

The Jobs Letter

No. 216

14 October 2004

Essential Information on an Essential Issue

KEY

MAYORS' ELECTION RESULTS
ECONOMY WIDE SKILLS SHORTAGES
CHILD POVERTY AND HEALTH
DESIGNING CAREERS
AGEING WORKFORCE

- The greatest common **problem** expressed by businesses is still their difficulty in **finding suitable workers**, according to the latest Institute of Economic Research (NZIER) survey of business expectations over the next six months. The proportion of firms (22%) who say labour is the one factor most limiting their ability to increase turnover is at a very high level. NZIER's Doug Steel: "One firm in two report difficulty in finding skilled labour and one in three finds even unskilled labour hard to come by."

The economy is maintaining its strength with new orders, output and sales all at high levels, as are staffing levels and overtime. Meanwhile, firm's capacity use — how hard they are running their plant and machinery — is at the highest level since the survey began in 1961.

The worker scarcity is giving rise to **concerns about wage inflation**. NZIER suggests wages could accelerate to 4 or 5% over the next 18 to 24 months. This will put pressure on businesses to increase their prices which would encourage the Reserve Bank to further lift interest rates.

- Poverty must be eliminated if we are to improve the health of New Zealand's children. The Public Health Advisory Committee has published a report that says **child poverty** has almost doubled since 1988, with one in three children estimated to be living in poverty. It calls on the government to develop an official measure of poverty and to commit to the reduction of child poverty by at least 30% by 2007. It also recommends that an appropriate agency be assigned the responsibility for co-ordinating government policy and monitoring the effects of health disparities.

DIARY

27 September 2004

The average weekly NZ income from wages alone was \$348/wk in the June quarter. Stats NZ says this is up 4.6% due to a 3.2% rise in pay and a 3% increase in the number of people in paid work. The average individual income from all sources was \$554/wk.

Consumer confidence rose to the highest level in nine years over the September quarter, according to the Westpac-McDermott consumer confidence index.

Just 52% of new secondary teachers are effective in all areas they teach in, according to the Education Review Office. The office recommends strengthening support for new teachers.

The report: "Tackling health inequalities cannot be the task of the health system alone. Health inequalities are also powerfully affected by the broader pattern of public policy. Breaking cycles of disadvantage offers government one important lever for change. Interventions that get children and young people off the pathway of poor education and poor chances of employment are not only good in themselves but also diminish health risk. Equally important are policies that deal directly with the broader structure of inequality. Making sure that people not only have the work skills and access to childcare that enable them to take up employment, but also that there are enough jobs providing sufficient income is one important role for policy. Another is access to sufficient income support for those unable to work. Good quality, affordable housing, and life long opportunities for education are important for everyone."

— *The Health of People and Communities, A Way Forward: Public policy and the economic determinants of health* October 2004, published by Public Health Advisory Committee ISSN: 1176-1520 can be downloaded (PDF, 75pg, 458kb) from www.nhc.govt.nz/PHAC/publications/health.pdf

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DIARY

28 September 2004

The government releases a discussion document that invites comment on its priorities for the tertiary education system. Tackling skills shortages and promoting excellence in teaching are among its top priorities. *Statement of Tertiary Education Priorities 2005/07* published by the Ministry of Education in 2004 can be downloaded (PDF, 23pgs, 510kb) from www.beehive.govt.nz/Documents/Files/STEP2004.pdf

29 September 2004

The government launches a new Jobs Jolt partnership with the roading industry.

The manufacture of urea will continue in Taranaki after producer Ballance Agri-Nutrients secures a new one-year contract for supply of natural gas, the raw ingredient of urea. The future of the 1980s Think Big plant had been in doubt unless a source of gas was found. The plant has 105 employees.

2 October 2004

The house building boom is quietening. Dwelling consents fell by 4.8% last month and were down 19.4% from last year's level.

- The latest local body elections has seen **many mayors change** around the country. 40% of the mayors involved in the Mayors Taskforce for Jobs have either retired or were defeated at the polls.

