No. 230

17 May 2005

Essential Information on an Essential Issue

KEY

UNEMPLOYMENT CREEPS UP

PART-TIME WORKING HIGH SCHOOL STUDENTS

STUDENT ALLOWANCE NUMBERS FALL

THE AUSTRALIAN BUDGET STATISTICS THAT MATTER

DIARY

2 May 2005

An ambitious \$1 million private effort is under way to tackle skill shortages in the information and communications technology industry (ICT). It hopes to result in a technology curriculum for years 11-13 schoolchildren, and in the creation of a new national ICT training organisation. The initiative is the brainchild of E-Regions, a non-profit trust founded by influential industry activists.

Permanent long-term migration to NZ increased the population by 1,400 people in March and by 10,000 for the year to March. This was down by 28,000 on the previous year.

Migration outflow of NZers to Australia was 17,200 for the year. This was slightly higher than the annual average of 14,000 NZers who have gone to live in Australia since 1993.

The Defence Forces are operating with about 2,500 staff fewer staff than it needs in order to fulfill the commitments government has made, according to a report conducted by the Defence Force, the Ministry of Defence, Treasury and the State Services Commission. Minister of Defence Mark Burton says the government will spend \$4.6 billion over the next 10 years, primarily on improving staff retention and recruitment, to rectify the problems.

• The **unemployment rate rose** from 3.6% to 3.9% last quarter, the first rise since December 2003.

The number of jobs added to the economy, just 1,000, was significantly lower than the nearly 12,000 increase in the working-age population. Annually, employment growth was still a strong 3.4%, or 67,000 jobs, but the growth has slowed.

Statistics New Zealand says that despite the increase in unemployment and the "flat employment result", the labour market remains **historically strong**. The unemployment rate of 3.9% is still the third lowest rate the Household Labour Force Survey has ever recorded, the rate of labour force participation is still high, and there are more people than ever -2,055,000 — in the New Zealand workforce.

For the week preceding the statistics release, economic forecasters had been predicting unemployment to drop to 3.5%.

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

- the rise in unemployment was primarily a result of a rise in the unemployment rate for Pakeha/European men;
- the number of women in paid work rose, and the female labour force participation is now at an all time high;
- full-time employment increased 0.8% but part-time employment decreased by 3.2%.

Is this the landing of a heated economy long-predicted by economists? It is too soon to tell, but it is the first turn around in the jobs figures since June 1998

In our website version of this issue of *The Jobs Letter* is our special feature: *Who Got the Jobs*.

• High **school students** are taking on too much **part-time work**, according to some school principals. A survey of Year 13 students at Shirley Boys High in Christchurch last year revealed that 85% worked for an average of about 12 hours a week and some students work up to 25 hours per week. Principal John Laurenson says a small amount of part-time work can be good for students' personal development, but he is concerned about the impact of increasing hours students are spending at work. He says too much work encroaches on study time and limits the opportunities students have to participate in sporting and cultural activities. Laurenson: "It's eating into their time at night to study and then they don't have the energy when they do come to study."

Wellington East Girl's College principal Janice Campbell says some working students at her school are saving for university, but others just want cash for fashion and entertainment. Campbell agrees that part-time work could teach important skills but she notes that her school's top pupils focus on their studies and extra-curricular school

DIARY

3 May 2005

South Canterbury school principals report that a concerning number of secondary students are struggling at school because they have paid jobs which are distracting them.

Treasury officials have questioned PM Helen Clark's plans to get mothers back into paid work, saying NZ households are already among the hardest working in the world. Treasury says getting more mothers into work would result in less time for child rearing, housework, and leisure or unpaid activities that are "... nonetheless valuable and contribute to the overall welfare of the country."

The Treasury comments have been welcomed by women's groups, child welfare organisations and home-based mothers angered by Clark's comments earlier this year.

5 May 2005

Statistics NZ reports that the cost of labour increased 0.5% in the March quarter and by 2.5% for the year to March. 59% of workers received an increase. The average increase was 4.4%.

