

The Jobs Letter

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Essential Information on an Essential Issue

KEY

KATHERINE RICH

JOBLESSNESS IN THE USA

OECD: WHAT WORKS IN WELFARE

"TOOLS FOR SCHOOLS"

THE WAREHOUSE AND THE TINDALL FOUNDATION

DIARY

28 May 2003

Thames Timber mill cuts 70 jobs and reduces its capacity from two shifts to one. Chief executive Tony Johnston blames the cuts on a drop in US demand for the mill's products and the rising NZ dollar. Last year the mill invested in new machinery and increased its staff by 90.

Australia's Telstra cut 2,800 jobs last year and intends to shed about the same number again in 2003.

29 May 2003

Kevin Hackwell of the Wellington Downtown Community Mission is opposed to time limited benefits, as suggested in the National Party welfare discussion document. "Most people would love to be in work or have a decent income. If you time-limit benefits all you're doing is punishing those individuals for the fact that there aren't enough jobs in the economy for them."

1 June 2003

Singapore Airlines is set to cut jobs for the first time ever.

2 June 2003

IT employment agencies report 43% growth in notified vacancies this year, according to a Hays Personnel survey.

- The United States is experiencing **the most protracted job market downturn since the Great Depression** 75 years ago. The US economy has lost 2.1 million jobs since the current recession began in March 2001, with 525,000 jobs going in the last three months alone. The total number of people out of work is now 9.2 million, and the number of people working part-time, but would prefer to be working full-time, has risen by 46% to 4.8 million.

Paradoxically, the United States economy has been growing for about a year, and this has sparked debate over the definition of the term "recession". The National Bureau of Economic Research, the academic body that announces the beginning and end to US recessions, has not sounded the end of this recession because **economic growth has not been accompanied by job growth**. Committee member Robert Hall: "I don't want to say that a recession is over if more and more people are unemployed and job growth is negative."

Some economists say the US job market is undergoing structural change. Erica Goshen of the Federal Reserve Bank says the usual story is that companies temporarily lay-off staff in a recession and then call them back to work when economic conditions pick up. But most of **the jobs** that are being lost in the US this time **aren't coming back**. Businesses are either boosting productivity with the remaining workforce, or are investing in new technology. The result is a jobless recovery that, for many people, is indistinguishable from recession.

- Mark Pearson, head of Social Policy of the OECD, has studied the welfare systems of many countries and found that the most successful are those that focus on individual **case management and reciprocal obligations**. Pearson says welfare reform is an expensive and an inexact science that is primarily about getting people who are long-term unemployed off benefits and into work. But when done well, the pay-off can be a reduced call on healthcare and other expensive social services.

Speaking to Linda Clark on National Radio last week, Pearson says that the most effective welfare systems are those that provide each client with a case manager who the client can trust to be on their side. This case manager must be skilled to identify their clients' barriers to employment and creatively help to overcome them.

At the same time, clients have to take steps to either get a job or improve their employability and Pearson believes there must be an element of compulsion in this. He says that it is not uncommon for someone who is long-term unemployed to say they want a job and really mean it, but will not overcome their fear of trying unless they know they will suffer consequences if they don't. Pearson believes this can be achieved simply through a contract that clearly sets out what steps the client agrees take, as well as what support they can expect from the welfare system to help them with this.

Pearson says that unemployed young people require a different approach to helping them integrate into the workforce. He regards **work experience as a key tool for young people** who have yet to start a working life ... but he warns that the work experience or work scheme placements must lead somewhere and the responsibility of the welfare system doesn't stop when a work experience or scheme placement ends.

The Jobs Letter

DIARY

3 June 2003

The Kinleith pulp and paper mill near Tokoroa resumes operation after the settlement of a 82 day strike.

The Mayor of South Waikato Gordon Blake says it will take months for the local economy to rebound from the effects of the strike. Blake: "The money-go-round stopped during the strike and it won't start up again straight away because the workers have bills and mortgages to pay first."

