

The Jobs Letter

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Essential Information on an Essential Issue

KEY

MAORI AND WORK-FOR-THE-DOLE

COLOGNE G8

MINISTRY OF SOCIAL POLICY

COMMUNITY GOVERNANCE

UK PRIVATISING WELFARE

DIARY

24 May 1999

Work Track, a three-week course for recently unemployed people, is being piloted by WINZ. The course, designed to build motivation and job seeking skills, is being trialed in one WINZ service centre in each region. Work Track incorporates elements of GAIN, a reportedly successful programme run in California.

Internal Affairs is offering a community development resource manual that contains a comprehensive tool kit for community workers. The kit contains a number of sample letters, deeds of trust and other forms. It also includes guidance on topics including: community development principles and processes, how to develop a community organisation, legal structures, management systems, employment processes, recruiting and employing paid workers, contributions of unpaid workers, effective meetings, and maintaining the organisation and financial management. The kit can be downloaded from: <http://www.community.net.nz>

25 May 1999

The largest employer in Otaki, the Richmond beef plant, is closing its doors and giving one month's notice to its 91 staff.

- Summit Time. The annual Heads of State gathering of the **G8 countries** (Canada, France, Germany, Great Britain, Italy, Japan, Russia and the United States) begins this weekend at **Cologne, in Germany**.

The G8 Summit follows a meeting of the EU Council summit, also in Cologne. Besides German proposals for a European charter of human rights, the EU leaders have been trying to decide on an “**employment pact**”.

Martin Walker of *The Guardian* reports that now the controversial German finance minister Oskar Lafontaine — known in the press as Red Oskar — has resigned from office, the measures within the “employment pact” **have changed considerably**.

Walker: “When Lafontaine was finance minister, the pact might have meant shorter working weeks, EU-wide public works projects and the kind of Keynesian policies that worry central bankers. But now that Red Oskar is gone, Britain has managed to get this recast as an employment and economic reform pact, with deregulated labour markets and greater job flexibility. The dream of leftwing Europe is fast turning into the reality of a Blairite Third Way...”

- The big issue at this weekend's G8 summit will be the question of addressing the massive debt-levels of the least-developed countries. The **Jubilee 2000 campaign** — put together by an international coalition of church and community activists — made a significant impact on last year's G8 Summit in Birmingham, and has worked hard to keep the issue on the agenda again this year.

The campaign is currently running in over 50 countries around the world, and their goal is to bring tens of thousands of people and millions of signatures to Cologne on June 19th.

- At an April 1999 G7 meeting, newly enthused world leaders gave moving pledges to the cause of debt relief and an end to poverty. US Vice President Al Gore, and German leader Gerhard Shroeder were taken aback by the strength of feeling generated by Jubilee 2000's campaign and the sheer number of people pressing for change. They reversed their previous positions on the issue and seemed to promise some real results. British Finance Minister Gordon Brown has also been pushing measures to raise the levels of debt that the G8 countries will be prepared to write off.

But, like the “employment pact” of the recent EU Summit ... the rhetoric looks likely to **fall very short of delivering real results**. Our Media Watch reports that Gordon Brown has not had much support in his proposals from British PM Tony Blair. There is also Italian, German and Japanese opposition to “generous” debt-relief proposals.

- Those countries defined by the World Bank and IMF as “Heavily Indebted Poor Countries” (HIPC) owe \$216 billion and, according to the World Bank and IMF, are not making any payments on \$100 billion of this. realistically, this \$100 billion **will never be repaid**, and Jubilee 2000 says that cancellation of these debts therefore will cost nothing because there is no expectation of repayment.

The initial G8 promises were to cancel \$25 billion of these uncollectable debts. The proposals from this weekend's G8 meeting in Cologne are expected to raise

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

26 May 1999

NZ's trade deficit is greater now than it has been for the last 14 years. According to Statistics NZ, imports have risen 6.8% since April 1998 while exports have risen only 0.7% over the same period. NZ imported \$1.3 billion more than it exported.

27 May 1999

The leading OECD nations are shying away from tariff reductions. Meat NZ chief executive Neil Taylor says OECD member governments have increased farm subsidies by 6% last year. Taylor: "We are leading the world in trade reforms, but unfortunately the rest of the world is not following."

28 May 1999

The Salvation Army makes a decision to provide cups of soup and pottles of yogurt to children without lunches in Christchurch primary schools. Salvation Army spokesperson Bob Miller says there is little doubt poverty is increasing as there has been a 40% rise in the number of families using the church's food bank.

30 May 1999

There are fewer people on employment training schemes now than there were a year ago. Labour's Steve Maharey says there are 9,833 people on schemes at the moment, 3,500 less than last year.

