

The Jobs Letter

No. 188

7 July 2003

Essential Information on an Essential Issue

KEY

FUTURE OF WORK

IMMIGRATION CHANGES TO ADDRESS SKILLS SHORTAGE

BERL FORECASTS BIG JOB LOSSES

NURSE DEBT LINKS TO SKILLS SHORTAGE

WHERE HAVE ALL THE CHILDREN GONE?

- Foreign doctors driving taxis may be a thing of the past as the government overhauls its **skills-based immigration policy**. In the biggest change to immigration policy since 1991, the Immigration Service will be actively seeking out skilled immigrants and choosing those they believe will best fit in to the New Zealand labour market.

The previous immigration policy automatically awarded visas to people who scored sufficiently high on a points scale which was biased towards educational achievements and qualifications. On arrival, many highly qualified immigrants found that professional bodies would not recognise their qualifications, and they couldn't get work in their field of expertise. Under the new regime, the points system will be more "settlement" driven with bonus points favouring applicants who have qualifications and experience **that match New Zealand skills shortages** and /or who have specific job offers, especially **outside of Auckland**.

- Business leaders and political parties are generally supportive of the changes as there is broad agreement that the points system was missing the mark.

The Immigration Service has been instructed to return the majority of the 20,000 applications it already has on hand and invite the applicants to reapply. Immigration consultants believe that most of these people, many of whom are in New Zealand already, will not qualify under the new criteria.

- 22,000 jobs have been lost in the food and drink processing, timber, steel and aluminium sectors as a result of the high New Zealand dollar, according to BERL's latest quarterly forecast. That is 5% of the workforce of these sectors. BERL director Kel Sanderson predicts that we are in for two to three years of a stalled economy and warns that the New Zealand **unemployment rate could kick up to 7%** next year with the number of people on the dole rising to 140,000.

Sanderson's recommendations: New Zealand should aim to have a population of seven to eight million people in 20 years time. To achieve this we need to completely reconsider our immigration strategy and begin to use the current fiscal surplus to build the infrastructure needed to support a much larger population.

— *BERL Forecast* (media release) 25 June 2003 . Download (8pg, 54Kb) from www.berl.co.nz/BFJun03Press.pdf

- The student loan scheme is an unrecognised contributor to the current nursing workforce crisis, according to a new study released by the NZ Nurses Organisation and the NZ University Students Association. *The Impact of Student Debt on Nurses: an Investigation* says that **student debt** may act as the most significant "push" factor in **sending young nurses overseas**, and in delaying their return. Student debt also affects both the recruitment and retention of nurses, and their decisions to do further training.

According to the study, the average debt incurred by a nurse as they finish their qualification is just over \$19,000 and those who go overseas to work tend to be those with higher debt.

DIARY

12 June 2003

A major study on the Australian workforce is presented at the "Future of Work" conference in Sydney. See *Special Feature* in this issue.

14 June 2003

Wellington Mayor Kerry Prendergast warns of job losses as the National Bank goes up for sale. All three previous NZ bank sales resulted in the relocation of head offices away from Wellington and the systematic removal of IT and back-up services to overseas. The National Bank has 1,500 Wellington-based corporate staff.

Over the last five years, women took 57.6% of the new jobs created in Australia. Jennifer Mead, writing in the *Australian Business Review Weekly* says that while women are still under-represented in CEO positions, they are getting more of the higher-skilled professional and management jobs.

The US unemployment rate rises to 6.1%, the highest level since 1994.

The Jobs Letter

DIARY

15 June 2003

National MP Katherine Rich says that Minister of Social Services Steve Maharey is harping on the past as he criticises old National Party welfare policies that were not included in her welfare discussion document. Rich: "It's Groundhog Day for Mr Maharey who is hung up talking about the history of welfare rather than talking about its future".

16 June 2003

NZ job ad numbers dropped last month and are now 6.1% lower than a year ago. ANZ economist David Drage says the level of advertised jobs is still consistent with a "solid labour market" but predicts that employment growth will slow in comparison to the last two years.

A Maori trust believes it will create jobs as it develops and harvests natural extracts, oils and medicines on Maori land in the Waikato. Te Puaha O Waikato Trust plans to turn hundreds of hectares of under-utilised land into productive units and jobs through "bio-prospecting".

17 June 2003

Associate Minister of Maori Affairs John Tamihere accuses tribal elders of "strangling" their young successors by refusing to step aside and let the next generation of leaders come through.

