

# The Jobs Letter

No. 100

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Essential Information on an Essential Issue

## KEY

BIRCH BUDGET 1999

CEG REVIEW

ONE MORE WORKER

HOUSING COSTS

COMMUNITY WAGE

## DIARY

8 May 1999

The International Labour Organisation estimates more than one million people are killed at work every year, 12,000 of them children. A quarter of a billion people suffer workplace injuries that cause them to take time off of work.

10 May 1999

Joblessness in British men may be creating an underclass of solo mothers in Britain, according to visiting professor Lord Robert Sidelisky. He says that a huge number of young British men lack skills, education and earning power which have made them "unmarriageable". Sidelisky says an effective welfare-to-work programme may result in more stable relationships at that level of society. Sidelisky, a political science professor at Warwick University, and chair of the Social Market Foundation, is in NZ as a guest of the Business Roundtable.

The NZ Council of Social Services suggests that many middle income families are not aware that they are eligible for Family Support and Independent Family Tax Credits. The threshold for qualifying for FS is \$36,000 and for IFTC is \$40,000.

West Auckland's Te Whanau o Waipareira Trust is to be legally recognised as having the same status as an iwi. The move will give the trust the ability to assume greater responsibilities for providing government funded social services. Like an iwi, the trust will also be allowed to assume guardianship for children under Family Court orders.

• Treasurer **Bill Birch** delivered a "business-as-usual" **final budget** before his party faces its most challenging election campaign since coming to power in 1990. Beneficiary numbers are expected to rise across the board with **one in seven working-age New Zealanders** remaining dependent on welfare as their main income source. But there were **no election-year announcements** of new and pro-active initiatives on the jobs issue — apart from a minor pilot programme aimed at Maori unemployment.

• **Work and Income New Zealand (WINZ)** gained an 8% increase in the money it receives for employment programmes. The Budget, however, reports that in 1999/2000 WINZ only expects to find stable jobs **for 17,000 people**. This is 12%, or one in every eight, of the current official unemployment numbers of 135,000 people (March 1999, HLFS Statistics NZ).

As a special feature to this issue *The Jobs Letter* looks at the Budget figures ... and just what the government **will be counting** when it comes to assessing the WINZ performance on employment.

• Opposition parties are concerned that, in the current **review of the Community Employment Group**, the independent identity of the agency will be lost if the group is broken up and placed under the control of the WINZ Regional Commissioners.

At last week's Social Services Select Committee, politicians expressed concern that the review seemed to be a "**rush-job**" whose outcome was already pre-determined.

Green Party leader Rod Donald says that WINZ Chief Executive Christine Rankin's presentation to the Select Committee confirmed his fears "that she had made up her mind to get rid of the CEG from her first day in the job.."

Donald: "Many CEG staff have had very little time to respond to the review document, only a small number of community groups were consulted and other government agencies haven't been impressed with the process or proposed outcome. This is a deliberate move to destroy CEG's independent identity and therefore its effectiveness ..."

• Labour's **Steve Maharey** is equally concerned about the future of CEG. Maharey: "It is clear that WINZ is proposing changes which will see the end of CEG as a stand alone organisation focused on community economic development. It appears CEG will be merged into WINZ and focused on helping individuals find community wage work.

"I have grave doubts about the process taking place. WINZ is undergoing massive change and finding it difficult to manage. The disaster with student allowances this year is evidence that WINZ is not coping. Given that staff are very dissatisfied and that there is widespread concern in the community, I believe consultation on the future of CEG should be reopened ..."

**The Jobs Letter** : ESSENTIAL INFORMATION and MEDIA WATCH on JOBS

EMPLOYMENT, UNEMPLOYMENT, the FUTURE of WORK, and related EDUCATION and ECONOMIC issues

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## DIARY

12 May 1999

The Auckland City Council applies to parliament to pick up the tab for the \$5.2m it is budgeting to spend in preparation for the APEC meeting there. The council says additional spending is primarily for upgrading footpaths, removing graffiti, extra cleaning, police and litter collection, as well as banners, flags and media hosting. One of the items included in the budget is \$30,000 for housing the homeless people who regularly sleep in Auckland Domain, right next to the meeting venue.

All universities are concerned with the disincentive the student loan scheme is having on people to take up tertiary education, chancellor Morva Croxon tells Massey University business graduates. As an illustration, Croxon says statistics show that an average \$20,000 loan would take a man 17 years to repay and a woman 51 years.

13 May 1999

As the number of people on the domestic purposes, sickness and unemployment benefits has reduced each month so far this year, Work and Income NZ Associate Minister Peter McCardle tells parliament this is a sign that the economy is growing and the reforms in social welfare are working. Treasurer Bill Birch, however, expects numbers to rise again next year.

16 May 1999

A rise in the consumer price index of 0.7% in the US last month is the largest jump since 1990. Economists are concerned that the US Federal Reserve Bank may lift interest rates to counter this threat of inflation. Such a move in the past has sometimes triggered international currency traders to shift their investment funds out of vulnerable economies.