31 May 1999

Huntly sickness beneficiary Pauline Williams offers one of her kidneys for sale to cover her debts. Williams gets \$194 per week and spends \$110 just for rent. Williams says that since she's been sick and on a hospital waiting list, she has no way to clear her credit card of over \$2,000 and is offering to sell the organ to pay her bills.

1 June 1999

Nelson Polytech student Cameron Tyler is challenging the government's policy that exclude him from receiving an emergency unemployment benefit (community wage) last summer. Like all other students who did not qualify for the student allowance during

this to \$50 or \$70 billion. But none of this will go beyond that which is already not being repaid.

The Jubilee 2000 campaign: "The G8 are still offering debt relief which is cost-free (because the debt would never be paid anyway). Such cost-free cancellation is also benefit-free. The G8 offer will make no inroads into the debt payments which currently displace spending on human development. Debt "sustainability" will continue to be defined as the level of debt service that the poorest countries can be forced to pay....

"For more than 20 years now, debt reduction has proceeded in small incremental steps, from "Toronto" terms to "London" terms, "Naples" terms, "Lyon" terms to the latest HIPC initiative. Just as these "pigeon-steps" made little progress in dealing with this problem, so it appears that "Cologne" terms will not provide an exit from unpayable debts for the poorest countries.

"The Cologne proposals for debt relief will send few new children to school, produce very few new hospitals and provide little hope of economic recovery for the most impoverished, highly indebted nations and their people. We will be no closer to the goal — agreed upon by the G8 governments — of halving the number of people living in absolute poverty by the year 2015..."

The Jubilee 2000 campaign website is at <http://www.j2000usa.org>.

- Back here in NZ, the Labour Party has announced that it will **scrap the community wage scheme** because of "... its total failure to deliver real jobs to the unemployed." Employment spokesperson Steve Maharey has seized on the damning **Maori Employment and Training Commission** report on the work-for-the-dole scheme, released earlier this week, as an opportunity to clearly state what Labour will do if it gains the government benches.

Maharey : "The report confirms all our worst fears about the scheme. It fails to provide any long-term benefit for the unemployed. It fails to provide any real jobs, while at the same time the community is left to shoulder the burden of keeping people busy..."

- Maharey also says the report calls into question **the whole restructuring process** that led to the formation of Work and Income New Zealand (WINZ). Maharey: "It is amazing that under National the word "employment" has disappeared completely. For example, there is no Minister of Employment, nor is there an Employment Service any more. Millions of dollars was poured down the drain to merge the New Zealand Employment Service with Income Support Services to form WINZ, with a prime objective being to oversee the community wage scheme. With the scheme now a documented failure, the whole restructuring process must be viewed as a waste of time ..."
- Meanwhile, government restructuring continues. Decisions relating to the structure of the new **Ministry of Social Policy** have now been confirmed by the Director General of Social Welfare Margaret Bazley.

The changes are due to come into effect on 1 October 1999 when the Corporate Office of the Department of Social Welfare (DSW) and the Social Policy Agency become the stand alone Ministry of Social Policy.

The restructuring follows on from last October's creation of WINZ from the Income Support Service and the NZ Employment Service. This was followed in January 1999 with the integration of the Community

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FEATURE

MAORI and the COMMUNITY WAGE

The Maori Employment and Training Commission takes a critical look at the work-for-the-dole scheme.

The Commission reviewed the Community Wage Scheme and its present structure and philosophy. It concluded that little significant employment impact would be made on Maori, and indeed non Maori, who participate in the scheme in its current form. Its recommendations: the scheme must be built upon, adequately funded, and have a positive impact on the employment opportunities of the participants.

Here is an essential summary of the Commission's findings.

- The questions that the Commission had to consider were:

- Does the Commission support the Community Wage Scheme?

- Is the Community Wage Scheme good for Maori?

- Is the Community Wage Scheme considered to be a success for Maori?

- What does the Commission consider to be the essential ingredients for the Community Wage Scheme to be successful?

- The Commission has supported the Community Wage Scheme on the basis:

- that people should not be paid for doing nothing.

- undertakings given to the Commission by the Minister of Employment, as to the devolution of authority to the Regional Commissioners to address regional problems.

- the understanding that in the areas of high Maori unemployment, Maori Regional Commissioners would be appointed.

In respect of the first point above, this is the concept of "reciprocal obligation" which seems to be at the hub of the Community Wage Scheme argument. Unfortunately no help is given to participants beyond the concept of "reciprocal obligation" ie. what should they be paid to do? The debate as to whether or not people should be paid to do nothing, must be measured against the quality of

the activity that the individual is required to undertake.

