

# The Jobs Letter

No. 244

20 December 2005

*Essential Information on an Essential Issue*

## KEY

SCHOOLS AND BUSINESS  
ADDRESS SKILL SHORTAGES  
CALL TO LIFT MINIMUM WAGE  
WHAT'S DRIVING THE KINDY  
TEACHERS STRIKE?  
SEASONAL WORK  
WTO TRADE TALKS  
DISAPPOINT

- Principals and teachers from Auckland secondary **schools** have met with **business** and industry to address how schools can help **combat skill shortages**. The aim of the conference was to increase schools' awareness of the changing labour market, look at which industries will experience high growth, and make note of where the likely employment opportunities will be in the future. Auckland Mayor Dick Hubbard said there is an opportunity to make real change by connecting schools and business. Hubbard: "Schools will have an action plan to take away from this event. They will use this information to stocktake the current senior curriculum and they will also look at how career information is communicated to students."

The conference was part of Pathways to Employment, a trades-based approach to skills shortages that was an initiative by Howick College. It developed out of recognition that secondary school students needed better information about industry-based careers and that their schooling should reflect the skills they need. The idea is to promote better alignment between what is happening in school curricula and classroom with what business and industry want from school leavers.

Hubbard said the initiative is complemented by his involvement in the Mayors Taskforce for Jobs which involves partnership with central government to develop strategies that result in on-the-ground initiatives for youth skill development. Hubbard points out it is an indication of the seriousness of skill shortages across New Zealand that 68 of the country's 74 Mayors have signed up to the Mayors Taskforce for Jobs.

## DIARY

23 November 2005

The number of people receiving sickness and invalids benefits continues to grow, but at about half the rate they grew year. The number of people on sickness benefits increased by 4% this year and those on invalid benefits increased by 4.4%.

26 November 2005

Some UK manufacturers may implement a three-day working week due to natural gas prices rising by as much as 500%. Governor of the Bank of England Mervyn King says a shortage of natural gas could harm the economy and send inflation soaring. The British gas industry has warned that supplies are on a "knife edge" and could tip into crisis if there is a major breakdown in the ageing North Sea wells or pipelines.

- The Hutt City Council has opened a service it hopes will encourage young people, particularly **school leavers**, into skilled jobs. TradeStart is a connection point between school leavers and training opportunities. It provides people with information about apprenticeships, cadetships, internships, traineeships in all industries — and not just those traditionally thought of as trades. Programme manager Ron Daly says TradeStart can provide young people with introductions to relevant Industry Training Organisations or training providers and advise about how they can move into a programme. The centre has an office downtown with career information and has facilities for meetings with ITO representatives and for information evenings.  
— TradeStart can be contacted through [ron.daly@huttcity.govt.nz](mailto:ron.daly@huttcity.govt.nz)
- After the September election, the government agreed to continue to raise the adult **minimum wage**. It settled on a rise from the current \$9.50 per hour to \$12 per hour by 2008 "if economic conditions permit".

The Mayors Taskforce for Jobs has now put its weight behind the call to raise the minimum wage, and wants it done sooner. In its submission to the annual minimum wage review, the Mayors said raising the minimum wage would encourage greater investment in skill training and would help put more **young people into trades**.

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28 November 2005

The Child Poverty Action Group says the government's appeal against a Human Rights Review Tribunal's decision to allow CPAG to challenge the Working for Families package on the grounds it is discriminatory appears to be a delaying tactic. Spokesperson Susan St John says the ruling that the case could be heard in the High Court had been a milestone in the long and costly struggle to engage the government about policy discrimination against NZ's poorest children.

Immigration NZ amends the Skills Shortage Lists. They can be found at [www.immigration.govt.nz](http://www.immigration.govt.nz)

Australian government has published its Skills in Demand Lists. They can be found at [www.workplace.gov.au](http://www.workplace.gov.au)

29 November 2005

Caltex oil company is beginning to scale down its Wellington head office and move some of the jobs to Auckland. The company employs about 100 staff in Wellington.

30 November 2005

The Ohura Prison in the central North Island is closed. The Corrections Department says the isolation of the site, 50km south of Taumarunui, made it difficult to attract staff to work there. The inmates and most of the 40 staff have been transferred to the Tongariro-Rangipo prison in Turangi.

Home building consents are down 27% on last year.

A report from the British Pension Commission proposes to raise the qualifying age to retire for men from 65 to 67 years.

