

The Jobs Letter

No. 162

15 March 2002

Essential Information on an Essential Issue

KEY

MAHAREY
ON FULL EMPLOYMENT

MORE EDUCATION &
TRAINING

MAYORS TASKFORCE
IN CHRISTCHURCH

GOOD JOBS NEWS

CLOTHING JOB LOSSES?

DIARY

7 February 2002

At 6.7%, unemployment in Hong Kong has reached its highest level in 20 years.

10 February 2002

G7 Finance Ministers and central bank chiefs meet in Canada saying they are optimistic about a quick global economic recovery. The meeting does not discuss the hazards posed by the Japanese banking industry.

Argentine banks and foreign exchange markets open for the first time in two months with the country's peso no longer pegged equal to the US dollar.

11 February 2002

The NZ Parliament resumes after its summer recess.

12 February 2002

The Prime Minister Helen Clark launches *Growing an Innovative New Zealand*, the government's economic growth framework.

Business New Zealand's Simon Carlaw says the government is acting positively but that there are few specifics in the policy or provided by the host of Ministers present at the "Innovators" launch.

Act Party's Rodney Hide calls the "Innovators" policy launch a "burger without meat".

- The government is looking at **raising the education and training leaving age** to keep young people "active in increasing their skills" until age 18 or 19 years. Officials are currently working on the plan ... and the Labour Party hopes to include it in this year's election policies.

Under the proposal, the high school leaving age would remain at age 16, but **further education and training opportunities would be provided** to increase young peoples skills and ability to enter the workforce. These opportunities are likely to include more vocational training, such as apprenticeships, rather than training at polytechs or universities. There could also be more incentives such as income support, family support and cheap student fees, to keep young people studying until they turn 19 or find a job.

- While many young people continue with formal tertiary education after they turn 16, **large numbers are leaving school with few or no qualifications.** *The figures:* According to Skill NZ, more than 25% of 16 and 17-year-olds have left school, but only 5% of 16-year-olds and 14% of 17-year-olds are in full-time employment. These unemployed young people don't become eligible for the dole until they turn 18.

Minister of Tertiary Education, Steve Maharey, wants this to change: "We think we need to keep young people in the education system until they have their first qualification. If we don't do anything ... they're going to be at the dole office when they turn 18. We could get some of these young people at school and get them into a programme so that they can earn money while they are being educated."

- The **Mayors Taskforce for Jobs** has had its major **annual meeting** in Christchurch on 14-15 February. Twenty-two Mayors were present, including many first-term Mayors elected at last year's local body elections. The meeting also saw the formal **launch of the partnership** between the Taskforce and the NZ Business Council for Sustainability.

Meeting with the Taskforce, Employment Minister Steve Maharey **challenged the Mayors to "stop being nice"** and demand more from the government to solve unemployment. He also said he wanted less "back-scratching" and more action from Mayors. Maharey: "I want a more hard-nosed approach. I think we will all soon get over being nice to each other and get on and demand more things from each other [...] Our challenge is to ensure that over the medium term we continue to build on the progress we have made. Much has been achieved, but there is still much more to be done."

- Recently, Maharey approved a strategy to advance the Ministry of Social Development's relationship with the Mayors Taskforce. This means that the largest government Ministry (which includes Work and Income) will now **give greater backing to the Mayors objectives.** The Minister has agreed that:

— Both parties would work in partnership to advance the Taskforce's mission of "working towards the zero waste of New Zealanders"

— The establishment of Community Coalitions led by Mayors and supported by Regional Employment Commissioners would generate "action plans"

— A national strategic coalition would be established to ensure that a "whole of government" approach is taken to support local initiatives

The Jobs Letter

DIARY

13 February 2002

Over 2,000 apprentices have taken up on-the-job training over the last year. Associate Minister of Education Steve Maharey says he is confident the government's target of 3,000 apprenticeships will be reached by the middle of this year.

The number of print media job ads in NZ decreased by 2.3% last month. Job ads are 9.6% below this time last year.

The NZ economy has had its first positive December trade balance since 1996.

