

# The Jobs Letter

No. 222

21 January 2005

*Essential Information on an Essential Issue*

## KEY

THE TSUNAMI ECONOMIC CHALLENGE

NZ RESPONDS TO TSUNAMI

SOCIAL POLICY  
"BIG PICTURE"

SCHOOLS ACCUSED OF  
HOLDING ONTO STUDENTS

## DIARY

21 December 2004

The current account deficit - the gap between the amount NZ buys and sells internationally - climbs to \$8.2 billion which is 5.8% of the gross domestic product. Brian Fallow in *The New Zealand Herald* predicts the deficit to worsen before it improves which should see the NZ\$ lose value and slow the economy.

25 December 2004

Christmas Day.

26 December 2004

A tsunami, generated by a 9.0 Richter earthquake off the coast of Aceh province of the Indonesian island of Sumatra, devastates vast coastal and low lying areas of south Asia and eastern Africa. The death toll may eventually total 300,000 people and leaving at least one million without homes or livelihoods.

27 December 2004

NZ workers' perception of their own job security remains high. A Roy Morgan Research survey found 85% of workers believe their job is safe, a rate similar to last year. In contrast, in 1991 when the unemployment rate was at 10.6%, just 54% of workers felt sure they would have a job for another year.

- The human death toll from the 26th of December tsunami in the Indian Ocean has passed 200,000, and communities throughout south Asia and east Africa are reeling from the impact of these deaths and the destruction of their houses and their livelihoods.

The Asian Development Bank has warned the effects of the tsunami could **impoverish two million** people, and may be the most important long-term effect of the disaster. The bank predicts that 1 million people could fall below the poverty line in Indonesia, and the number of poor in India could rise by 645,000 and in Sri Lanka by 250,000. In the Maldives, where about half the island nation's houses were affected, more than 50% of the population could fall into poverty.

- The UN estimates **500,000 jobs were lost** in the Indonesian province of Aceh, the land nearest to the earthquake epicentre. In Banda Aceh, the provincial capital and main centre for trade, the vast majority of stores remain shuttered. Resident Ramadhan Abdullah: "It's impossible to find money in Banda Aceh now. There's no place to sell the fish and there's no place to get them because the sailors were swept away in the tsunami".

Indonesian Welfare Minister Alwi Shihab says officials are planning a big jobs programme, including reconstruction and agricultural work, but there are few details yet. There may be some cynicism about the government's intentions as it has a huge military presence in the area trying to eliminate Achenese separatists. Until the tsunami, no foreigners, including journalists, had been allowed into the region.

Coastal destruction will have a huge effect on rural fishing communities throughout the region. In some Indonesian villages, 90% of the income and employment came from fishing. Of those who survived, few have any equipment to begin fishing again.

- Farmers face the same **bleak outlook** as fishermen and traders. Moving as fast as 800km/hr, the tsunami levelled areas as far as three kilometres inland. According to Benjamin Horton, of the University of Pennsylvania, the force of the water scraped vegetation loose and deposited marine material — sand, silt and clay — which will cause complete change in the ecosystem. Horton: "It will be a barren environment. The natural environment has to start all over again. The environment will return to its former diversity, plant structure, animal structure, but at the moment it's an ecological catastrophe in these areas."
- In India and Sri Lanka, rice paddies, flooded with salt water, are ruined. Abdelbagi Ismail, senior scientist with the International Rice Research Institute in Manila, says that about 5,000 square kilometres of Indian rice **crops were destroyed**. Ismail: "This is equivalent to feeding about 30 million people every year. That's half the population of Tamil Nadu, the Indian state hardest hit." Across the whole affected region double that area of crops have been wiped out. At least one growing season is certainly lost, and in areas where salt water has seeped into groundwater the effects will last much longer.

# The Jobs Letter

## DIARY

29 December 2004

About 30 jobs are expected to be created in Lower Hutt as Dulux paints and Selleys building products open a high-tech call centre in Gracefield.

1 January 2005

New Year's Day

3 January 2005

The population of China tops 1.3 billion.

6 January 2005

The US economy lost 1.04 million jobs in 2004.

8 January 2005

Unison, the UK public service union, blames the spread of the "MRSA superbug" in the UK on the 45% cut in cleaning staff since the National Health Service allowed the private sector to compete for work.