From a purely mathematical point of view, the scheme would appear to have a limited life with the limiting factors being:

- unless successful programmes are put in place to increase the size of labour market (and GNP growth is only one of those factors in increasing the labour market) there will always be a pool of jobless (December 1998: 226,500 people).

- there is a limit as to the availability of "Community Work". It is stated that the Community Wage Scheme is "project based" and must not cause displacement. By definition, any project activity in a free enterprise system, will cause displacement, and even if the project is totally labour focused, there are costs of organisation, and if material/equipment is needed, the community is obliged to resource these projects. Ultimately, the community will be depleted of resources, if they in fact had them in the first case.

"The response from the rural Maori sector was clear, they would not increase participation levels unless there was an attached economic driven infrastructure. There are no extra resources, human or financial, left in the community. Those that led many of the marae/provider initiatives were already over stretched. Further more, there was no goodwill left towards government initiatives that promoted innovative approaches. Innovation meant cuts in services and yet another burden for whanau to carry ..."

— report from The Maori Employment and Training Commission

- Is the scheme good for Maori? Currently the largest participant group in the programme are Maori, and therefore if the scheme is punitive and sanctioning, it is not good for Maori.

However, if there was further debate and refocusing on what constitutes Community Work, and if resourcing was made available to undertake this community work, this scheme could be very good for Maori, on the basis however that it was run by Maori for Maori.

A recent report conducted by Te Puni Kokiri clearly indicates that Maori are over represented in programmes that are not 'linked' directly into the labour market, and under represented in those programmes with a greater probability of securing work following the programme. The Community Wage Scheme in its current form reinforces a continuation of this trend. Maori have said for some time that they are sick of going from one course (TOPS) to another. This will continue under the Community Wage Scheme, because it guarantees nothing.

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- Is the scheme a success? On 14 July 1998 the Minister of Employment advised that there were 8,169 on the Community Taskforce Projects in June 1998, and the Ministry of Employment stated “It is expected that next year between 25,000 – 28,000 unemployed people will participate”.

As of 3 March 1999, 7,210 were participating in the scheme, plus 1,369 were still on the Community Taskforce scheme: a total of 8,488. This is an increase of 319 in numbers since June 1998. In that time unemployment numbers have also increased.

It should be noted that the Community Taskforce programme is being phased out and replaced by the Community Work Scheme.

Papakura Marae, a Community Broker Organisation, found that the limitations that are placed on the type of work that participants are able to be involved in, meant that the Marae has not filled all of its placements.

It would appear that the sustainability of the Community Wage Scheme ie. the ongoing ability of the community groups to continue to find “work” that falls within the guidelines of the scheme, is severely limited.

- What does the commission consider to be essential ingredients for a successful scheme? In the opinion of the Commission, a successful scheme must have at its core, the principle of *participation with a purpose*.

The scheme should be a seamless process which picks a person up, places that person in real full time employment, or training for employment.

In order to do this, the philosophy behind the Community Wage Scheme must change. The scheme at present has been constructed on the basis of international models, but has not included within it the fundamentals that has made international models moderately successful ie. the participation of the employer in the scheme, adequate state/federal funding, and case management.

" The application of new institutional economics presents unemployment as a simple malfunction in the market where there is a mismatch between the skills of the unemployed and the skills required by employers. The evidence is that this approach is simplistic, as unemployment is a complex issue imbedded in a range of personal, social, and cultural issues, and is the result of deficiencies in the labour market, not deficiencies of the individual ..."

— report from The Maori Employment and Training Commission

Research shows that the current scheme relies too heavily on the goodwill of communities, that are already under extreme stress and growing more susceptible by the day

This Commission could find no evidence that the Community Wage Scheme would create long term sustainable employment for Maori. Conversely, the Community Wage continues to reinforce low skill labouring options, which will spell disaster for Maori as a population and New Zealand as a nation.

MAORI COMMISSION RECOMMENDATIONS

- That Government initiates an Employment Strategy to address the fact that the country is deficient of approximately 225,000 jobs. This Commission concludes that the Community Wage Scheme as it stands, without adequate funding and linking to the labour market, is bound to fail.
- That Government must be more pro active in assisting job creation by business through economic policies. There must be a national commitment to regional and community economic potential audits, and targeted assistance to job growth sectors.
- That Government must re-think the current Treasury policy of ‘fiscal neutrality’. The State must accept responsibility to manage risk, and that there is a case for positive discrimination to correct inherent social and economic problems, particularly as they relate to Maori disadvantages in the labour market.
- That to succeed, the Community Wage Scheme requires Government resourcing to communities to enable them to resolve their own problems. Passing the responsibility to the community, without adequate resourcing, is a cop out.
- That WINZ Regional Commissioners must be given flexibility to assist Maori enterprise development aimed at creating sustainable employment, and should be advised by a National Maori Commissioner on processes to co-ordinate this development. The 13 Regional Commissioners appointed by WINZ, mainly from the ranks of DSW staff, have little understanding of issues Maori.
- That a Maori Commissioner similar to the position held by the former Acting Manager of the Community Employment Group, Parekura Horomia, should be appointed after consultation with National Maori organisations.