Taskforce chairman, Garry Moore, was re-elected in Christchurch with a substantially increased majority. In Auckland City, incumbent John Banks (who was not a member of the Taskforce) was soundly beaten by new Mayor Dick Hubbard who says he now will bring Auckland City into the national initiative.

Four Taskforce core group mayors (from Dunedin, Kaipara, Hauraki and Rotorua) **have retired from office**, and long-serving Buller Mayor Pat O'Dea was defeated at the election (along with all the other West Coast mayors).

Garry Moore and Mayors Taskforce for Jobs executive officer Jan Francis say they are confident that most of the new mayors will participate in the Taskforce, although this will be confirmed with the 25 new mayors in coming months. At this stage they have had no indication that any of the participating cities or districts with new mayors intend to withdraw.

The Mayors Taskforce core group, which is self-selecting, intends to meet at Local Government NZ in Wellington on November 18 to review roles and reset the direction for the Taskforce over the next three years.

- A pilot programme aimed at helping **young people** plan their move beyond school is to begin in 75 schools next year. Minister of Education Trevor Mallard says the \$5.5 million two-year Designing Careers pilot is part of the government's Youth Transitions Budget package announced earlier this year and should reach more than 15,000 students.

The programme is aimed at helping Year 10 (age 14) students develop **career management skills** through the use of individual learning and career plans. These plans will help students decide which subjects or courses to follow at school, and help them decide what to do in terms of further education or work after they leave school. The pilot will also target Year 11, 12 and 13 students who are at risk of not making successful transitions from school. Career Services will provide the support and resources for participating schools and special online resources will also be made available.

Mallard: "We need to make sure our teenagers are armed with the right information and skills to make good choices about where to next. We believe it's important both economically and socially for all people to have goals, and have the means to reach those goals in the workforce and in education and training."

— a list of schools included in the Designing Careers pilot can be found at: www.careers.govt.nz/PDF/Designing_Careers_Pilot_schools.pdf

- A partnership with the roading industry is the latest in the government's Jobs Jolt package and it will see up to 200 unemployed people **trained in road construction** over the next year. Work and Income is contracting InfraTrain, the industry training organisation for roads, to organise the training. Others involved in the partnership are employer groups Roothing NZ and the New Zealand Contractors' Federation. Training programmes are already operating in Northland, Auckland and Dunedin, with plans to expand to Waikato and Wellington.

ELECTIONS

LOCAL AUTHORITY

ELECTIONS 2004

Changes affecting the Mayors Taskforce for Jobs

CHAIRMAN

Mayor of **Christchurch**, Garry Moore, re-elected

DEPUTY CHAIR-PERSON

(former Mayor of **Dunedin**, Sukhi Turner, has retired)

CORE GROUP MEMBERS

Mayor of **Invercargill**, Tim Shadbolt, re-elected

Mayor of **Porirua**, Jenny Brash, re-elected

Mayor of **New Plymouth**, Peter Tennent, re-elected

Mayor of **Far North**, Yvonne Sharp, re-elected

Mayor of **Southland**, Frana Cardno, re-elected unopposed

Mayor of **Waitakere**, Bob Harvey, re-elected

Mayor of **Taranua**, Maureen Reynolds, re-elected

Mayor of **Nelson**, Paul Matheson, re-elected (former Mayor of **Kaipara**, Graeme Ramsey, has retired)

(former Mayor of **Rotorua**, Grahame Hall, has retired)

(former Mayor of **Hauraki**, Basil Morrison, has retired)

(incumbent Mayor of **Buller**, Pat O'Dea, unsuccessful at re-election)

OTHER TASKFORCE MEMBERS

Ashburton, new Mayor Bede O'Malley (defeated incumbent Murray Anderson)

Banks Peninsula, Mayor Bob Parker, re-elected

Buller, new Mayor Martin Sawyers (defeated incumbent Pat O'Dea)

Central Otago, Mayor Malcolm Macpherson, re-elected

Clutha, Mayor Juno Hayes, re-elected

Dunedin, new Mayor Peter Chin, (replacing Sukhi Turner who has retired)

Gisborne, Mayor Meng Foon, re-elected

Gore, new Mayor, Joshua Hicks, (replacing Owen O'Connor who has retired)