1 December 2005

Up to 50 jobs will be created as Ashburton-based bus manufacturer Designline has obtained orders for its diesel and hybrid electric buses from Australia. And it has appointed an agent in the US. Managing director John Turton says the company has gained a foothold in the export markets due to superior technology and passenger-friendly design.

- But some employer groups are lobbying against a quick rise in the minimum wage. The Retailers Association says such a big **increase would cost** its members \$760 million a year by 2009. It says shopkeepers would have to pass on the full \$2.50 per hour increase to all their workers to maintain parity with those now on \$9.50. The average wage paid to entry-level, adult shop assistants in February 2005 was \$10.56 per hour.

National Association of Retail Grocers and Supermarkets says its stores give many youngsters their first jobs. It argues such openings could be lost if the minimum wage were to be increased. It says a higher minimum wage might cause supermarket owners to take 20-year-olds in preference to 18- and 19-year-olds because of their greater maturity and better work ethic.

- A Green Party private member's bill seeks to have youth minimum wage rates abolished. The **youth minimum rate** is currently set at 80% of the adult minimum wage. The Minimum Wage (Abolition of Age Discrimination) Amendment bill has been drawn by ballot and will be considered by Parliament in February. The bill's author Sue Bradford: "There is no reason why a 17 year-old filling cars with petrol at a service station or a 16 year-old retail assistant should be receiving nearly \$2 an hour less than 18 year-olds working beside them doing the exact same job. The work is the same, the costs of food, clothing, transport and other essentials of life are the same whether you're 16, 17 or 18 years-old."

Bradford says her bill recognises there are a few training situations — such as apprenticeships and cadetships — in which paying lower than the lower minimum wage is acceptable. But the aim of her bill is to end discrimination on the grounds of age where people are engaged in work.

Young Greens spokesperson George Darroch says in no other circumstance does society accept **discrimination** on grounds that have no bearing on the ability of a person to work. And he believes youth rates are used to lower wages in general. Darroch: "The lower pay rates of 16 and 17-year-olds drive down everyone's wages and are used by employers to threaten their staff. Youth supplant more costly older employees because of their lower pay and casualised employment conditions, which in turn reduces job security across the whole work force".

- The Ministry of Education is battling **kindergarten teachers** to change their working hours and conditions in an apparent effort to align kindergarten operational hours with parents' working schedules. Kindertartens generally follow a four-term year — like primary and secondary schools — with breaks between terms as well as summer holidays. But the Ministry wants kindertartens to be able to remain open as many as 50 weeks per year and it wants to increase teacher contact time with children from up to 30 hours per week to up to 36 hours.

Kindergarten teachers have gone on strike over the issues. The NZ Education Institute says the proposed changes will lower the quality of early childhood education and would cause teacher burn-out. President Colin Tarr says kindergarten teachers', like all teachers, need term breaks and their current non-contact hours to do their jobs

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Air NZ engineering workers offer a rejig to pay and conditions that would cut 25% off labour costs, in an effort to retain long-haul engineering operations in NZ. However, Air NZ Engineering Services manager Chris Nassenstein suspects that even with the changes, it will still be cheaper to outsource the work.

Legislation has been introduced to Parliament that will extend paid parental leave to those who are self-employed. Paid parental leave for all those eligible is being extended from 13 to 14 weeks.

### 2 December 2005

Some businesses in the Australian Northern Territory are shutting up shop because of a shortage of skilled workers. The NT Construction Association says a well-established business in Alice Springs has closed and another in Tennant Creek has halved its operations because workers simply cannot be found.

JP Morgan Chase bank plans to hire 4,500 graduates in India as part of a plan to shift 30% of its back office and support operations offshore over the next two years.

### 3 December 2005

The government's interest-free student loan scheme has made it easier for students to borrow more but has also made it easier for institutions to charge more, according to the NZ Students' Association (NZSA). Four of the six NZ universities that have set their fee rates for next year have adopted the maximum allowable fee increases of 5%. Polytechnics, on average, are proposing lower fee increases than universities. NZSA co-president Andrew Kirton says that universities in particular appear to be setting their fees on the perceived ability of students to pay, not the true cost of courses.