19 June 2003

There has been a decrease in the number of people using foodbanks over the last year according to the latest Poverty Indicator Project report. Salvation Army Major Campbell Roberts believes the small drop in numbers is due to improved Winz service which has ensured more people receive their full benefit entitlements.

The Poverty Indicator report, however, found that those using foodbanks are worse off now than they were a year ago. It says that increased housing costs have eaten away at people's disposable income.

The Employers and Manufacturers Association (EMA) says the NZ economy is rapidly cooling. Manufacturing sales dropped 2% last year, a trend the EMA says will be reflected in the whole economy.

The study points out that fully training the current number (about 1,150) of nursing students costs about \$27 million per year. With the cost of recruiting nurses (currently \$100 million per year) added to the costs of associated with the nursing shortage and high industry turnover rates, there are obvious advantages for the government to pay the full cost of training nurses and then **bonding them to practice** in New Zealand. The study: "It is contradictory to invest in educating young New Zealanders and then effectively drive them out of the country to repay debt."

— *The Impact of Student Debt on Nurses: an Investigation* published by the NZUSA and NZNO, May 2003 can be downloaded (47pg, 4.8Mb) from www.nzno.org.nz/downloads/01-47Nurses_debt_Casebook_edited.pdf

- 1,230 people have **found work while on the artists-on-the-dole** scheme since it started about 18 months ago. The Pathways to Arts and Cultural Employment (PACE) scheme allows jobseekers who list creative industries as their first career choice to pursue this track while on the benefit, so long as they produce a plan that shows how they intend to progress towards an independent arts-related career.

Associate Minister of Arts and Culture Judith Tizard says PACE is filling a real need by boosting the skills of people who are looking for a career in the arts. And while only one-third of those who are now working found employment in the creative sector, Tizard believes the scheme is fulfilling another important purpose: exposing aspiring artists to the realities of full-time employment in the arts. Tizard: "Being a full-time arts worker is not easy and will not suit all those who aspire to an artistic career."

Tizard says the scheme has successfully developed partnerships between Winz and the creative sector through organisations such as Creative New Zealand, The Higher Trust in Dunedin, Standing Ovation in Wellington, the Arts Work Project in Auckland, and the on-line website *The Big Idea* (www.thebigidea.co.nz).

- The **number of Chinese students** studying in New Zealand this year **has halved** from the nearly 12,000 students that were enrolled last year. According to *The Independent* newspaper, many English as Second Language teachers have been laid-off and at least one-third of the local English language schools are feeling the pinch.

The fee-paying foreign student industry quickly rose to be New Zealand's fourth largest foreign exchange earning industry, last year. Foreign students not only create jobs in the education sector, they stimulate the whole economy by patronising businesses, creating a "homestay" industry, and stimulating the rental property market. Michael Barnett of the Auckland Chamber of Commerce: "If you see schools start losing students it won't be the schools that suffer the consequences, it'll be Auckland".

- Twenty-six unemployed people are being **trained in building skills** in Kaitaia through a joint venture between UNITEC in Auckland and the Te Runanga O Te Rarawa. According to the Runanga's Vance Winiata, many of the students are long-term unemployed and most, having limited formal education, would not have been able to get a qualification if the course hadn't come to them. The training scheme is building two houses in the middle of Kaitaia and Winiata says that having the training site so central

(continued on page five)

TRENDS

AUSTRALIAN REPORT on The FUTURE of WORK

— LESS MONEY, LONGER HOURS AND HARDER WORK

THE FUTURE OF WORK has arrived, and it is not quite what everyone had been hoping for. A major report has been released by the Australian Council of Trade Unions (ACTU) which shows that, after two decades of labour market reform, most Australians are working longer hours, don't get paid for their overtime, and suffer stress at work.

The Future of Work in Australia, written by a Sydney University research unit, shows that much of the Australian workforce is underemployed or has no job security. Nearly half of the workforce is in part-time or casual work, even though most of those in casual work have been doing the same job for over a year. The report predicts that by 2010, one in three workers will be employed on a casual basis.

The report also shows that income inequality in Australia has widened. Almost nine out of every ten of the net new jobs created in the 1990s paid less than \$A26,000 a year. Nearly half paid less than \$A15,600 a year.

- Greg Combet, Secretary of the ACTU, says that the concern about these questions is not just about the immediate experiences of those currently in the workforce. Combet: "It is also a concern about the types of jobs, workplaces and opportunities that will be there for future generations of Australians..."

