

The Jobs Letter

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Essential Information on an Essential Issue

KEY

HURRICANE KATRINA
EMPLOYMENT STRATEGY
UPDATE
BERL PREDICTS PLENTY
MORE NEW JOBS
WORK FOR THE DOLE
SCHEMES OUTLINED

DIARY

23 August 2005

Australian Minister of Industry Ian MacFarlane says Australia needs to continue industrial reform so labour prices could eventually match those of NZ. However, Australian opposition leader Kim Beazley points out that bringing Australian wages in line with NZ rates would slash Australian pay packets by 30%.

28 August 2005

General Motors Holden is to cut 1,400 people from its Australian workforce.

29 August 2005

There are now a thousand more people working in the roading industry than there were last year, according to Minister of Employment Steve Maharey.

The Maori Party calls for the minimum wage to be increased to \$12.50/hr.

Hurricane Katrina hits the southern coast of the United States leaving unknown numbers of people dead, tens of thousands homeless and scores of towns devastated including the city of New Orleans.

Job cuts are inevitable as Telecom NZ announces it is investing in "triple play" — voice, data and video services — using VoIP (Voice over Internet Protocol) technology.

• **Hurricane Katrina** and the ensuing floods that have struck the southern United States coast has wreaked **death and destruction** over three states. New Orleans Mayor Ray Nagin estimates that thousands of people are dead as the city begins to take toll of the category 5 hurricane. Coastal areas of the southern United States have been deluged under floodwater as the levee systems failed, and low-lying areas were flooded by the Mississippi River. A week after the disaster, 80% of New Orleans is still under water and an unknown number of people have been stranded in the city without drinking water, food, electricity or communications. Preliminary figures indicate 140,000 to 160,000 flooded homes will be "unsalvageable", rendering hundreds of thousands of people homeless along the US coast.

The storm was clearly predicted to hit the coastal mainland three days before it did. However, the **ad hoc evacuation** of the at-risk parts of Mississippi, Louisiana and Alabama appeared to have become a free-for-all of people buying airline and bus tickets while others drove through hours of traffic jams to escape the storm's trajectory. Tens of thousands of people were left behind— primarily black Americans who either didn't have a vehicle, didn't have the money for petrol, were too old or infirm to make arrangements, had nowhere to go, or simply refused to leave.

• There has been severe criticism of the United States Federal Emergency Management Agency's inexplicable lack of preparedness and ineptitude in providing effective relief or rescue for the tens thousands of stranded and stricken people. The government has also come under fire for its lack of support for infrastructure maintenance in the region that might have helped avoid the flooding that was caused by breaches to the region's levee systems.

• The US Congressional Budget Office estimates that **400,000 jobs** have been **washed away** by the storm and there is no realistic timeline for their return. Many people who have the ability to leave southern Louisiana have already gone, abandoning the region to look for work elsewhere. The impact of job losses are expected to be greatest for the poor people, many of whom worked in service industries that rely on tourism which, of course, has come to a standstill.

At Shreveport, North Louisiana, Jesse Schmidt of Goodwill says: "We are seeing a number of people staying here with family and friends. Our concern is to immediately help these people get into jobs, so they can earn some money to survive in the days and weeks ahead."

Dozens of **make-shift job fairs** for victims of the hurricane have been set up all around the United States. The Texas Workforce Commission says it had received so many responses from firms offering jobs to storm victims that it had set up a toll-free number for employers to call.

Katrina refugees will face unique challenges as many people wouldn't have taken the documentation of their qualifications — such as teaching or trade certificates — as they fled the storm. And the storm refugees have struggled to provide references or job histories because there is no way to reach their employers.

The US Department of Labor is providing a national emergency grant of \$191 million to states who are housing large numbers of refugees. The

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30 August 2005

105 jobs are to go from Southern Community Laboratories, a company that operates 20 Auckland blood collection facilities. The company has not had its contract renewed.

Workers in Nelson and Marlborough are paid 7%-15% less than similar jobs nationally, according to a survey by recruitment agency Fanselow Bell. Consultant Judy Fanselow says many people choose to live in the area because of the lifestyle and are happy to accept lower rates of pay.