- U.S. Secretary of State Colin Powell last week announced a \$10 million shelter program for displaced people, and a \$10 million **jobs programme** to put people back to work on cleanup.

Andrew Natsios, head of the U.S. Agency for International Development, calls this aid "a form of occupational therapy" that will help them deal with the state of shock. Natsios: "It also puts money in people's pockets ... and we want to do that to begin to bring local markets back." The cash-for-work programs are a new approach in emergency aid, replacing handouts from trucks, and temporary clinics that eventually leave, with long-haul efforts that involve community leaders, who set their own rebuilding priorities.

"The relief instinct is to just go in and hand out as much as possible to as many people as possible," says Randolph Martin, Mercy Corps' director of global emergency operations. "But what we do in an emergency could undermine reconstruction if we're not careful ..."

- In response to the tsunami devastation, Prime Minister Helen Clark has announced New Zealand's **biggest-ever** international **aid package**. The government will donate a total of \$68 million — \$52 million upfront and \$16 million over the next five years — primarily to UN agencies, in bilateral aid to Indonesia and in support to various NGOs. Clark says the contribution reflected the unprecedented scale of the catastrophe. Clark: "Our judgment is that as a good neighbour, New Zealand should step forward in times of crisis."

New Zealand has 113 Defence Force personnel in the region. Two Air Force Hercules are working alongside the Australian Defence Force in Sumatra. An air force 757 is also working in the region, providing airlift support, a New Zealand medical team is also working with Australian troops in Banda Aceh, and 25 New Zealand police and civilian staff have been deployed to the international disaster victim identification operation in Thailand.

- Oxfam New Zealand has welcomed the government's aid commitment. Executive director Barry Coates says the aid package will assist in longer-term reconstruction, once the tsunami has gone from the headlines. Coates: "This is well-targeted aid that builds on New Zealand's capabilities and experience. This is a crucial time in the relief and reconstruction effort, with the outbreak of disease being a major threat in the most badly-hit areas." But Coates cautions that the humanitarian crisis is not over and the "poverty crisis" of the tsunami may have just begun.

— Donations to the Oxfam's relief effort can be made online at: [www.oxfam.org.nz/](http://www.oxfam.org.nz/)

- To date, more than \$14 million has been donated by the New Zealand public to tsunami relief appeals, a sum that is increasing daily. On a per capita basis, New Zealand has been the 9th most generous nation in offering cash support. Also, many New Zealanders are privately travelling to the devastated areas to help in the relief effort.
- The Ministry of Social Development has published a "big picture" **summary of its social policy**. *Opportunity for All New Zealanders* describes what government is doing to promote social wellbeing and reduce disadvantage. Minister Steve Maharey: "A lot of money — 78% of core government spending — goes into the social sector, mainly through education, health, and social development budgets. We are the first government to explain how this total investment fits with our overall goals for the future of New Zealand. It pulls together more than 70 key social sector strategies, representing the work of more than 30 government agencies."

# The Jobs Letter

## DIARY

9 January 2005

Kaikoura District had the greatest employment growth last year, followed by Opotiki and then Queenstown-Lakes, according to a BERL ranking of 73 NZ territorial authorities. None of the main cities ranked in the top five in any of the seven economic categories surveyed. BERL says the results show it is not just the main urban centres that are the driving force of the growth of the NZ economy.

German industrial conglomerate Siemens will cut more than 1,000 jobs at its Munich plant.

*Opportunity* is the government's follow-up to the state of social wellbeing outlined in *The Social Report 2004* (see Special Feature *The Jobsletter No. 213*). It is broadly structured around the 10 domains of social wellbeing — knowledge and skills, employment, economic standard of living, health, social cohesion, safety, civil and political rights, national identity, leisure and recreation, physical environment. It identifies key objectives and maps central government activity for each domain.

The report identifies five critical social issues as priorities for interagency action over the next three to five years:

- improving educational achievement among low socio-economic groups;
- increasing opportunities for people to participate in sustainable employment;
- promoting healthy eating and healthy action;
- reducing tobacco, alcohol and other drug abuse;
- minimising family violence and abuse and neglect of children and older persons.

*Opportunities*: "This isn't a task for the Government alone. Individuals and their families, neighbourhoods, communities, iwi, and the business and local government sectors all have roles to play. Achieving these goals will mean all New Zealanders have the opportunity to fulfil their potential, prosper and participate in the social, economic, political and cultural life of their communities and nation.