Australian unions and the Victorian State government warn that more than 30,000 jobs could be lost in the clothing, textile and footwear industries if the federal government cuts tariffs. The Australian Productivity Commission has recommended that at the end of five years, tariffs on these goods should be reduced to 5%.

G8 leaders meet in France. Police keep an estimated 50,000 protesters outside a 50km radius from the meeting held near Geneva.

4 June 2003

Australian publisher Fairfax, owner of nine NZ daily newspapers, three weeklies, 61 community newspapers and 13 magazines, is eyeing-up cost savings that could bring about significant job losses. Bill Ralston, in *The Independent*, suspects that Fairfax will attempt to rationalize the number of editorial staff by having fewer staff write for more newspapers.

The Council of Trade Unions appoints Carol Beaumont as its new secretary. Beaumont says she will campaign against youth wage rates, which she condemns as the last bastion of overt pay discrimination.

Minister of Education Trevor Mallard returns from a trip in which he has been promoting NZ as a destination for Middle Eastern tertiary students. Most foreign students in NZ are from Asia and Mallard says that diversifying will help avoid the risks associated with the industry relying on students from a single region.

- The number of Child, Youth and Family Service (CYFS) social workers is dropping while the number of serious child abuse and neglect cases is rising. Nearly 15% of CYFS **social workers have either quit or gone overseas** to work over the last year. *The New Zealand Herald* reports that recruitment agencies have been offering social workers as much as triple their New Zealand pay to go work in the UK. Other CYFS staff say that increasingly unmanageable workloads has provoked them to quit.
- The **call centre** industry is facing major **labour shortages** as the industry expands. New Zealand call centres employ about 18,000 people but Martin Conboy of *callcentres.net* says that nearly half of call centres are having difficulty recruiting skilled staff. Conboy predicts that the New Zealand call centre industry could grow by 12% this year, but he warns that growth could be affected by the availability of workers. He points out that working for a call centre is no longer a matter of answering the phone and acting like an information traffic cop — workers now need to be able to operate sophisticated software systems and queries via the internet. This worker shortage has not resulted in a jump in call centre wages. The average **call centre staff salary rose less than 1%** last year (to about \$40,000). Cheaper New Zealand labour costs makes running call centres 23% less expensive than in Australia, and puts the NZ industry in a position to take more and more call centre work away from competitors.
- **Young people will be encouraged to go into trades** when they leave school with the help of "**Tools for Schools**", a new programme that was recently launched in Palmerston North. The programme is being spearheaded by Apprentice Training New Zealand (ATNZ), a charitable trust based in Auckland. Palmerston North Mayor **Mark Bell-Booth** is an active champion of the concept, and hopes it will go nationwide with the support of the Mayors Taskforce for Jobs and the Council of Trade Unions.

Bell-Booth believes that the current shortages of skilled tradespeople is related to a decreasing interest in trades careers amongst school students. This shouldn't be a surprise, since in recent years there has been a **decline in the teaching of trade technical skills** in many secondary schools ... some of which have closed down their old workshops. The training of Trade Technical teachers has also nearly ground to a halt.

Current education funding means that schools who now want to get back to trade technical training are struggling with the capital costs required to get a workshop up and running. Other schools from lower decile areas have very old workshops and lack resources to buy tools and materials for students to work with.

- "Tools for Schools" plans to address these issues by encouraging industries to give waste material and old machinery to schools so that pupils can learn with them. ATNZ national manager Bruce Howat says that industry is constantly replacing machinery and generating waste material that schools could use. Howat: "Commercially, they cannot afford to be seen to be giving it away ... but if it was channelled through a national group or body, this would increase their potential willingness to participate."

Howatt also wants to see **retired people** invited to become **mentors** in trade technical classes: "These old guys don't have to be teachers. They have more information in their heads than is written anywhere. But some of them are great teachers and call a spade a spade – the kids like that, and if you have the attitude, you can learn the skill."

