

The Jobs Letter

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Essential Information on an Essential Issue

KEY

UNEMPLOYMENT IN ASIA:
HIGHEST EVER

MANUKAU CADETS GAINING
STEAM

ENTERPRISE ALLOWANCE

MULTI-CULTURAL
WORKPLACE

MOST AMERICANS WILL
WORK AFTER THEY RETIRE

DIARY

11 September 2005

The NZ University Student's Association says that 40% of all student loan debt is due to borrowing to cover basic living costs, such as food, bills and accommodation. Co-president Camilla Belich: "It is blatantly unfair that students continue to be the only sector of society forced into debt in order to eat and pay the rent."

12 September 2005

A study has found that NZ has the highest student loan interest rate of the eight countries it studied. The Canadian Educational Policy Institute compared the student loan schemes of Britain, the US, Australia, Germany, Sweden, the Netherlands and Canada and found that, at 7%, NZ students were paying more than double their counterparts in all those countries except for Canada.

- **Unemployment** has reached record high levels **in Asia** as job growth has failed to keep pace with the region's economic growth. The International Labour Organisation (ILO) reports that despite robust economic growth of more than 7.3% in 2004, employment in the region increased by only 1.6%. A new ILO study provides a stark analysis of the growing "employment gap" in the Asia region and notes that despite the high economic growth, the total number of people who are unemployed has been increasing for the last five consecutive years. Unemployment now affects 78 million people in the region.

The ILO reports that very low wages are failing to raise the living standard of many working people and "**working poverty**" in Asia remains a serious problem. The working poor are those who often work very hard and long hours but do not earn enough to lift themselves and their families out of poverty. Some 355 million people in the region receive inadequate incomes from their labour, which leaves them and their families below the US\$1 per day poverty line. If the poverty line was raised to a mere US\$2 per day, Asia has about one billion working poor.

Major trends that add to the stark employment statistics include the continued high use of **child labour** while ironically 49% of young people (aged 15 to 24) are unemployed, though they only represent 20% of the population.

— *Labour and Social Trends in Asia and the Pacific 2005*, 2005, published by the International Labour Office Regional Office for Asia and the Pacific, ISBN 92-2-117711-4, can be downloaded (78pg, 617kb) from www.ilo.org/public/english/region/asro/bangkok/download/14tharm/rep_trends.pdf

- The Manukau City Council's **cadetship programme** is still growing and building momentum in its third year. The scheme is aimed at getting young Maori and Pacific Island people into work. Council Education & Employment Planner Filemoni Timoteo says they have been able to double the size of the scheme to more than 40 cadetships by bringing onboard a key **private sector** partner — the International Forwarder Association. The Association's member companies are all part of the freight industry and between them now have 23 cadets — more than the Council itself has employed.

Timoteo: "We were concerned, after three years, that the council would begin to hit **saturation point** given that most of the sections have taken on cadets into full-time jobs. So we knew we had to go outside of Council." After the cadets completed their three months National Certificate in Employment Skills, they were offered placements in one of three council sections or in the freight forwarding industry — where there were more likely to be job opportunities. Mayors Taskforce for Jobs representative Councillor Anne Candy says it's a great programme for getting young people into work. Candy: "We've had people from private sector freight companies coming back and telling us these are the best young people they've ever had."

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13 September 2005

ANZ Bank Jobs Ads survey changes from reporting the level of job advertisements to analysing "job vacancy rates". The survey will now measure the level of job advertising as a proportion of employment. ANZ says the change will allow it to monitor job vacancy rates over time and make direct comparisons of job vacancy rates across the regions.

NZ student loan debt surpasses \$8 billion. The Quality Public Education Coalition (QPEC) calls the figure a staggering indictment of educational and social failure and a case of "intergenerational theft". QPEC: "Heavy debt is being piled on young NZers to pay for economic policies which have transferred wealth to wealthy NZers and foreigners over the past 20 years".

The Maori share of student debt has hit \$1.5 billion. National Maori Students Association: "Having a tertiary qualification and its promises to secure a better standard of life amounts to nothing when financially crippling our whanau, or forcing our students overseas or into the public sector away from the work needed in whanau, hapu and iwi."

The US Congress suspends the Davis-Bacon laws that provide wage protection for workers hired by contractors to clean up the areas ravaged by Hurricane Katrina. Contractors to the US government are exempted from paying labourers and mechanics the prevailing wage rates and benefits that other similar workers in the area received prior to the disaster.

16 September 2005

The Manpower Employment Outlook Survey finds that 28% of NZ employers surveyed expect to hire more staff over the December quarter and 6% plan to reduce staff levels.

18 September 2005

45 workers at Hamilton aircraft manufacturer Pacific Aerospace Corporation are laid off after an international buyer pulls out of a deal to buy 12 airplanes.

The Taranaki Drilling School is launched with the intention of helping to combat the shortage of qualified workers in the local oil and gas exploration industry.

Hewlett-Packard lays off 5,900 staff from its European workforce.

Next year the council intends to increase the intake to **60 young people** and to handle that number it plans to partner with two more industry organisations. Timoteo says some council sections are still keen to take on cadets next year, but by then most will be placed into the private sector.

