

The Jobs Letter

No. 242

14 November 2005

Essential Information on an Essential Issue

KEY

UNEMPLOYMENT LINK IN
PARIS RIOTS

JOBS AND THE BIRD FLU

JOB GROWTH SLOWING

ENERGY PROJECTS
STRUGGLING FOR STAFF

WORKPLACES AND PARENTS

FAREWELL TO ROD DONALD

DIARY

13 October 2005

The Australian unemployment rate rises to 5.1%.

14 October 2005

UK employers face a shortfall of information technology workers with advanced networking skills. Consulting firm IDC says that without investment in training and education, the UK will be short of nearly 40,000 network professionals by 2008. Research indicates such a shortfall could damage business competitiveness in the UK, hold back economic growth and hinder the adoption of advanced technologies.

17 October 2005

The *Creating a Culture of Full Employment Conference* is being hosted by the University of Newcastle in NSW on 8-9 December 2005. The full programme and abstracts are available at <http://e1.newcastle.edu.au/coffee/conferences/2005/>

- France declared a state of emergency after 12 days of rioting, looting, mayhem and destruction raged across the country. The lawlessness has been fanned by **ingrained poverty and joblessness** in low-income housing estates that ring Paris and other large French cities. Gwynne Dyer, in the *New Zealand Herald* says these depressing concrete high-rise housing estates have become “the dumping ground for everyone who hasn’t made it in the cool 21st-century France of the urban centres”.

The low-income neighbourhoods are mostly white French working-class mixed with immigrants from France’s former colonies in Arabic-speaking North Africa and sub-Saharan black Africa. Dyer discounts the assertion that the riots are race-based, pointing out that about half the young people burning cars and buildings are white, working-class, post-Christian French — who get along fine with black and Muslim kids. These are the people who would have formed the next generation of the French working class but who have found they are **no longer needed** in that role and they have no future. They are not politically organised but they are very angry.

The riots were sparked by the accidental deaths of two teenage Muslim boys hiding to avoid a police identity check. But the festering social conditions ignited rage amongst thousands of lower-class young people across dozens of suburbs and towns radiating from Paris right down to the Mediterranean and up to Normandy. Almost all the violence has been focused on property, with hundreds of cars being torched every night.

- The situation appears to be forcing the French government to acknowledge that **serious grievances** are festering in France’s large and growing underclass. Interior Minister Nicolas Sarkozy’s public statements became more considered and less provocative after his earlier tough talking appeared to inflame the situation. Sarkozy now acknowledges that grievances may be rooted in real social problems. Sarkozy: “Once the crisis is over, everyone will have to understand there are a certain number of injustices in some neighbourhoods.”

These injustices are the **lack of decent jobs**, decent housing and an equal chance at social mobility for a significant section of the French population. Unemployment in these communities is as high as 30% — over three times the national average. And the jobs that are available tend to be menial. Abdel Rahman Bouhout, head of the Muslim Cultural Association in Clichy-sous-Bois, the suburb where the violence initially erupted: “People are under pressure, they feel the anger of no jobs and no chance to improve their lives until finally—boom! — it just explodes.”

- Talk of international terrorist groups at work in the French riots have been dismissed by most commentators. Zoubidia, a mother of two small boys told the *Boston Globe*: “There’s no hidden hand — very ridiculous! — just the fully visible discrimination that Muslims face everyday. Just allow us the dignity of good jobs and a chance to make better lives, then the French will have nothing to fear from ‘dangerous Muslims.’”
- The spiralling violence in France and the inability of authorities to bring it under control have shaken both France and its **neighbouring nations**,

The Jobs Letter

DIARY

18 October 2005

The Labour Party forms a government with the support of New Zealand First and the United Future Party.

The government says it will lift the minimum wage from \$9.50 to \$12/hr by 2008.

19 October 2005

The National Maori Students Tertiary Association says the lack of a universal student allowance is having a negative impact on Maori student participation and achievement at tertiary level. The association calls for the government to implement a universal students allowance.

