

The Jobs Letter

No. 229

4 May 2005

Essential Information on an Essential Issue

KEY

BENEFIT NUMBERS AT
RECORD LOWS

AGE CHASM: YOUNG
WORKER NUMBERS NOT
INCREASING

MAYORS MEET WITH
POLITICAL PARTIES

EVERY CHILD COUNTS
FLEXIBLE WORKING HOURS

SIMPLE SOLUTION:
PAY MORE

DIARY

11 April 2005

The International Business Owners Survey undertaken by accountancy firm Grant Thornton shows that 50% of business owners say the greatest constraint on expansion for New Zealand businesses is the lack of availability of a skilled workforce. This is nearly twice the global average of 28%, and evidence that the skill shortages faced in New Zealand are amongst the most severe in the world.

12 April 2005

The Institute of Economic Research's quarterly survey of business opinion has found that companies are feeling the squeeze from mounting costs and the tight labour market.

Up to 120 of the 500 jobs at the Correspondence School could go as management tries to deal with a \$6 million deficit.

13 April 2005

A National Party proposal to tackle illiteracy would give vouchers for after-hours tuition to parents whose children are struggling to read.

- The number of working-aged New Zealanders on the **unemployment benefit has dropped** by a record 27% over the last year and by 62% since 1999. Figures released by the Ministry of Social Development show the number of people on unemployment benefits has fallen by more than 20,200 over the past year and now stand at less than 55,000 — the lowest figure in nearly 20 years. In total there are more than 85,000 fewer people on unemployment benefits than there were five years ago.

And the number of sole parents on the domestic purposes benefit has fallen below 100,000 for the first time since 1995. There are now around 98,112 sole parents on the benefit — over 3,000 fewer than a year ago and nearly 6,000 fewer than in December 1999.

The overall number of working-aged New Zealanders on **all welfare benefits is down** to 292,000 — 21% fewer than in 1999 and this is the first time in 16 years the figure is below 300,000. The figures do not include the growing number of people on pensions.

Since 1999, fewer than 7% of people moving off the unemployment benefit went onto a sickness benefit. Minister of Social Development Steve Maharey says this figure confirmed that the huge fall in unemployment benefits has been because people have moved into jobs, not a result of people moving onto sickness benefits.

- New Zealand will face **permanent labour shortages** within five years because of our rapidly ageing population, according to recruitment agency Drake. *The Age Chasm* report says the 45-plus age group will account for 42% of the workforce in 2011, up from 27% in 1991. Drake NZ general manager Gay Barton says employers will find it harder and harder to maintain staffing levels within their preferred 18- to 35-year-old band because there will be little or no growth in the size of that group of workers. Barton believes older workers are currently being underutilised due to workplace ageism and government policies that support early retirement.

—*The Age Chasm*, April 2005, published by Drake International, can be ordered online at www.drakeintl.com/exitinterview/enquiry.asp

- *Election Year* : The Mayors Taskforce for Jobs has met in Wellington with representatives of the main political parties to discuss their employment policies and to see if they would actively support the Mayoral push for **youth and job guarantees**. Because many of the parties have yet to publicly release their election policies, the Mayors took the opportunity to lobby the parties on how they can help ensure that all young people under 25 are either “learning or earning” ... and how to address the chronic skill shortages being faced by many sectors in our growing economy. Taskforce chairman Garry Moore told the meeting that he wanted the Taskforce's objectives to be embraced by all political parties, and to be seen as an apolitical cultural goal for all New Zealanders.

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14 April 2005

The Poverty Indicator Project (PIP) says that despite a booming economy and low unemployment rates, there remains a group of people in NZ society who have complex social and health issues and who do not easily fit within broad government assistance programmes. While numbers of people requiring foodbank assistance has generally decreased, foodbank staff report that the level of complex issues that many people face who are seeking food assistance has increased.

15 April 2005

A United Nations summit discusses new regulations for multinational businesses. The proposals could see international human rights laws applied to some of the world's biggest companies.