— Apprenticeship Training NZ can be contacted at 0800 NZATNZ (0800 692 869) or through their website at www.atnz.org.nz.

(continued on page four)

INTERVIEW

KATHERINE RICH

The National Party Welfare Spokeswoman Katherine Rich talks to *The Jobs Letter* associate editor Dave Owens following the release of her *Welfare Dependency* discussion document.



***The Jobs Letter* : Where is the job creation strategy in your welfare discussion document?**

Katherine Rich : It's something I perhaps didn't spend enough time on in the paper. My aim in the paper was to reconfirm the importance of work.

I think there is an opportunity for local government and local communities to be involved in job creation, but I don't envisage getting into a "Jobs Machine" based on community work. If you're looking at meaningful work and opportunities for people, it's going to reflect the natural community anyway, in small to medium sized operations. That's why I looked at Australia and saw that there were some groups, such as the Salvation Army, that were getting involved in placing people into what was private sector work. I liked the idea that there was a greater variety of work that people could opt to be part of. There were about ten different "flavours" so to speak, from heritage work to environmental work, there was even one group that was helping drought stricken farmers.

My support for incorporating local initiatives doesn't imply I feel the government should absolve itself of its responsibility. What I'm saying is we need to look at local initiatives because it is only through local community initiatives that we are going to have a decent opportunity to create jobs that, in the long term, are meaningful to all those who are involved.

One of the ideas that I am very interested in is the concept of a work-guarantee for certain parts of the community, be it the under 20s or under 25s. While I have gone down the track of work-for-the-dole as it is done in Australia, I think there is merit in having a serious look at the Mayors Taskforce for Jobs' goals, and their commitment to the provision of work.

***The Jobs Letter* : I'm sure you've heard the argument that with 100,000 people on the dole and at least another 50,000 who say they want more work, that there just aren't enough jobs to go around ...**

Katherine Rich : I refuse to believe there is not enough work, because to do that is to give up. I know from my own community there are lots of opportunities that people can participate in. You ask any community group and they'll list any number of community projects that potentially might be an option for local people.

***The Jobs Letter* : Are these real jobs, or are they work-for-the-dole jobs?**

Katherine Rich : I think you've got to commit to a person and say this is a potential job for a period of time. I think the last thing you want to do is to treat this like a pseudo training programme that you do for three weeks until you find something else. I think people do expect a certain amount of commitment there.

When I was talking about work for the dole I realise now that, calling it work for the dole, gives it a welfare flavour. The main point I'm trying to make is that it's the work component that is the vital part of that.

***The Jobs Letter* : What about Don Brash's suggestion of unemployed people having to turn up at the Post Office, on a daily basis to see if there is work, in order to receive the dole? And of the local Council being the employer of last resort?**

Katherine Rich : Although I have had no first hand experience with a programme where people turn up and are paid cash, I suspect it would come with its own problems. The point I'm aiming at is to try to make sure that work has a strong place in people's lives. This includes continuity with access to that work, not just turning up and some days you're picked and some days you're not. The important part is that work becomes a part of a daily routine.

There's always the problem when you sit down to do justice to the Welfare portfolio, you could write papers on each and every idea that is raised. What I was wanting to present was a genuine attempt to show that serious research has been done on welfare policy, but also, that there is a lot of scope for the discussion. At the end of this year I want to release my formal policy that is quite clear what my alternatives are.

When you're a national member, people are never satisfied if you're just whinging. You must come up with solutions you really think are going to make a difference. I think there's a huge amount of variation in some of the ideas I've raised in my welfare discussion paper when it is compared to the current government. Even when people have some concerns about the ideas, I think people understand that the intentions are quite genuine.