20 October 2005

The International English Language Test System is too tough and is an ineffective tool for qualifying immigrating teachers, according to Wellington College. Principle Roger Moses believes even many New Zealand-born teachers would find the test too difficult and applying the tests to immigrants is keeping many good teachers from working in NZ schools.

An international survey finds skills shortages in family-owned businesses are worldwide. Grant Thornton International says 30% of businesses surveyed cited lack of skilled workers as a key constraint on their ability to expand. Russia topped the list with 53% and NZ was second with 52% of family-owned businesses saying they are constrained by lack of skilled staff.

Oil industry investor and analyst Matthew Simmons warns Canadians that natural gas prices may double or even triple this winter. Simmons says hurricane damage to oil industry infrastructure in the Gulf of Mexico is severe and he expects "significant product shortages" this winter. Most North American houses are heated with natural gas.

many of whom also have large, underclass populations. Chairman of the Muslim Forum Manzoor Moghal says there are deep and dangerous fault lines in Europe and what is happening in France could trigger copycat reactions elsewhere. Moghal: "The crisis comes from poverty and feelings of powerlessness. The crisis is not caused by Islam, but by people who turn to dangerous ideas and desperate measures in their hopelessness."

- Think we have **skill shortages** now? Consider the situation compounded by a global epidemic — **pandemic** — of avian influenza that could see 60% of the New Zealand workforce either off sick, caring for sick family or friends, or looking after children who are home because their schools are closed. If the avian flu virus becomes one that can be passed from human to human, as the Ministry of Health is preparing for, as many as 33,000 New Zealanders may die and more than half of the workforce will be missing from work for at least several weeks.

The Ministry's co-ordinator of pandemic planning Steve Grazier says it is a matter of when, not if, such a virus will arrive in New Zealand and predicts it will be a "very, very significant" event. Grazier: "Even if it is only 40% of the workforce, you can imagine that will have a devastating effect on commerce and factories."

Many businesses would **stop trading** abruptly while others will grind to a halt. Supermarkets would be hard pressed to continue normal operations. Places where the public normally meets — pubs, restaurants, cinemas, clubs — will probably just close down. And as the resulting cashflow slows or stops, many businesses will face bankruptcy and be unable to re-open.

- The Ministry of Economic Development (MED) suggests business managers incorporate "social distancing" into their workplace planning to **reduce contact** between people. It suggests workers be encouraged to avoid travel and face to face meetings, work from home and steer clear of public transport.

Businesses are being urged to make contingency plans to cope with a **reduced workforce**. The *Sunday Star Times* reports that MED is considering urging all employers to explore how they could shut down their businesses for at least a week during the most contagious part of an epidemic. Virologist Dr Lance Jennings points out that if it is a human to human avian flu reaches New Zealand, all the schools will be shut and parents are going to have to look after their children at home. Jennings: "Companies need to think about how they are going to manage with reduced staff."

- The government is well on its way to stockpiling enough anti-viral medication for about 20% of the New Zealand population and is prioritising who will receive it, should a pandemic strike. The *New Zealand Herald* says health workers will be first to receive the medicine and then people working in critical industries such as water reticulation, power, petrol, telecommunications, civil defence and border control.

- A pandemic would take both employers and employees into **untested legal areas**. Employment law specialist Scott Wilson says employers would still be bound by health and safety regulations to ensure they present a safe workplace, and yet if they send their staff home or require infected employees to stay home to achieve this, they may be required to pay them while they are not working. And issues will arise about whether employees who refuse to attend work for their own safety can be fired. Wilson suggests employers may be able to close their workplace and require staff to take their holidays during an epidemic, whether workers have time owing to them or not. However, health officials predict a pandemic could last for as

The Jobs Letter

DIARY

21 October 2005

Many Wellington business people still say skill shortages are curtailing their businesses' ability to expand. A Sherwin Chan and Walshe bi-monthly poll found 35% of respondents having vacancies for skilled staff. And nearly 60% said their ability to expand was being hit by skill shortages.