More than a quarter of Australian employers say they expect to hire more staff during the next three months while just under one-in-ten say they will shed workers, according to the TMP Worldwide Job Index.

British Airways is expected to cut a further 6,000 jobs after already dropping 7,000 staff over the past year.

14 February 2002

The Mayors Taskforce for Jobs meets in Christchurch and launches its partnership with the NZ Business Council for Sustainable Development.

Australian unemployment rose to from 6.7% to 7.0% in January as the labour force participation rate rose to a record high of 64.2%. The Australian economy grew by a massive 100,000 jobs, the biggest rise in ten years. However the Australian Bureau of Statistics tempered the news saying the data was severely skewed by changing trends in seasonal work and the Bureau expects a reversal in the February statistics.

While female university graduates out number males by 57 to 43, a woman with the same qualification can expect to earn about \$2,700/yr less than a man, according to the Vice-Chancellors Committee's graduates' destination report.

15 February 2002

The Mayors Taskforce for Jobs meets with heads of government departments at its Christchurch meeting.

New Plymouth's 40yr old clothing factory Classic Manufacturing is to close next month with the loss of 51 jobs.

- Regional Employment Commissioners have subsequently written to their local Mayors inviting them to lead **Community Coalitions**, and progress has already been made in a number of areas. *Example:* Manukau City and its Mayor Sir Barry Curtis. The city has embarked on a co-operative venture involving Enterprising Manukau (the economic development arm of the Council), Work and Income, Skill New Zealand and Industry New Zealand.

The project involves putting together a package of assistance for a US company called Jack Links Ltd. The company intends making beef jerky (dried salted beef) for export to the US market. The new venture **will employ around 450 people over the next 12 months**, of which approximately 300 jobs will be for unemployed Manukau people — most of whom are likely to be Maori and Pacific Island young people.

Further to this, approval has been given for Enterprising Manukau to undertake some "value chain research" — looking at what employment opportunities might be generated in associated industries such as waste management, transportation, packaging etc. A Winz work broker is tied to the project and when opportunities are identified, they will attempt to match the opportunities with local unemployed people.

- Mayors attending the 2-day Taskforce for Jobs meeting included Garry Moore (chairman, Mayor of Christchurch), Sukhi Turner (Dunedin), Jenny Brash (Porirua), Tim Shadbolt (Invercargill), Tony Arps (Hurunui), Alan McLay (Waitaki), David Owen (Waimate), Jim Gerrard (Waimakariri), Colin Hammond (Whakatane), Anne Candy (dep, Manukau), Bob Parker (Banks Peninsula), Owen O'Connor (Gore), Alison Wall (dep, Palmerston North), Wynne Raymond (Timaru), John Terris (Hutt), John Forbes (Opotiki), Jim Abernethy (Kaikoura), Les Probert (Wairoa), Peter Tennent (New Plymouth), Juno Hayes (Clutha), Malcolm Macpherson (Central Otago) and Michael McEvedy (Selwyn).
- *The Jobs Letter* editor Vivian Hutchinson, who is also Community Adviser to the Taskforce for Jobs, gave a **keynote speech to the meeting**. A paper based on this speech ("*A Capable Age*") has been published by the Jobs Research Trust, and is available on the internet at www.jobsletter.org.nz/vivian/youth02.htm.
- On the final afternoon of the Taskforce meeting, the Mayors met with a panel of **CEOs and leaders of government departments** to discuss future collaboration. This meeting included Geoff Bascand (General Manager, Labour Market Policy Group, Dept of Labour), Allison Dalziel (Ministry of Economic Development), Leith Comer (CEO Te Puni Kokiri), Peter Hughes (CEO Ministry of Social Development), Ray Smith (National Commissioner, Ministry of Social Development), Max Kerr (General Manager, Skill New Zealand), and Jay Sepie (Southern Regional Manager, Community Employment Group).
- Winz offices are **having a good year** so far. The Ministry of social Development reports that the 4,795 job seekers moving into stable employment (in work for more than three months) last month was the highest figure achieved since stable employment outcomes were adopted as a performance measure in September 1995.
- The Reserve Bank has revised up its growth forecasts for the NZ economy, predicting 3.2% growth this year, followed by 3.9 per cent the following year. This would see the unemployment rate slide from about 5.3 per cent to 4.9 per cent by the end of next year ... and, if achieved, **would mean about 70,000 more people will have a job** in two years time.
- Where are the new jobs coming from? A breakdown of employment by industry group at December 2001 tells us that the **strongest increase in jobs** in the last year has come **from health and community services** (+30,100), followed by agriculture, forestry and fishing (+14,700), education (+10,000) and manufacturing (+9,000).

