

The Jobs Letter

No. 136

14 December 2000

Essential Information on an Essential Issue

KEY

A NATIONAL
CONVERSATION



“Jobs are the driving force of an economy and its most valuable fruit. But jobs are what an economy means to individuals and households.

“Just as the living standards of individuals and households depend on the kind of jobs they have, the wealth of the nation depends on the kind of work we do.

“Today’s jobs challenge is not a matter simply of creating jobs ... it is about gearing up our skills, initiative and resources to ensure we are not left to look sullenly at countries whose products we cannot afford and which we can no longer visit.”

— *New Zealand Herald*
editorial, *The Jobs Challenge*, 25 November 2000

The Jobs Challenge

In 1994, the Prime Ministerial Taskforce on Employment described employment as “... New Zealand’s greatest challenge”, and asked our country to set the clear goal that, by the year 2000, no-one in New Zealand should be out of work or training for longer than six months. The Taskforce produced a report of 120 recommendations on how such a goal could be pragmatically achieved.

Today, having reached the Millennium year, we are still a considerable distance from achieving such a national goal. While we have a growing economy, official unemployment at its lowest level for twelve years, and attention in the business community turning to skill shortages ... “the jobs challenge” still remains the national Holy Grail — with one in eleven New Zealanders still out of work and wanting a job.

Over the last two months, New Zealand’s largest newspaper, the Auckland-based *New Zealand Herald*, has taken up “the jobs challenge” as a major media campaign. The newspaper has produced a series of feature articles, news stories and accompanying “Dialogue” contributions from prominent New Zealanders ... discussing just what it will take to achieve our employment goals within the global economy of the millennium. The result has been probably the most extensive media overview of employment issues that we have had since 1994.

As the *Herald* articles point out, the economic landscape of the year 2000 has moved on considerably. Carter Holt Harvey chief executive Christ Liddell notes, in his Dialogue article, that the 10 largest corporations in the United States have five times the market capitalisation they did 10 years ago, but collectively employ fewer people. This indicates a systemic change in the nature of paid jobs in the new economy ... and a change for which we have yet to develop a national strategy.

Yet the *Herald* series also captures a positive outlook for the future. In accompanying news stories (see www.nzherald.co.nz), the newspaper shows how new technologies are helping us overcome the disadvantages that distance from our markets used to mean for New Zealand businesses. And the stories also reflect how many young New Zealanders aren’t waiting for government and local authorities to get policies right before they embrace the global economy. The skills and spirit of enterprise in young New Zealanders is very much alive in these times of change — a spirit that we will need to foster and propagate if we are indeed going to achieve a society that no longer tolerates the waste of New Zealanders through unemployment.

The *Herald* editors have described the purpose of “the jobs challenge” series as creating a “national conversation” on employment issues, helping the country to explore “a new sense of economic, social and cultural well-being”. In this special issue of *The Jobs Letter* we present some of the key points emerging from this ongoing conversation.

TOPICS



the jobs challenge

The main articles in the New Zealand Herald series were written by feature journalists **Simon Collins** and **Mathew Dearnaley**. In the eight weeks the series has been running, topics covered include:

Part One: October 7-8

*Attracting investment in a global market;
Industry NZ; The Irish model.*

Part Two: October 14-15

*The path from full employment;
How Taits and Fisher & Paykel survived.*

Part Three: October 21-22

*An Anzac currency;
Tax breaks lure business overseas.*

Part Four: October 28-29

Creating a knowledge society.

Part Five: November 4-5

Regional development.

Part Six: November 11-12

*The Mayors Taskforce for Jobs
and the "Zero Waste" movement.*

Part Seven: November 18-19

*A dozen dynamic growth sectors;
Immigrants' skills wasted.*

Part Eight: November 25-26

Summary and Readers Comments.

