

The Jobs Letter

No. 211

11 August 2004

Essential Information on an Essential Issue

KEY

CONSTRUCTION SKILLS
SHORTAGE CRISIS

YOUTH UNEMPLOYMENT
STATISTICS

MAYOR TASKFORCE AGM IN
AUCKLAND

NZ'ERS ASSET POOR

SICKNESS BENEFITS

DIARY

10 July 2004

NZ is well into the top half of the OECD – in the number of hours people work per year. NZ workers rank 7th of 30 member nations.

About 50, mainly maintenance staff are to be laid off at the Carter Holt Harvey Tasman mill in Kawerau.

The reconstruction of Iraq has resulted in just 15,000 jobs for Iraqis, despite the US promise that 250,000 jobs would be created by now. The *Washington Post* says the lack of jobs is mainly because of the lack of security. Fewer than 140 of the 2,300 reconstructions projects are under way.

An estimated 20% of all agricultural workers in southern Africa will have died of AIDS by 2010. The *Guardian Weekly* says that besides the humanitarian tragedy, the country will suffer economically from the depleted workforce.

12 July 2004

India's fledgling biotechnology sector hopes to generate one million new jobs and attract investment of \$US10 billion by 2010. Industry executives predict the growth will come because of India's low-cost, highly skilled knowledge workers who are able to tap into the emerging drug discovery, contract research and bioinformatics industries.

- Some of New Zealand's biggest construction firms say that the industry is suffering from a shortage of at least 3,000 workers. They say they are in the midst of a workload crisis and need the government's help to solve it. Multiplex Construction, Hawkins Construction and Fletchers Construction all say the situation will only worsen as workloads in Auckland double in the next year. \$3.2 billion worth of public and private work has been proposed over the next two years, not including the large proposed roading projects. The big construction firms say rising interest rates and commodity prices and the skills and labour shortages are forcing an already over-stretched industry into crisis. And there is no end in sight. Building consents are running at a 30-year high, and Fletchers' economic projections predict the building boom will continue for the next five years. The big companies are asking the government for assistance to attract workers from overseas. Multiplex chief Shane Brealey has called for an easing of immigration policy and for the government to start an incentive scheme to encourage thousands of New Zealand construction workers on Australian building sites to return home.
- But the government says there will be no wholesale relaxing of immigration laws to accommodate the building industry. Minister of Immigration Paul Swain says the long-term answer is to train more New Zealanders. Immigration policy has been eased recently and Swain says that increasing numbers of applicants with trade skills are eligible to apply for residency under the skilled migrant category. But Swain says immigration should never be used as a cheap form of training and that in the long-term the answer to the problem was in the hands of New Zealanders.
- Some in the industry say that the big construction companies have brought the labour shortage crisis on themselves by not paying carpenters enough to keep them in the country. Subcontractor Gordon Prior says the big firms have got the lion's share of government and infrastructure building jobs and have, in turn, held down pay rates, stifling subcontracting firms. Prior says that when tendering he can only pay his carpenters \$25 per hour because the big firms refused to accept tender packages with carpentry rates higher than that. Australian carpenters in Queensland earn \$A33 per hour and get travel allowances and site extras that could take their pay to over \$A1,200 per week.
- In an editorial, *The New Zealand Herald* points out that thousands of New Zealanders are working on building sites throughout Australia: "Some companies may have to ponder what they are offering and be prepared to pay the sort of sums that will remedy the shortage. That, rather than government involvement through a problematic set of incentives, appeals as a more logical solution."
- The numbers of young unemployed on the register at Work and Income has fallen by 50% in the last three years, according to figures released by the Ministry of Social Development. The figures have fallen to just

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DIARY

13 July 2004

Job ads fell slightly but are still at high levels, according to the ANZ job ads survey. ANZ economist John Bolsover says the level of job advertising, coupled with surveyed business sentiment, points to further employment gains over the next two years.

Wages rises for the Australian public service were 4.8% this year.

14 July 2004

The Richmond meat works at Waitotara has asked workers to accept pay cuts of up to 15.5% and to work an extra 50-60 minutes per day. The company says this is because the facility is not competitive and could affect the plant's future.