There is concern at the UN summit that international supermarkets have grown too powerful as the world food industry becomes increasingly concentrated on a few hands. An investigation by ActionAid has found that women workers in South Africa who help grow fruit that is retailed in Britain's biggest supermarket chain, Tesco, are enduring poor wages and pitiful conditions. Tesco announced record profits of more than £2bn last year. ActionAid: "The increasing market power of supermarkets is really undermining the fight against poverty."

18 April 2005

A court decision to fine a firm \$8,000 for not doing enough to help an overworked employee is seen as a wake-up call for employers.

The May Budget will rebuild work-based saving schemes. Minister of Finance Michael Cullen says the Budget will include "a set of mechanisms" that will encourage workers to use the savings schemes. The Budget will also resolve tax anomalies that dissuade saving and include new ways to help people buy their own first house.

David Skilling of the New Zealand Institute doesn't believe the policies Cullen describes will be enough. Skilling says too often NZ governments settle for half-measures that don't fix the problems. Skilling believes it will only be by embracing bold policy changes that many New Zealanders will develop a meaningful asset-ownership stake and warns that unless this happens, NZ will soon be facing serious social pressure.

The political representatives speaking to the meeting included Dr Wayne Mapp (National), Brian Donnelly (NZ First), Paul Adams (United Future), Monte Ohia (Maori Party), Sue Bradford (Green), Ken Shirley (ACT) and the Minister of Social Development and Employment Steve Maharey (Labour).

- Steve Maharey told the Mayors that it is time to **broaden** New Zealand's **employment agenda** by putting a fresh focus on "productivity, participation and skill development". He says these three areas will be a key focus for the government in a third term as it tries to address skill and labour shortages.

Maharey: "We've spent the past five years working hard to reduce the sustained high unemployment of the 1990s. As unemployment has dropped the government has shifted its focus to the quality of employment in New Zealand — not just the quantity of jobs. This has meant more emphasis has been placed on productivity, participation and the skills of workers. It's now time to recognise that these are the employment issues of the future."

"The government and the Mayors Taskforce for Jobs have always shared the vision of full employment. As we move closer to achieving that vision, we should be working together to improve the quality of jobs for both workers and employers..."

- Three more Mayors have joined the Taskforce for Jobs — Barbara Arnott (Mayor of Napier), Lawrence Yule (Mayor of Hastings), and Gary McPhee (Mayor of Carterton), — bringing the Taskforce total to 68 members, or 92% of all Mayors in New Zealand.
- Election year. A campaign that aims to put political focus on the **well-being of children** has been launched in the lead up to this year's general election. The *Every Child Counts* campaign's top priority is to urge all political parties to put children at the centre of policy development and implementation. The overall intention is to see that as policies are developed, measures are taken to assess the impact they will have on children.

The campaigners believe that by starting with the child, rather than the family, the right questions will be asked and flexible policies can be developed to meet children's needs. They say that while families are central to a child's well-being, families come in many forms and this can confuse or distract policy makers. And starting from a families perspective — rather than the child's — there is always a risk that adults' needs will be placed before those of children or adult agendas get in the way of what is best for children.

Barnardo's chairperson Warwick Harvey says a high profile campaign aimed at promoting children is long overdue. Harvey: "The campaign has struck a chord with those who no longer want to stand by and watch as the welfare of New Zealand's children continues to rank amongst the worst in the developed world. I urge all New Zealanders to register their support and ensure that the interests of children are seared into the consciences of politicians and political parties in the lead up to the General Election. We want the interests of children to figure large in the coalition agreement of the incoming government."

The organisations leading the *Every Child Counts* campaign are: Barnardos NZ, UNICEF NZ, Save the Children NZ, Royal NZ Plunket Society, and the Institute of Public Policy at Auckland University of Technology. Thirty organisations have signed up as supporters.

—The website for *Every Child Counts* can be found at www.everychildcounts.org.nz

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19 April 2005

A report by the independent North American Education Policy Institute comparing the affordability of tertiary education in fifteen OECD countries shows that NZ is ranked the least-affordable or second-least-affordable under five of the six measures.