***The Jobs Letter* : How do you respond to Steve Maharey's comment that the former Welfare Minister Roger Sowry had a study done on his work-for-the-dole scheme and found that it was counterproductive and actually prevented people from getting permanent work?**

Katherine Rich : The Minister is hanging his hat on one study. I think that many of us who have had any involvement know that any Minister is going to be bom-

The Jobs Letter

barded with a wide range of research that will often present quite conflicting results. A lot of studies in NZ aren't done in away where you're a hundred percent clear on what a government intervention had achieved.

The Jobs Letter: What form would your work-for-the-dole programme take?

Katherine Rich : I think people who find themselves unemployed need to be given the freedom for a certain period of time to take their own initiatives to get back into work, like a window of opportunity, be it six months or a year. But after a year, that's when the government needs to start to look at a more intensive management of assistance to those people, to help them back. It's the people who get trapped for a long period of time who get themselves in a situation where they struggle to get back out. These are the ones who need extra help, be it training or work-for-the-dole.

I am quite interested in the whole area that guarantees a job for certain sectors, especially for young people. If you really are trying to make a commitment to finding a long-term solution, perhaps we need to go back to what are tried and true National Party principles that commit to those young people. There were some good things about Rob Muldoon and his approach to welfare and I intend to go back and try to reinstate some of them, to take into account where the Party has come from.

"If you really are trying to make a commitment to finding a long-term solution, perhaps we need to go back to what are tried and true National Party principles that commit to those young people."

— Katherine Rich

The Jobs Letter: How would the privatisation of employment services work?

Katherine Rich : Well, I don't accept that Winz needs to have a monopoly on all the services it provides. When you go talk to locals, you meet people who know their communities better than any Wellington analyst is going

to know them. And locals have different ideas about how welfare services can be delivered. John Tamihere raised the concept with the Waiparera Trust and how that Trust gets into those issues.

I think one of the challenges for any government is to be able to provide a service that is superior to one that is locally run and operated. I visited the Wellington City Mission yesterday and I had a sense that when someone walks through the door, and who is in need, there is something about that non-government organisation that somehow develops a rapport and a sense of caring that a government department can't achieve.

I've always had concerns about the culture within Winz. I don't think that the two cultures, those of income support and the employment service, came together all that successfully. You're actually asking specialists in two different areas to somehow dumb-down what they were doing.

I have concerns about Winz full stop. I don't see how case managers, no matter how much they put their heart and soul into their work, can do justice to their clients with caseload as high as they are. There is no way you can intimately know the lives of those you're trying to serve at the level you need to, when you've got so many. If you're seriously trying to assist them to get over whatever barrier they might have, you need the time, training and specialist skills. I don't think you can be a jack-of-all-trades when it comes to the social services area and that's perhaps a mistake.

The Jobs Letter: So do you see Winz dividing those two areas up again?

Katherine Rich : I think the last thing that I would like to promise is wholesale restructuring. My way is to look for ways to change for improvement, not to pretend that going in and rearranging everything is a magic answer.

I do think that the employment side of it is more sophisticated than it has been given credit for in the past. Particularly when you're looking at someone in the area of building up relationships with their local employers or with their local community. That's a different sort of role, and sometimes it's a different sort of person. •

DIARY

5 June 2003

The Reserve Bank of NZ cuts interest rates from 5.5% to 5.25%. Floating home interest rates now vary between 7.35% - 6.65%.

- Invercargill Mayor **Tim Shadbolt** has *not* resigned from the Mayors Taskforce for Jobs, contrary to reports appearing in several newspapers last week. Shadbolt belongs to two groups which use "Mayors Taskforce" in their names, and the Invercargill Mayors Taskforce for Jobs Charitable Trust has recently appeared in local media over an employment dispute. Shadbolt says he is now taking steps to wind up this local trust, which he set up a year ago. Shadbolt says he will oversee the completion of the Dan Davin house renovation project and a student art gallery at Invercargill airport, before resigning from the local Trust.

Venture Southland, the local economic development agency, is now becoming the umbrella organisation of all Mayors Taskforce for Jobs projects involving the Southland District, Gore District and Invercargill City Councils.

