

# The Jobs Letter

No. 238

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*Essential Information on an Essential Issue*

## KEY

TAX CUTS STILL LEAVE CHILDREN IN POVERTY

GREEN'S WELFARE AND EMPLOYMENT POLICIES

LABOUR'S PLEDGE ON YOUTH TRANSITIONS

SKILLS SHORTAGE IS BUSINESS' BIGGEST ELECTION ISSUE

NATS CALL FOR SHAKE-UP OF EMPLOYMENT LAW

- With the national election in two week's time, attention is shifting to the impact that the proposed **tax cuts** by major parties will have on child poverty.

Earlier this year, a Unicef report on **child poverty** showed that New Zealand had the fourth highest child poverty rate out of 26 developed countries — measured by family incomes falling below 50% of the median wage. Only Italy, Mexico and the United States had child poverty rates at higher levels.

The *New Zealand Herald* reports that under a continued Labour government, if all other **international comparisons** remained the same, then New Zealand would improve to fifth lowest child poverty rate — lower than all OECD nations except the Scandinavian countries. Under National's policies, New Zealand would come in around the middle of the OECD table.

- Last year the Ministry of Social Development calculated that Labour's final instalment of the Working for Families package — a \$10-a-week increase in family support proposed for 2007 — will cut the proportion of children living in families with less than half the country's median income level from 7.3% to 3.9%. This would lift 36,100 children out of hardship.

National's tax package would cancel this final instalment of the Working for Families package.

- Economist Susan St John of the Child Poverty Action Group (CPAG) says the **poorest families** on benefits would fall even further in international comparisons under National because its tax cuts would raise the after-tax median income. St John: "Labour was turning this around slowly but National will make us look much worse and increase the marginalisation of the poorest children. National will deny an extra \$10 a week to the poorest child while ensuring that a family with two high incomes gets \$180 or more a week in tax cuts..."

National welfare spokeswoman Judith Collins says that National's tax policy is "clearly aimed at working people" and confirmed that most welfare benefits will not be adjusted, apart from the usual increases for inflation. She says that National's policy would give beneficiaries an **incentive** to go back to work. The party would cut the tax rate on earnings between \$180 and \$240 per week from 21% to 15% in the dollar, and on earnings between \$240 and \$730 per week from 33% to 19%.

- The National Party has established a website at [www.taxcuts.co.nz](http://www.taxcuts.co.nz) where voters can work out how much they will save under the National's plans to restructure the tax system. Interestingly, the tax calculator on the website has a minimum income of \$15,000, yet according to Statistics New Zealand, almost 40% of working aged New Zealanders earn less than this.
- Despite one of the largest concerted election efforts amongst a wide network of community social agencies who work on family and children's concerns, both the main political parties have failed to come up with a timeline committing to **ending child poverty** in New Zealand. The *Every Child Counts* campaign has found inspiration in the British government committing itself to halving the number of children living in poverty by 2010 and eliminating it by 2020 ... and it feels that a similar political commitment should be made here in New Zealand.

## DIARY

13 August 2005

Newspaper job ads numbers fell in July for the third straight month, according to the ANZ survey. But the survey notes that internet-based job ads were up, symptomatic of an increasing trend towards internet job search sites.

14 August 2005

The Equal Employment Opportunities Trust encourages parents to complete its survey on parenting and paid work. It asks parents if and why they wanted to do paid work after having children and what workplace measures helped them, or could help them, contribute effectively at work. The survey, which is live for three weeks from today, can be found at [www.eeotrust.org.nz/survey](http://www.eeotrust.org.nz/survey).

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15 August 2005

Over 600 people have requested job applications to work at Waitara's yet to be commissioned Anzco meat processing plant. 40 jobs are to be filled.

16 August 2005

More than 70 Hawkes Bay jobs are lost as bacon, ham and smallgoods business Medallion Foods is sold to the Carterton-based Premier Bacon Co.

Nearly eight out of 10 UK building firms had trouble recruiting staff last year and the labour shortage is expected to continue beyond the end of 2005.

17 August 2005

The number of people claiming an unemployment benefit in the UK has continued to rise for the last six consecutive months.

18 August 2005

The NZ Labour Party releases its election tax package that lifts the income threshold so that more working families will be eligible for benefits from the Working for Families package.

*Every Child Counts*, a coalition backed by agencies such as Bernardo's and Plunket, has just published the answers given by the political parties to 32 questions on children's issues. But the Green Party is the only one promising to end child poverty by a specific date — in its case, by 2010.

Labour will not set a target date, saying that setting targets "of this sort" can be "a counter-productive exercise". Labour however says it is committed to constantly measuring progress in reducing child poverty and reporting on it annually through the *Social Report*.

