

The Jobs Letter

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Essential Information on an Essential Issue

KEY

POORER COUNTRIES
PAYING FOR OUR MEDICAL
TRAINING

WORKERS IN INCREASING
DEMAND

TO CAPTURE THE LIONS'
FANS

INCOME SURVEY FINDS
LESS POVERTY

DIARY

27 May 2005

A report prepared for the ILO on Palestinian unemployment says the high rate of "forced idleness makes a fertile breeding ground for extremism and violence." Forced idleness—that is, neither being in work nor in school—is over 30% for 15 to 24-year-olds and over 50% for those aged 25 to 29 years in Palestine. The ILO recommends significant assistance be given to vocational training, business development and employment orientation for young Palestinian people.

The EU agrees to a dramatic increase in aid to the developing world. By 2010, EU country's combined aid will double what it is today.

- There are three million medical workers from poor countries who are now working in hospitals and nursing homes in virtually every developed country around the world. The health services in most of these countries would grind to a halt if they were deprived of their **foreign born and trained staff**. According to the International Organisation on Migration (IOM), there are more Ghanaian doctors working outside Ghana than in the country itself, more doctors from Benin are working in France than there are in Benin, and more Ethiopian doctors are working in Washington DC alone than in the whole of Ethiopia. The situation is similar for nurses: each year the Philippines loses twice as many nurses as it trains.

In Britain, about 30% of doctors and up to 40% of nurses who work in the health system have been trained abroad. And it isn't difficult to see why these health professionals are welcomed: the IOM estimates that home countries spend, on average, \$US184,000 training each one of them. The financial cost to developing nations to supply skilled medical workers to wealthier nations is estimated to be over \$US550 billion — almost as much as the entire amount these developing countries owe in foreign debt.

- The NZ Medical Association says New Zealand uses more than its fair share of **foreign doctors**. Spokesperson Dr Don Simmons says about 40% of doctors working in New Zealand were born somewhere else. There are about 600 medical graduates from South Africa alone who are practicing in New Zealand. All up, South Africa has lost almost half its qualified doctors to Canada, Britain, Australia and New Zealand. In turn, South Africa recruits staff from poorer countries like Kenya, Malawi and Zimbabwe. Simmons: "It's really hard for developing countries, creating a medical workforce, only to have them poached."
- The British medical journal *Lancet* says that **professional poaching** is a form of migration in which medical personnel head towards progressively richer countries. In the end, the United States, where pay rates are the highest, is the only overall winner. Once they've migrated, few health professionals return home to stay and work. They do repatriate money to family and friends in their home country but this goes into the general economy rather than into the developing countries' health budgets. *Lancet*: "The medical carousel does not turn full circle, so the poorest nations experience all drain but no gain."

The effect of the **migration of medical workers** on the overall health of people in the poorer countries is undeniable. In developed countries there are 8-11 health workers for every 1,000 people; in developing countries there are between 1-3 health workers per 1000. The World Health Organisation recommends a nurse to patient ratio of 1:6, but in Kenya, for instance, the ratio is 1:30. Consequently, infant

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29 May 2005

The ageing workforce will soon threaten the ability of NZ ports to work to their potential. 70% of experienced port workers will reach retirement age in the next 15 years and many port pilots will retire within five to 10 years and there are few younger people entering the industry to fill their places. Port of Tauranga chief executive Jon Mayson says port executives throughout the country are considering getting behind the sponsorship of cadets. Mayson says that without training schemes, there's going to be a significant shortage of port workers with seafaring experience.

France votes to reject the European Union constitution. An opinion poll by TNS-Sofres found almost half of those who voted "no" did so because they were worried about unemployment, which has recently reached 10.2% in France.

30 May 2005

The St Vincent de Paul Society refutes the Australian government's claim that low-income households have enjoyed strong income growth during its tenure. Using Australian Bureau of Statistics data, St Vincent de Paul found that 4.5 million Australian households earn less than \$400 per week. John Wicks of the society says personal income increases have favoured those on high — not low — incomes. He also points out the tax cuts and welfare reforms in the recent Budget hold a huge bias towards those on higher incomes and are likely to increase the gap between the rich and the poor. Wicks says the Budget changes will see the poorest Australians lose about \$280 per year while those on \$100,000 a year will gain \$3,252.