1 September 2005

The Industry Training Federation says the National Party's policy on skills (see this issue of the *Jobs Letter*) contains some good ideas. Executive director Darel Hall says that while there are many details to work through, "... the signals are right".

A report on Western Australian construction industries predicts there will be an additional 20,000 workers needed annually until 2010 to cater for a rise in overall job demand in the state.

German unemployment dropped slightly to 11.4% in August. There are over 4.7 million Germans unemployed.

The *Philadelphia Daily News* points out that despite 2004 being one of the worst hurricane seasons in history, the US federal government imposed the steepest reduction in hurricane and flood control funding in New Orleans' history. Because of this, much of the levee and other floodwater maintenance projects in the area had not been carried out. The funding had apparently been reallocated to the Department of Homeland Security, the agency set up to keep Americans safe from terrorism.

2 September 2005

The NZ Green Party calls for the minimum wage to be lifted to \$12/hr (from \$9.50), including for workers aged 16-17 who currently get a youth rate that is 80% of the adult rate.

The BNZ expects rises in fuel prices alone to push inflation up an entire percentage point. The bank predicts inflation to hit 3.8% this coming year.

money is to help give displaced people temporary jobs providing food, clothing, shelter and humanitarian assistance for their fellow survivors. It will also be used to make needs-related payments to individuals not qualified for disaster unemployment assistance or unemployment insurance, or for those who have exhausted those benefits.

- Donations and **offers of assistance** towards Hurricane Katrina relief has poured in from around the world, including a New Zealand contribution of \$2 million and offers of an urban search and rescue team, a disaster victim identification team, or post-disaster recovery personnel. Dozens of countries have offered what they can, from Kuwait (\$400 million in oil products and \$100 million in humanitarian relief) to Afghanistan sending \$100,000.
- The Department of Labour has published its latest review of the government's **employment strategy**. *Better Work, Working Better* trumpets the successes of the labour market over the last five years — unemployment dropping from 5.8% to 3.9% and 85,000 fewer people on an unemployment benefit. But it points out that our strong levels of economic growth have been based on getting more people into work, and people working more hours. With a smaller pool of people who are not in the workforce, and record high levels of skill shortages, we can no longer rely on adding more people to the mix because people are fast becoming New Zealand's scarcest resources. The review says that we are now faced with the challenge of finding ways of working that will continue to make New Zealanders individually better off, lift company profits and improve our overall wellbeing.
- *Better Work, Working Better* says we must start to focus more on the quality of work, the value of work and the rewards from work — and the key to these is **increasing productivity**. It points out that many industries are seeking assistance from government to address skill and labour shortages through immigration and education and training — essentially increasing the supply of labour. But, for many of these industries, these responses may only provide short-term relief, and will not address the fundamental issue that labour productivity in New Zealand is below the OECD average.

The report also says the **social and economic challenges** facing Maori and Pacific peoples — who will contain the largest growing group of young people entering work — must be addressed. Strategies are needed to ease the transitions between work and other aspects of people's lives, including their community responsibilities. It also means making it easier for people to combine work and other important parts of their lives such as study, family, retirement and leisure. The report says ongoing learning in the workplace will be an important component, as will more flexible approaches to job design.

— *Better Work, Working Better*, August 2005, published by the Department of Labour, ISBN 0-478-28024-6, can be downloaded (32pg, 531Kb) from www.dol.govt.nz/PDFs/better-work.pdf

- Business and Economic Research (BERL) **predicts** the New Zealand economy will remain robust and add 40,000 **new jobs** in 2006 and 60,000 more in 2007. The forecast is in marked contrast to the Reserve Bank prediction that says that job growth will slump to nothing by 2007.
- BERL senior economist Ganesh Nana comments that whoever wins the pending election, he doesn't expect the "strident job-cutting" the country experienced during the Shipley/Richardson era. Nana says there is some anxiety for our economy around the growing current account deficit, the risk posed by the huge deficit spending by the United States' government, and rising oil prices. But he predicts New Zealand's economic growth to remain 3% or higher over the period.
- A National Party **work-for-the-dole** scheme would have three pilots going by April 2006, according to social welfare spokesperson Judith Collins.

