

The Jobs Letter

No. 141

15 March 2001

Essential Information on an Essential Issue

KEY

DAVE OWENS IN EAST TIMOR

MOVING NUMBERS

MAYORS AND CEG

CHRISTCHURCH 2001

PORIRUA ONE MORE
WORKER

GREENS AND COMMUNITY
BANKING

SOCIAL ENTREPRENEURS

RANKIN REAPPOINTMENT

DIARY

9 February 2001

PM Helen Clark says Jim Anderton's proposal to wipe student debts for certain subjects will be discussed in this year's Budget talks. She says the proposal may not be too expensive if it targets specific groups of students.

National MP Nick Smith wants his party to come up with new policies on beneficiaries doing volunteer work and taking on short-term jobs. He says community groups have told him they miss being able to tap into the "community wage" workforce.

The Government is giving \$10.4m to high schools for a series of pilot programmes aimed at bridging the "digital divide". The programmes are being run in three study support centres and 19 under-achieving schools in areas such as the Far North, Gisborne and Waitakere. High-tech companies such as Vodafone, Microsoft, IBM, TVNZ and Telecom are contributing hardware and technical expertise to the project at discount rates.

- An economist at the **Employers and Manufacturers Association** is cautious about celebrating our lowest unemployment rate in 12 years. Linda Wannan-Edgar warns that the unemployment figures are too easily upset by **people moving in and out of the official "workforce"**.

In an article in *New Zealand Herald*, Wannan-Edgar points out that the latest official tally of employment figures (see *The Jobs Letter No.139*) shows some **apparent contradictions**. Her examples: Wellington has more jobs, but its unemployment is up. Northland's working-age population declined but its unemployment rate is static and high. Auckland attracted more than 19,000 potential extra workers, but only 5000 new jobs. The total area north of Taupo experienced no job growth, and national unemployment went down by only 11,000.

So what's happening? Official unemployment rates are based on a percentage of the workforce (which is 1.9 million people), and not the working-age population (which is 2.9 million). The official "jobless" (discouraged, or available for work but not actually seeking it) total only about 100,000 people. This leaves another 900,000 people "not in the labour force". They are not all in early retirement, sick, on ACC or caring for others ... and when they move in and out of the workforce, they have a significant impact on the jobs figures.

- Wannan-Edgar describes a **"Dick Whittington phenomenon"** where people move out of regions like Northland and the Bay of Plenty and into Auckland, Waikato, Wellington and Canterbury, where the work is. She writes: "In Wellington at least, people re-entered the workforce maybe expecting the new Government to create jobs. It did not oblige. So Wellington's "not in the labour force" numbers fell while its "labour force" increased by more than the new jobs. The result? Unemployment worsened."

Wannan-Edgar compares this situation to what happened when Waihi Gold reopened its mine 20 years ago, but unemployment in Waihi increased, because the inflow of hopeful workers exceeded the number of new jobs. She believes that much of last year's **change in regional unemployment can be explained by such workforce changes**, and not by job creation or loss.

- Wannan-Edgar argues that the **lack of skills** amongst jobless people is the key factor in addressing unemployment, and we must correct disincentives to work and train. Her view is that a tertiary student should be able to **capitalise on their student fees**, creating an asset which can be written off against future income.

Wannan-Edgar: "If skills are seen as nationally important, then we should make individual training expenses tax-deductible. Businesses can and do capitalise development salaries and other expenses and, just like a truck or a building, depreciate the asset over its life. Why cannot individuals? Politicians rankle with talk of "human capital" without the same financial incentives as other investments..."

- **The Mayors Taskforce for Jobs** has signed a formal agreement with the Community Employment Group (of the Department of Labour) to work

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DIARY

12 February 2001

Pacific Island Affairs Minister Mark Gosche is to ask Cabinet for more money for social and economic programmes in Pacific communities. The Pacific Island Affairs ministry has completed eight regional "programmes of action" after consultation around NZ. Mr Gosche says the ministry has identified "practical, down-to-earth" health education, housing, employment, education and social services issues in Pacific communities, and more money is needed to deal with these issues.