Grey, new Mayor Tony Kokshoorn (defeated incumbent Kevin Brown)

Hamilton, new Mayor Michael Redman (defeated incumbent David Braithwaite)

Hauraki, new Mayor John Tregidga, (replacing Basil Morrison who has retired)

Horowhenua, new Mayor Brendan Duffy, (replacing Tom Robinson who has retired)

Hurunui, new Mayor Garry Jackson (defeated incumbent Tony Arps)

Hutt, new Mayor David Ogden (defeated incumbent John Terris)

Kapiti, Mayor Alan Milne, re-elected

Kaikoura, new Mayor Kavin Heays (defeated incumbent James Abernethy)

Kaipara, new Mayor Peter King, (replacing Graeme Ramsey who has retired)

Kawerau, Mayor Malcolm Campbell, re-elected unopposed

Mackenzie, new Mayor John O'Neill, (replacing Stan Scorringe who has retired)

Manawatu, Mayor Ian McKelvie, re-elected unopposed

Manukau, Mayor Sir Barry Curtis, re-elected

Marlborough, new Mayor Alistair Sowman (defeated incumbent Tom Harrison)

Masterton, Mayor Bob Francis, re-elected

Matamata-Piako, Mayor Hugh Vercoe, re-elected

North Shore, Mayor George Wood, re-elected

Opotiki, Mayor John Forbes, re-elected unopposed

Otorohanga, new Mayor Dale Williams, (replacing Eric Tait who has retired)

Palmerston North, new Mayor Heather Tanguay (defeated incumbent Mark Bell-Booth)

Papakura, new Mayor John Robertson, (replacing David Buist who has retired)

Queenstown-Lakes, Mayor Clive Geddes, re-elected unopposed

Rangitikei, Mayor Bob Buchanan, re-elected

Rodney, Mayor John Law, re-elected

Rotorua, new Mayor Kevin Winter, (replacing Grahame Hall who has retired)

Ruapehu, Mayor Sue Morris, re-elected

Selwyn, Mayor Michael McEvedy, re-elected unopposed

South Taranaki, Mayor Mary Bourke, re-elected

South Waikato, new Mayor Neil Sinclair, (replacing Gordon Blake who has retired)

Stratford, Mayor Brian Jeffares, re-elected

Tasman, Mayor John Hurley, re-elected

Taupo, Mayor Clayton Stent, re-elected

Tauranga, new Mayor Stuart Crosby (defeated incumbent Jan Beange)

Thames/Coromandel, new Mayor Philippa Barriball, (replacing Chris Lux who has retired)

Timaru, new Mayor Janie Annear, (replacing Wynne Raymond who has retired)

Upper Hutt, Mayor Wayne Guppy, re-elected

Waikato, Mayor Peter Harris, re-elected

Waimakariri, Mayor Jim Gerard, re-elected unopposed

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Waimate, new Mayor John Coles (defeated incumbent David Owen)

Wairoa, Mayor Les Probert, re-elected

Waitaki, Mayor Alan McLay, re-elected

Wanganui, new Mayor Michael Laws (defeated incumbent Chas Poynter)

Wellington, Mayor Kerry Prendergast, re-elected

Westland, new Mayor Maureen Pugh (defeated incumbent John Drylie)

Whakatane, new Mayor Colin Holmes (defeated incumbent Colin Hammond)

Whangarei, new Mayor Pamela Peters, (replacing Craig Brown who has retired)

NOT YET TASKFORCE MEMBERS

Auckland, new Mayor Dick Hubbard (defeated incumbent John Banks)

Carterton, new Mayor Gary McPhee (defeated incumbent Martin Tankersley)

Central Hawkes Bay, Mayor Tim Gilbertson, re-elected unopposed

Chatham Islands, Mayor Pat Smith, re-elected unopposed

Franklin, new Mayor Mark Ball, (replacing Heather Maloney who has retired)

Hastings, Mayor Lawrence Yule, re-elected unopposed

Napier, Mayor Barbara Arnott, re-elected

South Wairarapa, new Mayor Adrienne Staples, (replacing John Read who has retired)

Waipa, Mayor Alan Livingston, re-elected

Waitomo, new Mayor Mark Ammon (defeated incumbent Allan Andrews)

Western Bay of Plenty, Mayor Graeme Weld, re-elected

DIARY

3 October 2004

The government is spending a further \$111 million creating an additional 460 secondary school teaching positions next year. The increase is aimed at boosting high school teaching staff numbers to allow teachers more non-contact time.