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5 September 2005

NZ nurses are to be the target of aggressive recruiting by New South Wales health services. The Australian state requires 1,810 nurses and in November it will launch a campaign to attract staff from NZ as well as the UK, North America and Scandinavia.

A week after Hurricane Katrina, nearly 60% of oil production from the Gulf of Mexico is still off-line and nearly one million barrels of oil are not being refined due to refineries affected by storm damage.

6 September 2005

National Party leader Don Brash says he would resurrect his party's housing policy and return to market-rental rates for state houses. Brash says that an increase in the accommodation supplement would see no one with a state house worse off.

CPAG spokesperson Donna Wynd says it is well documented that the last time a market-rental scheme for state housing was instituted it had a devastating affect on generation of NZ children. She says the accommodation supplement has not solved the national housing affordability crisis and probably helped fuel the property bubble in the first place.

The Industry Training Federation says 82% of chief executives and company chairpersons want an increase in industry training. Executive director Darel Hall says skills shortage is business' biggest problem and industry training is "clearly a key solution".

7 September 2005

A pilot programme to put off-season meatworkers into farm jobs is declared a success and will be expanded throughout Southland next year. The *Seasonal Careers, Your Choice* pilot saw 15 meatworkers do an eight-day course in theory and practical skills to equip them for farm work.

The Wairarapa is investigating the idea of building a new town in the district. Economic and Tourism Development agency *Go Wairarapa* says the region's population has been static for 10-15 years and is forecast to decline after the next decade. Economic Development manager Geoff Copps says a new town is one idea that would help the district grow its population by 10,000 in 20 years.

Collins says participants would be paid the dole plus travel expenses for two to three hours per day work.

However, the party's environment spokesperson Nick Smith intends to set up **community work schemes** for long-term and young unemployed to "enhance" the environment. Smith says the schemes would be similar to Taskforce Green and involve tasks such as pest control and cutting tracks. He says people will work 40 hours per week and would be paid the dole — and the employing agency would be required to top that amount up to the minimum wage. He anticipates 50 to 100 schemes employing 10 to 20 people each with the first of them beginning next year.

- Minister of Social Development and Employment Steve Maharey estimates Smith's scheme would cost \$100 million per year and accuses National of hiding the true cost of the scheme by dressing it up as environmental policy. Maharey says overseas experience showed such schemes had no practical value. And he accuses National of "warming up policies from the 1990s" and not taking into account that times have moved on and employers are now crying out for workers.
- The Green Party spokesperson Sue Bradford says the scheme Smith described would cost even more than Labour's estimate. Bradford says it costs more than the estimated \$40-a-head to resource work-for-the-dole schemes, especially conservation-focused programmes which are particularly costly in terms of equipment and transport. And Bradford maintains most local bodies and community groups would not be keen to administer work-for-the-dole because the last time it was introduced it was under-resourced and they ended up picking up the extra costs — as well as doing the unpleasant work of policing an unwilling workforce.
- The National Party has also launched its **trades and skills policy**. Education spokesperson Bill English says New Zealand needs a wider range of opportunities to increase the skills base across the workforce. English says the National Party would expand trades training facilities in schools and create achievement standards so "business" can be taught as a fully accredited school subject. It would broaden the number of industries that are able to offer Modern Apprenticeships, increase funding for polytechnics which offer trades-related courses, and work with small and medium sized enterprises to make industry training more attractive to them. The party would also encourage the development of high-level workplace training — beyond apprenticeships — for specialised technical skills, management and supervision.
- Ashburton College is forging a partnership with the local business community in a bid to **address the trade skills shortage** in the region. Next year the college is to offer a trades work experience course that will provide a new option for Ashburton students who aren't planning to head to university when they finish school. Businesses have been finding it difficult to get people to take up work in the trades, so the initiative will give them access to a pool of job candidates.

School deputy principal Chris Buckland says the course is a pathway for some students to move into the local **community workforce**. The students who are accepted into the course are only at school for two days a week, with the rest of the time spent in workplaces. The expectation is for the students to stay in the programme for the whole year and one of the criteria for the businesses that participate in it is that they agree they won't employ students before the end of that school year.