15 February 2001

Steve Maharey launches Winz's new service charter. The charter outlines what clients can expect from their case manager, including prompt efficient service, giving people correct benefits and telling people what their benefit entitlements are. The charter aims to make sure Winz staff are treating clients with courtesy, respect and cultural sensitivity.

Opposition Leader Jenny Shipley, warns that the business case for the People's Bank is shaky, and according to NZ Post's confidential business plan, the bank will raise transaction fees to discourage poorer customers such as beneficiaries if it is not attracting enough middle-income customers. Jim Anderton has promised the bank's fees will be significantly lower than those of its competitors.

16 February 2001

Helen Clark announces a project aimed at turning NZ into a "knowledge society". Called *Catching The Knowledge Wave*, its centrepiece will be a 4-day international conference in Auckland in August to set new directions for the country's social and economic development. The project is a joint venture between the government and Auckland University.

Greymouth Coal's Spring Creek Mine is to close temporarily for four months, with the loss of about 50 jobs.

25 February 2001

Leading Wellington law firm Chapman Tripp is paying its lawyers' student loans and giving them a four-week paid sabbatical, in return for them making a long-term commitment to the firm. The legal profession has been hit hard by a brain drain of staff lured overseas by big pay offers.

together on common objectives. The "Principles of Partnership" will see local **CEG field officers** working more directly with Mayors participating in the Taskforce. The agreement follows on from the "Memorandum of Understanding" signed between the government and the Mayors Taskforce in September last year. Under the latest agreement, the CEG support to the Mayors Taskforce will become one of its "national strategies".

The participating Mayors will "champion" local projects and activities which **strengthen local employment and community economic development opportunities**. The CEG field officers will be providing advisory, planning and liaison support directly to the Mayors and their local project teams.

- The Mayors Taskforce will hold its **first Auckland meeting** later this month. A core group of the Mayors will be meeting in Manukau City to finalise their strategic direction, and to share plans on how the Taskforce goals will "hit the ground" at a local level. They will also take time to meet with Auckland Mayors — at this stage, only Waitakere Mayor Bob Harvey is a formal member of the Taskforce.

The meeting will conclude with a **"best practice" and networking day** amongst Mayors and their invited colleagues. Speakers on this day will include Professor Ian Shirley (Institute of Public Policy AUT), Sandi Morrison (Local Employment Co-ordination), Ngapo Wehi (Pounamu Training), Warren Snow (Zero Waste Trust) and Geoff Chapple (Te Araroa Trust). Ministers Steve Maharey and Jim Anderton will also be attending the meeting.

— For ongoing news on the Mayors Taskforce for Jobs, visit the website at www.jobsletter.org.nz/mtjobs.htm

- Christchurch leaders have launched an employment initiative aiming to **create more than 2001 jobs** in the coming year. Christchurch Mayor Garry Moore, the Christchurch City Council, the Canterbury Development Corporation, community organisations and employers are pledging to work together on the **"Target 2001" initiative** which aims to create jobs through business networking and on-the-job training.
- Canterbury is **looking buoyant** at the moment with a quarter of local employers expecting to take on more staff in the next six months, according to the latest confidence survey from the Employer's Chamber of Commerce. The region also expects a boost from the recent decision by Environment Canterbury to go ahead with a **massive irrigation project** that farmers say will create up to a thousand jobs and add more than \$100 million a year to the region's economy.
- Porirua Mayor **Jenny Brash** has launched the **"One More Worker" campaign** to encourage and assist local businesses to employ extra staff. Brash first heard of the campaign at a Mayors Taskforce for Jobs meeting, and took the concept to the Porirua Business Development Society (PBDS) and Winz. The campaign has been running successfully in Horowhenua and Taranaki.

The average Porirua business currently employs six people, and the campaign organisers recognise that taking on one further employee is a "big ask". Winz advisor Denis de Reus says the campaign offers no new services, but brings a range of existing assistance (from Winz and PBDS) together under one umbrella. This help includes wage subsidies, help with business planning, marketing, training and help with preparation of tenders.