The World Economic Forum will launch a study later this month that attempts to measure and rank the "gender gap" between 58 national economies. The intention is to gauge the benefits countries receive or penalties they endure due to involvement or lack of involvement of women in their economies.

6 May 2005

The International Monetary Fund is forecasting the NZ economy to grow by 2.8% in the coming year, a slowdown from last year, but still faster than the OECD average.

7 May 2005

The increase in the number of mothers returning to workespecially those of under one-yearolds — is contributing to a widespread shortage of nannies. NZ Nanny Support Service says there is a big demand for care for babies. Manager Stacey Dunne says there is a whole culture change occurring. Nannies have traditionally been employed by the wealthy but with government subsidies, demand has taken a huge leap. Dunne says she has only been able to fill a third of her enquiries for nannies this year. Nannies earn \$15 - \$18/hr and experienced, qualified nannies can command as much as \$25/hr.

activities. She says the students who get the best results don't have part-time jobs.

The top three reasons students give for getting a job are to save for (or to run) a car, to have a social life and to save for tertiary education in hopes of avoiding having to take out a student loan.

• Meanwhile, the number of tertiary students receiving **student allowances** has been dropping over the last five years. 40,434 students received an allowance in the first quarter of this year compared to 52,465 in 2001 — a drop of 23%. Over the same period, student numbers increased by 28%.

The reduction has continued despite the government's assurance that the **changes to the eligibility** criteria for the student allowance, made in last year's Budget, would boost the number of students receiving allowances. But since the 2004 Budget, there have been 3,000 fewer students claiming an allowance.

• Co-president of the NZ University Students' Association Andrew Kirton says the government had failed its promise to students. The government predicted 36,000 more students would receive an allowance in 2005 when it made eligibility changes last year. NZUSA co-president Camilla Belich points out that if students earned more than \$108 per week after tax by working, they lose their allowance. Belich: "This is far too low and needs to be raised to reflect the actual cost of living."

And both the National Party and the Green Party have pointed out that Minister of Education Trevor Mallard knew in mid-February of the decline in this year's student allowance numbers and yet three weeks later he announced how the Ministry would be budgeting \$223 million for more student allowances over the next four years, an amount it looks unlikely to spend.

- Mallard says there are a variety of reasons for the drop-off in student allowance numbers. These include the strong employment market that has encouraged more students to go straight from school to work instead of enrolling in tertiary education. There has also been a shift from full-time to part-time study accompanied by part-time work, putting these student incomes over the eligibility threshold. Mallard also speculates that parents may be earning more and so fewer students are eligible for allowances because these are based on their parents' incomes. Mallard: "Part of the problem with this issue is that it is just all good news."
- The government has signed its latest "jobs partnership" with the intention of getting more **sole parent beneficiaries into the workforce**. Minister of Social Development and Employment Steve Maharey is working with the Auckland Chamber of Commerce to identify skills and labour gaps. Work and Income will respond to these by selecting candidates primarily from a pool of people on the domestic purpose benefit who "have career aspirations that meet the needs of employers". The Chamber will then provide, or nominate, training and support for those people moving into work.

The reason the government has joined with the Chamber of Commerce in this latest jobs partnership is because it wants to shift the perception employers tend to have when they consider hiring people who are on the domestic purposes benefit. Maharey: "A particular problem is that employers are often reluctant to hire sole parents with young children. To help address this the Chamber will promote the benefits of flexible workplace practices among its members."