LINKS

All the articles in The Jobs Challenge series are available on the **New Zealand Herald Online** website at

www.nzherald.co.nz

The **Jobs Research Trust** has also created a special directory page with links to the main features and dialogue contributors in this series. This can be found at

www.jobsletter.org.nz/nzh2000.htm

ON GLOBALISATION

- In the nine years from 1987 to 1996, New Zealand created 1,451,000 new jobs. In the same period, 1,392,700 jobs disappeared. Constant change is speeding up and is becoming international. Many of the new and the lost jobs reflect large companies shuffling work around the world.

- At the beginning of this year, the head of the Auckland University Business School, Dr Marie Wilson, asked her 800 first-year students how many of them were born overseas. Two-thirds put up their hands. How many, she asked, expected to be overseas in five years? Eighty per cent put up their hands.

Perhaps they were just going on their "OE" and would come back. So she asked how many thought they would still be overseas in 20 years. This time they hesitated. "It will depend on how well New Zealand's doing."

"We did feedback at the end of the first half," Dr Wilson says. "One of the things they said was, 'As most of us are not going to be working in New Zealand, it would be good to have more global examples'."

As Dr Wilson's students show, the context is global. For the first time in history, young people now see their future not primarily as the citizens of any country or empire, but as human beings who will choose where to live on the basis of their own economic, social and environmental values.

In the past 15 years, restrictions on trade and capital movements have come down almost everywhere. Cheaper air travel, telephones and the internet have made people more willing to move.

As a remote, island region, New Zealand always has lost many of its brightest to big cities overseas. Globalisation means we are sure to lose more.

If we care for our young people, we will ensure that they are as well prepared as possible for that global world. Some will choose to live in New Zealand. They - we - may be drawn here, or drawn back, by family and cultural ties, other social factors such as a caring and tolerant society, a good education system, a relatively unspoilt environment, space and the weather, as well as reasonable living standards.

So the economic challenge for those who choose to live here is not necessarily to earn as much as people in New York or Silicon Valley, but to create businesses and social organisations that generate whatever living standards we seek for everyone who wants to work here.

ON STOPPING THE SLIDE

- 188,000 people are living on unemployment or sickness benefits, a figure that almost doubles to 366,000 if we include people on the domestic purposes, invalids and transitional retirement benefits. That's 15 per cent of New Zealanders aged 15 to 64.

Of these, 187,300 are officially "jobless" in the sense that they are either actively seeking or available for work. And 114,300 (6.1 per cent of the available workforce) are actively looking for work and available, so are counted as "unemployed."

For those who want to work and cannot, this is a tragedy. Financially, it means things such as not

being able to afford new clothes when the children grow out of their school uniforms, and not being able to keep in touch with other people. Spiritually, dependence on the state and repeated rejection by potential employers makes even the strongest person feel worthless. And economically, it is an enormous waste. If people could get off benefits and into paid work, they would not only allow taxes on everyone else to be cut, but they would produce goods and services that would increase the country's income.

- Other countries are doing much better. Unemployment in the United States in June was 4 per cent, in the Netherlands 2.7 per cent, in Switzerland 1.8 per cent.

We, too, have done much better in the past, with unemployment well under 1 per cent for 30 years until 1977. Our average incomes stayed roughly level with Australia's right through to the mid-1970s.

"Young New Zealanders are often surprised when told this nation once stood head and shoulders above all others in providing jobs for virtually everyone who wanted work. Certainly nobody now under 30 has been lucky enough to live in such a blessed country.

"Perhaps those for whom 1967 is not such a distant memory should keep quiet about New Zealand's former state of grace, for shame at not having bequeathed it to their young..."

**— Simon Collins and Mathew Dearnaley, feature writers
for New Zealand Herald *The Jobs Challenge***

As our economy reeled under the oil shocks of that era, our Governments acted. After first cutting back, National Prime Minister Rob Muldoon quickly boosted state spending in the late 1970s with a succession of subsidised work schemes and "think big" energy investments, backed by subsidies for exporters and a gradually reducing exchange rate.

Our incomes grew at roughly the same rate as Australia's and other rich countries from 1978-84. But this was financed partly by borrowing, which pushed internal and external debt to what were then record levels.