(continued on page five)

FEATURE

DAVE OWENS in EAST TIMOR

The Jobs Letter writer and Jobs Research Trust trustee **DAVE OWENS** went to East Timor not just with a sense that he could be useful, but with also a sense of personal obligation. Watching the capital Dili burn on his television screen in September 1999, Owens says he "...knew in my heart that the 25-year tragedy of East Timor would never have happened if our governments had not silently condoned it."

Owens has been in East Timor for the last four months, working with the locally-run community organisation FUTO. He has been volunteering both his carpentry skills and his background in running community-level organisations, and enterprise projects. He has also been writing a fortnightly series of *Letters* for the Taranaki newspaper *The Daily News*, detailing his impressions of the challenges facing the newly independent East Timorese, and what we can do to help.

While New Zealand's contribution in terms of our military presence in East Timor is well known and valued, Owens believes it will take much more than the Army to rebuild the fabric of a civil society in this war-ravaged nation. Much of the present livelihood in Timor is at a subsistence level of farming and fishing ... yet creating pathways for training and higher education, and developing self employment and small business opportunities, will be an important part of rebuilding the Timorese economy. And they'll need help.

Owens advocates that individuals and community groups throughout New Zealand can play an important role in sharing resources, skills and expertise. As he points out in his *Letters* (see link, over), community-based support by Australians and New Zealanders is the only help many Timorese organisations get. In the light of an estimated 80% local unemployment, he says the need for support is as vital now as it was a year ago.

In this special feature, Owens sketches the view from Dili on the state of the employment and job creation challenges facing East Timor today.

DILI 8 March 2001.

EMPLOYMENT IS A CRITICAL issue in East Timor. Looking around Dili and the districts, it's obvious there aren't many people with waged jobs. Most jobs for the East Timorese are primarily in the government or government supported services like the hospitals.

A recruitment officer, responsible for filling Timorese job vacancies in the government, UNTAET, told me that just about all the qualified Timorese now have jobs. Most of those who are left are under skilled. She says she has people with four years of primary school education insisting on applying for jobs that require university degrees. It shows how desperate people are for work, and how little opportunity they have to skill themselves for it.

So if people don't have jobs, how do they make their living in a place where there is no social welfare system? Many families have staked-out a small square of land and set up a stall to sell things from. There are thousands of these self-employed families in Dili. Other people don't even bother with the shop and just walk around carrying their speciality, like avocados or strips of meat or cigarettes or water or mothballs (truly). I guess you'd call it subsistence retailing. It seems to be working for some, or at least plenty are doing it.

"People want to regain the standard of living they had while the Indonesians were here. In the towns, they are only going to get this when they get decent paying jobs."

— Dave Owens

There are two other common forms of self-employment or contracting. One is the entry level job that is popular with new urban arrivals all around the world: taxi driving. And the other is money changing. Black market money changing is an all hours service provided very honestly by hundreds of Timorese young men around Dili. With Indonesian rupiah, Australian dollars and US dollars all circulating here, people often need to change money. These black market people provide an essential service and a convenient service and at the same time gives you about 1% better rate than the bank.

What private sector paid jobs there are, are mostly in service. They could be summed up as security, retail and hotel & restaurant staff. There is also a construction industry that is pretty much run by malaes (foreigners) but staffed by Timorese.

Those business people who publicly look for workers are invariably inundated with applicants. The Employment Services here says that sometimes a thousand people apply for the same job. Do you get the sense of the desperation they have?

In this rather uncertain time in East Timor, when many businesses are just finding their feet, there are

The Jobs Letter

also increasing numbers of labour relations disputes. If businesses can't or don't honour their employees' contracts, workers are aware of their rights and willing to take their boss to arbitration.

Currently, these cases are being resolved with the help of Jim Robertson, a Scotsman contracted to the UN. Robertson's actual job is Vocational Training and Education Advisor. He says he is doing labour conciliation because no one else is doing it. I suspect, that he and his colleagues know that if no one was providing a place for arbitration on labour issues, people would take matters into their own hands. If that sounds threatening, it is.