### 4 December 2005

As the latest Reserve Bank lifts interest rates to 7.25%, some economists predict the NZ economy is heading for recession. Among them is National Bank's Cameron Bagrie who says lower retail sales and housing consents, along with the poor performance of the export sector, raises the suspicion that the NZ economy has "hit a brick wall".

properly. Tarr: "Most kindergarten teachers are working with up to 90 children and families every day. Without regular breaks during the year, it's physically and mentally impossible for them to maintain the energy levels they need to provide a quality education for their centre's children. The breaks also provide time for planning and assessment, to catch up on administrative work and to engage in professional development."

- **Seasonal horticultural workers** have a new web-based resource that encourages them to do a "Pick NZ harvest tour". Aimed at both international working holiday makers and domestic workers, Pick NZ directs people to where there are horticultural and viticultural jobs. The idea is that a Pick NZ harvest tour will help people wanting work picking, pruning, packing, or in an office to organise on-going work with different growers throughout the season and throughout the country. The website currently provides a full service for Hawkes Bay growers and provides contact details for seasonal employment advice services in every New Zealand region.

— Pick NZ harvest tour website can be found at [www.picknz.co.nz](http://www.picknz.co.nz)

- There are a number of other **website resources** designed to help people find season work this summer. The WorkSite Seasonal Work Index page provides links to Seasonal Work NZ, Seasonal Solution in Central Otago, and Seasonal Jobs in New Zealand, all of which are all non-government services. It also links to the Work & Income seasonal work site and to Immigration New Zealand. The Immigration service site provides a guide to the working holiday scheme, listing all the countries that New Zealand has working holidays scheme reciprocal agreements with, as well as the eligibility requirements for applicants.

— WorkSite seasonal work index can be found at [www.worksite.govt.nz/en/looking-for-work/seasonal-work-profile](http://www.worksite.govt.nz/en/looking-for-work/seasonal-work-profile)

- There is now an internet-based **employment service that specialises** in community, government, non-profit and sports jobs. Goodworks (NZ) Ltd says it is a values-based company specifically serving the community and working with partners from business, commerce and the public sector who participate in values-driven activity. Goodworks' mission is to "enhance the feel-good factor Kiwi's have in helping others". As well as a dedicated employment listings service, it provides a platform for advocacy and the promotion of services. Each month it offers free advertising space for organisations who wish to advocate for or promote a good cause.

— Goodworks can be found at [www.goodworks.co.nz](http://www.goodworks.co.nz)

- The Department of Labour estimates that up to 530,000 New Zealand adults have inadequate **literacy and numeracy** skills. It says this lack of basic education needs to be addressed or it will impede economic growth over the next decade.

Minister of Tertiary Education Michael Cullen agrees, saying the high proportion of workers with poor basic skills makes it difficult for the businesses they work for to take advantage of new technology. This makes it hard to lift New Zealand's relatively poor productivity. Cullen says that to a large extent, manual jobs have been taken over by machines which require literacy and numeracy skills to operate them. The number of jobs which rely purely on muscle power and hard labour — rather than "human capital development" — is continuing

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5 December 2005

International Volunteer Day. The Federation of Voluntary Welfare Organisations is releasing *Keeping it Legal*, a free guide to help voluntary organisations manage personnel and operational risks and liabilities. The guide can be found at [www.nzfwo.org.nz/keepingitlegal](http://www.nzfwo.org.nz/keepingitlegal)

7 December 2005

West Otago's biggest employer lays-off up to 35 workers. Blue Mountain Lumber operations manager Matt Hitchings says the high NZ\$, rising shipping costs and competition from countries with cheap labour have all contributed to the job losses.

8 December 2005

The government signs a Jobs Partnership with the Electrical Contractors Association. Associate Minister of Social Development and Employment Winnie Laban says the new partnership will provide entry-level training and job opportunities in the electrical industry, including the chance of apprenticeships for people on the unemployment benefit. The electrical industry partnership is the 16th the government has signed.

49% of beneficiaries owe money to Work & Income. Green Party MP Sue Bradford says that figure will inevitably grow if the government goes ahead with plans to scrap the Special Benefit. Bradford: "I can not see why this should come as a surprise. It is simple math. Benefits are not enough for people to live on, so they have to borrow money to survive."

10 December 2005

The MAKEPOVERTYHISTORY campaign holds rallies in several NZ cities in the lead-up to this weekend's World Trade Organisation meeting in Hong Kong.