16 July 2004

Filmmaker Peter Jackson has invested some \$115 million in a state-of-the-art film studio complex that intends to compete with other international film centres. The permanent facilities may begin to provide year-round work for some of the 12,000 or so NZ'ers involved in the film industry, which is currently prone to big peaks and troughs.

The property boom in Australia has benefited Australians who could afford to buy property but has also contributed to the widening gap between the rich and poor, according to a study by Canberra University's National Centre for Social and Economic Modelling. The study says that the gap is widening along age lines. Professor Julian Disney says the resulting "intergenerational inequity" is cause for alarm. Trends in Housing Stress — June 2004 published by NATSEM can be downloaded (PDF, 22pg, 196kb) from www.natsem.canberra.edu.au/pubs/cp04/2004_002/cp2004_002.html

under 20,000 young people (aged 16-24 years) in June 2004 compared to just under 40,000 in March 2001. In this issue, *The Jobs Letter* publishes an overview of these statistics, broken down by local authority area.

The falling of the youth unemployment rate was heralded as a great success by the chairman of Mayors Taskforce Jobs, Garry Moore, at their annual general meeting in Auckland last month. Moore says that all the partners to the Taskforce initiative — including the mayors, government Ministers Steve Maharey and Jim Anderton, Work and Income, the CTU and the NZ Business Council for Sustainable Development, the Jobs Research Trust and the Tindall Foundation — can be heartened by the fact that the numbers are rapidly falling. He believes that the systemic approach to employment and skill shortage issues, as advocated by the Taskforce, was obviously contributing to these successes.

Moore predicts that the emphasis of the Taskforce will continue to be on skill shortage issues that are hampering economic development in the regions. Moore: "As we look at the 20,000 young people who are still being left behind, we may have to look at new ways of training and supporting them to get involved in our growing economy."

- Peter Tennent, Mayor of New Plymouth, and host of the recent "Good Ideas, Good Practice" workshop in Taranaki, also celebrates the improving employment statistics but is not satisfied. Tennent: "We can't take our foot off the accelerator yet ... our goal is "zero" unemployment for young people in our communities and that is a goal we are still very much determined to achieve."

— The New Plymouth District Council has won the community projects category of Youth in Local Government Awards announced at the beginning of July in Dunedin. The council was being recognised for its participation in *Taranaki Connections*, a programme that helps young people from the Waitara High School by providing them with practical help and guidance until they have made a successful transition into employment or further education. The *Connections* programme is governed by the council, Work and Income, Tertiary Education Commission, Career Services, Child Youth and Families, and the Taranaki Employment Support Foundation.

- The Mayors Taskforce for Jobs AGM was held at the Auckland Town Hall reception lounge on 27 July 2004, during the Local Government NZ annual conference. It was attended by 38 mayors and 17 deputies or council staff members. Speakers at the AGM included Darel Hall, executive director of the Industry Training Federation; Sen Thong, youth advocate and editor of the Back2Basics Hip Hop magazine; Sukhi Turner, Mayor of Dunedin; and Stephen Tindall of the Tindall Foundation. Acknowledgements and presentations were given to Mayors Sukhi Turner, Graeme Ramsey (Kaipara) and Grahame Hall (Rotorua) who have been on the core group of the Taskforce and will be retiring as mayors at the upcoming local authority elections.
- Vivian Hutchinson, Community Adviser to the Mayors Taskforce, told the AGM that over the next 25 years, young people are going to become an increasingly valuable part of all Western economies. The OECD has reported that over the next 25 years, there will be 70 million people retiring from the workforce in OECD countries ... and will be replaced by only five million people entering the workforce. Hutchinson: "This is a global trend that is going to reach into the heart of all our communities. Every one of those OECD countries is predicting that they will be having a growing economy. This trend means that our young people are going to become much more valuable that they are generally considered today. We need to

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18 July 2004

The Careers Services launches KiwiCareers pathfinder, an online service to help people who would otherwise have difficulty accessing career information services. It can be found at: www.kiwicareers.govt.nz

In answer to a Parliamentary question, Minister of Services State Trevor Mallard says that the number of analysts working in the public sector has increased by 30% over the last three years. Mallard says the increase is consistent with the government's intention of rebuilding the public sector's capability, rather than relying on consultants.