And with oil prices falling, it was already apparent by 1984 that "think big" was a big mistake. Incoming Labour Finance Minister Roger Douglas attacked the debt problem by devaluing the dollar to help exporters and boost jobs, then restoring budget balance by removing export subsidies and winding down subsidised work schemes.

Accepting a Treasury view that economic growth had been held back by high taxes, subsidies and regulations, he halved the top tax rate, slashed protection, sold state enterprises and deregulated sectors ranging from finance to airlines. The Government deliberately left business to "the market." The result was mixed.

From 1988 to 1991, incomes plunged and unemployment rose to 11 per cent as the Reserve Bank

pushed up interest and exchange rates to reduce inflation. From 1991 to 1995, incomes rose faster than the rich-country average, and unemployment fell to 6 per cent. But since then, incomes have slipped further behind rich countries, and unemployment has stayed at between 6 and 7.5 per cent.

- Now policy is swinging back again. Said Finance Minister Michael Cullen in July: "Our approach is more hands-on. We are committed to taking an active role in the economy to support good ideas and good people."

Helen Clark has indicated that she will also over-rule Treasury objections and restore more liberal tax treatment for research and development and state-backed insurance for exporters.

Her deputy, Jim Anderton, says the Government's industry development spending is puny compared with, for example, the \$1.6 billion budget of Scottish Enterprise in a region of 5 million people.

Science Minister Pete Hodgson says: "We're simply becoming a bit more normal among developed nations ... We've been a Western world freak."

ON RECREATING FULL EMPLOYMENT

- Despite the Government's avowed intent to help businesses to create more jobs, it is shy of announcing specific targets. And it has left the Reserve Bank with a mandate to hit the monetary-supply brakes again if Governor Don Brash perceives too many pay packets for too little productivity.

Some banking economists believe unemployment is already low enough, pointing to 4 per cent in the United States as the nearest an open, globally oriented economy is likely to get to creating jobs for all.

But Switzerland and the Netherlands are attracting enough investment to drive their unemployment levels below 3 per cent.

And it is sobering to consider that New Zealand paid just £4247 to 68 jobless people in 1955-56. Last year, we spent \$1.538 billion on 162,000 dole accounts, a sum that does not begin accounting for horrendous social costs.

- Despite the practical consequences of their deeds, politicians have always been reluctant to renounce the ideal of full employment.

The Muldoon Government cranked up subsidised work schemes to the point that participants sometimes outnumbered the unemployed - in 1983 there were 47,478 people on such schemes, at a cost of \$256 million.

One churchman likened the schemes to inflatable cushions, to be expanded as social discomfort levels rose or enough articulate parents realised what might become of children left to rot on the dole.

National ministers hoped their "Think Big" energy projects and other developments could create 410,000 jobs. That was before oil prices crashed, denting the economic viability of the projects, which probably slowed diversification into more productive high-tech manufacturing by hogging billions of investment dollars.

Unemployment doubled in the three years to 1984, although pre-election pump-priming left the incom-

ing Labour Government with shorter dole queues until industry restructuring began in earnest in 1986.

Then, in 1990, after presiding over new heights of joblessness, a doomed Labour tried to fend off defeat with promises of a return to full employment, if only the electorate would forgive and forget.

“Work is central to our lives. It underpins our wealth and well-being. It is a tragedy that more than 100,000 New Zealanders who are available to work cannot do so. That is why I am determined to address the problem.”

“We have to create a sustainably growing economy, capable of producing ever more sophisticated goods and services. That means mobilising all the talent, creativity and goodwill at our disposal.”

— Helen Clark, Prime Minister

Opposition leader Jim Bolger, who said unemployment not only harmed the nation's social and economic fabric but drove people to kill themselves, accused Labour of insulting voters' intelligence with an empty pledge.

That did not stop him from promising to halve unemployment in his first term as Prime Minister. By 1993, Mr Bolger was telling the legions of unemployed that technology had destroyed far more jobs than economic recession, and they must position themselves through education “to travel our new economic highways.”