Sporting and community groups are experiencing a chronic lack of volunteers and many blame increasing work demands and financial pressure on parents for their reluctance and inability to commit to volunteering.

Severe flooding near Gisborne causes millions of dollars of damage to crops and farms.

24 October 2005

24% of Wellington businesses say that higher fuel prices have caused them to raise their prices, according to a *Dominion Post* survey. 29% of respondents say they are planning to increase their prices in the near future to compensate for the increase in fuel prices.

25 October 2005

National MP Judith Collins is allocated her party's shadow welfare portfolio. National's former welfare spokesperson, Katherine Rich has responsibility for economic development.

Business confidence drops as the National Bank Business Survey finds 55% of businesses expect general business conditions to worsen in the next year.

long as two months. Parliament may have to intervene with new legislation on how to deal with employment issues that arise from such an event.

- The probable closure of New Zealand's borders during an avian flu pandemic would create an unprecedented **economic shock**. Bank of New Zealand chief economist Tony Alexander says the \$6.3 billion tourism industry, which brings 2.4 million tourists to the country each year, would evaporate. The result would see many small businesses close, possibly for good, as staff choose to stay home to avoid contact with the public. For those that remain open, production capacity would slow as the workforce wilts. Alexander: "That is what we saw in Asia during Sars and that's the advice coming out of Indonesia now. That kind of blow would force downward pressure on the New Zealand economy and secondly, confidence would be shattered domestically so there would be reduced spending and we could expect a recession."

If the predicted tens of millions of people around the world are affected by sickness, the international economic implications are immense. The World Bank estimates a human influenza pandemic could cost the industrialised economies alone US\$550 billion. Some overseas economists are predicting economic turmoil unseen since the Great Depression of the 1930s, with **massive unemployment** and national economies slashed.

- Job growth is slowing. The Department of Labour says **employment growth declined** from 4.4% in late 2004 to 3.0% in June 2005. And it predicts job growth to slow further to 1.5% in 2006 and to 1.0% in 2007. The Department says a weak export sector as well as the strong New Zealand dollar, high oil prices, rising interest rates and slower population growth are continuing to push job growth figures down.

Skill shortages seem to have plateaued after hitting a 30-year high earlier this year. But staff shortages are still very high on an historical basis with 43% of firms reporting having increased difficulty finding skilled/specialist workers.

The Department expects unemployment to remain below 4% for another year but predicts it will begin to rise after 2006.

— *Labour Market Outlook — October 2005*, published by the Department of Labour, can be downloaded (8pg, 187Kb) from www.dol.govt.nz/publications/lmr/lmr-labour-market-outlook.asp

- Companies working on over \$5 billion of energy projects in New Zealand are finding themselves **hard pressed to hire** skilled people to do the work. The boom in energy projects — including the development of gas fields, oil fields, power stations, wind farms, coalmines and transmission upgrades — has seen the consulting engineering sector create 800 jobs last year, about 260 of them for engineers and the rest in support staff. But Institute of Professional Engineers chief executive Andrew Cleland says there is great pressure on to find skilled staff and companies are turning to the UK, South Africa and elsewhere to recruit. The skills shortage has been exacerbated by the lack of energy project activity and investment in the 1990s.

Fitzroy Engineering, the biggest New Zealand contractor on the \$1 billion Pohokura gas field in Taranaki, has created 100 jobs, two-thirds of them for tradespeople. The company is actively recruiting people from all around New Zealand and is now negotiating to **bring in tradespeople** from Malaysia to meet the shortfall. Managing director Peter Robinson-White says the company has had to train a lot of staff to get the required skill levels and there is still a lack of experienced project managers and engineers. Robinson-White: "There is, perhaps, more work than the industry can handle."

The Jobs Letter

DIARY

26 October 2005

150 jobs may go as Carter Holt Harvey signals its Rainbow Mountain sawmill near Rotorua may be shut down. The cuts would be further to the 80 "greenmill" jobs the company already said it will axe by the end of the year.