20 April 2005

The Australian government is expected to announce a major jobs strategy in its Budget on May 10. The strategy is expected to encourage older people, sole parents and disability pensioners back into the workforce, including incentives for employers to hire people with disabilities.

Associate Minister of Work and Income Rick Barker urges employers in orchards and packing houses to work harder at attracting labour. Bay of Plenty orchardists have recently warned that low unemployment has created a bleak outlook for "surplus" labour. At the end of January, there were just 906 unemployed people in the Western Bay, 294 of whom were aged over 60.

21 April 2005

Rule changes to the unemployment benefit mean that some seasonal workers will be able to spread their incomes over a full year when being assessed for the stand-down period before they are paid the dole. CTU secretary Carol Beaumont says the moves will benefit thousands of workers who have erratic incomes and will also benefit the industries that depend on seasonal labour.

Dozens of Waikato Institute of Technology staff have been made redundant in measures taken to cut spending.

23 April 2005

One of Auckland's top doctors is warning that chronic junior doctor shortages could lead to major problems this winter in the city's hospitals.

- Legislation may soon enable parents of small children to negotiate **more flexible or part-time hours** with their employer. Green MP Sue Kedgley, author of the private members Flexible Working Hours amendment, says such a change to the Employment Relations Act would increase employment rates for parents with young children and assist parents to better balance work and family life.

Kedgley says overseas studies show that family friendly workplace strategies reduce staff turnover and therefore recruitment costs. They also lower absentee rates, improve morale, and increase employee loyalty and productivity. Kedgley: "Research suggests that many parents drop out of the labour market because they cannot find ways of combining paid work and the demands of looking after young children. Greater opportunities for flexible working will enable some parents who would otherwise leave the labour market to remain in employment at the end of maternity leave. An increased employment rate for parents of young children will have benefits for employers in terms of reduced turnover costs and increased skills retention and continuity of employment."

- Under the proposed scheme, parents who have a child under the age of five (and have been with the firm for at least six months) could specify the changes they want and outline the effects the change would have on their job and the business, and how these could be managed.

Employers would be required to take all applications seriously and deal with them quickly. They will only be allowed to refuse a request on the basis they are unable to reorganise work among other staff, can't recruit more staff to fill in, or if the change will negatively impact on performance or quality. They can also refuse if there is insufficient work to do at the times the employee wants to work. Disputes can be taken to binding arbitration or even on to the Employment Court.

- The government has supported the Bill moving to select committee and this could mean it will have the numbers to become law. The Bill resonates with the Prime Minister's recent call for more women to enter the workforce (see *Jobs Letter No 223*). And the Minister of Finance Michael Cullen says the government is committed to ensuring that the parents of young children have as broad a range of options as possible to participate in the workforce and that employment conditions need to be supportive of working parents.

- Business NZ chief Phil O'Reilly, however, says legislation is not the answer. O'Reilly says employers already know that taking account of staff needs and diversity is the best way to retain staff in a tight labour market and research shows voluntary arrangements are more effective than legal compulsion. He maintains legislation would create more business administration, potential litigation, discourage employment and damage workplace relations. O'Reilly: "A new law isn't necessary. We already have laws against discrimination. The growth in part-time jobs in response to employee wishes indicates there is already a mindset of flexibility among employers."

- Immigration consultant Bill Milnes says that part of the reason employers are finding it increasingly **difficult to employ** the people they need is that the workers they need just aren't there. Milnes says there is a seepage overseas of talented New Zealanders in search of enhanced career and pay prospects. He argues we should replace these people by allowing more people to immigrate to New Zealand.

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24 April 2005

The government is extending the eligibility for paid parental to include women who are self-employed. Parents receive a maximum of \$346 per week on paid parental leave, which now costs the government about \$70 million a year. Under the new provisions, about 2,000 more women per year are expected to take the paid leave, raising the annual cost of the scheme by \$8 million. There are more than 100,000 self-employed women in NZ.