11 December 2005

Thousands of jobs around the world are under threat as Clark Foam — the California company that makes 90% the world's supply of polyurethane foam surfboard "blanks" — closes. Specialist surfboard shapers, air brush artists and other surfboard workers have little work as existing blanks are used up before other suppliers are found. *Surfer Magazine* estimates there is global a shortage of 2,000 surfboards a week.

to shrink. Cullen says literacy and numeracy skill levels in the existing workforce have been overtaken by these changes in the economy. Cullen: "What was adequate for the workplace 30 years ago is not adequate in 2005."

Parliament will consider a strategy to improve literacy and numeracy skills in the existing workforce early in 2006. It will focus on the lowest-skilled workers and plans to look at what is already in place and what more can be done.

- A review of Britain's workforce found that even if the government met its own targets for improving the skills of the workforce, the United Kingdom would still compare poorly to other developed countries in an increasingly globalised world. An interim release of the *Leitch* review, commissioned by Chancellor of the Exchequer Gordon Brown, found that half of all British adults **do not have the numeracy skills** expected of 11-year-olds. More than one-third of working age people in the UK have no school leaving qualification. And one-in-six adults don't have the functional literacy expected of an 11-year old.

The report's author, Sandy Leitch, says deficiencies prevail in the current workforce that will last for a generation. He says the UK needs to tackle the "stock" of low-skilled adults, invest more in intermediate skills and further increase the proportion of adults with a degree. All of these things would provide significant economic and social benefits through higher productivity or employment levels.

In order to improve the pace of change, the government is expanding the National Employer Training Programme which offers free literacy and numeracy training for 50,000 companies for as many as 300,000 employees per year.

- The NZ Federation of Voluntary Welfare Organisations has hosted a series of forums around the country on **mentoring**. One result is the development of an on-line resource pack for community workers to build their own practice and experience of mentoring. The Federation is keen to support groups to pick up this resource and develop mentoring practice in their own communities. The Federation's Tina Reid says mentoring in the community sector can be a key means of passing on skills within organisations and empowering staff, volunteers and committee members. These positions can be quite isolated and people often come to them without previous experience in the organisation and without people around to help them.

Reid says mentoring compliments other training and experience and builds links and networks across the community sector. Mentoring can range from informal to highly structured, and doesn't necessarily mean a more experienced person assisting someone new in a job or situation; it can also work within peer relationships as well as in groups.

*Mentoring, Coaching and Beyond in the Community Sector* by Pat Rosier, published 2005 by NZFVWO is free available at [www.nzfwo.org.nz/files/mentoring.htm](http://www.nzfwo.org.nz/files/mentoring.htm)

- Increasing shipping costs are contributing to Fisher & Paykel Appliances's decision to shut its clothes drier manufacturing operation in East Tamaki and shift production to Ohio, in the United States. The move will cost 65 New Zealand positions although chief executive

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12 December 2005

The West Coast Development Trust applies to government for Major Regional Initiative (MRI) funding to increase international and domestic visitor numbers to the region. The trust say such an investment could have an economic impact of up to \$100 million and promote 620 new jobs.

NZ energy prices have soared well above the rate of inflation. Statistics NZ says the consumer price index rose 3.4% over the year but household electricity rose 7.8%, natural gas rose 9.4% and petrol rose 20.5%.

The Ford Motor Co is cutting 30,000 jobs as it closes 10 US plants.

13 December 2005

The Royal NZ College of General Practitioners says the combination of an ageing GP workforce and the failure of successive governments to train enough new GPs paints the picture of "an alarming future" for primary healthcare in NZ. President Jonathan Fox points out that — even through there have been serious GP shortages — for the last two years, government funding restrictions turned away half the medical students who were applying to train as GPs.

14 December 2005

In planning for a bird flu pandemic, the Ministry of Civil Defence is preparing for three waves of outbreaks of eight weeks each. Emergency management readiness manager Mike O'Leary warns that NZers would have to manage a pandemic on their own. O'Leary: "Public expectations will be high that relief will come to them, but there will be no cavalry coming over the horizon."

John Bongard says many of the workers will be redeployed around the plant. Bongard points out that about 95% of the driers are sold in the US and that placing production closer to its largest customer base makes good sense. Bongard: "Freight costs are killing us. We're shipping a lot of good clean New Zealand air up to the States. And with oil prices doing what they're doing, shipping costs are going up."

- The **World Trade Organisation** negotiations in Hong Kong failed to agree to any major advances in the freeing up of trade barriers but avoided an outright collapse as rich countries make some minor concessions on the last night. EU trade commissioner Peter Mandelson, from Britain, attacked the WTO conclusion as "one stage from failure" and characterised the outcome as a **disappointment** for poor countries. Mandelson is referring to the big issues of quotas and tariffs — the ways rich countries protect their producers from international competition — that have remained untouched and intact.