The Medical Students Association says a well-resourced training programme for undergraduate students could play a significant role in recruiting NZ-trained doctors to work in rural areas. President elect Xaviour Walker days a long-term solution for the depleting number of rural doctor services would be for the government to cover costs — including accommodation, transport and payment to supervising GPs — for seven week rural placements for all undergraduate medical students.

Qantas will cut 3,200 of its 6,900 engineering and maintenance workforce unless it gets "worker concessions", according to *The Australian*.

Microsoft plans to increase its European workforce by 2,000 next year to promote new products.

28 October 2005

The Green Party co-leader Rod Donald urges NZers to "Buy Kiwi Made" instead of imported goods in the light of NZ's record \$5.8 billion trade deficit. Donald says the import of consumption goods has increased by \$1,999 million and by Ministry of Economic Development figures, this represents over 14,000 full time NZ jobs. The Green Party's "Buy Kiwi Made" campaign aims to build awareness of the employment, economic, environmental and social benefits of buying locally produced goods and services.

29 October 2005

One in five police investigations in Auckland go unassigned according to the *Weekend Herald*. The newspaper paints a picture of an over stretched police force in which managers have no choice but to "suspend or abandon" work on commercial burglary crimes such as repeat break-ins, fraud, theft from cars and shops and criminal damage.

- A fifth of women returning to paid work after being on **parental leave** go back to lower-level jobs than they had before they left to have their baby, according to the Equal Employment Opportunities Trust (EEO). An online survey completed by 4,475 parents revealed the women changed to lower-level positions to get more flexible or part-time hours or because their previous job was no longer available. EEO chief executive Philippa Reed says the survey confirms that many parents find it hard to juggle paid work and parenting and feel unsupported by their employers.

The survey also found that many New Zealand bosses are still not giving working parents the **flexible hours** that they want. Many parents want more paid and unpaid special leave to look after sick children, flexible time-out during the working day for family events and appointments, suitable spaces in workplaces to bring sick children, more before and after-school care and school holiday care.

- The government is considering extending its **working holiday scheme** to people from Pacific countries. During recent visits to the Solomon Islands and Papua New Guinea, Prime Minister Helen Clark said she is prepared to discuss the matter with Pacific governments and New Zealand employers but she wants to be assured that such a programme would not lead to a rise in people overstaying. Such a situation happened in the past with workers from Tuvalu coming to New Zealand temporarily, then not leaving. Clark: "We need a clear understanding about this because when that happens you get people living completely under the threshold of acceptable conditions, whether its exploitation or unemployment and of course with no access to the normal health and other benefits which go with living in a first world society."

Clark told the Port Moresby Chamber of Commerce and Industry that New Zealand has a particular **shortage** of seasonal workers, with 40,000 places needing to be filled each year. Many of these jobs are being filled by people coming from offshore as working holiday makers — from Europe and other developed nations.

People from the Cook Islands, Nuie and Tokelau already have open immigration access to New Zealand and there are permanent residency quotas for several Pacific countries. But reciprocal working holiday visa arrangements are negotiated bilaterally and to date haven't included Pacific countries.

- Australia has rejected any proposal to extend its working holiday scheme to Pacific peoples. Australia allows 100,000 temporary holiday workers into the country every year. But Prime Minister John Howard says a temporary guest worker programme for Pacific people would only benefit a few unemployed people in those nations and do nothing to build countries' economies. Howard refers to the proposal as an "imaginary relief work programme" and that the answer to the Pacific countries' unemployment is to build their economies and ensure they have good rules of governance to make them attractive for foreign investment.
- The **Otara** Economic Development Trust is aiming to capitalise on the extraordinary Otara Saturday market to make the South Auckland suburb the "cultural hub of Southern Polynesia". Trust chairman Len Brown believes they have plenty to work with as the Otara market was listed as one of the nine "key sights" to see in Auckland in last year's *Rough Guide to New Zealand*. Brown: "If you look at Rotorua, they have a multitude of cultural experiences at different hotels, different villages, out to Taupo and so on, and I could see this happening in two or three parts of Manukau. My personal belief is that now is the time. We now have the leaders in their 20s and 30s who are capable of delivering on a vision. Our community is ready for it."