• Despite being attacked for what Labour called a “smug and self-satisfied” speech, Mr Bolger was receptive to an Alliance proposal for a multiparty response to unemployment through a prime ministerial taskforce.

The taskforce visited 27 centres in 1994 and compiled 120 recommendations aimed at giving every New Zealander the chance of paid work. It concluded that without concerted Government intervention, unemployment was unlikely to drop below an unacceptable 5-7 per cent, and it would be “criminal” to waste the opportunity of a long-awaited economic recovery to end long-term joblessness.

The Government then allocated \$252 million over three years to new subsidised work and training schemes, and other measures.

But this was only a third of the estimated cost of the taskforce's full menu, which included preparations to provide education, work or training to everyone under 20 by 1998, and by this year to everyone registered unemployed for 26 weeks or longer.

• After a third of a century of efforts to recreate full employment, there are still 114,000 officially unemployed, of whom 27,300 are under 20 and 35,800 have been out of work for at least six months.

Among them is 54-year-old Richard Quinn, of New Lynn, who introduced himself to the *Weekend Herald* as a “former human being” trying to survive with his wife and two children on \$47.25c a week after paying the mortgage. He said he had “done more time on the dole heap than I would have for murder.”

ON PICKING WINNERS

• A 1997 report by the Organisation for Economic Cooperation and Development (OECD) found that member governments were spending \$US50 billion a year on subsidies for research and development, environmental protection and start-up and growth of new businesses.

The United States Small Business Administration alone provides \$US18 billion in loans, venture capital and advice for small businesses. Scaled down to New Zealand's population, that would be \$630 million, several times what our “hands-on” Government is spending.

Ireland, with 3.8 million people - almost the same as our population - paid £129 million (\$340 million) in grants to new foreign investors last year and £220 million (\$580 million) in venture capital, training and research grants and advice to domestic businesses.

Australia spent \$A155 million (\$206 million) on export assistance, including grants for business representatives overseas, marketing trips, trade fairs and websites.

• The Government already “picks winners” by investing \$415 million a year in business-related research and development.

A state-backed venture capital fund or development bank could finance similar risky investments in new buildings or equipment or for expansion into export markets - perhaps on a last-resort basis and at high interest rates reflecting the level of risk, so that less risky projects will still seek money in the private sector.

“To get out of the doldrums New Zealand finds itself in, we have to reharass that entrepreneurial spirit. That's the only way we will make jobs for New Zealanders.”

“How well our entrepreneurs fare will determine the living standards your children enjoy 10 and 20 years from now. The performance of our entrepreneurs will determine how much wealth we have to invest in social services.”

— Jenny Shipley, Leader of the Opposition

In Israel, the Government invested \$US100 million (\$240 million) in 1991 in a venture capital fund which has since spawned 10 new funds, initially partly and now wholly funded privately. Although its population is small - 5.5 million in 1994 - Israel now has more than 50 venture capital firms with total funds of \$US4 billion (\$10 billion). The Israeli Government also invests \$US30 million (\$73 million) a year in technology “incubators” at 25 locations. These give base funding and support for their businesses in return for 20 per cent shareholdings.

Finland also has a state agency which provides venture capital, with stakes in 102 companies worth \$700 million at the end of 1998. Using grants rather than investments, Ireland has been the most extreme recent example of a Government going all-out to support business - and reaping the reward of easily the highest economic growth rate in the developed world throughout the 1990s.

The Jobs Letter

ON TAX BREAKS

- Almost everywhere, Governments are cutting company tax rates to entice businesses.

In France, the company rate is dropping from 37.77 per cent to 33.3 per cent; in Australia from 36 per cent to 34 per cent this year and 30 per cent next year; in Germany from 56 per cent in 1998 to 25 per cent over five years. New Zealand's rate is 33 per cent.

Norway, Denmark, Sweden, Finland and the Netherlands have adopted "dual income taxes," charging lower rates on income from capital and higher rates on labour income. Ireland has gone the furthest, with a 10 per cent company tax on manufacturing (12.5 per cent across the board from 2003).