This "jobs partnership" is the ninth the government has initiated, but the first that is directed at a particular group of beneficiaries rather than with

ONE IN TWENTYSIX PEOPLE OFFICIALLY UNEMPLOYED IN NZ

OFFICIAL NUMBER OF UNEMPLOYED IN NZ

March 2005

83.000

Seasonally Adjusted

OFFICIAL RATE OF UNEMPLOYED

March 2005

3.9%

OR ONE IN 26 PEOPLE Seasonally Adjusted

RISE IN NUMBER OF UNEMPLOYED IN LAST THREE MONTHS

Dec 2004—March 2005

6,000

RISE IN LAST YEAR

March 2004— March 2005

4,000

Seasonally Adjusted

PEOPLE REGISTERED AS JOBSEEKERS WITH MINISTRY OF SOCIAL DEVELOPMENT

(Formerly WINZ) March 2005

87.325

UNDEREMPLOYED

March 2005

71,200

(workers who are employed part time but would prefer to work more hours)

GLOBAL

SPAIN	10.3%
FRANCE	9.8%
GERMANY	9.7%
ITALY	8.0%
CANADA	7.0%
OECD Average	6.7%
UNITED STATES	5.4%
AUSTRALIA	5.1%
JAPAN	4.7%
BRITAIN	4.6%
NEW ZEALAND	3.9%

STATISTICS THAT MATTER

OFFICIALLY UNEMPLOYED

The official unemployed rates are an internationally recognised figure for unemployment based on the Household Labour Force Survey run by Statistics New Zealand. These are the latest figures for March 2005.

NORTHLAND	4.2%	. or one in 24 people
AUCKLAND	4.2%	. or one in 24 people
WAIKATO	4.2%	. or one in 24 people
BAY OF PLENTY	4.6%	. or one in 22 people
GISBORNE-HAWKES BAY	4.4%	. or one in 23 people
TARANAKI	3.6%	. or one in 28 people
WANGANUI-MANAWATU	4.6%	. or one in 22 people
WELLINGTON	4.8%	. or one in 21 people
NELSON-MARLBOROUGH		
TASMAN-WEST COAST	2.7%	or one in 37 people
CANTERBURY	3.9%	. or one in 26 people
OTAGO	4.5%	. or one in 22 people
SOUTHLAND	3.5%	. or one in 29 people

EMPLOYED

NUMBER OF PEOPLE IN JOBS IN NZ

March 2005 Seasonally Adjusted

2,055,000

varon 2000 Goddonany 7

RISE IN NUMBER OF PEOPLE IN JOBS IN LAST 3 MTHS

Dec 2004—March 2005

RISE IN NUMBER OF PEOPLE IN JOBS IN LAST YEAR

1,000

Moreh 2004 Moreh 2005

March 2004—March 2005

68,700

SECTORS WITH A RISE IN EMPLOYMENT IN THE LAST YEAR

CONSTRUCTION, HEALTH & COMMUNITY SERVICES, TRANSPORT, STORAGE & COMMUNICATION, BUSINESS & FINANCIAL.

SECTORS WITH A DROP IN EMPLOYMENT IN THE LAST YEAR

MANUFACTURING, WHOLESALE & RETAIL TRADE, EDUCATION, AGRICULTURE, FORESTRY AND FISHING.

FULL-TIME and PART-TIME

of the "Employed" statistics

 FULL -TIME
 PART-TIME

 MEN
 1,004,300 (90%)
 108,200 (10%)

 WOMEN
 616,500 (65%)
 325,900(35%)

 TOTAL
 1,620,700
 434,100

 OVERALL%
 79%
 21%

GAIN OF FULL-TIME EMPLOYED IN THE PAST YEAR: 76,800 GAIN OF PART-TIME EMPLOYED IN THE PAST YEAR: 19,000

REGIONS

REGIONS WITH A DROP IN UNEMPLOYMENT IN THE LAST 3 MONTHS

Dec 2004-March 2005

GISBORNE-HAWKES BAY TARANAKI SOUTHLAND

REGIONS WITH A RISE IN UNEMPLOYMENT

NORTHLAND
AUCKLAND
WAIKATO
BAY OF PLENTY
WANGANUI / MANAWATU
WELLINGTON
NELSON / MARLBOROUGH /
TASMAN / WEST COAST
CANTERBURY
OTAGO