25 April 2005

From mid-year, the amount of money a child can earn tax-free will increase from \$1,040 to \$2,340 per year. But Caritas NZ is concerned that anything done to increase children's participation in the workforce should go hand in hand with improvements in the protection of children at work. A Caritas survey found children generally lacked employment agreements or union cover and some are paid less than \$2/hr. Caritas is also concerned by the number of accidents involving children at work and about those under 14 years old working unsupervised. Caritas spokesperson Lisa Beech says that while the tax change is long overdue, there seems to be little active enforcement of guidelines for working children.

Australia's biggest telecommunications company, Telstra, is "reassessing the performance" of 4,000 senior and middle managers as part of a programme to cut layers of bureaucracy.

26 April 2005

The Australian government convenes a special National Skills Summit, involving major union and employer representatives, which hopes to forge a new consensus on the best ways to solve the skills crisis that is now posing a major threat to economic growth.

The Australian Council of Trade Unions points out it is a major tragedy that amid the skills crisis, nearly 57,000 young Australians are being turned away from a place in the TAFE (polytechnic) colleges each year. ACTU says this is part of the reason Australian businesses are now being forced to look overseas for workers, and billions of dollars of investment in major new mining projects is at risk due to the difficulty companies face in recruiting suitable staff.

The Council of Trade Unions says a more logical solution would be to attract and retain skilled New Zealanders, and this could be achieved by simply **paying them more**. Secretary Carol Beaumont points out the things that could attract skilled migrants to New Zealand are the same things that would keep New Zealanders here, or bring them back. Beaumont blames the seepage of workers overseas on a decade of low pay and lack of investment in training. Australians, on average, earn 25% more than New Zealanders and Beaumont says this is because New Zealand legislation "knocked the guts" out of unions during the 1990s. The result was that pay rates stagnated and working conditions like overtime and penal rates eroded. Beaumont: "Let's not open the floodgates of immigration until we've strengthened the stopbanks by paying people already here more fairly."

- Many **international students** will soon find it easier to get a New Zealand **work permit**. From July, foreign students who have graduated from a course that would meet a skills shortage — as defined by the Immigration Service's Skilled Migrant Category — will be eligible for a six month open work permit. Other changes are that English language students and international students in Year 12 & 13 at school will be eligible to work part-time during the school year; international students undertaking a course of 12 months or more will be able to apply to work full-time over the summer holidays; and partners of international students who are studying in areas of recognised skill shortages and partners of all postgraduate students will be able to apply for an open work permit valid for the duration of their partner's course of study.

Minister of Immigration Paul Swain says the changes better align student immigration policy with government's international education strategy, as well as making sure New Zealand remains competitive in the global market for students. The changes will be monitored by the Department of Labour to see that working international students don't displace local workers but Swain says both Student Job Search and the Ministry of Social Development confirm that to date there is no evidence of local worker displacement. He says if the indicators suggest that there is a risk of this, or if there is evidence of abuse, the policies will be reviewed.

- The NZ Federation of Ethnic Councils is "delighted" with the changes. National president Pancha Narayanan says the new policy allows students to assume a more active role in society and use their new skills for their benefit and the benefit of the country. Increasing the number of hours they can work while studying from 15 to 20 hours per week will help fund their studies, assist in their use of English, and support them in their settlement into New Zealand. Narayanan: "It will provide a bigger pool of employable people to relieve the pressure on employers to find good staff during this period of a generally low level of unemployment."
- Changes to **Australian** immigration policy will allow up to 20,000 more **skilled and sponsored migrants** into the country each year. And people visiting Australia on working holiday visas may qualify to stay for a second year extension, so long as they have spent at least three months doing seasonal harvesting work. The moves are part of the government's strategy to attract new arrivals to fill skills shortages.