"There is no employment policy. They say they are operating in a vacuum. In fact they are operating out of a large portacom along with most of the rest of the Department of Social Affairs."

— Dave Owens

Robertson says there are a couple of problems with this arrangement. One is that, while most cases are resolved, a few have not reached agreement and, at this point and in the foreseeable future, there is no "higher authority" to take the disputes to. Nobody knows what to do next. The other problem is that he is being distracted from the job he was hired to do which is to develop vocational training and education policy and strategies. So at the moment, there are none.

Statistics on employment have only just begun to be recorded. They won't even know how many people there are in East Timor until the elections late this year. So as you might expect, there is no reasonable way to estimate the unemployment rate is. But government briefing papers refer to it as "high".

The nation's first, and as I write this, only Employment Services office was opened in August, 2000, in Dili. It has a Timorese manager and six staff. Their brief is to register job seekers and job vacancies.

During their first month, September, last year, they registered about 1,000 job seekers and placed about 100. In January this year they registered 870 job seekers and placed three. In the first ten days of February, they registered 1,254 job seekers but there were no placement figures in the document I saw. I'd say, realistically what they are doing now is registering job seekers but not sourcing jobs.

Staff describe mornings at the office as chaotic and I got the impression it can get frightening. More and more people are coming to the Employment Services in desperate need of a job.

Jim Robertson was one of three international UN staff I spoke to at the Division of Labour and Social Services. Another was Japanese national Kay Abe-Nagata who had been in East Timor two weeks. Her brief is the politically expedient development of employment strategies for the war disabled. Abe-

Nagata said she spent most of her first two weeks getting a grip on the convoluted government structure. I don't blame her. I wonder if anyone understands it.

Femi Aguda, a Nigerian who is a UN Volunteer, specialises in small and medium sized business skills training. He has organised two "training of trainers" courses since he arrived in August, 2000 by bringing in a consultant from Sydney in as the trainer. The course they use was developed by the ILO and is two weeks long, with a week break in the middle. His programme is directed towards NGOs but he says that very few NGOs are focused on enterprise and I get the impression he has not found who would benefit from this type of training.

I since met a Timorese man who took the ILO course and he said that except for the bookkeeping part, he didn't find the course much use. He said there was no attempt to make it relevant to Timorese people and that it was based on American and British examples. The fact that the course was developed for developing countries and has been used elsewhere, does not necessarily mean it is effective. All that means is that some consultant fulfilled a contract by writing and now it is being used around the world as training for enterprise skills, fulfilling bureaucrats' responsibilities to offer enterprise skills training.

Aguda and Robertson both told me, with exasperation, that there is no employment policy. They say they are operating in a vacuum. In fact they are operating out of a large portacom along with most of the rest of the Department of Social Affairs.

While my experience is in the urban setting of Dili where unemployment, and youth unemployment is particularly apparent, East Timor is traditionally an agricultural economy. And, while many people want real opportunities and 'modern' futures for themselves and their children, you can't discount subsistence fishing and farming as important means of livelihood. There is no doubt that throwing a net over the reef from a dugout outrigger canoe just 80 meters from shore is important work. Just as tilling a plot of corn, cucumbers, beans and tomatoes and tending a coconut palm, a banana tree, a few papayas, are significant and respectable elements in the matrix of work in East Timor.

However, people want to regain the standard of living they had while the Indonesians were here. In the towns, they are only going to get this when they get decent paying jobs.

Dave Owens Letters from Timor on the Web

The Jobs Research Trust has established a website to support Dave Owen's volunteer initiatives in East Timor. Here you can read Dave's letters from the past four months, and view photos of people and projects he has been working with. The website can be found at

www.jobsletter.org.nz/dave/timor.htm

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DIARY

27 February 2001

Winz spent more than \$5,000 getting work at the Sydney Olympics for 36 unemployed Taranaki people. National MP Katherine Rich says the trip was a waste of time, and the workers could have been given opportunities in NZ. Steve Maharey says the trip was a one-off, and the people involved are now more employable.