Many countries also offer tax breaks for research and development (400 per cent of research costs in Ireland), tax holidays for new factories (eight years in Costa Rica) and grants (\$60 million for a new \$1.4 billion Comalco alumina refinery at Gladstone, Queensland).

ON THE EXCHANGE RATE

- We have been spending \$7.5 billion a year more than we have been earning. With the dollar down to US39c and 75c Australian, we'll earn more and spend less.

In fact, our high exchange rate over most of the past 15 years - averaging US60c and A85c - has been a big cause not only of our persistent overspending, but also of our high unemployment and poor economic performance.

By pricing NZ-made products too high, we lost both local and overseas consumers. Less production meant less employment, and slipping living standards. That's why the Coalition Government has told Reserve Bank Governor Don Brash to "avoid unnecessary instability in output, interest rates and the exchange rate."

But the growing integration of world markets is raising doubts about whether it is either possible or desirable for small countries such as New Zealand to try to smooth their economic cycles with floating exchange rates.

- A survey of 409 New Zealand businesses by the Institute of Policy Studies last November found that 58 per cent were positive towards merging the Australian and New Zealand dollars. Only 14 per cent were negative, with 28 per cent neutral.

ON HIGH-TECH JOBS

- Institution of Professional Engineers' president Tony Gibson sees no reason why New Zealanders should not adopt a national vision to be at the top of the OECD economic table by 2015, and then work backwards in our imaginations to find out how we clawed our way up there. He says that we do not need to start with enormous capital investment or huge industries.

But his prescription not surprisingly requires at least four times more engineering graduates than we have now, and an economy able to put them to full use in research, development, and the transfer of ideas

and technology from overseas companies enticed to set up operations here.

This is what Ireland did so successfully by creating tax and other incentives for companies such as Motorola, Microsoft and Intel to build bases there, while its engineering and technology students among others enjoyed free education.

"Full employment is an eminently feasible goal whether labour supply is growing, static or contracting. The world is not short of work to be done. The basic economic problem facing all societies is one of scarcity: there are too few resources, including labour, to meet unlimited wants. Roads need building, trees need planting, farms need developing, the sick and elderly need to be cared for and children need to be taught.

"Full employment is not simply about all those wanting employment having jobs. There must be strong expectations on the part of those seeking jobs to move, to retrain and, if necessary, to accept seemingly inferior jobs in the first instance. Jobs provide training (not the other way round) and entry-level jobs are usually the first rung on the income ladder..."

— Ralph Norris, chairman of the Business Roundtable

Droves of newly trained knowledge workers then gained priceless experience with the imported enterprises for a year or two before leaving to start their own businesses.

Mr Gibson's statistics show that only 3.9 per cent of formal study programmes completed in 1997 were engineering courses, while commerce and business accounted for 22 per cent.

Also in his armoury are graphs ranking New Zealand second out of eight surveyed countries for our legions of lawyers and accountants, but bottom for engineers.

The country's eight universities are pulling out stops to boost their annual crops of information technology graduates to 1800 within three years, from 1000 in 1998. But funding remains limited.

ON REGIONAL DEVELOPMENT

- Regional development is back in favour. Jim Anderton, the Alliance leader who is now Minister for Economic Development, is giving priority to the region with the highest unemployment, the East Coast. And the first fruit of the Tairāwhiti Development Taskforce, which he has chaired for the past six months, is Wairoa's new community internet "hub,".

- Regional development policies start with the fact that most of us are staying put. Wairoa's population dropped by only 5.5 per cent in the decade to 1996. In other words, despite economists' assumptions, we evidently value other things, such as our families and communities, more highly than a few extra dollars. Rather than assuming that we all want to be as rich as Bill Gates, regional developers implicitly assume

The Jobs Letter

that our economic goal is actually to ensure that everyone has access to a comfortable, though not excessive, standard of living.