National also says it will not set a target date to end child poverty. It says that it has taken 30 years of welfare dependency to become ingrained and "...it will take some time to remove it and replace with a culture of self-esteem, personal responsibility and worth."

- *Every Child Counts* spokeswoman Dr Emma Davies says that all eight parties represented in Parliament agreed at a forum last week that eliminating child poverty was possible but there is little resolve to do it. Davies: "There is a **lack of political will** to end child poverty. We are talking about our poorest kids not getting substantial help ... those are the kids likely to have the worst outcomes in health, education and so on. That is a long-term issue that needs to be dealt with."

Both Labour and National have endorsed the *Family Start* programme which provides long-term intensive support to at-risk families in 16 locations. National started the scheme in 1999 and Labour has promised to extend it to at least 14 more sites. But Davies says a 2003 evaluation found the scheme had "mixed results". She urged the parties to look at Britain's *Sure Start* programme, which works with local councils to establish children's centres in every community by 2010 providing childcare, pre-birth education, parental support and other services. Davies: "We need to be pulling together some of the bits and pieces we have in different silos of government departments and make them much more integrated. We still have too much of a national focus. What we should be looking for is to have much more regionally and locally driven programmes with research and real-time evaluation attached to them."

— *Election 2005: The place of children in party politics* compiled by the Every Child Counts campaign can be downloaded at [www.everychildcounts.org.nz/docs/Politicalpartyanalysis.pdf](http://www.everychildcounts.org.nz/docs/Politicalpartyanalysis.pdf)

- Counting those who fall below the poverty line is a necessary indicator in how New Zealand is addressing hardship and need in the community, but it must also be supplemented by other indicators such as the number of people **using foodbanks**. A recent report by Donna Wynd for the Child Poverty Action Group shows that the Auckland City Mission has been reporting record demand for its services ... for the first time ever under robust economic conditions. Wynd: "Clearly, while some families have been able to take advantage of recent improved economic conditions those who have not have fallen further behind. This was confirmed by the increasing levels of inequality reported in the government's *Social Report 2005*."

Donna Wynd points out that in New Zealand there was almost no call for foodbanks prior to the 1990s. Wynd: "Lack of income is the key cause of foodbank use, and incomes for foodbank users have fallen in real terms since the 1991 benefit cuts. While most foodbank users are beneficiaries, increasing numbers are low-paid workers. Two decades ago we were a much poorer country as measured by economic statistics, but we could feed our children without resort to foodbanks. If this is the trend in economic good times, what of the future when the next recession strikes?"

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19 August 2005

The Labour Party has promised to spend an extra \$911 million a year in its election pledges but, according to the *New Zealand Herald*, at least 1.6 million NZers won't gain anything from the spending. At least that many people don't have the incomes and family sizes to qualify for either family support or the rates rebates, don't have student loans, don't need the added cataract, knee or hip replacements, nor plan to become a Modern Apprentice.

At least 71 jobs are lost as the Outdoor Retail Group goes into receivership, closing the doors on its computer and DVD retailing chain Central Park Interactive. Staff of its other division, cycling and camping retail chain Pack & Pedal, are yet to learn of the fate their jobs.

- The CPAG report presents a picture of widespread **food insecurity** (where food runs out sometimes or often) in our surplus food-producing nation. The report estimates that over 100,000 New Zealand households now experience low food security. However it points out that an adequate, nutritious diet can reverse most of the harm this causes to children's health and development. The report argues for quality breakfast programmes in decile one to three schools as one of the best ways to start addressing these huge and urgent needs.

Shirley Maihi, Principal of Finlayson Park School in Auckland says that **school breakfasts** in some schools are absolutely essential. Along with other schools serving low-income communities, Finlayson Park provides breakfast for pupils on a daily basis even though it is not currently funded to do so. Maihi says this is because both the need and the rewards are so great: "We call it brain food, and it makes a huge difference to our students. Children simply cannot learn effectively if they are hungry. We've seen too many promising students fall behind, right from the very beginning of their school days, trying to learn through a hungry haze."