(continued on page five)

POLICY

WE SHOULD TRY FOR FULL EMPLOYMENT

by Steve Maharey,

Minister of Social Services and Employment

THE HOUSEHOLD LABOUR FORCE SURVEY for the December quarter of last year shows that employment growth remains strong despite the sluggish world economy and the events of September 11th. Employment increased by 16,000 over the quarter and 41,000 over the year.

This is positive news and raises the question of how large the labour market might grow. Could we achieve full employment, defined by William Beveridge as “a state of affairs in which the number of unfilled vacancies is not appreciably below the number of unemployed persons, so that unemployment at any one time is due to the normal lag between a person losing one job and finding another”?

The answer is that we should try. The maintenance of high and stable levels of employment should be a government responsibility. However, no one should pretend that achieving this goal is straightforward or just a matter of repeating old policies.

• Full employment in a modern economy can only be achieved if it is recognized that the world of work has changed fundamentally for men and women. In the 1950s, full employment involved full time, life-long employment for men. Today it means men and women changing jobs frequently, part-time as well as full-time work, self employment, time out caring for children or parents and periods in education.

A full employment policy must ensure a steady supply of new (and better) jobs that fit the needs of the modern labour market. And it has to ensure that people remain employable. Job security can't be guaranteed, but the opportunity to be employed can be. Unemployment today is less about why you lost your last job and more about why you did not get a new one.

• The coalition government's employment policies begin with a commitment to growth. It is sometimes argued that growth does not lead to more jobs. This is wrong. Without a growing economy the conditions for employment, investment and innovation do not exist.

In the context of a globalising economy, growth can only be maintained if New Zealand is able to work at the international level to create a stable climate for finance and trade. That is why we must lobby for nations to agree on a new economic order and why we need to enter such agreements as that recently signed with Singapore.

At home the aim over the last two years has been to shift from a consumption led to an investment led economy. Growing regional economies have been a sign of this strategy and the newly announced innovation framework is an effort to bring together policies needed to improve our productive base.

• While greater productivity is essential, it does not in itself guarantee a growing number of jobs. In fact the experience of other nations is that higher productivity can go hand in hand with fewer jobs as firms seek to become more competitive. The French, for example, found that jobless growth was a reality.

The answer to the possible conflict between productivity and employment lies in ensuring we transmit the wealth earned in the tradeable sector of our economy into other areas. For example, through infrastructure development (including housing and education), personal services (like health care) and leisure services. These areas are job rich because, for the most part, the work cannot be done off-shore and people, not technology, fill the jobs.

The non-tradeable sector of our economy offers the possibility of work for all New Zealanders, but there is still the need to distribute opportunities fairly. A quick look at the Household Labour Force Survey reveals that unemployment is higher among such groups as Maori, Pacific Island peoples, young people and mature workers. Only a commitment to policies that promote job opportunities for those who are currently last in line will solve this problem.

“Unemployment today is less about why you lost your last job and more about why you did not get a new one.”

— Steve Maharey

• Policies being put in place by the government include six main areas of action:

— First, Work and Income has been focused on employment and re-employment. The service has been regionalized and managers have been required to link their activities to local economic and employment plans.

— Second, investment in training is central to the government's strategy. Funding has been lifted substantially, new legislation impacting on training is before parliament, and programmes such as Modern Apprenticeships have been introduced.