The Jobs Letter

DIARY

The Marsden Point oil refinery is considering a \$500 million upgrade that would create hundreds of jobs in Northland. NZ Refining has commissioned a \$25 million study to decide whether a full upgrade should go ahead. A decision is expected by the end of 2006.

31 October 2005

Canadian universities launch a consultation process on Canada's workforce challenges. The key concerns include outsourcing of jobs, technology changes outpacing skills, and an aging population contributing to a shortage of skilled workers. The *Pathways to Prosperity* discussion paper aims to create a national skills strategy. A website has been launched to gather public input www.pathwaystoprosperity.ca

1 November 2005

Auckland bus fares increase by 10%. Bus company Stagecoach says the rises reflect the rise in diesel prices and higher wages costs.

South Korea's unemployment rate rises to 4%.

2 November 2005

A sustained rise in the price of oil to \$70 per barrel next year would shave 1% off the NZ gross national product, according to a report by the Australian Bureau of Agricultural and Resource Economics. NZ imports a very large proportion of all its oil products.

3 November 2005

The "Campaign for the Future of Nursing" gets underway with a recruitment drive to find at least 2,000 nurses. The initiative aims to encourage NZers to choose nursing as a career.

4 November 2005

The Mongrel Mob gang's "Notorious" chapter in Mangere has started a labour hire business called Rent A Bro. The group does painting, demolition or other work. Leader Roy Dunn says they are setting the venture up to create employment for their kids.

The Trust also aims to link Otara's unemployed young people into the fast-growing industrial area in neighbouring East Tamaki. Although the number of people on the dole in the region has dropped significantly over the last five years, Brown says too many young people are still coming out of school **without the skills** they need to go into the available jobs. A challenge the Trust is taking up is to get young people to stay at school longer and then to go on to polytechnic or university to accumulate the skills they need to get and keep a job.

- The government's intention to lift the minimum wage from the current \$9.50 per hour to \$12 per hour will see a significant rise in pay levels for tens of thousands of the **lowest paid New Zealanders**. Statistics NZ says there are nearly 170,000 people — 13.6% of the workforce — who work at least 30 hours per week and earn less than \$12 per hour. Many of these people can expect to be earning about \$75 more per week by 2008, when the minimum wage is scheduled to step up to \$12 per hour. The rise will collectively cost employers at least \$660 million in increased wages.

- Lifting the minimum wage was supported by several parties during this year's election but was gained as a concession by New Zealand First for its support of a Labour-led government.

- Some employers are concerned the rise in the minimum wage will have an **expensive flow-on** effect. Kapiti Pak 'n' Sav co-owner Peter Anderson: "It's not just raising the minimum wage, it's the effect it has on the levels above that as well. If an unskilled person who has just joined is earning \$12 an hour, then somebody who's been with us a couple of years and is earning a bit more than that will expect a rise as well. It's going to have quite a significant effect, and I cannot see any way that it won't flow through into consumer goods."

Council of Trade Unions chief executive Ross Wilson says we need to accept that people working in places like supermarkets are entitled to a **living wage**. And Wilson discounts the concern that a rise in the minimum wage will be inflationary or discourage employers from taking on new staff. He points out that the minimum wage rose 36% over the last six years and has not affected inflation. And the unemployment rate dropped steadily over the period. Wilson says the minimum wage rise is an important step in boosting the economy but the rise needs to happen alongside programmes to train workers for higher skilled jobs.