The report says it is best read alongside *Sustainable Development for New Zealand* — the government's overarching programme of action for a sustainable future and *The Growth and Innovation Framework*, which sets out a strategy for economic development.

— *Opportunity for all New Zealanders*, 16 December 2004, published by the Ministry of Social Development, can be downloaded (Word 89pg, 1.63mb — also available in pdf) from [www.msd.govt.nz/opportunity-for-all](http://www.msd.govt.nz/opportunity-for-all)

## VOICES

### on OPPORTUNITY FOR ALL NZERS

"Social development means a commitment to equality of opportunity and a fair go for everyone. It means providing social protection for vulnerable New Zealanders: a helping hand during hard times. And it means investing in our people, our future: spending the money today that will ensure better health, education and employment outcomes tomorrow. Social development also requires us to target areas of persistent disadvantage, so we can all enjoy equal opportunities for employment and a good standard of living. Opportunity for All New Zealanders sets out the Government's programme for tackling disadvantage and improving equality of opportunity. It shows how New Zealand's social sector agencies are working together to find workable solutions to complex problems."

— Steve Maharey, Minister for Social Development and Employment

"So there you have it, folks. The government has declared war on ignorance, uselessness, obesity, addiction and violence. But not poverty, although the five priorities are poverty-related. Probably Maharey believes his own publicity and the government thinks it has got poverty on the run."

— Bob Edlin, *The Independent*

"The social plan has nothing to say about the social and economic costs of child poverty, nor does it build any constituency for understanding the seriousness of the problem, as has been the approach in the UK. Meantime the new Working for Families package will leave many of the most vulnerable children out in the cold for many New Years to come. Like a bad New Year's Day hangover, the personal responsibility rhetoric so beloved of Winston Peters and Jenny Shipley in the mid '90s persists in the plan."

— Susan St John, Child Poverty Action Group

"The plan seems to confirm a scary willingness to leave around 175,000 of the poorest New Zealand kids further behind. The plan features a preponderance of fairly thin rhetoric and flimsy 'participatory' processes aimed at making people and communities feel they're included and in 'improved relationships' with each other. Communities and government working closely together is just a very small part of the answer. Without more funding and more money in the pockets of poorest families, it can be a recipe for shifting responsibility down to local levels. If the minister is serious here, he won't ask communities to carry the can for what should be central government responsibilities."

— David Craig, Child Poverty Action Group

# The Jobs Letter

## DIARY

10 January 2005

The size of the average NZ student loan debt has increased by \$2,661 since the government came into office. In response to a written parliamentary question by ACT MP Deborah Coddington, the government says the average student loan debt — which was \$11,885 at the end of 1999 — had increased to \$14,547 at 30 November 2004.

Chinese officials estimate the country will have 25 million unemployed people in 2005. Fourteen million were unemployed at the end of 2004 and some 11 million people — for whom there are no jobs — are expected to enter the labour market this year. 3.4 million of the new entrants will be university graduates. The Chinese government only measures urban unemployment and if rural workers were taken into account, the number of unemployed would be twice the official estimate.

- Southland trade training groups say schools are rewarded for keeping “bums on seats” rather than planning career paths that could get **young people into the workforce** as soon as possible. Southern Group Training Trust manager Glenys McKenzie says Southland schools are not encouraging young people into trade-based professions because they receive more funding if students stay at school. McKenzie: “Too many students are being pushed towards unsuitable university study. It is getting harder and harder to find enough suitable would-be apprentices, despite the publicity around the skills shortage in trades. This is due to inadequate careers advice in schools.”

Some employers are concerned that **school leavers are unaware** of the opportunities that lie within the trades. Engineering firm The Walker Group chief executive Mark Hosie says schools are failing to deliver the right information to school leavers about career choices. Hosie: “Schools have lost sight of their main purpose, which is to prepare young people for the workforce. Emphasis is placed on traditional university training or ‘glamour’ fields, such as information technology or graphic design. The trades have an image problem which schools are not doing enough to rectify.”