19 July 2004

Up to 500 farms are understood to be affected by flooding in the Bay of Plenty. 40 farmers are forced to dump milk as floodwaters have washed out roads. Even farmers who have not been flooded out of their home are facing soggy soil and will struggle to feed their stock.

20 July 2004

A nursing staff shortage has postponed some elective surgery at Masterton Hospital.

About 40,000 state sector workers have joined the government's subsidised retirement scheme. The fund, which started on 1 July, is being promoted as a model for private sector workplace superannuation schemes.

21 July 2004

The net inflow of migrants dropped again for the 13th straight month. NZ gained just 760 long-term migrants in May. The net inflow for the year was 22,000 – a little more than half of what it was the previous year.

A manufacturing business, relocating from Sydney to Patea, expects to initially employ at least 15 people. Owner Francis Weston says the low-cost of real estate in his Taranaki hometown makes the move a good commercial decision.

reconsider how we are investing in their talents and their sense of loyalty to our communities that will need their full participation.”

Hutchinson: “The economic tide is definitely favouring us at the moment, and we are getting good results with this Taskforce initiative. This is perhaps the best time in a generation to bed home the cultural goals that the mayors have set themselves — that all young people in our communities will have access to good work or education and training opportunities...”

- Darel Hall of the Industry Training Federation spoke to the Mayors AGM on the current skill shortages happening in the trades. His view is that we need to better praise and honour those business owners, especially in the trades, who themselves used to be apprentices. He says it would help bring the “mana” back into the trades that has been lost over a generation as the education system has been encouraging young people to follow more academic career paths.

Hall: “Why is it easier to get a BA in this country, than a Modern Apprenticeship, an “MA”? The taxpayer will fund as many BAs as this country will produce ... but we will not fund the Modern Apprenticeships that are desired by young people, and are needed by industry. This seems very odd.”

“Through the good support of the Mayors Taskforce we have been able to ask for an extra 500 Modern Apprenticeships in the last Budget. We all are thankful for this ... but we have to also ask if this is sufficient. I know it is not sufficient because I have surveyed the ITOs as to how many Modern Apprenticeships they could handle right now and they tell me that they could have increased their capacity by 1,000 per quarter over the last year. In that time we only got an extra 250 Modern Apprenticeships. You have to ask: What's really going on?”

- A recent Grant Thornton International Business Survey of 6,900 businesses in 26 countries found that 37% of New Zealand businesses cite the lack of availability of a skilled workforce as a major constraint to business growth. The global average was 23%. For more information www.grantthorntonibos.com
- The emergence of a “debt culture” is shackling NZ's ability to acquire assets, according to the New Zealand Institute. Its first policy paper, *The Wealth of a Nation*, compares New Zealand, Australia, Britain, the United States and Canada and concludes that NZ has fallen behind all the others in terms of household wealth. On average, Australian median household wealth is \$A220,000 while the figure for New Zealanders is just \$NZ68,000. 16% of NZ adults — more than one in seven — have more liabilities than assets, meaning that they were businesses they would be insolvent. The figure for Australians in “negative wealth” is 4%.

More than 45% of the NZ's with negative wealth are aged 18 to 24 years. The report details the difficulties that student debt and increasingly expensive housing pose for young New Zealanders. Such barriers were not faced a generation ago when education was far less expensive and couples used Housing Corporation assisted first-home buyers with loans as a means to build equity. The report: “New Zealand is unusual in having no policy settings that deliberately encourage asset accumulation in this way.” It goes on to say that many former students will spend the rest of their lives servicing their student debt, without ever being in a position to accumulate wealth.