— Third, an emphasis on entrepreneurship and micro-business is being developed through new programmes as diverse as Community Employment Organisations, social entrepreneurs and the work of the new Incubator Development Unit within Industry New Zealand. The aim is to create an environment where people create new opportunities for themselves and others.

— Fourth, policies are being implemented which make work a practical option for people who have to juggle family responsibilities. Legislation related to Domestic Purposes Beneficiaries and Widows is currently before Parliament and this will be supported by policies to support sole parents make the transition to work. For example, more funding will be made available for child care.

— Fifth, it is essential to build a bridge into work. The Tairāwhiti Forestry project focuses on getting young people the skills they need to work in the forest. New pilot programmes that will assist people with an illness or a disability to return to the workforce are

being piloted. Wage subsidies are being used in increasingly imaginative ways to open up job options.

— These policies will help distribute opportunities to get work. Alongside them we need an effort to deal directly with discrimination. It is, for example, no use having an immigration policy if the skills of new migrants are not put to good use. As our economy internationalises it will be an advantage for us to have a diverse workforce that can relate directly to our markets.

- A final point is that achieving full employment is not enough. New Zealanders need jobs that pay living wages and conditions of work that equal the best in the world. If this does not happen New

Zealand will not be attractive to those all important skilled employees.

For this reason that advances in the minimum wage, the new Employment Relations Act with its focus on good faith bargaining and higher standards of workplace safety are essential.

An innovative high quality economy is not one that encourages employers to compete over wages and conditions. Instead there needs to be a careful balance of cooperation and competition between firms that places the emphasis squarely on being the best.

Source — Steve Maharey "Third Way" column in National Business Review 15 February 2002.

YOUNG PEOPLE and TODAY'S LABOUR MARKET

WHEN WE LOOK FROM the vantage point of the labour market back at the population of our young people what do we see?

We see that approximately 20% of all 15-19s have very low or no qualifications and there is a marked ethnic dimension to the problem: in 2000, 35% of Maori left school with no/low qualifications, compared to 26% of Pacific Island students and 14% of Pakeha/Europeans.

Census data show that, in 1996, more than a quarter of all 16 year olds (around 14,000) were outside education and full-time employment. Remarkably, only 5% of 16 year olds were in full-time paid work. For Maori 16 year olds, the data show that more than a third (3,700) were outside education and full-time employment.

Of all 17 year olds, a quarter (12,700) were outside education and full-time employment. Just 14% of 17 year olds were in full-time employment. For Maori 17 year olds, just under a third (3,200) were outside education and full-time work.

Even allowing for the likelihood that some part-time employment will lead to full-time jobs over time, these data indicate that a quarter of all 16 and 17 year olds (26,700 young people), including a third of Maori 16 and 17 year olds (6,900 young people) were outside education and full-time employment, and arguably, at risk of failing to make a successful transition from school to adult life.

They are the group most likely to have no school qualifications and no prospects of improving their circumstances without sustained intervention.

- It is evident that the labour market cannot readily absorb the present volume of low skilled school leavers. Relatively few 16 and 17 year olds can realistically expect to leave school and get a full-time job.

Some of them might be lucky enough to get a job with a formal industry training agreement and Modern Apprenticeships will create more opportunities

over time. But, even with the growth in prestige pathways like Modern Apprenticeships, too many may be left behind.

However, significant numbers of low-qualified young school leavers will continue to be consigned to the margins of the labour market and may need income support and other forms of social assistance for extended periods.

The marginalisation of these individuals and ultimately, their social exclusion will be the outcome unless concerted preventive action is taken.

- Many of these currently unqualified and unskilled young people would have the capacity to undertake higher skilled and hence more productive work if they had the appropriate learning opportunities.

While many of those who leave school at the earliest opportunity later attempt to undertake further education, their lack of school qualifications may become a significant barrier to accessing tertiary education.

While senior school is appropriate for many students, who generally should be encouraged to stay on at school and try to improve their qualifications, there is a significant group who require an alternative learning environment in order to succeed. Moreover, there is a marked ethnic dimension to this with Maori students particularly over-represented. In recent years, the need for alternative education approaches has been recognised by schools and in education policy and a number of initiatives have been developed.