— *Hard to Swallow: Foodbank Use in New Zealand*, 2005, by Donna Wynd for the Child Poverty Action Group can be downloaded (68pg PDF, 933Kb) from [www.cpag.org.nz/](http://www.cpag.org.nz/)

- The Green Party says everyone in New Zealand deserves **a chance at a job** and enough money to live on if they can't get one. If the Green Party becomes a coalition partner in the next government, it says will do everything it can to improve the situation for unemployed people and beneficiaries as well as the community groups that work to support them. Green MP Sue Bradford: "While Labour is to be congratulated for our

## VOICES

### on Tax ...

*"In the last fortnight I have watched spellbound as huge sums of money are given in tax breaks while miserly amounts are provided to reduce the poverty that so many children have been brought up in and continue to be brought up in. This election the amounts being touted by politicians are large and seem to come from nowhere.*

*"I'm angry children have fallen behind with many now living in poverty. The problems resulting from violence towards children are huge. Children must be able to carry our society forward but they are being disabled from the beginning. There are all sorts of investment. You can invest in infrastructure, in the sharemarket, in buildings, in a myriad of things and I don't resent that. But, coupled with that, there needs to be investment in children."*

— **Dr Ian Hassall, former Children's Commissioner and long-time child-health campaigner**

*"A beneficiary getting a part-time job will pay 19% tax instead of 33%. That gives them a whole new incentive, and they don't have to turn up and apply for it..."*

— **Judith Collins, National welfare spokeswoman**

*"The thing about tax cuts is that the extra money's in your hand the day you get paid and you don't have to go cap in hand to the government to get it as you do under Labour's suddenly-enhanced Working for Families package.*

*"But that's the socialists' way. They are absolutely convinced that they know better than we do how to distribute our wealth and will*

*go to any lengths to ensure that as many of us as possible are beholden to the state for largesse..."*

— **Garth George, NZ Herald political columnist**

*"Steve Maharey is working up a righteous lather about how mean-spirited the Nats are being by having decided not to give the \$10 per week increase in Family Support that is due to come in under Working for Families (WFF) in 2007. This from a Minister who carved \$91 million out of assistance to our poorest families with changes to the Special Benefit, reduced core benefits to families with children as part of WFF, and not only refused to ditch the discriminatory Child Tax Credit, but extended it under WFF. Nothing about this behaviour suggests Mr Maharey is interested in the well-being of our lowest-income families..."*

— **Donna Wynd, CPAG Child Poverty report writer, and NZ Herald election coverage "blogger"**

*"We don't need to be bribed into working more — there aren't any more working hours available in our days as it is. Meanwhile, my son takes his electric guitar to his primary school because the operations budget of his lowish decile primary school doesn't stretch to equipment for a school band. Charities are selling local aged care hospitals because they can't keep staff and provide safe appropriate care on the government's short change. Medicines stay uncollected at our local pharmacy because the household bills don't stretch that far this week. I can think of a thousand better causes than my bank account for the surplus."*

— **Laila Harre, Trade Unionist and former MP, and NZ Herald election coverage "blogger"**

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22 August 2005

The political campaign for the 2005 national election officially begins.

Half of NZ'ers — those earning \$22,000 or less — will get \$7 or less per week from the National Party tax package. Those on \$50,000 will get about \$28/wk in the first year, and rising after that.

The Public Service Association says National's plan to provide tax cuts are only affordable if public services are slashed. PSA national secretary Richard Wagstaff: "The tax policy announced today doesn't add up and hides National's real agenda to reduce the size of government permanently."

Labour promises to extend its promised 20hr/wk free childcare for the children of working parents to all childcare centres with qualified staff — not just community-based ones.

Two years ago Minister of Education Trevor Mallard said government would only provide the support for community-based childcare providers. About 40% of children in care attend private childcare centres and the Labour Party now acknowledges that many of these don't have access to a community-based centre.

The full programme for the Jobs Australia 2005 National Conference is published. The conference, to be held 5-7 September in Melbourne, will have a range of international and Australian speakers, including politicians and spokespersons for NGOs.

current low unemployment rates, there are still hundreds of thousands of New Zealanders who want a job and can't get one, or can't get the hours they need to support themselves and their family. We are a long way from the dream of full employment."

Bradford says it's time to stop blaming beneficiaries for their situation and work towards a **benefit system** that is both simpler and fairer. But she says that as important as simplification is, the government shouldn't attempt to achieve simplicity by cutting corners at beneficiaries' expense. She is referring to Labour's intention to scrap the Special Benefit as part of the implementation of the Working for Families package. The Greens are calling for the Special Benefit to be retained "...until general benefit levels are enough to live on or something better is put in its place."