The New Zealand Institute chief executive David Skilling says the focus of the new, privately funded think tank — set up after the Knowledge Wave conference — is on identifying ways in which New Zealanders can be assisted to acquire assets over their lifetime. Over the next several months, it plans to release a series of papers examining aspects of this issue and

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23 July 2004

South Island vegetable growers fear they will be unable to meet their labour needs this summer and would like to see foreign workers allowed to come and work during the peak season. Vegfed president Brian Gargiulo says that as the unemployment rate declines it is getting harder and harder to find labour.

Winz insists that vegetable growers need to employ its referrals before foreign labour would be considered for permits to work on farms. Backpackers can be hired for seasonal horticultural work.

24 July 2004

The *New Zealand Herald* job advertisements are now available online. They can be accessed at: www.nzherald.co.nz/jobs

25 July 2004

New Plymouth boat-building firm Fitzroy Engineering has taken on six apprentices in the last three weeks and is looking for another 15 fabricators and joiners. Managing director Peter White-Robinson says the burgeoning industry is not generating the amount of interest it needs to from young people starting out in a career. White-Robinson: "Generally these kids still think they need to go and get a degree, but there are plenty of people out there who are great with their hands. This could be a great career for them."

26 July 2004

The New Zealand Institute "think tank" is launched. Chief executive David Skilling: "The institute is committed to creative, provocative and independent thinking, focusing on issues that will have a major impact on NZ's economic and social future, engaging with NZ'ers in order to develop solutions to address these issues." The institute's first area of research is on how to create an ownership society.

developing recommendations as to how the government, business and community groups can assist more people to build an ownership stake.

— *The Wealth of a Nation: The Level and Distribution of Wealth in New Zealand* (by David Skilling and Arati M Waldergrave, published by the New Zealand Institute July 2004) can be downloaded (PDF 45pg, 639Kb) from www.nzinstitute.org

- Some doctors say they are being put under mounting pressure to pass able-bodied unemployed beneficiaries as unfit for work. According to the *New Zealand Herald*, some doctors believe the practice is being encouraged by Winz staff who are tired of trying to find jobs for beneficiaries not interested in working. Independent Practitioners Association Council chairperson Doug Baird says there are people who think the easiest way to get a benefit is to get a permanent one, and one they don't have to justify to people in authority. Christchurch GP Andrew Causer says the problem has become so bad he has a sign at his practice saying he doesn't do sickness benefit medical assessments for casual patients. He says 95% of the patients he saw who wanted "sick notes" were fit to work. He believes Winz staff encourages unemployed beneficiaries to get on a sickness benefit so they no longer had to seek work for them. He also believes that getting hard-to-place beneficiaries off the dole makes the unemployment figures look better.
 - Minister of Social Development Steve Maharey has strongly rejected the allegations and has had his top Winz officials meet the NZ Medical Association over the matter. Maharey says the association did not produce a single case to substantiate the doctors' claim. Maharey: "Opposition MPs have not been able to produce evidence to back similar allegations and my office has also been contacted by a doctor quoted in the *Herald* story complaining it misrepresented the conversation he had with a reporter."
 - Some people do move from the unemployment to the sickness benefit, but the numbers are low, according to the Ministry of Social Development. Chief executive Peter Hughes says that at the end of June there were 68,755 people getting an unemployment benefit, a drop of 30,572, or about 31% from the same time last year. Fewer than 3,000 of these went onto a sickness benefit, with the vast majority going back to work. Hughes: "A decision to transfer a client to a sickness or invalid's benefit has to be supported by a medical certificate. Doctors make this assessment. This is difficult work and doctors are the only people qualified to do it. They deserve our gratitude. It would be naïve not to think that difficulties will arise from time to time. Work and Income will work with and support any doctor who feels uncomfortable or pressured."
- Hughes points out that the increase in the number of people on sickness and invalid's benefits in New Zealand is typical of the trend in all OECD countries. The reasons include that our working populations are getting older, there is more obesity, heart disease and mental illness, and people exercise less than they used to. But Hughes agrees that more can be done. "We are working with rehabilitation services, mental health services, disability support providers and primary healthcare organisations. We are piloting the funding of extra healthcare, including elective surgery for clients who need this help to get back to work. Far from fiddling the books, we are doing more than ever to get people into work".
- Mental health conditions have emerged as the leading reasons behind the increasing numbers of people claiming sickness and invalid's benefits. Traditionally, physical conditions such as back complaints were the prime contributors to the number of people on sickness benefits. But now, 34.8% of all sickness beneficiaries are there on the basis of their poor mental health, up 101% over the last eight years. Stress and depression has

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27 July 2004

NZ's largest biotech company Genesis Research cuts 29 jobs, more than half its staff.