- A key feature of the Manukau scheme is that the young people remain part of the programme for the **full 12 months** whether they stay with their cadetship placement or not. If a young person is offered a job part way through the year they still remain on the books and are followed-up to see that the job is working out for them. And if a cadet drops off the scheme (10%-15% do) they are still considered part of the programme and are assisted to get a job outside the scheme. Timoteo: "It doesn't matter if they stay on the programme or not, we want them to have a positive outcome." Last year 87% of those who started a cadetship went into a full-time job.
- Some 1,081 people over the past year have participated in a scheme that assists beneficiaries who are trying to **start up their own business**. The Enterprise Allowance scheme provides weekly income — and in some cases a capital grant — to a beneficiary who has been unemployed for over six months, has a business plan and has raised at least \$1,000 of their own to put into the venture. They may receive as much as \$12,000 in support in the form of weekly income assistance and start-up capital grant. The scheme costs about \$10 million per year to run.

The Enterprise Allowance scheme has been in place since 1991 and Work & Income chief executive Ray Smith says it one of the department's **most successful**. Research found that after five years, 71% of those who had been Enterprise Allowance scheme were off a benefit, compared to 62% of other beneficiaries coming off a benefit. The department does not monitor the success rate of the individual businesses.

- The Wellington Regional Chamber of Commerce says New Zealand must start a debate about the long-term economic advantages of **attracting more immigrants**. President Simon Arnold says the political debate tends to revolve around how people from different cultures would fit in, whereas business was driven by the economic cycle which had led it to call for the immigration door to be opened to ease the labour shortage. Arnold says we need to get past both these short-term concerns and recognise that immigration is a strategic issue about what is happening to the demographic nature of the population.

Arnold points to the **looming imbalance** between the dropping proportion of people in the workforce and the increasing proportion of people retiring. He argues that there is evidence that attracting more foreign workers over time would help redress that imbalance. Australia increased its immigration quotas after a review by its Treasury and is targeting a 50% rise in net migration (to 135,000 per year). The move is predicted to lead to a decline in the retired people to working aged people ratio over the next 40 years while increasing in GDP. Arnold believes these results could also apply to New Zealand. He says attracting skilled workers was more important than focusing on their particular skills. Arnold: "Immigration is a long-term game and it is best to look for people who want to be here and want to contribute."

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19 September 2005

10 Indonesian fishing crew who jumped ship in Nelson are returned to their homeland. The crew told the International Transport Workers' Federation they had been subjected to working long hours, fed rotten food, were physically and verbally abused and the only bath facility was on-deck in seawater. Federation coordinator Kathy Whelan says each crew member had paid US\$1,000 to get their jobs and had not yet received any wages.

20 September 2005

In the hurricane stricken Gulf Coast of the US, 214,000 people have so far made claims on their unemployment insurance as a result of Hurricane Katrina shattering the region three weeks ago.

Germany's largest engineering company, Siemens, cuts 2400 jobs. The cuts add to the more than 35,000 jobs the company cut over the last four years.

21 September 2005

Mia — the cardboard cut-out "nurse" — begins her career as a watchdog for nursing shortages. Nurse Organisation members put Mia (missing in action) on display in wards when the number of nurses falls below what is considered safe. Union president Jane O'Malley says her union conservatively estimates that the public hospital system is short of 2,000 nurses.

US plastics manufacturer Newell Rubbermaid cuts 5,000 jobs as it closes one-third of its 80 plants.

22 September 2005

The company that will manage the 238-room Holiday Inn being built in central Wellington says the biggest challenge the company sees is finding workers to staff this and other hotel developments around the country.

The Waikato Chamber of Commerce and the Hamilton District Council are considering how it can make Hamilton more attractive to foreign workers. They are to identify regional "selling points", consider holding functions for immigrants and make better use of the immigrants already living in the district.

Sony Corp will cut its Japanese workforce by 4,000 and its international workforce by 6,000 people.

In the year to June, New Zealand gained about 8,600 more people than it lost. This was 61% drop on the previous year.

- An Auckland supermarket, which maintains it is the most multi-cultural one in the country, has cut its staff turnover rate since it introduced **multi-cultural staff policies**. The Mt Albert Pak 'n Save in Auckland has created a prayer room in which its Muslim staff can pray (and gives them time to use it), encourages all 320 staff to speak in their native languages and provides them name badges with their national flags on them so shoppers know what languages they speak. Storeowner Brian Carran says the culture-tolerant policies have paid off in the drop in staff turnover and a drop in absences from work. He estimates it costs \$3,000 to train a new worker.

Carran believes other **storeowners are too cautious** about employing new immigrants. He points out that many of his employees are over-qualified and he has had doctors, dentists and lawyers working in the supermarket. But Carran says it is worth it: "Even if you get a year or two or three from them, you know they are ambitious, they are intelligent and they can do hard work."