Australian Labour Party opposition criticises the move saying the government is seeking to cover for its own failed planning for skill shortages. Spokesperson MP Bob Carr says the government should have been supporting the training of young Australians five years ago to meet the needs of the economy. Carr believes the increase in migrant numbers

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27 April 2005

The National Bank Business Confidence survey shows that confidence among NZ businesses has plummeted, and the economy may face a "hard landing". Nearly half of the firms in the survey are expecting general business conditions to deteriorate over the next year. A month ago, only one in five firms made such a bleak prediction.

The government has committed \$1.8 billion over three years to identify issues affecting work-life balance, and develop tools to tackle the problems.

28 April 2005

The Porirua Youth Transitions Service is launched to meet the needs of an estimated 600 15-19 year olds in Porirua who are not engaged in work, training, or education. The project is part of the partnership between the government and the Mayors Taskforce for Jobs which has adopted the shared goal of having all 15-19 year olds in work or education by 2007.

International Workers Memorial Day ... a time to focus on better workplace health and safety practices. Associate Minister of Labour Ruth Dyson: "At a time when NZ needs fit and healthy, high-performing workers more than ever before, employers can't afford to have people killed, injured, or made sick at work..."

29 April 2005

The government has indicated that the Budget will contain measures to ease student debt.

A survey by the NZ University Students Association and the Educational Institute has found that 70% of primary and early childhood teachers feel stressed because of their student loan, and 48% who left NZ said their loan was the main reason for going overseas.

30 April 2005

Allied Workforce managing director Simon Hull says that labour shortages have been good for casual workers, who are more valued in industry now than they were ten years ago. The company, which hires out 2,500 workers throughout NZ every day, says there have been some strong lifts in wages for both semi-skilled and unskilled workers, and the company has managed to lift its basic wage rates by 15-20% over the past two years.

will do little for the regions, where skills shortages are acute, because the bulk of new arrivals stay in Sydney.

- Australia has a **low proportion of men in the workforce** in relation to other OECD countries. Of the world's 25 richest nations, Australia ranks just 21st in the percentage of men aged 25 - 54 in work. One in seven working-age Australian men have no job.

Treasurer Peter Costello says he intends to get out the stick and "ask" welfare beneficiaries who are able to work to find a job. Costello's focus is on **sole parents** whose youngest child is at school and people on **disabilities benefits** who are capable of working part-time. He would like to see work tests applied to more beneficiaries. The Australian government estimates there are 150,000 sole parents on benefits with no children at home during the day and Costello says these people ought be finding part-time work. Costello: "There are people who are not working because people have never asked them to."

But would they able to get jobs? And if they do, would working reward them? *Melbourne Age* economics reporter Tim Colebatch says the reality of tax abatement rates and reduced welfare benefits means many low-skilled people have little incentive to move off the security of low-paid benefits into the insecure world of a low-paid, unprotected jobs that are common in the Australian economy.

- Rich New Zealanders are living longer than poor New Zealanders and the gap in **death rates between rich and poor** is getting wider. Research published by the Ministry of Health found that all socio-economic groups are living longer now than they were in the early 1980s. But the improvement in longevity has been much better for those on high incomes than those on low-incomes. Research leader Professor Tony Blakely says it seems an inescapable conclusion that some of the growing inequalities in health in the past two decades were the result of widening gaps between rich and poor.

The report says it is seems reasonable to predict that economic and labour market policies aimed at narrowing the income distribution will reduce socioeconomic inequalities in mortality.

The report also shows that suicide rates are three times higher among people on low-income compared to those on high-income people.

— *Decades of Disparity II, Socioeconomic mortality trends in New Zealand, 1981-1999*, March 2005, published in by the Ministry of Health, ISBN 0-478-25751-1, can be downloaded (MSWord 27pg, 4Mb) from www.moh.govt.nz

- A new report backed by 1,360 scientists from 95 countries warns that the **human race is living beyond its means** ... as almost two-thirds of the natural machinery that supports life on Earth is being degraded by human pressure.

The report contains "a stark warning" for the entire world: the wetlands, forests, savannahs, estuaries, coastal fisheries and other habitats that recycle air, water and nutrients for all living creatures are being irretrievably damaged.