28 February 2001

A survey of 23 government departments by Alliance MP Liz Gordon suggests that women in the state service earn about \$13,000 less than men. The greatest gap between men and women is in the Treasury, where men earn over \$40,000 more than women.

Housing Minister Mark Gosche announces a 10-year housing strategy that will include mortgage assistance for low-income families.

1 March 2001

Judge Mick Brown's report into Child Youth and Family Services (CYFS) is released. The report makes 57 recommendations, including a call for the government to provide funding so the service can be overhauled, and the current backlog of more than 4,000 cases reduced to zero. Other recommendations are the urgent introduction of social worker registration, the development of a blueprint for a care and protection sector, the review of the practices of delaying filling vacancies to cut costs, and placing children with family and whanau.

2 March 2001

Jim Anderton announces a total of almost \$600,000 will be given to the Northland, Tairāwhiti (Gisborne/East Coast), Hawke's Bay, Wairarapa and Kapiti-Horowhenua regions to help them create and implement economic development plans. Further funding is available for major projects developed from the plans. Three Winz staff face prosecution for selling confidential client information to debt collectors. The three were caught in a sting operation run last year. Winz spokeswoman Kate Joblin says a fourth staff member is likely to be prosecuted, and three more are still being investigated.

- The Green Party support for Jim Anderton's "**People's Bank**" has seen the proposal gain enough parliamentary support to ensure a go-ahead from Cabinet. Green MP **Sue Bradford** says that an important component in the negotiations was an agreement to explore setting up **community-owned local banks on a "Bendigo" model** (see [The Jobs Letter No.139](#)).

Bradford: "In our discussions with NZ Post and the government, it has become clear that NZ Post is open to going into partnership with communities to set up genuine community owned local banks, and are in fact willing to meet immediately with sector representatives to make sure this goal is built into their plans. After years of unsuccessfully trying to find an appropriate "hub" bank to provide the infrastructure for community banking in this country, this is good news indeed, and for this reason I do genuinely welcome and support the NZ Post initiative..."

- Social Services Minister Steve Maharey is keen to introduce **funding for "social entrepreneurs"** into the next government Budget. If his Budget bid is successful, Maharey predicts we will hear much more of the term "social entrepreneurs", and we will "... see people popping up all over the country who will be identified as the real shakers and movers in the social area ... given the financial backing."

Maharey: "It's not an idea we haven't seen in this country at all, but it's not been a conscious policy. You literally go to communities, find out who the people are making a difference and say: Now, what would you like to do? What barriers could we remove by giving you extra money?"

Maharey described the **Supergrans group**, which works largely with young mothers in Christchurch, as a good example of social entrepreneurs: "They're constantly cash-strapped but the results are huge. Everybody they touch seems to have a magical transformation in their lives. With more financial backing they could be doing more good."

- **Media Watch.** There has been intense speculation in the media over the last month as to whether Winz chief executive **Christine Rankin** will be re-appointed when her three-year term expires in July. Vernon Small of *New Zealand Herald* quotes "sources close to the department" as saying that Cabinet was **determined not to reappoint her**, and that State services Commissioner Michael Wintringham has told Rankin that she would not get a second term in the \$250,000-a-year job. Small also reports that Rankin has sought **legal advice to challenge the decision.**
- Earlier last month, Christine Rankin told the Sunday Star-Times: "I love this job. Yes, I very much want to continue." She also told Guyon Espiner that she had **toned down her flamboyant style** and introduced a more austere regime at Winz to suit the Labour-Alliance coalition, which had campaigned on frugality in the public sector. Rankin: "I think I'm a lot more conservative now. My personal presentation is more conservative and . . . I'm cautious about everything I do in the organisation. I don't do some of the things I did before, not because I necessarily think it was wrong, but if that's the expectation — that I have a quieter way of going about my job — then that's exactly what I'll do."
- The Sunday Star-Times article is the source of a more recent controversy between Christine Rankin and Green MP Sue Bradford (see *Voices*, this issue). Bradford criticised Rankin for putting "style above substance" in her management, and for representing the idea that "... if beneficiaries would only dress nicely and get their act together then their problems would dissipate into the freshly perfumed air."