Source – Interim report to the Minister of Maori Affairs (Volume 3), 29 March 1999 by the Maori Employment and Training Commission, available on their website at <http://www.maori-employment.govt.nz>

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the school year, Tyler was denied a community wage over the summer break. His case will be heard in the High Court in Wellington.

The sale of Carter Holt Harvey's business forms division in Mt Roskill, Auckland, results in the loss of at least 100 jobs.

2 June 1999

Solid Energy, the state-owned coal producer, announces a restructuring that will make 120 staff redundant by the end of the year. The Westport office will be cut back and jobs lost at mines around Greymouth. Job losses will also occur in Auckland, Wellington and Huntly where offices would be closed altogether.

3 June 1999

Todd Energy announces plans to construct an underground coal mine north of Greymouth. The mine at Rapahoe may provide jobs for dozens of people.

6 June 1999

Queens Birthday Honours sees Margaret Bazley, Director-General of the Department of Social Welfare become a Dame.

7 June 1999

In a bid for local job creation, the Far North District Council's Economic Development Taskforce hosts a conference aimed at attracting the call centre industry to the region. Task Force chair Chris Mathews says there are significant advantages for call centres to be set up in rural areas, including low overheads and low employee turnover.

8 June 1999

The Inland Revenue Department's intention to pay redundancy to 600 staff by March 2000 is going to cost \$46m. The IRD commissioner Graham Holland has applied to parliament for an increase in his budget to accommodate the severance cost. The restructuring is expected to create an annual savings of \$22 - \$23m but it will take five years before those savings begin to be realised.

The number of job vacancy ads remain at about the same level as last month according to the ANZ survey. The advertising rate is about 15% higher than it was at this time last year.

Funding Agency with the Children, Young Persons and Their Families Service to form the Children, Young Persons and Their Families Agency. This, in turn, will become **the Department of Child, Youth and Whanau Services** in October this year.

- When all the restructuring has been completed, DSW will have moved from having a staffing of approximately 1800 permanent positions, to a Ministry comprising approximately 170 permanent positions.

Approximately 85% of these jobs will be filled by staff transferring into the new Ministry of Social Policy. The remaining staff will go through "a reassignment process". Margaret Bazley expects that "a small number" of positions will become redundant as a result of the new structure. The number of positions will become clearer once the reassignment process has been completed.

- "Local solutions to local problems" is a catch-cry often heard today ... but the process of devolving real power to the regions is a continuing political challenge. **A local government forum**, held in Christchurch earlier this month, suggested that we might consider a radical change to our governance structures.

The forum argued that the concept of "**community governance**" needs to be "re-invented" in New Zealand to become more flexible than at present, and to create an environment which is "...characterised by high levels of trust and mutual confidence between the government and the community."

- The forum attracted 150 mayors and other local body leaders from throughout New Zealand, and was led by the Canterbury mayors and council chief executives. These leaders say that while much has been achieved by government reform over the past 15 years, this has focussed primarily on issues of ideology and efficiency regarding means of defining and delivering government activities. The *outcomes* themselves have received much less attention.

The Canterbury view: "Better outcomes are needed. There are too many individuals and groups facing an increasing struggle to cope with the pressures of day to day living. There are important areas in which inadequate progress is being made to achieve environmental sustainability and, while there have been obvious successes, some are expressing increasing concerns about our performance in terms of creating wealth to be shared by members of the community..."

- The Canterbury mayors and CEOs say that **the concept of community has "atrophied"** over the last fifteen years as we have put an increasing focus on the importance of the individual: "We contend that Canterbury people do not simply live alongside each other, but that they live with each other. They want a governance in place that provides a framework that takes account of the past and develops a vision for the future that recognises a sense of shared and distinct identity..."
- "*Taking the Canterbury Communities into the New Millennium*" is a discussion paper written by Christchurch City Manager **Mike Richardson**, and others, and used as the basis of the forum discussions. It draws on the work of **Professor Michael Clarke** of the University of Birmingham, who was one of the main keynote speakers at the Canterbury forum. Copies of this paper can be obtained from the Christchurch City Council email jude.pani@ccc.govt.nz.
- British PM **Tony Blair** is planning to **invite private companies** to run the £110 billion UK benefit system, according to *The Times*. The British government believes that the current welfare system, under which people claim separate benefits from different agencies, encourages duplication and fraud.