- Proposed tough new rules that will affect New Zealand and Australian **pharmacists** wanting to **work in Britain** are likely to see a flood of qualified New Zealanders going to the UK before June 2006. Rules designed to meet European Union standards would see New Zealand pharmacists required to complete a year's university study and a year of supervised work in Britain before they could be registered and allowed to work freely in the UK. The current arrangement allows New Zealand qualified pharmacists to register in Britain after just one month's supervised work. A year's study in the UK would cost a New Zealander upwards of \$20,000. Auckland University Pharmacy School professor John Shaw predicts up to 100 pharmacists — double the normal number — will head to Britain to register before the deadline and that will result in a serious depletion in the New Zealand pharmaceutical workforce at a time when hospitals and rural pharmacies are already struggling to attract qualified staff.

Pharmacists receive significantly higher wages in Britain and many young New Zealand pharmacists use their British work experience to pay off their **student loan**.

- The Southland District Health Board has been told that some clients who receive home care support services are **topping up the wages** of their low-paid carers in hopes of retaining their services. The home care industry throughout the country has huge staff retention problems, mainly because of low pay and poor conditions. Home care workers are generally required to use their own car to travel between clients but are not compensated for the running costs, nor are they paid for the travel time. The Ministry of Health has promised it would provide funding for a travel allowance for home care workers but the details for such an arrangement have not been settled and health boards will not get any money designated for the purpose before February when over half the financial year is already over.
- The current demand for iron ore is "unprecedented", according to the *Melbourne Age* newspaper. China's rapid industrialisation has driven iron ore prices to record levels and this has translated to billions of dollars of export earnings for Australia. Dylan Morgan, a plant process engineer at Rio Tinto mining says anything the company can produce, China will take.

But Morgan says efforts to bring mining production up to full capacity are being constrained by the **shortage of skilled workers**. The industry's problem is that there are a finite number of mechanics and electricians in

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23 September 2005

The IMF says another "substantial jump" in oil prices cannot be ruled out and warns that such a jump could fan inflation and hurt consumer confidence that could depress international economic growth.

Delta Airlines in the US plans to cut 9,000 jobs in the hope of returning the bankrupt airline to profitability. The airline cut more than 6,000 jobs this time last year.

24 September 2005

130 jobs are lost as meat company PPCS closes its plant in Tirau, South Waikato.

25 September 2005

Software that helps company employees find volunteering positions outside their work has been developed by Vodafone, AUT and Datacom. "Skills Exchange" — which allows people to search through the volunteer positions of 25 community groups — is only available through subscription.

26 September 2005

Economic forecaster BIS Shrapnel says Australia is in the midst of a "skills drought" and predicts the continued demand for workers will push the country's unemployment rate down towards 4%.

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Australia and it must compete against other mining developments — like the huge North-West Shelf gas project off the Western Australian coast — for the same set of workers. Morgan: "Every minute the plant is down is critical and yet we can't get enough tradesmen to keep the equipment running as well as possible."

The skills shortage is so severe that Australian **recruitment agencies** are setting up offices in mining countries such as South Africa, Canada and Chile in hopes of recruiting skilled workers willing to relocate in Western Australia and work in the outback.

- The French government looks set to provide increased financial incentives to encourage middle class working women to **have a third baby** and stay at home for a year to look after it. France's National Union of Family Associations argues that the low level of compensation for women having more than two children doesn't encourage those on high incomes to have a third baby.

The Association — which has been working closely on the policy with the government — maintains that **paid parental leave** should be raised to as much \$1,750 per month (double the current amount and nearly the rate of the minimum wage) with the actual amount paid being fixed according to the woman's working income. The new allowance would last for one year and be available to any French mother or father who elects to have a third baby and stay at home. Social policy specialist Dominique Meda: "The old deal only really attracted women in poorly paid work, not those with qualifications and competitive career jobs. This one could be that extra encouragement they need to take the plunge."

Currently, French parents with three children get a family allowance of \$520 per month, an annual contribution of \$520 for out-of-school expenses and subsidies that makes travel on trains and buses nearly free.

- A growing number of Americans plan to **work beyond normal retirement** age because they will not be able to afford to retire. A Rutgers University poll recorded that 12% of those surveyed believe they will never be able to retire — nearly twice the proportion of people who were asked the same question five years ago.

Over 70% of Americans say they intend to work after they "retire" from their main job. But 18% say it will be a **lack of money** that will force them to work at least part-time after they reach retirement age and 6% say they will have to work full-time out of economic necessity. Survey director Carl Van Horn: "The traditional notion of retirement, where one stops working completely and enjoys leisure time with friends and family is obsolete."

- Horn also says far fewer middle-class American workers are confident that they will be financially able to retire ahead of the traditional retirement age. The change is largely a reflection of a decline in the US sharemarket since a similar survey was taken in 2000 and indicates a drop in peoples' belief that the sharemarket will meet their personal retirement savings targets. Confidence in the ability to retire has also been hit by corporate bankruptcies that have led to some companies reneging on pension obligations and by the current debate on the future of Social Security in the United States. In April this year, President Bush warned the nation that the pensions system was heading towards bankruptcy. 40% of Americans **no longer believe Social Security** will still be available when they retire.

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