- The Green Party is also calling for the government to get back into an active role in **community economic development**. Bradford says the last vestiges of this important function were lost when the Community Employment Group was disbanded. Community economic development differs from regional development — which is geared towards kick-starting larger business ventures. Bradford: "Community economic development is about grassroots employment creation that focuses on environmentally and socially useful work in areas where there is still high unemployment."
- Other key points of the Greens' Income Support and Employment policies:
  - committing to a full-employment economy, including more pro-active job creation,
  - opposing any form of forced work-for-the-dole, but facilitate beneficiaries doing voluntary work,
  - ensuring Work & Income gives beneficiaries their full entitlements,
  - throwing out Social Security Act 1964 for new law based on simplicity, sufficiency and universality,
  - making Working for Families non-discriminatory against beneficiaries,
  - create a Universal Child Benefit, like the old family benefit, which can be capitalised for a home deposit,
  - removing income penalties for DPB recipients who can't or won't name the father of their child.
- The Labour Party has re-iterated its pledge to ensure that our **young people** leave school with a positive destination, and a firm plan for how to get there. In its election campaign, the party has reaffirmed the commitment between the Labour-led government and the Mayors Taskforce for Jobs which have a shared goal of having all 15-19 year olds in work, education, training or another suitable activity by 2007.

The Labour Party says that an estimated 92% of 15-to-19 year olds are engaged in some form of employment, education, or training, but warns that we must keep intensifying our efforts for the 8% who are still in danger of **slipping through the cracks**. During the last two terms in government, Labour has:

- established community-run Youth Transition Services in ten regions that coordinate existing services to ensure young people don't fall through the cracks after leaving school.
- introduced the Modern Apprenticeship scheme that has created work-based learning opportunities for close to 8,000 young people.
- introduced the Gateway programme that builds pathways for senior secondary school students into work-based learning, and to encourage better partnerships between schools and local businesses.

Labour's pledges for its next term in government include:

- Expanding the Youth Transitions Service to cover all regions in the country with each service involving government and community groups working in partnership to deliver services to 15 to 19 year olds leaving school who don't have a clear pathway into work, training, or further education.

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23 August 2005

The Every Child Counts political forum, is held in Wellington. At the forum, the political parties present their children's policies. Presenting politicians include: ACT MP Muriel Newman, Green MP Party Rod Donald, Labour Cabinet Minister Steve Maharey, Maori Party spokesperson Monte Ohia, National MP Paul Hutchison, NZ First MP Bill Gudgeon, Progressive MP Matt Robson and United Future MP Judith Turner.

In Australia, more than 75,700 disabled people will get less money under the government's controversial welfare-to-work package. Opposition Senator Penny Wong says that as people on disability support (invalids benefits) who are unable to find work will be pushed onto a new allowance and would leave them at least \$77 a fortnight worse off than they are now. Wong says the government should be able to encourage people to get jobs without devastating the family budget. Wong: "Many people who depend on welfare payments are prepared to work, but aren't prepared for work. Instead of moving people from one welfare payment to a lower welfare payment, the Howard government should be preparing them for work by investing in their skills and encouraging employers."

24 August 2005

Minister of Labour Paul Swain tells Business NZ's election conference that if it remains in government, the Labour Party doesn't intend to pursue mandatory pay equity or mandatory flexible working hours nor will it legislate to strengthen the role of multi-employer collective agreements.

To address the skills shortage, the Progressive Party would offer "skill shortage scholarships" that would include total fees or training costs and a living allowance. The intention is to encourage people to train in areas of urgent need. Leader Jim Anderton says those who won the scholarships would be bonded to work in NZ for the length of time they received the scholarship.

- providing funding for an additional 5,000 Modern Apprenticeship places, taking the total number of Modern Apprentices to 14,000 in 2008
- expanding the Gateway programme,
- introducing a Youth Apprenticeships pilot that will provide opportunities for young people to gain credits towards their apprenticeships while still at school.

- The election pledges by political parties to **increase police numbers** are already looking unrealistic. The *New Zealand Herald* reports that there are just not enough New Zealanders willing to train to become sworn police officers. At least one police college intake has had so few people sign up this year that it may not run, and others have far fewer enrolments than they would like to have. In the meantime, New Zealand First is campaigning to lift police numbers by 5,000, while ACT and United Future are each pledging to recruit 2,500 new police. Both Labour and National say they will lift police numbers but will not be drawn on specific numbers.

New Zealand has, on average, one frontline police for every 554 people, a significantly greater ratio than in Australia, the United States or the United Kingdom. And the *Herald* says that in Counties Manukau, which has one of the country's highest crime rates, there is just one sworn officer for 675 people — and in some the neighbourhoods the figure is over 1,000 people per police officer.

Minister of Police George Hawkins says the biggest problem facing police is the **severe labour shortage** caused by low unemployment. Attempts to attract school leavers to police training has resulted in serious retention problems and the police have traditionally not looked towards school leavers as recruits because they lack maturity and life experience. Hawkins believes the problem is not just about numbers. "You can have more people if you want to lower standards."