The Ministry of Social Development is working on the details of the policies that will shape the new Single Core Benefit and is calling for feedback on the proposed changes. You can give your feedback at www.workandincome.govt.nz/

The 2005 Hays Salary Survey finds NZ salary increases have been "restrained" over the past 12 months considering the prevalence of skills shortages.

mortality rates in many African and Asian countries are around 10% ... about 20 times higher than in developed countries. *Lancet*: "Doctors and nurses are linchpins of any healthcare system. In countries already severely deprived of professionals, the loss of each one has serious implications for the health of citizens."

Lancet says there are solutions: it calls for more medical training in rich countries, restrictions on the duration of visas granted to doctors and nurses who go to rich countries, and incentives for health professionals in poor countries to stay on after graduation or at least to work there for a number of years before heading abroad.

- Meanwhile, the **shortage of doctors** in New Zealand hospitals is costing District Health Boards dearly. Many public hospitals are having to hire locums — at about twice the rate of an employee — to meet their statutory staffing obligations.

President of the Association of Salaried Medical Specialists Jeff Brown says flying doctors in for ad hoc work is increasingly common because of the difficulty hospitals are having filling permanent positions. He says it is a "ridiculous" cost and is a burden in more ways than one, as doctors often did locum work when they should be taking time off. Brown says they do this not so much for the money, but to help prop up the health system.

The Resident Doctors' Association echoes the concern about the **use of locums** to fill hospitals' rosters. Chief executive Deborah Powell: "We do not have enough doctors in this country and we are not producing enough doctors."

- Advertised **job vacancies continue to increase** according to the Department of Labour's latest *Job Vacancy Monitor*. The number of job vacancies advertised in newspapers nationwide was 13% higher in April this year than it was a year ago and the figures confirm a deepening trend of skill shortages. Employers are having to increase their efforts to find new staff by advertising and re-advertising positions they would have previously filled by word of mouth.

The *Job Vacancy Monitor* divides the ads into three job categories: highly skilled, skilled and semi-skilled/elementary. Of these, the greatest increase was for highly skilled managerial and professional occupations — for whom job ads were up 20%. Ads for skilled workers (teachers, social workers, finance and sales people, technicians, etc) increased a more modest 8%. But ads for semi-skilled/elementary occupations were up a strong 17% on last year. This category was fuelled by growth in employers seeking plant/machine operators and assemblers, elementary workers, agriculture and fishery workers, and service and sales workers.

—*Job Vacancy Monitor*, April 2005, published by the Department of Labour, can be downloaded (PDF, 4pg, 151Kb) from www.dol.govt.nz/

- A number of the districts hosting the British Lions rugby tour of New Zealand are running campaigns targeting the visiting rugby supporters to consider settling in their areas. Canterbury, Manawatu, Waikato and Taranaki are among those looking to **permanently attract British rugby tourists**.

The Canterbury Chamber of Commerce has printed 10,000 brochures detailing the region's rugby success and promoting Christchurch as

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31 May 2005

In Australia, some of the 74 new mining projects underway or in the planning stage could be threatened by a shortage of skilled labour. Key areas of skill shortages are in heavy diesel mechanics, fitters, welders and electrical trades.

Even though there has been skill shortages in Australian mines, there hasn't been a blowout in pay. The Hays salary survey found most workers got a modest 3-6% pay raise last year.

At the opening of the *Africa Economic Summit 2005*, leaders call for closer involvement of business to step up aid and investment in Africa.

A study presented to the *Africa Economic Summit* finds that HIV/AIDS is having a significant impact on African economies. More than half of African businesses are affected through decreased productivity and absenteeism. Shrinking labour pools, increased costs and decreased productivity due to HIV/AIDS could significantly impact the competitiveness of African business.

1 June 2005

"Empty nesters" and childless couples in NZ are becoming more common than traditional families of "mum dad and the kids". By next year, the number of couples living alone without kids will be greater than those with kids. The increase in the number of childless couples and single-person households is primarily due to the ageing population and dropping fertility.

2 June 2005

Joblessness in the European Union is 8.9%, with 13 million people without work.

3 June 2005

The increasing number of approvals for foreign fishing crew to work on New Zealand-owned boats is due to a shortage of local labour, according to the Department of Labour. 174 working permits are either active or being processed, about twice the number approved last year. Thousands of other foreign crew are employed on foreign-owned boats under charter to NZ companies and working with NZ territorial waters.

a "little piece of Britain". It also tells would-be immigrants how to go about moving here either permanently or on a work permit. The idea for the Canterbury campaign came from hotel owner Stan O'Keefe who said he'd heard that Lion supporters usually left a significant proportion of their number behind in a toured country. He says the brochure seemed an obvious and cheaper alternative to having recruitment agencies canvass Britain to try to fill job vacancies.