A confidential paper called "*The Vision: A Single Work-Focussed Gateway*" proposes instead that claimants make a single application for all their benefits and receive one cheque in return. Two American-based companies will begin pilot tests of the new system in November.

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10 June 1999

The numbers of people on domestic purposes benefits and the number of people who have been unemployed for over four years has dropped since the end of 1996, according to Associate Social Services Minister Peter McCardle. He says the fall in these numbers is a result of new policies aimed at getting beneficiaries into training or work.

Answering a question in parliament, Peter McCardle says that WINZ owes 1,684 customers a refund, averaging \$127 each. The refunds are due for overpayments people have made to the department.

11 June 1999

The Japanese prime minister Keizo Obuchi announces new job creation strategies and is planning an extra budget to finance the package. The plan consists of creating over 300,000 jobs in local and central government, promoting labour mobility and supporting retraining, and helping middle aged job seekers find jobs in new and growing industries.

14 June 1999

The appointment of an "acting" rather than a permanent chief executive to the Ministry of Youth Affairs may indicate the future of the ministry is unresolved. The *NZ Herald* says that the future of Youth Affairs is on hold as the government works through the issues related to Youth Affairs and the proposed new Ministry of Social Policy.

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VOICES

on the MAORI COMMISSION REPORT

"Labour has said all along that the scheme is nothing more than an expensive exercise undertaken by a tired government trying to distance itself from any responsibility for the unemployed. This report shows that the community wage is a complete flop and, in fact, is also very destructive for those people forced to participate. The Government, in the light of this research, must urgently reconsider the scheme. Labour will scrap the community wage, which concentrates on keeping beneficiaries busy, in favour of a genuine focus on increasing job opportunities for New Zealanders..."

— **Steve Maharey, Labour employment spokesperson**

"What the Maori Employment and Training Commission have produced is very earthy response. I wouldn't have expected anything less — they're there to reflect the concerns of Maori at the grassroots and I'm glad to see they're doing just that.

"Having said that, the Government has also reacted positively to another of the initiatives the commission recommended which was the new Maori trade training scheme announced in this year's budget - it's bold, it's exciting and it's by Maori, for Maori. Along with that we've refined Te Ararau, another new trade training scheme introduced when I became Minister, targeting Maori employment training needs.

"So I'm not deaf to the issues the commission has raised and they know this. The commissions were tasked right at the beginning with the job of gauging the feeling of people at the grassroots level and recommending strategies and policies in line with their findings for me to take directly to my government colleagues.

"Some of those strategies and policies may develop into wins. Others might not. That's the political reality, but I'd suggest there's been more wins over the last electoral cycle for Maori than there have been for a while ..."

— **Tau Henare, Minister of Maori Affairs, leader of Maori Pacific**

"Labour's plan to scrap Community Work if it becomes the Government is foolish, and a backward step. It would leave the most needy out in limbo.

"We are right on target. Since last year 25,000 people have so far taken part in Community Work projects for the long term unemployed, or those at risk of falling into that category. Those 25,000 people, many of them Maori, have gained a better chance of finding employment in future because of their participation in Community Work. Without it they would be slipping further and further away from the job market, sitting passively at home doing nothing.

"Jobs are now being created by the economy, but we have stated clearly from the start that Community Work is not aimed at producing instant paid employment, any more than it will turn winter into summer. However it will produce people who are more work-ready.

"Steve Maharey has consistently criticised Community Work without providing, or being challenged to provide, any well-thought plans for what Labour would do to deal with the long term unemployed, complete with costings. It is about time he did so ..."

— **Peter McCardle, Associate Minister of Work and Income**

"The report into the community wage released by the Commission puts a very strong emphasis on welfare that has a reciprocal obligation. The Commission has supported the community wage scheme on the basis that people should not be paid to do nothing. That is a principle that ACT strongly supports.

"While there are serious flaws in the Community Wage scheme, what it has done is finally start to make work the focus of welfare. New Zealanders need real jobs. For those in genuine need welfare must provide a practical hand up back into work.

"The Commission has also recognised the importance of economic policies that stimulate growth and jobs. That is why we have to get Government off the backs of business, cut the red tape and remove the current barriers employers face in taking on new staff.

"Labour's answer to the report is to say it will scrap the scheme. As usual Labour has offered no constructive alternative..."

— **Muriel Newman, ACT Social Welfare Spokesperson**