Most other countries have never lost this perspective. Throughout the Thatcher years, the Scottish Development Agency subsidised job-creating investment in Scotland. In 1998-99, its grants totalled £71 million (\$200 million).

The European Community spends 1.27 per cent of its GDP on "structural assistance" to regions which have less than three-quarters of average European incomes or other economic problems. In NZ terms, that would be \$1.3 billion a year.

The money goes partly into education, research, and grants and loans for new businesses. But the top priority, as in Wairoa, is improving transport, energy and telecommunications - "guaranteeing fair access for all to services of general interest."

In Australia, the Victorian Government has established a \$A170 million fund over three years to support new industry, infrastructure education and information technology outside Melbourne.

"We also need to acknowledge that we all have played a part in getting ourselves into the mess we are in. I disagree with most of the Government's policy changes, but in the end they are reflecting the general mood of the nation.

"Let's face it, business has done a poor job in recent years of taking advantage of a generally favourable policy environment and communicating a strong positive message about the importance of economic growth and wealth creation to the health of the country. The business sector needs to focus on strategies that deliver on growth, innovation and new-business creation..."

— Chris Liddell, Carter Holt Harvey chief executive

ON LOCAL GOVERNMENT

- When an officer employed by Christchurch ratepayers turns up at the West Coast glaciers looking for work for the city's youth, it's a sure sign that they do things differently down south.

For more than a decade, first under Mayor Vicki Buck and now under her successor, Garry Moore, the Christchurch City Council has led the country in proactive regional development - earning a put-down by former Business Roundtable head Douglas Myers, who described the city as the "People's Republic of Christchurch."

In complete contrast, Mr Myers' home city, Auckland, has disbanded its economic development unit. "What we have tried to do is to develop a closer relationship with business, but they are not telling us to go and create jobs for us - that's what they do best," says the chairwoman of Auckland's city attractions committee, Victoria Carter.

- In Christchurch, the officer who regularly checks out job openings for young people in hotels at the Fox and Franz Josef Glaciers is just one of 50 people employed by the council-owned Canterbury Development Corporation (CDC). Chief executive Chris Pickrill says the corporation aims to foster both the local demand for labour, by helping businesses to grow, and the supply of the skilled labour that businesses need.

Christchurch invented the "Business Grow" programme, which sends a team of support workers out to help small businesses to "maximise their potential." "Small businesses, despite the 'market forces' view, don't have perfect knowledge about their environment, and they need to have someone to help them know what sort of support is around," Mr Pickrill says. The support workers can refer businesses to 150 volunteer mentors as well as professional advisers.

In the early 1990s, Vicki Buck gave these programmes a public focus by declaring a goal of creating 2000 new jobs by the year 2000. This "Target 2000" was achieved. "It made companies feel important," says Mr Pickrill. "It created employment by inviting companies to a mayoral reception, lucky draws for this, that and the other. There was a general feeling that small businesses had a key role to play in that process."

This community spirit has been carried through into "clusters" of businesses such as software, electronics, biotechnology and education.

"You could argue that that's not a role for local government," Mr Pickrill says. "We believe that we as a community have to do something about it, if only for the sake of our own businesses who need those skills."

- But Victoria Carter says a Christchurch-style jobs "publicity machine" would not work in Auckland. "If there is a desire to do a programme like that, I'd rather see Winz come to us with those sorts of ideas.

"Then you'd get a better partnership going than the council initiating it, because there's a huge fear among business that the city council will end up being the biggest employer and ratepayers will start to pay for this sort of stuff. A lot of business people think the council should be focusing on roads and rubbish."

ON HANDS-ON CONSENSUS

- From 1945 until the late 1970s, New Zealand had virtually zero unemployment. The Maori Employment and Training Commission proposed setting targets to cut unemployment again, with an employment "governor" to achieve them.

But if interest and exchange rate policies were directed at lowering unemployment, then inflation would need to be controlled more directly through union and employer agreement to limit wage and price rises. In return, the Government might need to offer tax cuts or better social services.

That would require not just more "hands-on" economic policy but also a shift from adversary to consensus politics. That may be a harder mindshift to achieve.