- I firmly believe that we need far more coordination and consistency of approach than we have seen to date – that is why I am so keen on formal relationships between schools and businesses like Gateway.

That is why I believe that schools should be consulting with Industry Training Organisations and with tertiary education and training providers to ensure that what is taught in schools (for example through STAR funded unit standards) articulates with other learning and employment opportunities.

Source — from Steve Maharey comments at the launch of the City of Manukau Education Trust (COMET) publication, *Business and Schools in Manukau*, at Manukau City Council Chambers 5 March 2002.

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20 February 2002

Gaming Machine Association spokesperson Garry Ward warns the government that communities, sports clubs and charities will feel any drop in revenue if the Responsible Gambling Bill restricts the flow of grants. Ward claims that gaming machines contribute over \$150 million/yr to the community and supports more than 10,000 jobs.

22 February 2002

Ninety NZ secondary school teachers have applied to work in Hong Kong where they can earn four or five times the amount they can earn here. Fifty-one NZ teachers already work in Hong Kong.

26 February 2002

The Tesna bid to buy Ansett Airlines fails ... spelling the end of the airline. The final 3,500 employees join the 13,000 workers who already lost their jobs.

28 February 2002

There were one-third more secondary teaching vacancies at the beginning of this school year than there were at the beginning of last school year according to the government's latest survey.

NZ business confidence is now higher than it was before September 11th. Confidence is improved in every sector except agriculture, where confidence was already at very high levels.

1 March 2002

Virgin Blue says that it will employ 1,000 ex-Ansett workers as it prepares to fill part of the void that will be left by the demise of the Australian domestic carrier.

5 March 2002

Minister of Employment Steve Maharey says that about one-quarter of all 16-17 year olds are neither in school nor in full-time jobs. He warns that these young people are in danger of becoming long-term unemployed.

An international study on the impact of redundancy on executives finds disruption to family life, loss of income, and fear of long-term unemployment are the most difficult issues to deal with.

Other sectors, however, have been off-setting these gains with continued job losses. These include business and financial services, (-6,500), wholesale and retailing (-2,900), and "other" services (-6,800).

- BERL economists say that the latest figures **raise concerns** about the health of the economy ... particularly when considering the extraordinary growth in jobs in the health sector. BERL senior economist Ganesh Nana describes the figures as "a little bit of a worry". He points out that if so much job growth is in the publicly funded health and education sectors, then this has **implications for the long-term sustainable growth** path for the economy. Nana says that if the government is gearing up to reach and sustain an economic growth rate of 4% a year ... "we would need to create a hell of a lot more jobs in things other than health and education".
- **Are the numbers unreliable?** BERL is aware there has been a substantial increase in health funding, but it understands that much of this would be devoted to debt reduction rather than creating new jobs. If the official statistics of 30,100 new jobs are dubious ... then questions must also be raised about the total 42,300 new jobs shown in the survey, and their composition.
- The Minister of Youth Affairs Laila Harre last month released *Youth Development Strategy Aotearoa*, a guide for government and agencies to use in their approach to youth policy. The strategy aims to achieve a strengths-based youth development approach, to develop more skilled people to work with youth, to create more opportunities for young people to participate, and to build knowledge about youth through information and research. Harre stresses that the strategy does not involve establishing new initiatives but improving on existing ones. Opposition politicians have not been kind to the report. National's Simon Power called it "bureaucratic waffle which offered no real solutions". Act's Muriel Newman discredited it as "feel-good, no-good claptrap". Newman: "It defies belief that a process which took 18 months and involved consultation with 1,400 young people could come up with such an empty document."
- The number of **nurses leaving their jobs** to either go overseas or just leave the profession is now twice what it was ten years ago, according to Statistics NZ figures. Jane O'Malley of the Nursing Council says that of all the new nursing graduates, 75% will still be working as nurses in 12 months time and that number will reduce to just 66% in three years time. O'Malley says that nurses do not believe their salary reflects the level of responsibility they have or their degree qualifications. She says that those going overseas are no longer leaving to get experience, as they had in the past, but are going because they feel they are not valued in NZ. O'Malley **challenges the health system to lure back** thousands of former nurses who are working in other jobs.
- The Ministry of Economic Development is calling for submissions on what should happen with tariffs protecting our **domestic textiles, clothing and footwear industries**. As of 1999 there were over 20,000 NZ'ers employed in these industries that have the protection of 19% tariffs on competing imports. The freeze on tariff levels will be looked at again before 2005. Meanwhile, Minister of Trade Jim Sutton is negotiating a **free-trade deal with Hong Kong**, which is part of China: the biggest source of NZ imports of textiles, clothing and footwear. Apparel and Textile Federation's Kerry Harding says that a free-trade deal with Hong Kong would directly affect those NZ companies who