Tim Shadbolt was one of the original seven Mayors that got the national Taskforce for Jobs launched in 2000. This initiative now has 57 Mayors signed up, which is 77% of all Mayors in New Zealand.

The Jobs Letter

DIARY

6 June 2003

The Employers and Manufacturers Association maintains that a change to the Holidays Act allowing all workers four weeks annual leave would make employers less likely to employ new entrants to the workforce, particularly the young and migrants.

PM Helen Clark opens the new distribution centre of The Warehouse retail chain in Rolleston. The centre is the size of six football fields and will employ up to 100 people at peak times.

9 June 2003

Minister of Social Development Steve Maharey says that National's continuing attempts to paint welfare as a dependency problem is simply wrong. Maharey: "The vast majority of people who find themselves in need of income support want to improve their lives and they want a job. What people on welfare need are opportunities, and when those opportunities are there, welfare numbers fall."

Progressive Coalition Party deputy leader Matt Robson says it is time to legislate to give all working New Zealanders the four weeks annual leave that well-paid people already enjoy.

11 June 2003

The government is limiting the growth of rolls in tertiary education institutions in order to avoid a budget blow-out next year. The move has been prompted by enormous enrolment growth in some institutions, particularly by Te Wananga o Aotearoa.

Tens of thousands of French workers strike, putting pressure on the government over plans to overhaul the retirement system. The French government argues that their current pension scheme will be unable to support the aging population and is in danger of collapse.

- Environmental campaigner Warren Snow told the Green Party Annual conference that "big box" **mega-retailers are devastating local communities** as many shops close in the main streets and local shopping patterns change. Speaking at to party conference at Lake Karapiro earlier this month, Snow says that small towns have been left with second-rate and struggling retailers while people drive to the outskirts to the mega-retail stores.

Snow argues that a number of the large companies — including The Warehouse, Harvey Norman and Rebel Sports — fail to "adequately address the issue of sustainability" in terms of their **social and environmental impacts**. He doubts that the big chains employ many local people when compared to the jobs lost as competing local stores close down.

Snow **calls for communities to play a greater role** in determining the mix of retailing in their areas. But he says the Resource Management Act is proving to be of little use in the fight against mega-developments. He cites the example of Dunedin, which opposed The Warehouse opening a store in the south of the city: The Warehouse took its case to the Environment Court, and won.

- Warren Snow was the former manager of the **Tindall Foundation**, which he helped establish and ran for five years. Disillusioned, he left in 2000, saying that he now believed that the money donated from the Foundation did not make up for the damage done by The Warehouse. Snow presently runs an environmental planning group, Envision NZ, which works with communities on sustainable development strategies. He was made a Member of the New Zealand Order of Merit (MNZM) in the recent Queens Birthday honours, for his services to the environment and the community. For more information on Warren Snow's "Big Box Retail vs Mainstreet NZ" campaign, email wsnow@envision-nz.com.
- The campaign against "big box" retailers has also been picked up by Green Party co-leader **Rod Donald** who is also concerned about the economic, environmental and social **impact of the mega-stores**. In an article in the *Christchurch Press*, Donald argues that "big box" retailing wrecks communities by forcing out small retailers; sells cheap products that quickly end up in landfills; and deprives thousands of New Zealanders of manufacturing jobs by sourcing products produced by a "new form of slavery" in the Third World.
Donald : "The impact of big box retailing is profound. A study by economists at BERL has calculated that every \$1 million of imported products costs the New Zealand economy around 20 jobs and more than \$500,000 in welfare payments, loss of taxation and loss of spending power. From the figures in the most recent annual report we see that the products imported by The Warehouse Ltd alone during the years 1990-2001, cost the New Zealand economy a total of \$2,040 million. Based on the above, The Warehouse's imported products cost around 75,000 New Zealand manufacturing jobs in the same period. Add to this the imports of other major chains such as the Briscoes Group, Farmers and the major apparel retailers and we start to see the full magnitude of the damage..."
- Rod Donald also takes a swipe at the Tindall Foundation, saying that its **generosity is "silencing critics"** who are reluctant to speak out about the negative impacts of mega-stores. He says that community funding from the Tindall Foundation, which distributed more than \$8 million last year to community groups, is being used to "mute criticism" of The Warehouse. Donald: "(Warehouse founder) Stephen Tindall is effectively buying the silence of those who might otherwise be his fiercest critics."