A SPECIAL SUPPLEMENT TO

THE JOBS LETTER

17 MAY 2005

ONE IN FOURTEEN PEOPLE OFFICIALLY JOBLESS IN NZ

OFFICIAL NUMBER OF JOBLESS IN NZ

March 2005

161,200

OFFICIAL RATE OF JOBLESS

March 2005

7.3% OR ONE IN 14 PEOPLE

RISE IN NUMBER OF JOBLESS IN LAST THREE MONTHS

Dec 2004 -- March 2005

11,700

DROP IN NUMBER OF JOBLESS IN LAST YEAR

March 2004—March 2005

14.700

THE JOBLESS FIGURES

According to Statistics NZ, the difference between the official "unemployment" figures and the "jobless" figures is that many of the people on the jobless measurement are available for work, but not actively seeking it.

The reasons for not actively seeking work range from people being discouraged because they lack the skills needed, or were the wrong age, or that the right work was not available in their area, or they were only looking for jobs in the newspaper. This measurement also includes those actively seeking work but not yet available for it.

A SPECIAL SUPPLEMENT TO

THE JOBS LETTER

17 MAY 2005

OFFICIALLY JOBLESS

"Those Without a Job and Wanting a Job"

These are the statistics that are more commonly used by community workers and employment activists in New Zealand because they more accurately reflect the people who are their concern or clients. These "Jobless" figures are also based on the Household Labour Force Survey run by Statistics New Zealand, but include a wider definition of unemployment, usually referred to as "those without a job and wanting a job" ... (see note in side panel).

NORTHLAND	 8.8%	or one in 11 people
AUCKLAND	 7.9%	or one in 13 people
WAIKATO	 6.2%	or one in 16 people
BAY OF PLENTY	 7.7%	or one in 13 people
GISBORNE-HAWKES BAY	 8.4%	or one in 12 people
TARANAKI	 7.3%	or one in 14 people
WANGANUI-MANAWATU	 7.6%	or one in 13 people
WELLINGTON	 7.6%	or one in 13 people
NELSON-MARLBOROUGH		
TASMAN-WEST COAST	 4.5%	or one in 22 people
CANTERBURY	 6.5%	or one in 15 people
OTAGO	 7.6%	or one in 13 people
SOUTHLAND	 5.3%	or one in 19 people

AGE and LONG-TERM

	IPLOYMENT RATE - AGED 15-19 YEARS one-in-9 young people	11.2%
	MPLOYMENT RATE - AGED 50-65 YEARS one-in-43 mature people	2.3%
	UNEMPLOYED (OVER 6 MONTHS) 8% or one-in-13 of the unemployed	7,000
	M UNEMPLOYED (OVER 2 YEARS) 3% or one-in-39 of the unemployed	2,300 Less than
VERY LONG-T	Figure too small for accurate estimate	1,000

THE SCHEMES

Figures from Ministry of Social Development, Youth Affairs and Tertiary Education Commission (formerly Skill NZ)

Luucation Commission (tormeny Skiii NZ)	
TASKFORCE GREEN	405
JOB PLUS	2,670
JOB PLUS MAORI	42
JOB CONNECTION	112
ENTERPRISE ALLOWANCE	51
ENTERPRISE ALLOWANCE WITH CAPITALISATION	200
TRAINING OPPORTUNITY SCHEME (TOPS)	6,632
YOUTH TRAINING (T.E.C.)	4,415
LIMITED SERVICE VOLUNTEERS (ARMY)	62
CONSERVATION CORPS (Dec)	665
YOUTH SERVICE CORPS (Dec)	108
ACTIVITY IN THE COMMUNITY (still counted as unemployed	

PARTICIPATION

LABOUR FORCE PARTICIPATION RATE

March 2005

Seasonally Adjusted

67.6% up from 66.6% last year

RACE

MAORI RATE OF UNEMPLOYMENT

March 2005

8.8%
OR ONE IN 11 PEOPLE

PACIFIC ISLAND RATE OF UNEMPLOYMENT

March 2005

6.7%

OR ONE IN 15 PEOPLE

NZ EUROPEAN RATE OF UNEMPLOYMENT

March 2005

3.1%

OR ONE IN 32 PEOPLE

DIARY

8 May 2005

Te Wananga O Aotearoa is on the brink of insolvency. Cabinet approves a \$20 million loan to the institution so it can meet its financial commitments over the next fortnight, including wages to staff and payments to creditors.