TRENDS

TWELVE KEY INDUSTRIES

by Simon Collins

Although 177,300 New Zealanders are still officially "jobless," many companies can't find Kiwis with the right skills. Projections by Berl economists for the Maori Employment and Training Commission suggest that the country can generate between 200,000 and 327,000 new jobs by 2011 — provided New Zealanders acquire the skills for the jobs.

Key areas for growth are :

TOURISM

The biggest job growth in the past five years was in the prosaic-sounding category of "service and sales workers," up 46,100 (21 per cent). A driving force was tourism. In 1995, says the Tourist Industry Association, 118,000 people worked in hotels, restaurants, shops and other tourist services. With global tourism growing 6 per cent a year, the association forecasts 178,000 jobs by 2010.

Greg Stanaway of Spectrum International says it is hard to find chefs and food and beverage supervisory staff. "The industry needs to do a lot more training themselves," he says.

BIOTECHNOLOGY

Biotechnology - creating new products by manipulating biological processes - is as yet small-scale. But Dr John Kernohan, who heads Uniservices, Auckland University's commercial unit, says biotech and medicine are now "what drives science."

An Infometrics report for the Royal Commission on Genetic Modification by the pro-GM Life Sciences Network estimates that 20,000 extra jobs could be created across the economy by 2010 if genetic engineering of plants and animals lifts the rate of increase in farming productivity from its present 2.5 per cent a year to 4 per cent. Dr William Rolleston, who chairs the network, says the country is short of graduates in molecular biology and bioprocessing, but most universities are beginning to offer such courses.

INFORMATION TECHNOLOGY

There is no secret to what is driving the second-fastest growing occupational category: technicians, up by 28,200 jobs (15 per cent) in the past five years. The Information Technology Association reckons that last year alone, the number of staff in computer consultancy and maintenance, telecommunications and other IT work jumped 10 per cent to 33,010. "The indications are that growth will be in the region of 15 per cent both this year and next year," says director Jim Neill. Mr Neill and executives from three

local IT firms are just back from India, where they spoke to more than 600 IT-qualified workers to fill a labour shortage caused by "inadequate" training of New Zealanders.

Craig Parsons of Enterprise Staff Consultants says the biggest shortages are in web design using Java and C++ programming languages, with Java contract programmers commanding pay rates of up to \$100 an hour.

WINE

Winemaking and vineyards employed only 1548 people in the 1996 census, but they're growing fast. Wine Institute chief executive Philip Gregan predicts a two-thirds increase in output from 60 million litres now to 100 million by 2010. Exports are forecast to grow from one-third to two-thirds of production, from \$168 million to \$375 million by 2005. This is one area that finds no trouble attracting trainees, with wine courses at Lincoln University and at polytechnics in Gisborne, Hawkes Bay and Nelson.

FOOD TECHNOLOGY

Food and beverages earn 37.5 per cent of our overseas income from goods and services. In 1992, an industry plan estimated that if they could lift exports by 90 per cent by 2002, they could create 28,000 extra jobs.

But food technologists, who are needed to create new products, are drying up. Professor Ray Winger, head of food technology at Massey University, says Massey's food tech intake has dropped from almost 100 in 1994 to around 40.

John Williams of recruitment agency Lawson Williams says there is growing demand for food technologists in the dairy industry, convenience snackfoods, soft drink companies, ice-cream manufacturers and other food businesses. "The demand is outgrowing the supply."

HEALTHCARE

As New Zealanders live longer, care of the aged and the sick employs growing numbers of professionals, who increased by 26,700 people (14 per cent) in the past five years. "The demand is going to increase as the baby-boomers progress through to retirement," says Career Services chief executive Lester Oakes. "It will affect a range of services - home gardening, home cooking, anything that supports an older population."

Josephine Wallis of Geneva Health International says that while there is no shortage of general nurses, it is hard to find nurses for intensive care, operating rooms and dialysis. Psychiatrists, radiologists, rural general practitioners and emergency medicine specialists are also in short supply.