Extensions to Westland Milk Products factory have been completed which will see 22 jobs added to the workforce.

5 October 2004

Air NZ will cut its engineering services workforce by 100 people but has not yet said how the cuts would be divided between its Auckland and Christchurch sites.

Giant dairy co-operative Fonterra lifts its forecast payout by what should result in an average of \$20,000 more income for each of its 12,000 farmer members.

Roading NZ's chief executive Chris Olsen: "The partnership is an important initiative to avert a potential skill shortage in the roading industry as a result of the government's extra \$5 billion spending on transport over the next decade."

Roading joins the hospitality, retail, trucking and trades industries in partnering with Work and Income to provide unemployed people with entry level skills training.

- Chinese **immigrant job-hunters** find it harder to get seen by recruitment agencies than New Zealanders do, despite having the same skills. Victoria University researchers sent resumes from four fictional people — two immigrant Chinese and two New Zealanders — to 85 technology recruitment agencies in Auckland, Wellington and Christchurch. The four job hunters were given comparable qualifications and experience in the same companies overseas. The two Chinese had permanent residency and the resumes showed no lack of English language skills. The researchers found that in 27% of cases the Chinese applicants were told there were no job opportunities and contact with the agency was terminated. That happened to just 3% of cases for the New Zealanders. The Chinese candidates were also less likely to be actively recruited. Only 9% of the recruitment agencies requested contact and further information from the Chinese, while 28% sought the same for the New Zealanders.

Researcher Dr Anne-Marie Masgoret says the results showed Chinese migrants were clearly disadvantaged compared with New Zealanders. Masgoret: "It is hard to say if the reluctance is from the recruitment agencies or the employers they cater for. All we can determine is that the Chinese applicant was disadvantaged over the New Zealand one. We gave them the same experience so the only thing it can come down to is preference to New Zealanders." Masgoret says New Zealand might be disadvantaging itself by **overlooking the value** of Chinese applicants. There was a need for highly skilled employees but when they arrived they were not allowed to get their feet in the door.

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6 October 2004

Fonterra's fire-damaged Tuamarina cheese factory in Marlborough will not be rebuilt. 40 staff at the plant are affected.

7 October 2004

The Australian economy added 63,500 jobs in September, the most in one month for over two years. The Australian unemployment rate is 5.6%.

8 October 2004

Small non-farming businesses have out-performed the economy as a whole over the last quarter. The National Bank *Small Business Monitor* says small businesses have been flourishing on the back of the housing market boom and the services sector.

The *Monitor* also found that 20% of small businesses identify the lack of skilled workers as their biggest problem. This has been the single greatest concern for small companies since the beginning of 2004.

Fifty jobs are lost as the Bay of Plenty Meat Packers in Tauranga closes its doors, shifting its operations to Auckland.

Teachers are choosing not to apply for middle management jobs because of the increased workloads created by NCEA, according to school principals. The Post Primary Teachers Association says the extra \$3,000 paid to heads of departments is not sufficient encouragement when people look at the workload. Schools are experiencing an exodus of heads of departments that principals say is difficult to fill.

- Many New Zealand employers appear to be naive about the problems they will soon confront due to the country's **ageing workforce**. Recruitment company Hudson Global has found that more than half of the New Zealand employers it surveyed do not consider the ageing workforce as a serious business issue, even though governments around the world are predicting dramatic population and workforce changes. Huge numbers of older people will leave the workforce taking with them valuable experience, to be replaced by a fraction of their number in younger workers.

Compounding the ageing workforce issue is the **stereotyping** that is common among younger staff. Hudson's Ross Wright says that younger workers perceive older workers to be somewhat of a roadblock, to be tolerated not treasured. Wright: "They are not thinking about the knowledge that sits inside the heads of some of these older workers."