Enterprise Ashburton manager Tim Fitzgerald says the programme is one way of addressing the persistent skills shortage. And it's a better strategy than trying to **recruit foreign workers** into the district because it means the town is investing in its own local young people.

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8 September 2005

The US Federal government, which has so far promised \$62.3 billion towards hurricane relief in the southern United States expects the recovery and relief operations will be between \$100 billion to \$200 billion.

9 September 2005

170 jobs will go in Napier as British American Tobacco plans to close NZ's biggest cigarette factory next year. The company is shifting production to Sydney saying the decision is inevitable due to declining volumes for tobacco products being sold in NZ, Australia and the Pacific.

ANZ Bank plans to export more back-office jobs to India. The bank says no customer roles will be sent off-shore but the bank is speeding up a programme to put technology in low-cost areas such as India.

13 September 2005

The Every Child Counts Campaign publishes the political parties' responses to key Every Child Counts platforms. They can be found at www.everychildcounts.org.nz/resources.php?rid=39

14 September 2005

Student loan debt tops \$8 billion.

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

- New Zealand accountants are being lured to **higher paying jobs** in Europe and Australia. An industry report says that new international financial reporting standards have created big demand for accounting staff due to greater corporate governance and more stringent international compliance standards. The requirement for qualified accountants has now reached unprecedented levels, and as a result, up to half of all accounting graduates leave New Zealand as soon as they graduate.

This in itself is not unusual, but what has changed is that the New Zealand graduates are **staying away for longer**, possibly because of their student debt. Accounting graduates now are more likely to be away for five years, as opposed to the traditional two years of overseas travel and work experience. And when they do come back, the report says that the graduates are tending to find the experience they got in large organisations was so specialised they have trouble meeting the broader requirements of smaller, New Zealand companies.

The report says New Zealand employers are overlooking **key pools of talent** that include foreign-born candidates, women returning to the workforce and elder workers who might stay on, if they could cut back on their work.

- New Zealand's skill shortage could be eased by better retaining people in the labour market **after they have retired**, according to the Equal Employment Opportunities commissioner Judy McGregor. McGregor says that with unemployment near a 20-year low, employers have to be more creative about wooing workers who are considering retiring to remain in the labour market. She says retention incentives such as phased-retirement, negotiated transitions, less conventional part-time and flexible work arrangements, and new ways of working all need active consideration in policy and practice. McGregor says many employees aged 65 and older would stay on at work with the right encouragement but some employers would have to change their thinking and overcome negative stereotypes about the value of mature workers.
- A new book highlights a growing trend among New Zealanders in **mid-life to change jobs** rather than endure workplace misery, burn-out and boredom. "*You Don't Make A Big Leap Without A Gulp*" offers practical advice and tips about how to go about a major mid-life career change, and features the stories of a range of New Zealanders who've summoned the courage to make the transition.

Authors Mike Fitzsimons and Nigel Beckford say they were inspired to write the book after hearing horror stories from fellow mid-lifers **trapped in jobs** they couldn't wait to leave. Fitzsimons says too many Kiwis endure work they don't like or they've done for too long: "According to recent workplace surveys, only 17% of Kiwi workers feel any sense of connection to where they work. Sixty-eight percent of us don't rate our boss or the management and only 25% of us are actually happy in our jobs. After a Christmas break, up to 1 in 14 of Kiwi workers visited an internet recruitment site to look at alternatives. You can't help but conclude that many New Zealanders are dissatisfied and restless at work ..."

The case studies featured in the book include a corporate executive turned social worker, a publican turned university lecturer, a builder turned fly-fishing guide and a teacher turned lawyer. Fitzsimons: "These people all had the courage to follow their passions rather than their pensions. They realised they had another 20 to 30 years of working life ahead and decided to do something new and more fulfilling. Many had already enjoyed successful careers, but they still decided to change..."

— "*You Don't Make a Big Leap Without a Gulp: Finding the courage to change careers and live again*" by Nigel Beckford and Michael Fitzsimons (pub 2005 by Fitzbeck Publishing)

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