- James Hargest High School principal Paul O’Connor says he is “mortified” to hear such criticism, saying his school would never consider its own welfare when advising a student about their career path. O’Connor: “I would be surprised if a school had that mindset. However, most students benefit from staying at school for as long as they can. It is unfair to blame schools for a shortage of skilled tradespeople. Rather, this is due to the dismantling of the apprentice scheme in the early 1990s. Sometimes the best education is from means other than traditional but generally students are better off with a formal education.”
- Employers say they don’t know how the three-year-old national secondary qualification system works. This month, 140,000 students received their National Certificate in Educational Achievement (NCEA) results but Drake International Christchurch manager Libby Hilder says she, and many of the employers her company helps recruit staff for, have no idea how to **interpret** the results. This year, failed grades have been left off student’s **NCEA result reports**, leaving only marks for their passes (graded as achieved, merit or excellence).

One student who did not want to be named told the Christchurch *Press* he was dismayed to find a non-achieved mark in one of his subjects not recorded on his report. The student: “This new qualification is meant to give more information to employers but in my opinion it is not giving half as much information as it only highlights the good and does not show the bad.”

- New Zealand Qualifications Authority (NZQA) group manager Kate Colbert says not-achieved marks are not recorded because the results are a record of what a student can do, not what they can’t do. Colbert: “It is not important for an employer to know what was not achieved. Not achieved doesn’t mean anything. It doesn’t mean you can’t do it. It might mean the teacher didn’t get up to that bit, or a school entered a student in a subject that they just weren’t going to achieve. Others might not have worked hard enough.”

Colbert says 130,000 brochures explaining how the NCEA works will soon be sent to employers. Information for employers is available at [www.nzqa.govt.nz/](http://www.nzqa.govt.nz/)

- The nation’s schools look set to face the start of their year with more than 200 secondary **teaching job vacancies** and nearly 140 primary school

# The Jobs Letter

## DIARY

11 January 2005

Ugg boot manufacturer Canterbury Leather International has been unable to fill 22 unskilled and skilled positions, despite newspaper advertising since mid-December.

12 January 2005

A team of Waikato tradesmen is to travel to Sri Lanka to build homes in the town of Matara.

13 January 2005

Beneficiaries may be eligible for millions more dollars of income support after a high court judge rules that a Christchurch invalid beneficiary was wrongly denied a special benefit to service a loan she took out to pay her everyday expenses and medical costs. Work and Income is appealing the decision.

Australian unemployment drops to 5.1%, the lowest rate since the mid-1970s.

14 January 2005

Hawkes Bay fruit growers launch a website in a drive to find staff to work this year's pipfruit, stonefruit, berry and grape harvests. Pick NZ, which will post all seasonal and permanent jobs in Hawkes Bay horticulture, can be found at: [www.picknz.co.nz/](http://www.picknz.co.nz/)

vacancies. Post Primary Teachers' Association president Phil Smith says many schools will start back without enough teachers and the pressure will be on to fill the gaps. Some children may have to be taught by relievers and classes could be doubled up. Smith says funding for extra staff this year means schools are able to hire more teachers and this has contributed to the large number of vacancies. Smith: "Schools were notified of an extra 460 teachers in late September so it's not surprising there's a large number of vacancies."

- But Associate Minister of Education David Benson-Pope says there are fewer vacancies than there were at this same time last year and he believes the government action to retain teachers in the profession by improving pay and conditions has helped to reduce the teacher shortage. Benson-Pope: "The government has established 1,800 extra secondary teaching positions since the start of 2003. The fact that there are fewer vacancies this year despite the increased workforce shows teacher supply policies are working." The secondary teacher workforce vacancy rate is 1%. Most of the vacancies are in mathematics, physics, technology and te reo Maori.
- New Zealand is now graded as a **low middle-income country** in line with Spain, Slovenia, the Czech Republic Greece, Portugal, Israel, South Korea, and Hungary according to an OECD study. *Purchasing Power Parities*, based on 2002 data, compared prices of goods as a ratio of gross domestic product per person. The result puts New Zealanders well down the scale of personal purchasing power.

But New Zealanders aren't going without. Bank of New Zealand chief economist Tony Alexander says that New Zealanders, instead of earning enough to afford the lifestyle they want, go **into debt** in order to buy the luxury items people in richer nations have. As a result, New Zealanders have the worst savings rate (-10%) in the OECD.

Why aren't New Zealand workers paid more? Alexander speculates that New Zealand has a generally "acquiescent" workforce. Alexander: "One explanation for generally low wage growth in the past 10 years is the work force not demanding it — probably because of the memories of really high unemployment. It was pretty bad in the early '90s and late '80s. There's a hangover from that which has made people reluctant to chase after the big money. We have preferred job security." He says this could change with the tightening labour market.