Australian unions, doctors and welfare groups urge their Senate not to ratify the proposed "free trade" agreement with the US.

28 July 2004

The number of people registered as evacuees in the flooded Eastern Bay of Plenty has risen to 2,552. Many rural people are still to register as evacuees.

29 July 2004

The future of Balance Agri-Nutrients' urea plant in Taranaki and its 105 staff is dependent on whether the company can buy natural gas at a "realistic price." The plant, one of former PM Rob Muldoon's "Think Big" projects, has 10 months to go on its existing gas supply contract.

The Ministry of Education acknowledges that up to 400 early childhood centres are at risk of being shut down because they cannot meet new regulations that require a teaching diploma qualified staff to be at a centre at all times.

31 July 2004

NZ should be making more use of migrant labour to fill labour shortages, according to Trade & Enterprise NZ. Chairman Phil Lough says that as we succeed in lifting the skill level of the NZ workforce, we will inevitably create an employment gap in lower-killed, seasonal work that could be filled by migrants.

1 August 2004

International IT outsourcing company EDS says it on track to meet its job creation targets. EDS NZ received a \$1.5 government grant in 2003 to create 360 jobs by March 2006. To date the company has created 207 jobs.

2 August 2004

Health administrators are trying to recruit more than 100 registered nurses, plus support staff, to give children their three meningococcal vaccinations. The campaign to vaccinate the country's under-five-year-olds against disease begins in South and East Auckland.

increased even more dramatically for people on invalid's benefits with a 321% increase since 1996.

- Green Party MP Sue Bradford blames the increase in the number of people on sickness and invalid's benefits on inadequacies in the health and welfare systems. Bradford says that many people with major mental and/or physical disabilities have been forced into the benefit system because of the tightening of ACC health and work testing. Bradford: "Never-ending waiting lists and huge gaps in the health system, both for physical operations and for psychological services, also mean it is taking longer for some people to access the services they need to render them fit for work. For example, extremely long waiting lists for addiction services mean that people who might otherwise be assisted are left on the scrap heap and are stuck with an invalid's or sickness benefit. The longer people stay on any benefit, including the unemployment benefit, the more likely they are to be in poor mental and physical health, and therefore more likely to move to a sickness or invalid's benefit."
 - The National Party would implement a work-for-the-dole scheme similar to that in place in Australia. Social services spokeswoman Katherine Rich also told the party conference last month she wanted to see the re-introduction of work-test requirements for more benefits; making sure all liable parents support their children by improving the collection of child support; and targeting truancy by linking educational attendance of children to welfare eligibility for their parents.
 - The government has been quick to offer assistance to the flood-hit Bay of Plenty. Opotiki and Whakatane district councils are to receive assistance to cover evacuation, accommodation and food costs for people forced from their homes, plus the government has given each council's mayoral relief fund \$20,000 to assist those affected with immediate grants. Additional Winz staff are also being brought into the area and "enhanced Task Force Green assistance" is to be activated. Ministers have also been given authority to give additional assistance and approve additional welfare programmes for farmers who experienced extensive loss of income.
 - An ambitious plan to create 10,000 high-paid, high-tech jobs around Auckland University's Tamaki campus has been launched by the university and the Auckland City Council. The council's implementation planning manager, Ian Maxwell, says that plans are underway to redevelop and transform the rundown industrial area between the old Mt Wellington quarry and the Glen Innes shops into a "technology park". Maxwell: "Our vision is 10,000 jobs — five times the number that exist now. We have looked at Singapore, parts of Australia and Europe and that sort of figure is not out of the way. We are looking at knowledge workers. They can choose Cambridge or Brisbane or San Francisco or wherever, so we have to make this development something special. We are talking about an integrated development right across the Tamaki area."
- Planners propose three separate zones: The 32ha Tamaki university campus itself, a 10ha technology park which may be bought by the council so it can be leased only to firms that fit into the campus's six research themes, and a much larger area of about 100ha where business development will be unrestricted apart from possible requirements for higher "amenity" to attract knowledge workers.
- Kiwis want a better work-life balance, according to *Achieving Balanced Lives and Employment*. The report summarises seven months of consultation undertaken by the Work-Life Balance Project team at the Department of Labour. It found the main barriers that prevent people from achieving a