Hewlett-Packard has beaten EDS and IBM to get the job of trialing client management software Curam for Work and Income. The software trial itself runs to seven figures but, if successful, would cost the government "at the low end of \$80-180 million" to install and support. according to a Hewlett Package spokesperson. Curam is expected to take on many of the functions done by Swiftt and Trace, the custom-built case management applications used by Work and Income. The trial will run from July to November.

10 May 2005

The availability of better paying jobs in other industries is pulling workers away from the caregiving sector, according to a working party on support services for the elderly and disabled. Poorly-paid caregivers are leaving their jobs in large numbers and the working party's report indicates the situation is likely to worsen now that nurses working for district health boards have negotiated a 20% pay rise. That settlement is likely to draw both nurses and caregivers from the sector, to better paid health board jobs.

About one-in-four NZ homes are not insulated and one-in-three have inadequate or no heating. The Health Research Council has found that people in insulated homes suffer less from respiratory problems and have fewer sick days off work.

a specific industry. The Ministry has jobs partnerships with the hospitality, meat, retail, transport, plumbing, rail track maintenance, road and bus industries. They are all intended to provide unemployed people with entry-level skills training.

• **Australian** Treasurer Peter Costello's **Budget** has made changes to tax rates that will reduce the amount of income tax the government will receive by \$21.7 billion over the next four years. Australians with incomes of \$55,000 or less will have their taxes reduced by \$6 per week. And the 400,000 families with children, who earn less than \$37,500, will also get a \$12 per week increase in their family tax benefit. Costello says the changes will see more than 80% of Australians being taxed at 30% or less.

The tax changes are more generous for those earning \$95,000 or more. This group will have \$41 per week more in their pay packets this year, rising to between \$57 and \$86 next year.

— Welfare. Costello had promised a "welfare revolution" and the most significant changes in his Budget are **tough new welfare rules**. From next year, new applicants for a disability benefit who are judged to be capable of working at least 15 hours per week will be required to get a job or they will be pushed onto the dole, which pays \$40 per week less. Similarly, new sole parent applicants will only be eligible to remain on that benefit for much shorter time frames before they are forced either into work or, like the disabled, onto the dole. People who fail to turn up for job interviews — or look for enough jobs each fortnight — face a faster suspension of their dole payments under a new penalty regime.

On the "carrot" side, there will be more places for out-of-school-hours childcare. And benefit abatement rates have been eased to allow people going into low-paid work to retain more of the benefit.

- *Jobs*. The Budget contains \$2 billion over four years to boost "rehabilitation, retraining and job-search support". Included in these are pain management courses and personal support programmes to get people "job-ready quickly". There will be 68,000 places in employment programmes for people with disabilities as well as taxi fares to get beneficiaries to their job interviews or work. Wage subsidies for 7,000 people will be paid to companies for up to six months to hire older and long-term jobless people.
- *Skills*. More money is to be spent to attract skilled immigrants. Trade skills shortages are to be addressed by the new Australian Technical Colleges (see *Jobs Letter* No 220), which will begin training people in localities experiencing severe trade skill shortages. Youth allowances will be extended to new apprentices and school-based apprentices. And apprentices will get an \$800 allowance to spend on a tool kit.
- Australian Labor Party education spokesperson Jenny Macklin says the government needs to **deal with the skills crisis** today, and not wait until 2010 when the Australian Technical Colleges will produce their first tradesperson. She says it is wrong to respond to the skills shortage by relying on the "quick fix" of imported skills. Macklin: "The government had turned away 270,000 Australians from TAFEs [polytechnics] since 1998 but imported 178,000 skilled migrants since 1997."