- The **minimum wage** will be increased from 21st March. The adult rate will rise from \$9 to \$9.50 per hour and the rate for people aged 16 and 17 will rise from \$7.20 to \$7.60. Minister of Labour Paul Swain says he is putting the rate up to provide beneficiaries with a realistic incentive to work. Swain: "We believe this increase provides the right balance between benefits for low-income workers while minimising negative impacts for employers". About 35,000 adults and 6,500 young people will be affected by the rises.
- The Council of Trade Unions says the 5.6% increase in the minimum wage is a signal by government for employers to follow suit on wage rises. President Ross Wilson says private sector employers have been slow to recognise the need to increase pay packets despite persistent skills shortages.

The government has raised the minimum wage by 36% since it took office in 1999 and Wilson points out that, contrary to employer's warnings, raising the minimum wage hasn't deterred employers from hiring.

- Green Party MP Sue Bradford wants the minimum wage to be lifted more. Bradford says raising the minimum wage to \$12 per hour would be a key

# The Jobs Letter

## DIARY

15 January 2005

Police are failing to meet targets for attending emergency callouts because they don't have enough frontline staff to do the job, according to their union. The Police Association says NZ needs 1,300 more officers to meet the level of policing in Australia. The ratio of police to population in NZ is about half what it is in France.

17 January 2005

ACT MP Muriel Newman outlines welfare proposals that include the introduction of a single "emergency" entitlement—replacing the unemployment, sickness, invalids and domestic purposes benefits—that would have all beneficiaries reapply for a benefit annually, and have a "time-limited work-search period."

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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](http://www.jobsletter.org.nz)

step the country needs to take to lift a generation of children out of poverty. Bradford: "At a time when many employers have difficulty finding staff, it is ridiculous that minimum wages remain so low, and that the government has to spend so much taxpayer money propping up employers through various forms of family support and the accommodation supplement."

- The government will take a hard line on foreign fishermen who jump ship to work **illegally in the horticulture** industry — but not until next season. As part of a strategy to address seasonal labour shortages on orchards, farms and vineyards, Minister of Immigration and Labour Paul Swain has put the industry on notice that illegal workers will not be tolerated. However, despite a spate of foreign sailors jumping ship in "vanloads" in November and December, the orchards and vineyards crackdown will not begin until next summer. Swain says it wouldn't be fair to start this season when the government had only started talking with the industry about the issue three months ago. Swain says with low unemployment, growers and pack houses need short-term workers. Industry sources estimate up to 30% of horticultural workers have invalid permits.

So far, 107 (mostly Vietnamese or Indonesian) fishing crew who jumped ship in the past year remain at large. Their number is well overshadowed by the 20,000 overstayers in New Zealand.

- **Tsunami Generosity.** When the Tsunami struck on Boxing Day, the United States offered a polite nod of condolence with the announcement of \$15m in disaster relief. A week later, the President George Bush was persuaded to increase the donation to \$35m ... still less than what he was intending to spend on his inauguration party this month.

It was only at the end of the following week, when the death toll was heading past 100,000 and the US contribution was starting to look feeble compared to the rest of the world, that the administration multiplied it tenfold and sent in the marines. The president also enlisted his two predecessors, George Bush Snr and Bill Clinton, to launch a major private fundraising appeal.

- According to Julian Borger in the Guardian Weekly, this change was galvanised by the remarks of a Norwegian UN official, Jan Egeland, who told a press conference that while the UN had set a goal for rich countries to give 1% of their income to the poor world each year ... no country had met that target. Most wealthy countries contribute between a tenth and a fifth of 1%. Egeland: "Many of the rich countries were more generous when we were less rich ... and it is beyond me why we are so stingy, really."

President Bush and Secretary of State Colin Powell have bristled at the "stingy" remark, and Powell declared that Americans were "the most charitable group of people on the face of the earth". It seems that most Americans believe it. A recent poll found that most Americans believe that their country spends 24% of its Budget on aid to poor countries.

The UN figures tell a different story: The US gave 0.14% of its gross national income in official development assistance in 2003, putting it last on a table of 22 rich industrialised nations. New Zealand gives 0.24%. Only the Scandinavian countries give anything close to 1% of their income.

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