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8 March 2002

Japanese electronics company Nikon follows the lead of Sony and Minolta to manufacture their digital cameras in China rather than in Japan. Sanyo Electric and Olympus Optical are also beginning Chinese operations this month. Nikon is cutting its Japanese payroll by offering severance pay to workers who are 45 years and older.

The next time the income threshold for the community services card is updated it will include people whose working income is equal to or less than superannuitants. At the moment, 48,000 working NZ'ers earning the same or less than superannuitants are ineligible for a community services card.

10 March 2002

The Australian bank workers union warns that up to 5,000 National Australia Bank staff may lose their jobs in a planned restructuring.

Kmart Corporation says it will close 284 of its stores in the US at the cost of about 22,000 jobs.

February statistics indicate US employment grew for the first time in seven months and unemployment, now at 5.5%, was lower for the second month in a row.

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www.jobsletter.org.nz

manufacture for our domestic market. Harding says a Hong Kong agreement would not immediately affect the high-fashion export end of the NZ clothing industry but he warns that small-scale companies rely on the infrastructure (spare parts, suppliers and staff training) that the larger-scale domestic manufacturing provides. This means that a **demise of clothing manufacturing** for the domestic market in NZ is likely to be followed by the loss of our export fashion industry, as well.

- People using foodbanks are living **well below the "poverty line"** according to the NZ Poverty Indicator Project published by the Christian Council of Social Services. The income for households around the country using foodbanks ranged from between just 28% and 44% of the median wage. It is generally acknowledged that households earning less than 60% of the median wage are living below the "poverty line".

The study found that families with children, including sole parent households are highly represented in the poverty statistics. 79% of households that use foodbanks have children living in them and nearly half of those households are sole parent families.

Poverty Indicator Project spokesperson **Campbell Roberts** says he wants more effective methods of addressing financial inequalities for those who stay home to look after children. Roberts: "Everyday our social services see the evidence that poverty still exists in New Zealand and witness the detrimental impact this has on our most vulnerable citizens. New Zealand needs to be an innovator in social policies that will enable all to participate."

- Women take an average of **ten years to pay off their student loans** while men take just under four years according to research issued by the Aotearoa Tertiary Students Association. Women took longer because they tended to earn less than men, and took more time out of the workforce to have and look after children. For Maori women, repayment times are even longer. Association president Julie Pettett says women who have chosen to further their education are being punished through a system that financially disadvantages them.
- Young people who apply for the **Independent Youth Benefit** general have a raft of problems and a genuine need for the benefit according to Narelle Dawson, a clinical psychologist who has been studying the scheme.

An Independent Youth Benefit may be awarded by Winz case managers to 16-17 yr olds who have either fallen out with or been rejected by their families but is sometimes criticised as being a financial path for teenagers to simply leave home. However, Dawson has found that one-third of all Independent Youth Benefit applicants have attempted suicide and she believes Winz has **saved hundreds of teenagers** by using their discretion to award the income support. While every teenager on the Independent Youth Benefit has an individual plan monitored by a Winz case manager, Dawson says that the benefit should be **accompanied by more intense programmes** to help teenagers through their problems which often include having no school qualifications, bullying, being victims of sexual abuse, or drugs and alcohol abuse.

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