The full Sunday Star-Times article, "The Rankin File", is available on the internet at www.stuff.co.nz/inl/index/0,1008,642405a1861,FF.html

The Jobs Letter

DIARY

3 March 2001

Helen Clark says she wants to give 14 weeks paid leave to working parents with new babies, so NZ meets the new level recommended by the International Labour Organisation (ILO). She does not say when the leave will be introduced, or how much pay it will involve. The Alliance wants a maximum rate of \$750 a week, or 80% of the average male wage.

4 March 2001

South Island regions experienced 2.2% growth last year — double that of North Island regions. The Otago region had the highest growth with 4.1%. Auckland had the lowest growth in the country, with 1.1%.

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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

VOICES

on CHRISTINE RANKIN and SUE BRADFORD

"[Ms Rankin] typifies that psychology that it's all in the appearance, it's all in the look. I just hate the psychology in Welfare and Labour departments that if you present well ... if you've got the high heels and earrings or the suit and tie or the makeup and everything looks nice that you'll be fit for the job.

"That whole [airline charter] incident really epitomised what had happened to Winz under the previous Government and under Rankin's leadership. I think she was someone promoted far beyond her capacity to lead a department of that size and complexity."

— Sue Bradford, veteran employment activist and Green MP, commenting on Winz Boss Christine Rankin in the Sunday Star-Times, 11 February 2001

"She considers that in making these statements, you have caused harm to her reputation. As to whether or not our client takes any further steps will depend very much upon the response given to this letter. In that regard our client reserves all her rights, including the taking of further steps should she perceive that to be necessary."

— Christine Rankin's lawyer Michael Quigg, in a letter to Sue Bradford MP, later tabled by Bradford in Parliament

"I don't believe that senior public servants in a very political position like hers should really have the ability or the right to silence or bully MPs into submission through the threat of legal action.

"I'm not making any retraction or apology at this time ... I actually believe that many more detailed criticisms have been made of Mrs Rankin over the last few years and I find it odd that she should target me of all people."

— Sue Bradford, responding to the legal threat

"I am disappointed I was not briefed by Work and Income Chief Executive Christine Rankin in relation to potential defamation proceedings in her personal and private capacity against Green Social Services spokesperson Sue Bradford. It

is an accepted convention that senior public servants would normally inform their Ministers if such an action was being contemplated."

— Steve Maharey, Minister of Social Services and Employment

"What I would have done was to say [to Ms Rankin] 'look, think very carefully about this, my strong advice is don't do it'.

"I have had this discussion from time to time with one or two other chief executives who have been subject to a level of public vituperation that I personally find unacceptable in our system of government."

— Michael Wintringham, State Services Commissioner, speaking on National Radio.

"I do not want an atmosphere where Members of Parliament feel inhibited from scrutinising the public service."

— Helen Clark, Prime Minister

"It's changed dramatically in terms of the way people respond to me in the streets now. They're very nice now. By and large they're lovely. Lots of people come and talk to me still. They're really pleased I've kept on going ... I have to cope with lots of things. I have to cope with being touched and patted."

— Christine Rankin, speaking to Guyon Espiner of Sunday Star Times (11 February 2001) on how the public was warming to her.

"I was a very senior manager at the department of Social Welfare when Christine Rankin was first employed there [...] While my politics could best be described as being to the right of Atilla the Hun, I find myself on this one and only occasion in total agreement with Sue Bradford, MP, when she says Rankin was promoted beyond her capabilities and has more style than substance.

"I question whether it is real style or just downright tackiness. Her comments that she has to cope with being touched and patted, I find bizarre. Perhaps she does see herself as Mother Teresa or Princess Diana.

"Hopefully this rings alarm bells for her employers and this ridiculous blight on the civil service will be exorcised for good."

— Leslie Hornsby, Kerikeri, Letter to the Editor, Sunday Star-Times 18 February 2001

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