In the brave new world of "increased flexibility in the labour market", the ACTU points out that it is those with limited or no bargaining power that have increasingly fewer choices over their working lifestyles. Combet: "The distinguishing feature of labour market change is that key players, primarily employers, institutional shareholders and government, are retreating from taking responsibility for work related issues. This is resulting in many of the risks and costs associated with employment falling on the weakest party in a work situation."

SOME OF THE TRENDS highlighted in the *Future of Work in Australia* report show:

- wage inequality has grown — only the top 40% of income earners had any real wage growth throughout the 1990s
- little more than half of the workforce is now employed on a permanent basis
- the net increase in jobs in the 1990s consisted almost entirely of casual and part-time jobs
- half of all employees work overtime and 60% of those are not paid for it
- the standard model of work has disappeared - only 7% of employees work 9 to 5
- the jobs with the largest number of employees in 2001 were sales assistants, secretaries and cleaners ... middle income jobs declined
- one million people are casual workers (on term contracts who receive their annual leave pay as a "loading" on their weekly wage and do not have other legal entitlements like sick pay or bereavement leave)
- half of casual workers, who are mostly female, have been in the same job for over a year
- 51% of employees who work more than 45 hours a week would prefer fewer hours
- workers compensation claims for stress have risen from 5% to 19% of all claims in 6 years
- 55% of large workplaces (500 or more employees) use labour hire companies

- Commenting on the report, Mike Steketee, the national affairs editor of *The Australian*, says that Australia is at the forefront of workplace revolution. He says that the last giant step in the transformation of the economy — creating a more supple work force to better meet the demands of an internationally competitive economy — has worked a treat for business with increased productivity making labour more efficient and bringing costs down. Steketee: "With only the US among developed countries having comparably high rates of casual work, labour is now sliced up much like any other business inputs into just the right sized pieces to meet the demand for the end product."

Australian Employment Minister Tony Abbott also agrees that labour market deregulation has played "a significant part" in creating new jobs,

The Jobs Letter

lifting real wages and reducing industrial disputes. Abbott argues that casual workers, particularly women, prefer casual to permanent employment. He argues the government balances the earnings gaps through a progressive tax system and government payments. But, in a burst of frankness, Abbott adds: "The other thing we have to face up to is that in the end we have to be a productive and competitive society and greater inequality might be inevitable."

Business Council of Australia chief executive Katie Lahey thinks that business has learned some really hard lessons since the early 1990s when people were downsizing very quickly and casualising the workforce was their only answer to getting more flexibility in the workforce. Lahey: "We have a few more tricks in our bag now that provide us with a lot more flexibility, but a bit more humanity. Employers will be more willing to look at issues such as permanent part-time work and job sharing..."

THE FUTURE OF WORK — Trends and Challenges in Australian Workplaces was prepared by University of Sydney's Australian Centre for Industrial Relations Research and Training. The ACIRRT hosted a conference on the Future of Work in Sydney last month, where it released the report. The conference examined the changing nature of employment and employers, shifts in the labour market and the "recasting of key institutions".

The report outlines seven key trends that have emerged in the contemporary Australian workplace:

— **low quality jobs.** For all occupations other than managers and professionals, the jobs created in the 1990s consisted entirely of part-time or casual jobs. The proportion of people employed in skilled, middle-income occupations has fallen. The result has been a polarisation between professional jobs at the top end and part-time and casual jobs at the bottom.

— **casual employment.** Since the early 1990s, employers have increasingly used casual labour, even though it might be for long-term work. While casual employment suits some people, 68% of casual workers say they would prefer a permanent job with more dependable hours. Casual workers have little job security, often miss out on training, and say they are less satisfied with their income and work.

— **work intensification.** All occupations and industries report that workloads have increased and work has become more intense. The proportion of employees working 50 or more hours per weeks has risen to 21%. Half the people who work overtime don't get paid for it and about the same number wish they didn't have to do it. Understaffing and the resulting increase in workloads and responsibilities have become fixed features of the contemporary workplace.