17 May 1999

Staff at the severely fire damaged Pacifica Seafoods' mussel-processing plant, east of Nelson, are told their jobs are finished. The 190 workers at the Rai Valley factory had been sent home on full pay for the last three and a half weeks since the fire. The company says workers will be

- Maharey reports that the Select Committee was told that WINZ **did not need to undertake consultation** on this matter. But he believes that WINZ needs to talk to more people to ensure that a popular and well-supported organisation is not destroyed. He has **written to Mayors** around NZ asking them to act now to secure the future of the stand-alone agency.

Maharey: "CEG has achieved positive outcomes and is widely supported by communities. It is the only organisation that offers assistance for "bottom-up" programmes to develop the economy and create real jobs. Any change will hit Maori, Pacific Island and rural communities especially hard.."

- WINZ CEO **Christine Rankin** told the Select Committee that the purpose of the review has been to look at how Community Employment (CE) management and national support functions could be "more closely aligned with the rest of WINZ".

Rankin: "We can assure you that any changes will not diminish WINZ's commitment to CE work. The review will not change the role of the field worker. It will not change the CE operating style. It will not change funding availability or funding arrangements... We value the diversity of approach that CE field workers bring to the organisation. We want WINZ to grow and extend its capability to manage different ways of delivering services to individuals and communities ..."

- In a controversial move, The Social Services Select Committee asked the **Secretary of Labour, John Chetwin**, to appear before them and provide a report on the role of CEG in the Department of Labour before it was shifted to the new WINZ department.

While the Chetwin report does not comment directly on the current review ... it reinforced what the DOL considers to be **the value of CEG's special approach** to community economic development, and the value of a stand-alone organisation.

Chetwin: "The success of CEG has been possible because it has remained on the margins, and separate from mainstream delivery priorities. It ensured that those communities and groups who display strong symptoms of alienation have an effective voice in Wellington, and are practically assisted to take the first, and often most difficult, positive steps towards economic and social reintegration ..."

"A key element of its contribution and robustness has been the independent identity of CEG (while remaining within larger Departments of State). This has been particularly demonstrated through the existence of a strong, separately identifiable CEG voice in Wellington, which has been achieved through the maintenance of a direct link between field workers and a separate CEG management structure reporting directly to a Chief Executive in Wellington.

"CEG's work is based on a community development approach that requires the growth of trust over a reasonable period of time and the

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## DIARY

offered redundancy in line with their employment contracts. Within the next two weeks a decision will be made as to whether the factory will be rebuilt or if the facility will be re-sited in Nelson, Blenheim or Christchurch.

Lack of effective visionary leadership in Maori business and policy making is high on the list of reasons why Maori are falling behind economically, according to a report by the Maori Economic Development Commission. Chair June McCabe says Maori leaders need to take up the challenge of nurturing and providing an environment of optimism, resourcefulness and cooperation. McCabe: "In some cases the vision of leadership may mean recognition and acceptance that the younger, educated members, rather than kaumatua, possess the necessary skills to drive and achieve the business agenda."

18 May 1999

Benefits have been suspended for 25 people since last October because they refused to cooperate with the work-for-the-dole scheme.

A rise in the Thai GDP looks like that country maybe coming out of recession. However, unemployment is unimproved and exports are flat. Last year Thailand gdp dropped 9%.

19 May 1999

The pending integration of the Community Employment Group into WINZ hits the media. Radio NZ reports that the CEG staff submission on the integration includes comments that the WINZ corporate image will not help them with their image with their work with community groups. The staff also say that a closer alignment with WINZ would destroy CEG's good reputation.

The Director-General of the Department of Social Welfare Margaret Bazley is appointed the part-time position of head of the Fire Service Commission. She takes up the job of implementing the restructuring of the Fire Service while at the same time tending her duties at DSW.

Morrinsville loses 80 jobs as Anchor Products announces it will close its milk powder plant there. About 20 staff are being offered work at other company facilities.

The student loan scheme is growing. Over 250,000 people now have student loans. Alliance education spokesperson Liz Gordon says this is an increase of 30,000 over last year. 10,000 now owe over \$35,000.

careful development of community and national networks. It is these relationships which ensure the added value of the direct link to Central Government.

"This presence has added to the mix of contributions to policy development in the employment area and ensured that vital perspectives have been available for government consideration. This has allowed communities not only to feel as if they have been heard but also to have their concerns represented, and had also allowed central government the opportunity to respond. Both have been better informed through the CEG process of engagement..."

- The Levin Local Employment Co-ordination Group (LEC) is spearheading a job creation project called "**One More Worker**". The project aims to go directly to the 2,500—3,000 small and medium businesses in the Levin area to ask them to take on an extra staff member. The LEC says that there about 3,300 unemployed people on the WINZ register from this region alone, and the "one more worker" campaign has the simplicity to inspire the "vision and emotion" for people to do something practical about it. LEC chairman Tony Rush : "What's different about this project is we've set a district target and we are delivering all services though a single programme..."