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3 August 2004

Twenty-eight staff take early retirement from Massey University's College of Education. The staff are no longer needed as demand has dropped for people taking primary school teaching courses.

CEG's northern region manager Amokura Panoho resigns after pressure from the Department of Labour for issues surrounding a Maori Party hui.

5 August 2004

Almost one-quarter of nurses working in NZ are foreign trained, far more than similar developed countries.

The government tops up funding for rebuilding flood-damaged BoP to \$30 million.

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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

good work-life balance are: lack of access to quality, affordable childcare; difficulty for those on low hourly wage rates who need to work long hours to earn enough income to support their families; undervaluing of caring and voluntary work; long hours and physically or mentally intensive work, without sufficient recovery time; "precarious" employment arrangements; lack of workplace policies and unsupportive workplace cultures; and pressures on small employers to "do everything" in the business, which impacts on their own work-life balance, and their ability to think about work-life balance for staff.

- The Council of Trade Unions says workers are looking to the government to lead the way to work-life balance, both as an employer and policy-maker. Secretary Carol Beaumont: "Focus groups with union members identified areas where further regulations would improve opportunities for work-life balance, particularly for low-income workers and those in casual and precarious employment. These included regulating reasonable working hours, better leave provisions, breast-feeding breaks and continuing to increase the minimum wage. "

— *Achieving Balanced Lives and Employment, what New Zealanders are saying about work-life balance*, (Department of Labour, July 2004) ISBN 0-478-28008-4, can be downloaded (pdf 504kb, 54 pages) from www.worklife.govt.nz

- The 147 World Trade Organisation member nations have, for the first time, agreed to a framework for focused talks to end export subsidies and cut domestic subsidies on agricultural goods. The agreement is being hailed by some as a first step towards reducing the global trade-distorting export subsidies commonly provided by the EU, US and Japanese governments. And it is being dismissed by others as a deal lacking dates or figures that is ultimately dependent on the goodwill of the same rich countries.

NZ Minister of Trade Jim Sutton describes the decision as "a great step forward", but acknowledges that an actual agreement is still a long way off. Most agree it would be late 2006 before any agreement would be signed and at least 2012 before any meaningful changes are made. Even then, rich countries may easily be able to sidestep them. Massey University professor Allan Rae points out that the EU, responsible for 90% of the world's export subsidies, will replace them with a single "farm payment" which is not likely to be subject to the WTO rules. And "sensitive products" — such as dairy products in the EU or rice in Japan — could be exempted from any deal.

- The Confederation of British Industry (CBI) is calling for the UK government to increase the basic state pension by £20 per week and to pay for it by lifting the retirement age to 70 years. The CBI says such a move would put paid to the looming pensions crisis that will see, over the next 40 years, the number of UK pensioners rise from 10.8 million to 15.3 million. Yet company pension schemes, according to CBI figures, have already sunk into a £100 billion deficit and just stabilising them will cost employers £6b a year in extra contributions.

Unions accuse the CBI of proposing a "work till you drop" policy. The Trades Union Congress general secretary Brendan Barber says that employees will be angry that their employers are suggesting they should work until they are 70 years, especially as the CBI is lobbying for legislation that would allow employers to force people to retire at age 65.

ISSN No.1172-6695 Produced by the Jobs Research Trust, a not-for-profit charitable trust constituted in 1994.

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

The Jobs Research Trust is funded by sustaining grants and donations. Yes, you can help.

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