BOATBUILDING

While trades as a whole were virtually static in the past five years with just 700 extra jobs (0.4 per cent), boatbuilders increased their job numbers by 20 per cent last year alone, to 6000. "Total turnover

was \$640 million, of which \$250 million was exports, which is a 300 per cent increase since 1994," says Peter Busfield of the Boating Industries Association. He says the workforce could double to 12,000 by 2010 and establish itself as a permanent symbol of quality New Zealand production. "It's at the BMW/Mercedes end of the industry that we are well known: Swiss watches, French champagne, New Zealand boats."

Only a lack of skilled workers constrains growth. Sensation Yachts managing director Ivan Erceg, says the answer is to retrain people with related skills such as builders, car assemblers and Fisher & Paykel workers. He plans to open a training facility early next year.

FOREST PRODUCTS

Maturing wood available for harvesting in New Zealand forests will almost double from 18 million cubic metres this year to 30 million by 2006. The Forest Industries Council says if we invest \$6.5 billion in new processing facilities in the next 15 years, we could boost jobs in forestry and processing from 21,350 now to 60,000 by 2025.

Forestry has adopted the new Modern Apprentices scheme, under which young people aged 16 to 21 can complete apprenticeships with a succession of employers if their first employer can't keep them. Forest Industries Training chief executive John Blakey has signed up 70 Modern Apprentices so far and his target is 200 a year.

FARMING

Farming jobs barely changed in the past five years - up by 400 (0.3 per cent). But Berl forecasts that farm employment will grow from 150,500 at present to between 163,000 and 175,000 by 2011. Farmers are shifting from sheep to more intensive dairying. Dairy farm employment rose from 31,623 to 35,271 between 1991 and 1996 and the growth continues. But agricultural graduates from Massey and Lincoln have dwindled from 240 in 1987 to just under 150. "Whereas farming used to be an art passed down from generation to generation, now it's a science," says Chris Kelly of the Dairy Board. "Many of these farms are multimillion-dollar businesses and require significant management skills to run them. "We are looking at funding a chair at one or more of the universities, providing scholarships for universities, offering money for post-doctoral work and launching an educational programme at schools to lift the profile of agriculture at school level."

ORGANICS

So far only about 600 farmers have gone organic. But Bio-Gro technical manager Seager Mason says the number is growing by 20 to 30 per cent a year, and more than 5 per cent of kiwifruit exports are now

organic - grown by natural methods without artificial pesticides.

Organic farmers project growth in exports from \$60 million to \$500 million by 2005. The boom is reversing a decline in horticulture student numbers around the country, with organic horticulture courses now available at Bay of Plenty and Christchurch Polytechnics and by correspondence through the Open Polytechnic.

CALL CENTRES

They don't figure anywhere in the statistics, but Trade NZ inward investment manager Gary Langford says New Zealand now has at least 300 call centres employing 16,000 people. Call centres are growing internationally by 20 per cent a year.

"Our niche is that we can serve the night shifts of the UK," says his call centres manager, Dr Hanna Frederick. While Britain sleeps, New Zealanders handle calls from customers of British companies around the world.

FILM

The film industry is definitely the glamour one of this "dynamic dozen," and one of the few where training has increased to keep up with demand. In the year to March 1999, film and TV production spending was up 47 per cent to \$307 million, with foreign exchange earnings up 68 per cent to \$155 million. And that was before *Lord of the Rings* and *Vertical Limit*.

The industry employed 7730 people last year, and Film NZ chief executive Jane Wrightson believes that number could double in five years. "To achieve that, we would have to achieve a steady influx of the right foreign-based projects - not the small-budget, in-and-out-in-a-week jobs, but some significant-budget feature films and perhaps a tele series or two."

Source — New Zealand Herald 18 November 2000 "Twelve key industries that will propel New Zealand's economic growth" by Simon Collins

Editor

Vivian Hutchinson

Associates

Dave Owens

Jo Howard

Rodger Smith