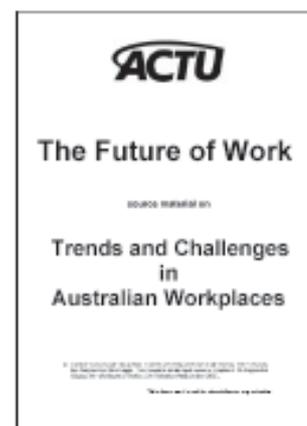
— **work/life balance.** The increased intensity of work and a lack of quality, secure part-time jobs has put added pressure on people trying to balance their work with their family life. The workforce is now characterised by two groups: a large number of people in high-skilled, stressful jobs who would like to work less hours and an even larger group of people who have the stress of supporting themselves and their families with jobs they can't rely on.

— **earnings and equity.** The gap between high-income earners and those in middle-and low-incomes increased dramatically during the 1990s.

This was driven by an explosion of earnings at the top end of the labour market (53% real income growth for those in the top decile) and no real income growth at all for the 60% of workers who are on middle- and low-incomes. The "working poor" are no longer confined to the young or to part-time workers: 70% of low-wage workers are of prime working age (25 – 54 years) and the majority of low-waged women work full-time.

— **unemployment and underemployment.** The problems of long-term unemployment, underemployment, "job churning" and discouraged job seekers have all become more entrenched. Last year, the average beneficiary was on the unemployment benefit for 50 weeks, and for men 35 – 54 years old it was 86 weeks. Almost every job started by a jobseeker was temporary. And 30% of unemployed men in their mid-50s have now given up looking for work altogether.

— **skills, education and training.** Employers are now spending less on structured training and are allowing fewer hours per year for employee training. Just 13% of employers employ trainees or apprentices. The report warns that decreased work-based training not only limits employees' career development and but creates a foundation for future skills shortages.



The Future of Work, Trends and Challenges in Australian Workplaces by the Australian Centre of Industrial Relations Research & Training (June 2003).

A summary can be downloaded (PDF, 8pg, 142kb) from www.actu.asn.au/public/news/files/fowexsum.pdf

The Jobs Letter

DIARY

20 June 2003

The West Coast timber company cuts 30 jobs and another company, Timberland West Coast, is reviewing employee numbers in response to a rapid downturn of the timber market.

Green MP Sue Bradford accuses Winz of refusing financial assistance to teenage prostitutes who had asked for help to turn their lives around. While those under 18 years do not qualify for the unemployment benefit, Bradford says Winz should be trying to get such young women on the Independent Youth Benefit.

24 June 2003

Visitor numbers to NZ were down by 13% in May. There were huge falls in visitors from Japan (-42%) and China (-78%).

25 June 2003

Soliciting sex for money, brothel keeping and pimping become legal in NZ as the Prostitution Reform Bill is passed.

26 June 2003

The US Federal Reserve Bank lowers its interest rate to 1%, the lowest level since 1958.

has “created quite a buzz” and many people have come off the street and enrolled. Once the training is completed, the students hope to slot into the local building industry or get into repairing their own homes and those of their extended families.

UNITEC became involved with the project after discussions with government about the problems of substandard housing and high unemployment in Northland. The programme utilises Maori and Pacific Island scholarships provided by UNITEC. UNITEC also trained the tutors and provided teaching resources and framework for the Certificate in Applied Technology programme while the Runanga provided management and materials.

- Are we **losing local jobs to cheap overseas imports**? If you look at the tables below (compiled by the Parliamentary Library), it certainly seems to be the case.

Interestingly, while imports of footwear and clothing seem to have skyrocketed over the last decade ... we have also seen a significant rise in the value of exports from both these sectors.

- United Future MP Judy Turner is calling for a change in **the way Winz classifies vacancies** on its website. Currently, jobs are classified firstly by location and then by the type of job. Turner believes this limits the perspective of the job seeker and does not encourage people to consider opportunities that are not local.
- The day prostitution was made legal, Winz refused to accept a vacancy notice for sex workers in an Auckland brothel. While brothel owner Brian Le Gros was able to place an ad entitled “Prostitutes Wanted” in *The New Zealand Herald*, he was denied an employment vacancy spot in the Winz database. Winz national commissioner Ray Smith says the department had no legal requirement to advertise any vacancy and Winz has decided it would not advertise or refer clients to **vacancies in the sex industry**.