- The Department of Labour is also running a marketing campaign encouraging the British rugby supporters to consider returning to New Zealand after their holiday ends. The department's marketing director Richard Ninness: "What we're doing is hitting these people with targeted messages while we've got their attention. New Zealand sells itself so we're leveraging off that to let them know there are opportunities here. It's a really targeted and cost-effective way of reaching these people."

Ninness says tourism brings a huge **pool of skilled people** into New Zealand every year and a large segment of the tourist market overlaps with the skilled worker profiles New Zealand is seeking in immigrants. Ninness points out that about 50% of people who have gained residence under the Skilled Migrant Category are from the UK and, over 80% of people approved for residence had been to New Zealand temporarily before they applied.

- The International Placement Office of the German Federal Employment Service is staging an inaugural employment expo to bring New Zealand and Australian employers together with **prospective Germans migrants**. Germany has over 10% unemployment and is facing a surplus of skilled labour particularly in engineering, construction, various industrial sectors and trades. These are skills areas that New Zealand and Australian employers are struggling to fill.

The expo aims to help potential migrants find relevant information about working and living in New Zealand and Australia. Presentations about work visas and permanent residence requirements will be supplemented with specific seminars and trade display information from participating employers.

The initiative is part of a big-picture approach by the German Employment Services which supports Germans looking for jobs both nationally and internationally. The Expo will take place in Bonn and Potsdam on 5 and 7 September.

- **Poverty in New Zealand** has decreased, according to the Ministry of Social Development. The Ministry's three-yearly Household Economic Survey shows the number of people living in families below the poverty line fell from 22% to 19% between 2001 - 2004.

Specifically, there are fewer dependent children — including those in sole parents families — living in households with income below 60% of the median income. There were also fewer Maori and Pacific people living in poverty. And poor households are spending less on housing than they were.

Ministry of Social Development deputy chief executive Marcel Lauziere says there has been a positive trend of people moving out of poverty, a contrast to the 1998-2001 figures that showed little movement. Minister of Social Development Steve Maharey says the data is an

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4 June 2005

NZ, Chile, Singapore and Brunei trade ministers settle on the wording of a trade liberalisation agreement. NZ Minister of Trade Negotiations Jim Sutton says the agreement provides for comprehensive tariff elimination among all four countries by 2017. Tariffs will be eliminated on 90% of New Zealand's current exports to Chile and 92% of exports to Brunei once the agreement comes into force, possibly as early as January 2006.

As many as 9,000 Kenyan civil servants are facing dismissal after the government says they participated in an illegal two-day strike. The government says the dismissals are not part of its promise to cut Kenya's civil service workforce by 21,000. In Kenya, wages and pensions paid to civil servants consume 44% of government revenue.

5 June 2005

New Zealand Herald business columnist Rod Oram points out that business negativity over the last five is at odds with the reality of high economic growth. Oram says the two last "gloomy" periods were in mid-2000 when optimism dropped as Labour was first elected and yet the economy went on to grow 5.2%. Optimism was again low in early-2003 but the economy grew by 4.6%. Oram points out the OECD is forecasting the NZ economy to grow 2.9% this year and 2.4% next year — still well into the top half of the OECD.

The US economy added just 78,000 jobs in May, the weakest job growth since August 2003 and well below the number of people entering the labour market.

6 June 2005

Australasian mining and chemical corporate Orica consolidates what were its seven call centres in Australia and New Zealand to one centre, in Lower Hutt. 30 staff are being added.

endorsement of policies such as income-related rents, paid parental leave and a focus on reducing unemployment.

- In contrast to this good news, the **income gap** between the rich and poor New Zealanders has been growing since the mid-1990s. While real income levels (after inflation) for the poorest 20% of New Zealanders have remained flat since 1998, the income of all other incomes groups has risen, with the top 20% rising the most.

— *Social Report Indicators for Low Incomes and Inequality: Update from the 2004 Household Economic Survey*, by published by Ministry of Social Development, 9 June 2005, can be downloaded (19pg, 358Kb) from www.msd.govt.nz/documents/publications/strategic-social-policy/social-report-indicators-for-low-incomes-and-inequality.doc

- The National Party says the \$15 million *Working for Families* advertising campaign is costing about **\$1,000 for each family** it is trying to reach. Finance spokesperson John Key says that 182,280 of the 196,230 families who will receive increases through *Working for Families* are automatically enrolled because they are already on benefits. That leaves a small fraction (about 14,000 families) who would have to apply and are the only ones the government needs to alert to their eligibility.