Wright says that in order to **retain older workers** longer, companies need to find a way to redesign their jobs in ways that retain value and are attractive for them. Work/life balance issues change as people age, and organisations can retain the skills and experience of their elders if they offer options like reduced hours or putting them in mentoring roles. Fewer than half the organisations in the Hudson survey are taking any formal steps to help older workers pass on their knowledge.

- The government has launched an investigation into the **fishing** industry to find out whether **foreign crews** are being paid in line with New Zealand law. Allegations have been made in Parliament that employers make significant deductions for accommodation and food, effectively paying foreign crew less than the minimum wage.
- The Council of Trade Unions is calling for the investigation to go beyond the pay and conditions of foreign fishermen and to look at what New Zealanders are paid in the fishing industry. Secretary Carol Beaumont says the government needs to have a serious look at the industry to determine whether domestic wages are too low to attract New Zealand workers.

Foreigners are only allowed to work domestically when there is a **shortage of New Zealanders** to fill positions and must be paid the "industry standard". But Beaumont points out that few commercial fishermen are part of a collective employment agreement and many are paid according to each voyage's success. Declining hoki catches has seen pay for many fishermen decline and there has been a corresponding shortage of domestic workers willing to go to sea.

Beaumont: "If the industry standard is too low to attract staff and we just keep bringing people in on that rate, we're creating an unsustainable situation. We don't want to see the use of foreign crews keeping wages down at a level that isn't sustainable in a New Zealand context."

- The shortage of qualified crew has meant that Nelson-based in-shore fishing operators are regularly going to sea **short-staffed**, and some are considering recruiting foreigners to plug the gap. Two Nelson companies are already crewing factory trawlers with Filipino workers because of labour shortages. Pursuit Fishing director Mark Roach has

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10 October 2004

The US economy added only 96,000 jobs in September. 73% of the new jobs were either government jobs or were temporary help, with more than half of the new private sector jobs being temporary. The US economy needs to create at least 150,000 jobs per month just to absorb new people entering the workforce.

11 October 2004

An agency advertises in the NZ Herald for qualified social workers in the UK. It offers \$NZ40-\$52/hr and free flights.

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been unable to effectively fill deckhand positions. He says the reasons include lower pay rates linked to declining fish catches, low unemployment, industry pessimism due to an economic downturn in the sector and a general decline in people's work ethics. Roach: "I think it's a sign of the times. There just doesn't seem to be anybody who wants to do it."

- **Forestry**, the flagship of the government's East Coast economic development strategy, is **losing jobs** in the region. Forest owner Earnslaw One, which is taking up ownership of 33,000ha of forest on Crown land, says it will restrict this year's harvest by about 15%, which will see three of the ten contract harvest companies without work. Contractors say many of the best workers have already left the area and many are drifting away from the industry altogether.

Malaysian-owned Earnslaw One bought the forests from a Chinese company that went into receivership about this time last year. Forestry contractor Andrew Montgomery says this is the case of another foreign company coming in and slamming the East Coast after the Crown and Overseas Investment Commission had signed off on it.

Earnslaw One managing director Thomas Song says it is necessary to take a step back before taking a step forward. The company is looking for new markets for its products in China and, if successful, this could become good news for workers. The company intends to build a sawmill in the region, which would employ people as well as give reason to increase the harvest in future years.

- The ageing population is unlikely to be the primary driving force behind increases to the **government's health spending** in the future. Treasury working papers say that although the proportion of older to younger people will increase, better health — measured by the falling disability rates of older people — suggests that older people will not put an ever-increasing demand on health care services. How healthy people are, rather than how old they are, is a more important factor that will drive the demand for future health care services.

The Treasury working paper found that since 1951, growth in the government's health spending has been largely due to changes to coverage (the introduction of new technology and treatments, and redefined social priorities) and rising wages for health workers. It predicts that these cost and wage increases will continue to put greater strain on health spending than the ageing population.

— *Population Ageing and Government Health Expenditures in New Zealand, 1951–2051*, September 2004, New Zealand Treasury Working Paper 04/14. Download (PDF, 28pg, 953kb) from www.treasury.govt.nz/workingpapers/2004/twp04-14.pdf

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