Brenton Tukapua of WINZ has been seconded to co-ordinate the project for the next few months. He says that the small enterprises, who want to respond to the "one more worker" message, don't always know about the help that's available — in wage subsidies, work experience, Job Plus and work-based training. WINZ can now offer 12 months of subsidies.

- *Statistics That Matter:* The **CHRISTCHURCH CENTRAL electorate** contains 22,638 households, of which 53% have household incomes below \$30,000 per year before tax. That 53% is 21% above the rate for the country as a whole. There are 33,162 adults aged 20-59 in the Christchurch Central electorate, of whom 58% are in paid, full-time work. Another 12% are in part-time work. Unemployment in the electorate is 4% above the national average.

Localities in the Christchurch Central electorate which have high levels of deprivation are: Waltham, South Riccarton, Linwood and Phillipstown.

- **Rents for the poorest families in NZ have risen** at almost 10 times the rate of inflation since the government moved to market-related charges. Since 1992, housing costs have increased 106% for people who lived in or are still living in Housing New Zealand or council homes. Inflation rose just 12% for the same period and private rental rates increased 23%.

A spokesperson for **Tony Ryall**, the minister responsible for Housing NZ, says that, over the past four years, accommodation supplements have increased from \$491m to \$860m/yr . Ryall's office also says that putting state housing rentals at market rates has given low income people a wider choice of accommodation—previously low income people were only offered state houses.

However, social policy researcher **Charles Waldegrave** questions just who is benefiting from the state housing. Waldegrave reports that beneficiaries living in cities pay, on average, **40% of their income on**

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20 May 1999

Budget Day.

New call centre and service staff are being recruited in Hamilton by Natural Gas Corporation. NGC is hiring a further 50 staff as it takes on the billing and servicing of the gas customers of Genesis Power. Genesis is one of the companies that bought a portion of what was ECNZ.

21 May 1999

Wages have all but stopped rising. The latest figures from Statistics NZ show wages have risen 30c over the last twelve months, or 1.7%. This is the slowest growth in worker income since 1995.

The British government's attempt to means-test and restrict the incapacity (invalids) benefit is meeting sustained opposition from within its own party. While Prime Minister Blair and social security secretary Alistair Darling say they will push ahead with the reform, 67 Labour MPs have signed an amendment blocking the bill.

23 May 1999

Every year since 1995, the information technology industry in New Zealand has had increasing staff turnover numbers. Last year, IT staff turn over was at the alarming rate of 31%, according to Sydney-based IDC consultant Peter Hind. He says this is the major reason why IT projects run over budget, come in late, or are just never finished.

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**rent.** Statistics NZ reports that the average NZ family now pays 31% of their income on accommodation, up from 18.5% in 1987.

- Twenty per cent of **community wage workers** are working in schools and early childhood centres. Last week, Labour's employment spokesman Steve Maharey released figures to show that there are 1683 community wage workers in schools and nearly a third of them are working as **teacher aides**. Maharey is critical of this trend, saying that there is no way that the Government could claim that none of these workers were in what would normally be paid positions.

Maharey: "I cannot believe that all 503 teacher aide jobs would not exist if it were not for the community wage scheme. Schools have always used voluntary and work scheme staff to help in their schools. Many have provided valuable service to schools over the years. The fundamental difference has been the voluntary nature of that work. The community wage scheme is not voluntary and there is plenty of concern that cash-strapped schools may use the workers to replace their paid workforce..."

- An **unemployed Hamilton accountant**, who was once given Periodic Detention cutting gorse, has been told to do it again under the community wage scheme. The man told the *New Zealand Herald* that he felt he was **being punished again** for simply being unemployed — especially since the three-day-a-week job was at the same equestrian centre that he served his PD sentence almost 20 years ago. The man, who wants to be known only as Tony, says: "I'd be prepared to work full-time if it was appropriate work, but this is a hare-brained scheme ..."
- The manager of the **Hamilton Volunteer Centre**, Pamela Townsend, says WINZ had instructed one of her volunteer staff members to front up for community wage work. Townsend: "He was doing something vital here. I told him to ring back and say he was needed here ..." Townsend says she would have had plenty of community work for the unemployed accountant: "If I had an accountant who walked in here to volunteer, I've got a ton of jobs I could give him rather than cutting gorse. Volunteering is an opportunity to use their current skills."

The Hamilton Volunteer Centre does not support the Community Wage scheme because it believes that community work positions should be only for people who turn up **of their own free will**.

- Yes, we've reached **one hundred** issues of *The Jobs Letter*. The trustees, associates, volunteers and supporters of the Jobs Research Trust will be gathering in Taranaki this weekend to celebrate this milestone in our unique community project.

The first issue was produced in September 1994, just as the government's **Employment Taskforce** was about to announce its first reports. It's been a fascinating and challenging five years researching and reporting on what continues to be "New Zealand's greatest challenge". To all our subscribers, and to those who have sent cards, letters and phone-calls of continuing support: *Thanks*.