In effect, the human species is now a hazard to the other 10 million or so species on the planet, and to itself. The report: "Human activity is putting such a strain on the natural functions of Earth that the ability of the planet's ecosystems to sustain future generations can no longer be taken for granted."

- The report, the *Millennium Ecosystem Assessment*, has been produced by a United Nations-sponsored board chaired by Robert Watson, the British-born chief scientist at the World Bank and a former scientific adviser to the White House. It was launched last month at the Royal Society in London.

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1 May 2005

Thousands of workers are actively disengaged from their jobs, according to the new Gallup NZ Engagement Survey. The study shows that only 17% of people working in NZ are engaged with their work and providing their employers with high productivity, profitability and customer service. Gallup says the "active disengagement" of thousands of workers from their jobs is costing the NZ economy more than \$3.6 billion a year in lost productivity.

2 May 2005

Figures released by the Aotearoa Student Press Association says that while student numbers have increased by 28% between 2001 and 2005, the number of students receiving a student allowance has dropped by 23% in the same period. Green Party MP Nandor Tanczos says this startling statistic runs completely counter to what the government is claiming about increased access to student allowances.

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The Diary is sourced from our media watch of New Zealand daily and weekly newspapers.

Research sources for the main items in The Jobs Letter are available in our internet edition at www.jobsletter.org.nz

The *Millennium Assessment* authors point out that directly or indirectly, **ecosystem problems affect us all**. They affect our health, our security, our capacity to plan for the future and even our freedom. Protecting natural areas and conserving resources is not a luxury of the rich. With six billion people now on this planet, conservation is essential to maintain and enhance humanity's quality of life. This is especially true for those living in the developing world where people rely most directly on ecosystem services for survival.

- But David Suzuki, award-winning scientist, environmentalist and member of the Board of the *Millennium Assessment*, says that buried beneath the avalanche of bad news is a message of hope. Suzuki: "The good news is that there is time to change. As the *Millennium Assessment* tells us, we still have enough natural capital left to give humanity a bright future for our children and grandchildren. We just have to start making changes — and quickly. Steps like the Kyoto Protocol are pointing us in the right direction, but we keep losing sight of what these processes are for. They are not political games. They are not fodder for industry and pundits to blithely and callously pick apart over details and minutiae. They are urgent, necessary measures to correct humanity's course and put us on a path to a better future ..."

The *Millennium Ecosystem Assessment* 2005 reports that :

- everyone in the world depends on nature and ecosystem services to provide the conditions for a decent, healthy, and secure life
- humans have made unprecedented changes to ecosystems in recent decades to meet growing demands for food, fresh water, fibre and energy
- these changes have helped to improve the lives of billions, but at the same time they weakened nature's ability to deliver other key services such as purification of air and water, protection from disasters, and the provision of medicines
- among the outstanding problems are the dire state of many of the world's fish stocks; the intense vulnerability of the 2 billion people living in dry regions to the loss of ecosystem services, including water supply, and the growing threat to ecosystems from climate change and nutrient pollution
- human activities have taken the planet to the edge of a massive wave of species extinctions, further threatening our own well-being
- the loss of services derived from ecosystems is a significant barrier to the achievement of the Millennium Development Goals to reduce poverty, hunger, and disease
- pressures on ecosystems will increase globally in coming decades unless human attitudes and actions change
- measures to conserve natural resources are more likely to succeed if local communities are given ownership of them, share the benefits, and are involved in decisions
- even today's technology and knowledge can reduce considerably the human impact on ecosystems. They are unlikely to be deployed fully, however, until ecosystem services cease to be perceived as free and limitless, and their full value is taken into account
- better protection of natural assets will require coordinated efforts across all sections of governments, businesses, and international institutions. The productivity of ecosystems depends on policy choices on investment, trade, subsidy, taxation, and regulation, among others.
- The *Millennium Ecosystem Assessment* reports can be downloaded from www.millenniumassessment.org

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

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