists had forecast. The unemployment rate stayed steady at 5.1% as a rise in the number of people looking for work kept pace with the number of added jobs.

Ten or 20 years ago, support workers were typically middle-aged women with life experience and excellent practical skills. But today they tended to be young, had little education or practical knowledge and “were only doing the position because they could not find any other work”. And many of the 80 people with disabilities interviewed by researchers said they feared for their physical safety. They said carers sometimes did not turn up, some had poor hygiene and bad food preparation skills, and commonly didn’t know how to lift them safely.

- Recruiters discriminate heavily against ethnic **Chinese and Indian job seekers**. A study by the University of Auckland School of Business found there were “ethnic penalties” for people with Chinese and Indian names — even if they were born in New Zealand. Students studying master of business administration or senior-level human resources papers and employed by medium to large organisations, were asked to shortlist 18 fictional CVs for an entry-level human resources job. Some CVs bore English names, some were entirely non-English names and some had an English first name and non-English surname.

All the “applicants” were fluent in English and more than qualified for the post. Half the Asian-sounding candidates had local education and experience, and some of the Anglo-Saxon applicants were from Canada or Britain. The study found that when immigration status was included on the CVs given, **not a single new Asian immigrant** was shortlisted for a job. When immigration status was left off, having a Chinese or Indian name significantly raised chances of being considered “unsuitable”. Chinese names were more “unsuitable” than Indian. Maori recruiters imposed similar ethnic penalties as Pakeha employers. Asian recruiters judged Asian and Pakeha applicants similarly.

Associate Professor Marie Wilson says many employers won’t face up to the fact they are prejudiced. Wilson: “It’s about merit and about being colour-blind when hiring. Prejudiced employers are shutting out a huge resource at a time of labour shortages. If you only want Pakeha in your workforce, you’re limiting yourself to two-thirds of the available workforce, which is rapidly ageing. If you want to be internationally competitive, you can’t be provincial in your hiring.”

- ACT Party deputy leader Muriel Newman says social welfare benefits are increasing and now cost taxpayers \$23 million a day, or almost \$1 million an hour. She is referring to a report released by the Ministry of Social Development showing **welfare expenditure rose** from \$7.9 billion in June 2000 to \$8.5 billion in June 2004. Newman: “The latest statistics show there is no cause for complacency. It highlights a growing trend in the number of people stuck in the welfare trap. Welfare dependence has grown under the Labour government. Although unemployment benefit numbers are down, the number of people on other benefits has increased. The cost of welfare is now bigger than ever.”
- Minister of Social Development and Employment Steve Maharey says Newman’s claim is **simply wrong**. Maharey: “The figures she’s touting include superannuation and the veteran’s pension. When only benefits are included, expenditure has actually fallen slightly from \$3.65 billion to \$3.59 billion despite annual inflation adjustments. I’m sure most New Zealanders would not classify super and veteran’s pension as benefits. Does ACT propose to cut these entitlements? The truth is that there are fewer people on benefits than there were five years ago and the government spends less on benefits now than it did before the Labour-led government was elected.”

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8 April 2005

Nearly 1,000 more Special Needs food grants are issued each week by Work and Income compared with five years ago. Food grants, usually worth \$93, can be used for most things in a supermarket other than tobacco or alcohol. Child Poverty Action Group spokesperson Susan St John says the growing number indicates increasing poverty. Work and Income says it is doing better at providing people with their correct entitlements.

10 April 2005

A shortage of neurosurgeons has been pushing out patient waiting lists for brain surgery. Health authorities are hoping to fill the vacancies with immigrant doctors.

12 April 2005

March job ads were up 6.6% on this time last year, according to the ANZ survey. Ad numbers were lower in March than in February, a fact the survey attributes to Easter falling in March rather than April.

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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

- The **Human Rights Commission** has drawn up the first *New Zealand Action Plan for Human Rights* which identifies what must be done over the next five years so the human rights of everyone who lives in New Zealand are better recognised, protected and respected. The plan draws on *Human Rights in New Zealand Today*, the first comprehensive assessment of the status of human rights in New Zealand, published in September 2004 (see *Jobs Letter* No 214). Now, the *Action Plan* sets out what is required to achieve measurable improvements between 2005 and 2010, including specifics on **poverty reduction and employment**.

Action priorities for action to reduce poverty:

- develop an official poverty measure, set targets for the reduction of poverty, and monitor progress towards meeting those targets
- develop an integrated cross-sectoral programme for the reduction of poverty, applying the UN guidelines for a human rights approach to poverty reduction.

Action priorities for action for improved employment outcomes:

- address barriers to employment and challenge stereotypes in relation to disabled workers, older workers, migrants, refugees, Maori and Pacific workers, and men and women returning to the workforce after family responsibilities
- increase diversity in participation in the Modern Apprenticeship Scheme
- address bullying, harassment and discrimination in the workplace
- connect sectors and coordinate Equal Employment Opportunities activities among practitioners, academics, employers and trade unions
- improve the protection of rights for low paid and unpaid workers
- adequately resource pay and employment equity in health, education and the public service to achieve compliance with ILO Convention 100 (Equal Remuneration Convention)
- encourage the implementation of pay and employment equity in the private sector to achieve compliance with ILO Convention 100 (Equal Remuneration Convention)
- ratify ILO Convention 183 on Maternity Protection
- ratify ILO Convention 138 on the Minimum Age for Admission to Employment
- ratify ILO Convention 87 on Freedom of Association and Protection of the Right to Organise
- ratify ILO Convention 159 on Vocational Rehabilitation and Employment (Disabled Persons).
- improve training and career development opportunities for the home care and personal support workforce
- improve the status and remuneration of home care and personal support workers.
- *New Zealand Action Plan for Human Rights, Priorities for Action 2005—2010*, February 2005, published by the Human Rights Commission Te Kahui Tika Tangata, ISBN: 0-477-05497-8, is accessible from: www.hrc.co.nz/report/actionplan/Oforeword.html

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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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