The Jobs Letter

DIARY

12 June 2003

The Minimum Wage Amendment Act is passed. It will ensure that workplace trainees are paid at least the youth minimum wage.

The Australian unemployment rate drops to 6% for the second time this year.

14 June 2003

Sealord's Tahunanui shellfish processing factory cuts 26 management and supervisory jobs.

16 June 2003

Minister of Trade Negotiations Jim Sutton tells the Guild of Agricultural Journalists that the direct employment effect from the Uruguay Round of the WTO negotiations was 2,700 NZ jobs last year. Suttons claims the ripple effect through the economy would have increased this number to 17,600 jobs.

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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

The *Christchurch Press* contacted the manager of a large local environmental lobby who said he believed The Warehouse was having a negative impact on Christchurch communities. But he also told the newspaper that he would not identify his organisation nor go "on-the-record" criticising The Warehouse because he believed this would jeopardise his future funding applications to the Tindall Foundation.

Rod Donald says he is not suggesting that the Tindall Foundation be closed down. Donald: "It is a cleaner source of funding than casinos or pub charities, but those who receive funding from Tindall need to find their tongues when it is appropriate to criticise The Warehouse's business practices..."

- **Trevor Gray**, Manager of the Tindall Foundation, says that both Rod Donald and Warren Snow are **presenting an inaccurate picture** of the activities of The Tindall Foundation when they suggest that the Foundation seeks to restrain criticism of The Warehouse in return for charitable donations.

Gray: "These unfounded allegations demean the good work of the many thousands of New Zealanders working hard within the community sector on Foundation-funded projects, as well as impugning the integrity of the Foundation, staff and its trustees. The Foundation's relationships with groups and projects that it funds are open and based on respect for the commitment and work of the recipients. There is no pressure direct or otherwise, in return for funds, for these groups to alter their views on issues in any way.

"Messrs Donald and Snow need to be more honest about their reasons for attacking the Foundation in this totally unfounded manner. It certainly is not because the Foundation is somehow buying peoples' silence, as they allege. Could it be that they wish to receive attention for their own particular causes by blatantly misrepresenting the motives of others?"

- The Tindall Foundation has **donated more than \$40 million** over the last seven years to more than **4,000 community organisations** and groups that are advancing environmental, social and community development projects throughout the country. Trevor Gray points out that while revenue for the Foundation comes from dividends from shares held in The Warehouse Ltd, the charitable foundation is not influenced or controlled by The Warehouse. The Tindall Foundation discourages profile and public recognition, and is managed by independent trustees. **Funding decisions** by the foundation **are based on independent recommendations** from staff, consultants and Funding Managers who are leaders in their fields. They assess projects against the foundation's criteria and strategic goals that include an emphasis on best-practice and full evaluation of social and environmental impact.

— more information about the Tindall Foundation and it's funding processes can be found on their website at www.tindall.org.nz

- *Editorial note:* The Jobs Research Trust has received funding support from The Tindall Foundation since 2000, in support of the work of Vivian Hutchinson as a social entrepreneur on employment issues. The Jobs Research Trust has since become a philanthropic partner with the Tindall Foundation in the establishment of the Employment Catalyst Fund which has supported projects primarily associated with the Mayors Taskforce for Jobs.

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To develop and distribute information that will help our communities create more jobs and reduce unemployment and poverty in New Zealand.

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