- The Public Service Association is seeking clarification about the intent of a new "razor gang" of senior government Ministers who are to target savings in the **public sector** to help pay for the government's latest election policy commitments. PSA national secretary Brenda Pilott says the announcement sent mixed messages and seemed to imply more than the normal Budget process in which departments scrutinised their base lines to justify their spending. The union is asking the government to clarify the scope and focus of the review. Pilott: "It is a little disconcerting to hear the term 'razor gang' start to be used and other ministers referring to 'fat within the state sector'. This language evokes strong memories of the last Bill Birch-led public sector slash-and-burn exercise and the disastrous consequences which resulted."

- Statistics New Zealand has produced a report that **contrasts New Zealand to other OECD** nations in 19 areas in which there is comparable social and economic data. *New Zealand in the OECD* shows New Zealand with comparatively low unemployment, low population density and below average per capita purchasing power parity. It has relatively high proportion of foreign-born residents, high employment and high imprisonment rate.

The Jobs Letter

DIARY

6 November 2005

Sudden death of Green Party co-leader Rod Donald, at age 48.

The NZ Air Force has signed-on about 100 Royal British Air Force staff following a recruitment drive in Britain. The NZ Air Force is also targeting Air New Zealand engineering staff who have recently been told they are to be redundant.

8 November 2005

The Stats NZ labour cost index indicates wages rose by 3.1% over the last year, the largest annual rate since the series began in 1992.

10 November 2005

The NZ unemployment rate drops to 3.4%, the lowest level in 23yrs.

Editor

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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

New Zealand has the second to lowest proportion of general government spending compared to GDP.

— *New Zealand in the OECD 2005*, published by Statistics New Zealand (44pg, 1.04Mb) can be downloaded from www.stats.govt.nz/NR/rdonlyres/3526CCF7-E047-47D5-9B80-27C137E068C6/0/NZintheOECD.pdf

- Changes to Australian industrial relations law, which looks likely to be passed by the Howard government, require unemployed people, including solo parents, to **accept any available job** regardless of the terms. Minister Kevin Andrews admits that under the WorkChoice policy if a single parent were offered a job without conditions such as time off for public holidays they would have to take the job or lose the benefit. Andrews: “We don’t make any excuses for this. We believe that the best form of welfare that a person can have is to have a job. When a person gets a job, it’s the best way of getting another job. We know that within a year, four in 10 people who have got a job have moved on to another better job.”
- Australian Democrats leader Lyn Allison argues that if four in 10 workers moved on to other jobs, the other six would **remain trapped** in a vicious cycle of low-paid unskilled work that provides no training, security or flexibility for family needs. Allison: “The government’s industrial relations changes, in combination with welfare changes, are not about choice and productivity; they are designed to exploit vulnerable members of Australian society in exchange for greater company profits.”

Australian Labor Party spokesperson Stephen Smith says it won’t be just the unemployed moving from job to job, it will also be the four million Australians who are having their **unfair dismissal rights** taken away by the same legislation. Smith “What we end up with is people being forced onto inferior wages, inferior conditions and the great risk is that we end up with a working poor just like as you find in the United States.”

- The nation has been stunned and saddened by the sudden death of Green MP and co-leader **Rod Donald**. Parliament was suspended Thursday last week to allow MPs to travel to the funeral in Christchurch. In celebration of his leadership and advocacy for Green principles, Donald’s casket was carried to Christchurch Cathedral in an electric powered city bus with a cortege of hundreds of bicyclists.

Rod Donald was the country’s most passionate and articulate advocate for New Zealand as a sustainable nation. He promoted many practical ecological schemes ranging from recycling, organic agriculture and solar energy alternatives. He also championed the drive for electoral reform in this country, a campaign that led to the MMP system that brought great variety of New Zealanders into the house of representatives.

Rod Donald was also a public entrepreneur who led many initiatives in community economic development, job creation schemes, fair trading networks and Buy NZ-made campaigns. His energy, enthusiasm and pragmatism in pursuing these alternatives has brought praise and support from across the political spectrum.

Rod was also a long-time friend and supporter of the Jobs Research Trust and *The Jobs Letter*. We’ll miss him. Our thoughts and condolences go to his family, his Christchurch friends and his parliamentary colleagues.

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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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