The police recruited 73 British "bobbies" in 2003 and they are planning to bring in 80 to 100 more officers — primarily from Britain, Canada and Australia — to go through police college in April 2006. Police general manager Wayne Annan says there is huge interest by foreign police officers to come and work in New Zealand but it's not the preferred recruiting option and he expects strong public reaction to the police decision to **recruit from overseas**. Annan: "I think it's a feature of the labour market, really. It's hard for any employer to recruit at the moment."

- The difficulty **finding skilled labour** is the most pressing concern for the business community, according to a Business New Zealand survey of its members. The pre-election survey of over 1,000 businesses of all sizes revealed the lack of available skilled labour was the top worry for business, followed by concerns about government spending and security of electricity supplies. Issues seen to be of lesser importance were roading, employment law, free trade deals and tax.
- National Party spokesperson Bill English says a **shake-up of employment law** is what is needed to address the workforce skills shortage. English says a more flexible labour market is the best encouragement because it gives people clear signals about how to get ahead because the more skilled people get paid better sooner. English maintains that present employment law is biased in favour of national collective contracts which had a "freezing effect" on wages and conditions for skilled workers and prevented clear labour market signals.

English says that during its tenure in government Labour has kept the lid on money for skills training while it was "blowing out hundreds of millions on dodgy low-value tertiary courses". National is yet to release the fine details of its own tertiary education and workplace training policy but English says it would see more money spent on trades and skills training, and as on apprenticeships. However, English criticises the government's

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25 August 2005

The Progressive Party points out that over a 30-year period, the crime rate has mirrored the unemployment rate. Leader Jim Anderton says strong intervention policies in prisons, matched with strong economic growth, are good crime deterrents.

Anderton also says there is a section of people who are currently unemployed because they are struggling with drug and alcohol problems. His party would raise the drinking age to 20-yrs and increase work on the prevention of substance abuse to address this problem.

26 August 2005

Volvo Cars, a division of Ford Motor Corporation, is to lay-off up to 1,500 of its global workforce. Further Ford redundancies are expected.

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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](http://www.jobsletter.org.nz)*

slant towards Modern Apprenticeships: “Labour put a big emphasis on the apprenticeship brand for political purposes and have pretty much ignored the wider issue of raising skills across the board”.

- What are the political **parties saying** they will do **about skill shortages?**

Labour is offering 5,000 more Modern Apprenticeship places and providing opportunities for secondary school students to work towards apprenticeships.

National would liberalise employment law and raise the funding cap for industry training.

The Progressives would do “skills shortage stocktakes” to identify areas of most urgent need then offer scholarships in those areas, and they would double the current number of people in apprenticeships and industry training by 2007.

NZ First would ensure all young people are either in work or training, introduce a “community wage” to top up pay for apprentices, review Industry Training Organisations, and extend Modern Apprenticeships to older workers.

United Future would significantly increase the number of Modern Apprenticeships.

The Greens would provide more apprenticeships and encourage women, Maori and Pacific Islanders to train in industries in which they are currently underrepresented.

Act would lower taxes to lift relative wages.

The Maori Party would provide more opportunities for training with cadetships.

- The NZ Council of Trade Unions (CTU) has just launched a new initiative to place “**Learning Reps**” in workplaces who will be elected by employees to help them get ahead with learning at work. The Learning Reps will act as advocates, guides and mentors to their fellow workers and will be trained to advise on opportunities for learning, work with management on company training plans and to promote training that will build longer-term careers.

CTU Secretary Carol Beaumont says the initiative is actually the start of a major **culture change** involving workers, companies and state enterprises. Beaumont: “We see the Learning Reps project as a fundamental part of a careful building of a learning culture at work with spin-offs affecting the whole structure of work and workplace relationships. No-one any longer can afford to have the view that work is what happens when you’ve finished education. This is particularly so when we know that 80% of the workforce of 2015 is already in the workforce so if we want to upskill the workforce we need to have a solid focus on learning at work...”

The project is inspired by similar successful measures in the United Kingdom run by the UK Trades Union Congress. Learning Reps are trained to undertake the role, and there will be a workplace agreement which sets out how the Rep will undertake their duties and what part the employer will play in helping them out. Beaumont: “Being required to meet an enterprise’s current training needs might ensure compliance from workers but it isn’t going to trigger a passion for learning. The Learning Reps programme can tap into workers aspirations and use the motivation of opportunity, personal growth and sometimes second chance, to build the culture change we need ...”

— The CTU Learning Reps website can be found at [www.learningreps.org.nz/](http://www.learningreps.org.nz/)

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