FOOTWEAR and CLOTHING

New Zealand's exports and imports (\$m) along with full-time equivalents employed

Year	Footwear Exports	Clothing Exports	Footwear Imports	Clothing Imports	Footwear Employed	Clothing Employed
1989	12.6	30.2	59.1	98.0	2,200	15,133
1990	22.2	44.0	93.2	191.4	2,337	14,421
1991	34.9	67.9	99.0	229.6	2,076	13,231
1992	31.1	97.2	109.1	271.5	1,644	12,117
1993	33.0	134.5	121.2	334.3	1,717	12,439
1994	36.3	143.2	133.0	339.5	1,863	12,485
1995	47.3	142.4	146.1	425.9	1,735	12,204
1996	44.5	155.0	145.0	434.1	1,559	11,552
1997	42.3	140.6	162.2	484.4	1,350	10,640
1998	46.1	163.9	184.0	605.7	1,000	9,380
1999	44.0	162.4	187.4	629.4	1,000	8,580
2000	57.4	195.4	214.3	743.0	960	8,730
2001	50.5	213.4	244.9	864.8	830	7,930
2002	61.6	218.6	255.1	850.6	na	na
2003	51.3	214.0	238.7	833.7	na	na

Source: Parliamentary Library, Statistics NZ, INFOS database

The Jobs Letter

DIARY

27 June 2003

The NZ economy grew by 0.6% during the last quarter, resulting in 4.3% growth for the year to June. But Reserve Bank governor Alan Bollard warns this is likely to be a peak and the economy may even contract over the next quarter.

Australia's biggest retailer, Coles Myer, aims to hire 10,000 temporary workers to work in Kmart and Myer Grace stores over the coming Christmas period.

28 June 2003

55 workers lose their jobs at Kajavala Forestry Ltd's log processing mill in the Eastern Bay of Plenty. A new company has taken over management of the giant Central North Island Forest and has decided to process logs elsewhere. Mill owner Jacob Kajavala says that while his business was the worst hit, he believes as many as 75 other jobs will be lost in mills around the region.

1 July 2003

One year after the introduction of paid parental leave, over 18,000 people have used the scheme. Minister of Labour Margaret Wilson says a review of the scheme will consider extending the eligibility to people who have had more than one employer during the year and to those who are self-employed.

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Research sources for the main items in The Jobs Letter are available in our internet edition at

www.jobsletter.org.nz

Smith says Winz has declined to advertise various vacancies in the past, including those in massage parlours, commission-only sales and network marketing.

- The Community Employment Group (CEG) has announced its selection of 51 “movers and shakers” who will receive funding from the new **Social Entrepreneurs Fund**. The government's intention with this fund is to “build the capacity” of communities to solve problems themselves rather than to impose solutions from outside.

The scheme is aimed at making those who already work in their communities to be **more effective in what they do**. CEG general manager Charlie Moore says social entrepreneurs work outside of the square and often are too busy to take time out to care for their own needs. Moore: “This fund allows them to build their skills, research or develop concepts around their speciality or attend educational programmes.”

Minister of Social Development Steve Maharey is a strong supporter of this scheme: “The government does not have a panacea to “fix” things. It is the champions, the guiding lights in our communities who can think of bright idea and inspire others to find solutions to health, education, social and employment problems. It's time to support these people and develop their potential so that the government moves from a hand out towards a hand up by investing in people who can make a real difference.”

— a full list of those to be supported by the Social Entrepreneurs Fund can be found at www.ceg.govt.nz/socialentrepreneur/

- Notice that **Steve Maharey** has changed his primary **ministerial title** from Minister of Social Services and Employment to Minister of Social Development and Employment. The change is to “reflect the wider ambit of the role.”
- **Childless couples will become the most common family unit** within the next three years, according to Statistics NZ. The latest figures show that from 2006, couples without children will be the most common household unit, displacing two-parent families with one or more children. And statisticians are predicting New Zealand will have 614,000 childless couples in 2021, a huge 51% rise from the 407,000 couples today. The rise is partly due to the aging population (couples whose children have left home) and younger people putting off having children.

University of Waikato demographer Ian Poole blames “family hostile” **policies that are discouraging** large numbers of **people from having children**. Poole says New Zealand is the worst country in the developed world for policies that encourage and enable women to both work and have children. Poole: “We are not making a reconciliation between family and work – and we are cutting our own throats. We are so goddamned miserly on family policy. Large student-loan debt that encouraged women to work longer, and minimal maternity leave were factors in people putting off having children, or not having them at all.”

- The United Future Party agrees with Professor Poole's analysis and believes they have exactly the **family-friendly policies** he is looking for. The party is recommending introducing income splitting for families, so that raising a family does not become a burden too great for young couples; and introducing a home carer's allowance for parents at home caring for children under the age of five.

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