- And beneficiary advocacy group says **anomalies in the Working for Families** package will disadvantage some recipients. Central Region Advocacy Service coordinator Colin Turner says under the new rules, a single beneficiary with a child will take home less money than the benefit once they begin earning above \$180 per week. Turner explains that the government abates a benefit by 70% on any earnings above \$180 per week, and on top of this a working beneficiary pays secondary tax of 22.5%. This leaves the person with just over \$.07 in their pocket for every \$1 earned above the threshold.

And the clawbacks continues: Family Support is reduced at a rate of 18% for each dollar they earn, and if they live in a state house, their rent increases by as much as \$.50 per dollar they earn. Turner: "Once a single beneficiary with a child works more than about 10 hours per week, they have to jump into it and work at least 30 hours or they will progressively lose income."

- Nearly **half the country's Mayors** have signed up to the *Every Child Counts* campaign. The campaign involves a large coalition of individuals and organisations from all sectors of NZ life aiming to promote children's interests in the context of the coming general election. *Every Child Counts* hopes to encourage New Zealanders to recognise the role of children in the social and economic development of the nation, and increase the visibility of children in public policy decision-making. The campaign is calling for the next government to commit to eliminating child poverty, reduce child abuse and neglect, and ensure all children get a good start in life.

Wynne Raymond, former Timaru Mayor, is on the Steering Group of the *Every Child Counts* campaign. He is delighted to see so many Mayors signing up to the initiative. "The response from local government is a welcome indication of support for the objectives of our campaign. To have this support so soon after the public launch of the campaign is most heartening... there is no question that local government makes a huge contribution to the quality of life for children and their

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7 June 2005

By itself, the fall in the number of new migrants coming to New Zealand could push unemployment up by as much as 0.5% over the next two years. International Monetary Fund research indicates a higher rate of inward immigration corresponds with a lowering of the unemployment rate. Inward immigration to New Zealand has been dropping and is expected to continue to drop over the coming years.

The Australian minimum wages rises to \$A12.30/hr, effectively a \$17/wk rise for full-time workers on the minimum rate.

8 June 2005

United States President George W Bush welcomes British Prime Minister Tony Blair to the White House. Bush says the US will provide \$674 million of additional resources to respond to humanitarian emergencies in Africa.

Tony Blair says it is important to commit the resources to Africa that are necessary ... but it's not just about resources. Blair: "It's also about debt; it's about trade; it's about making sure that we deal with these diseases — HIV/AIDS, malaria, TB, polio — that are killing so many people. It's about conflict resolution and having the proper peacekeeping and peace enforcement mechanisms."

General Motors Corp will slash its workforce by 25,000 as it closes more assembly and component plants in the next few years.

9 June 2005

Workforce shortages are behind the Taranaki District Health Board's \$2.5 million workforce development strategy which will be rolled out over five years in an effort to attract and retain skilled health workers. The strategy includes improved scholarship programmes, representation at overseas expos, closer links to medical schools, developing a health website, professional development, and work with local and national networks.

families. If we are to get it right for children, we need politicians at every level — in local and central government — to recognise just how important children are to the future of New Zealand."

- The list of Mayors supporting the *Every Child Counts* campaign so far includes: Yvonne Sharp (Far North), Robert Ball (Franklin), John Tregidga (Hauraki), Stuart Crosby (Tauranga), Neil Sinclair (South Waikato), Dale Williams (Rotorua), Clayton Stent (Taupo), Sue Morris (Ruapehu), Peter Tennant (New Plymouth), Brian Jeffares (Stratford), Mary Bourke (South Taranaki), Meng Foon (Gisborne), Barbara Arnott (Napier), Heather Tanguay (Palmerston North), Brendan Duffy (Horowhenua), Bob Francis (Masterton), Gary McPhee (Carterton), Wayne Guppy (Upper Hutt), Jenny Brash (Porirua), Kerry Prendergast (Wellington), Paul Matheson (Nelson), Martin Sawyers (Buller), Maureen Pugh (Westland), Jim Gerard (Waimakariri), Janie Annear (Timaru), Bede O'Malley (Ashburton), Malcolm MacPherson (Central Otago), Clive Geddes (Queenstown Lakes), Peter Chin (Dunedin), and Frana Cardno (Southland)

- At their May meeting, the Auckland City Council became the first local authority to throw its weight behind *Every Child Counts*. The Auckland City Council points out that the aims of the campaign are consistent with council's own aspirations for the city's children as stated in its newly drafted Child and Family Policy, *Growing Up Together*.