Australian Council of Trade Unions argues that the Budget provided no money to deal with the skills crisis now. President Sharan Burrow: "The Budget contained not one extra dollar for TAFEs. Skills are absolutely ignored. We get a tool kit when we've got a skills crisis."

• The Australian Council of Social Services says new spending for childcare and wage subsidies for the long-term unemployed are welcome, but overall, investment in the Budget is "modest". President Andrew McCallum characterises the Budget as a game of "snakes and ladders" for the jobless.

DIARY

11 May 2005

A report from the investigation of employment conditions of foreign fishing crews working on NZ boats in NZ waters is still unreleased by Minister of Labour Paul Swain. The Nelson Mail says Swain received the "potentially damaging" report in December. The investigation was initiated last year when NZ fishing companies, who said they could not find NZers to crew factory trawlers, gained approval to employ foreign workers.

The National Australia Bank will cut 10% of its workforce or 4,200 jobs, worldwide. 2,500 Australian jobs will be part of the cuts.

12 May 2005

The NZ unemployment rate rises to 3.9%.

The Australian economy defied economists' predictions and added jobs in April. The Australian unemployment rate remains at 5.1%.

13 May 2005

NZ newspaper job ads increased 3.9% in April after being down almost than much the month before. Jobs ads are 1.3% lower now than they were at this time last year.

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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 McCallum: "Some people get extra services which give them a push up the ladder into work, while many sole parents, their children and people with disabilities get payment cuts and harsher penalties which will slide them deeper into poverty."

- The Budget ignores Australia's key problems, according to the Centre of Full Employment and Equity. Director Bill Mitchell says the Budget didn't provide the major public spending that is needed to address the skill shortages and infrastructure bottlenecks that will curtail future prosperity. Mitchell points out that in order to move more people from **welfare to work** there has to be enough jobs to go around and people with the skills to take them. Mitchell: "We needed jobs from this Budget. Instead there are more training courses and programmes while Job Network providers get more power to punish those who fail their penurious activity tests. We needed a Budget that invested in job creation, public health and education. We got a Budget that continued to feed a Future Fund when those who are unemployed, sick and poor today need access to services and paid work."
- Minister of Finance Michael Cullen looks unlikely to be drawn in by the tone of the tax cutting Australian Budget. Cullen has tempered any enthusiasm for tax cuts, saying the New Zealand **economy** appears to have **peaked** at the end of last year. Cullen: "We are entering a period of economic slowdown that looks set to continue for 2005 and into 2006. The over-riding theme of this year's Budget, as with the past five Budgets, is the need to play the long game, to ensure that our economic fundamentals remain strong. This week's Budget would continue 'a conservative fiscal approach'."
- *Happiness*: money can't buy it, at least not in developed countries. A new book claims that people who live in developed economies are financially about twice as well off as they were 50 years ago, but they are **no more content**. And although people in richer countries are on average happier than those in the poorest ones, a "diminishing return on happiness" sets in steeply once incomes reach around \$20,000 a year.

In *Happiness: Lessons from a New Science*, British economist Richard Layard points out that part of the reason for this is that people judge wealth relatively rather than absolutely. Layard says even if you were happy getting a pay rise, finding out a colleague got a bigger one can more than wipe out your "happiness increment". Once people have enough money to live, Layard says competition for money and status is a zero-sum game. And the more opportunities people have for comparison, through things like rankings and advertising, the greater people's dissatisfaction is.

Layard maintains that traditional economics fails to take account of the remarkably commonsensical things that happiness really depends on: loving relationships, fulfilling work, reasonable health, ties of community and friendship, personal freedom and values. All of these have a greater impact on people's happiness than their income.

Security and family-friendly policies are more important than absolute income and Layard maintains there is no overwhelming need for people to work harder to keep up materially. Targets, incentives and performance-related pay aren't the best way of running companies or revolutionising public services. His research found a fulfilling job allowing pride in the work, challenge and autonomy, is its own reward and the best workplace motivator.

— *Happiness: Lessons from a New Science*, February 2005, published by Allen Lane.