Every Child Counts spokesperson Dr Emma Davies hopes that other councils around the country will follow this lead. Davies: "This kind of support from councils and other prominent organisations is hugely important because they play a pivotal role in policy development ... There is growing concern about the well-being of many of New Zealand's children. Signing up in support of *Every Child Counts* is one way of expressing that concern, and it is also a way of expressing a desire for a New Zealand we can be proud of, one in which all children can thrive and reach their full potential..."

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

- The number of people **failing work-tests** has tripled in three years. Figures released to the *New Zealand Herald*, under the Official Information Act, reveal that more than 21,000 people had their benefits suspended last year, up from 7,000 in 2002. Those getting the stiffest 13-week suspension rose from 100 to nearly 1,000 over the same period. Ministry of Social Development chief executive Peter Hughes says the increase has been a result of a Jobs Jolt initiative which automated the work-test process.

Green MP Sue Bradford is alarmed at the increases, especially the 13-week suspensions. Bradford agrees that someone who is registered as unemployed should be available for suitable work, or lose their benefit ... but she has concerns about the way this is administered. Bradford: "Lack of money to get to job interviews or to jobs themselves once employed is one of the main reasons people don't meet their work-test obligations. Work and Income unfortunately has no obligation to provide people with the resources they need to get to interview or work, even though so many beneficiaries end up with no spare cash at all for most of the week."

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12 June 2005

Allied Workforce is looking to be the first NZ labour hire company to float shares on the sharemarket. The company has about 8,000 blue collar workers on its books with a core of about 2,000 who are almost exclusively full-time. The company currently has 21 branch offices and managing director Simon Hull projects the company will have doubled its revenue (to \$74.2 million) over three years. Hull attributes the success of the company to the increasing number of businesses employing casual labour — up to one third of the NZ workforce is now employed as casual or part-time.

12 June 2005

The G8 Heads of Government state their collective commitment to 100% debt cancellation for 18 of world's poorest countries.

13 June 2005

Sonya Davies, pioneer feminist and labour activist, dies at 82.

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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

- Prime Minister Helen Clark hopes New Zealand will become the first English-speaking nation to sign a trade liberalisation **deal with China**, the world's most populous nation. Clark says removing the high tariffs for New Zealand exports to China would provide immediate benefits to the NZ economy.

However, a free-trade deal with China could have devastating consequences for New Zealand manufacturing if not handled well, according to the Council of Trade Unions. President Ross Wilson warns that the 300,000 New Zealanders in the sector could never compete against China's low wages. He agrees that a trade agreement with China presented economic opportunities but says any deal must be carefully managed so it didn't result in widespread job losses for New Zealanders.

Wilson urges New Zealand employers to build up their workers' skills and pay decent wages to retain their experienced staff. He says this would give New Zealand manufacturers an innovative edge in the world market. Wilson: "Unless we accelerate the transformation of our economy to one of higher skill, higher value and higher wage levels we have little chance of avoiding the negative impact of China's burgeoning manufacturing sector."

- Western European countries have taken widely different approaches to the influx of **foreign workers** since the widening of the **European Union**. In May 2004, the inclusion of Poland, Hungary, Slovenia, Estonia, Latvia, the Slovak Republic, the Czech Republic and Lithuanian into the EU was hailed as the reunification of Europe. But it has also provided challenges to the old EU members. In many of these countries, such as France and Germany, unemployment is running at over 10% and there is anxiety about a flood of foreign workers who might undercut local pay rates and accept substandard working conditions.

Most of the old EU 15, has invoked their right **not to open** up their labour markets fully to the new members for another two to five years. But unofficial estimates put the number of Eastern Europeans now working in the old EU 15 at about 100,000. Fifty thousand are in Britain and a further 10,000 are in Ireland, where the economies are booming and which, along with Sweden, are the only EU countries that have not imposed temporary restrictions on Eastern European migrants.

- An EU-funded thinktank, the European Foundation for the Improvement of Living and Working Conditions, estimates that within five years about 220,000 East Europeans a year will head West in search of a job. But the foundation says that if this **exodus poses a problem**, it will be mainly for the Eastern countries, in the form of a brain drain. Most of these migrants are highly productive, in the prime of life — average age 34 — and some are very well educated. If they don't return home, their skills and economic contribution will be lost to their homeland while the host country, with its ageing population, will be the winner.

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