Nepalese observer Ritu Raj Subedi is one of many who are critical of the negotiation's outcome. Subedi called the agreements to scrap farm export trade subsidies by 2013, and a "development package" for the least developed countries a "face-saving deal" so the conference wouldn't turn into a fiasco as it had in Cancun two years before.

The scrapped export subsidies — that will take eight years to come into effect — account for only 3.5% of overall supports rich countries provide for their agricultural industries. And Phil Bloomer of Oxfam's Make Trade Fair campaign says the much vaunted "development package" for the world's 50 poorest countries offers a watered down duty-free quota-free package that will still allow rich countries to exclude key products that are vital to the livelihoods of millions of poor people. Bloomer: "It is pathetic that this meeting couldn't even deliver agreement on a package for the poorest countries".

- From a New Zealand perspective, Minister of Trade Jim Sutton has found some things to be **optimistic** about. He points out that agriculture talks finally came up with 2013 for the elimination of export subsidies. Sutton: "At last we have a date — an achievement that has eluded us for nearly 60 years." But non-agricultural market access — for industrial and manufactured products, including fish and forestry — have effectively stood still. Sutton agrees there was not much in the Hong Kong meeting's results for New Zealand farmers, but he is hopeful there will be when the full negotiations are completed, hopefully within the next year.
- The French government has unveiled plans to give young people in poor suburbs a better education and see that those with immigrant parents get **equal employment opportunities**. The announcement from Prime Minister Dominique de Villepin comes after rioting in October and November highlighted an underclass in French society that is plagued by discrimination, unemployment and underemployment. de Villepin: "The crisis we have just lived through has revealed weaknesses and inadequacies and has made us aware of the progress which has to be made. The urgency today is to make equality of opportunity a reality for everyone, with two levers: jobs and education."

*Le Monde* newspaper says several studies have shown that people of North African parentage find it is much harder to find work even when

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16 December 2005

30 jobs are lost as Picton's largest employer, Nelson Ranger Fishing, halts its mussel processing factory. Managing director Simon Acton-Adams told the *Marlborough Express* the economic climate for the industry was deteriorating due to the high NZ\$, energy surcharges and rocketing domestic costs.

19 December 2005

Air NZ confirms it is making redundant 110 heavy engine maintenance staff in Auckland. Chief executive Rob Fyfe says that neither the engine-shop management nor the unions had produced a viable case for keeping the engine maintenance in NZ.

Air NZ will make a final decision about whether it will outsource its wide-body maintenance and refit engineering operation in February. That side of the business employs 507 workers.

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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](http://www.jobsletter.org.nz)*

they are French citizens. French youths of North African origin are two and a half times more likely to be unemployed than their contemporaries with French parentage, regardless of their education.

To begin to address the issues, de Villepin promises that acts of **employer discrimination** will be punishable by fines of up to 25,000 euros. de Villepin is asking that firms consider guidelines to make job applications anonymous. And the government and trade unions are also to try to increase ethnic diversity in the state sector. Currently, children with two immigrant parents are five times less likely to work in the state civil services than those with ethnic French parents.

- In 2003, Professor Richard Florida was the keynote speaker at the Knowledge Wave Conference in Auckland. Citing research material from his bestseller, *The Rise of the Creative Class*, he explained to the conference how the most **economically successful** cities in America were also those which actively encouraged diversity, tolerance and an exciting cultural life. He argued that the nation's "creative class" was driving America's place in the new global economy ... and he calculated that this class amounts to 40 million people, in a sector which is worth \$2 trillion "... larger than the manufacturing and service sectors combined".

Florida observed that creative class workers seek not only fulfilling jobs, but also **tolerant and vibrant communities** and cities. This class of workers does not define itself by national boundaries but it is highly mobile and willing to relocate for the best social, cultural and economic opportunities.

- In his latest book, *The Flight of the Creative Class*, Richard Florida points out that American **creativity** is fundamentally **under threat** from an introspective conservatism that is driving the creative classes away from America, and benefiting nations such as Estonia, Ireland, Australia and New Zealand. He believes that the new conservative ethos in the US towards migration, law and order, and homeland security is seeing an exodus from the creative centres such as New York and San Francisco, and constitutes the biggest threat in decades to US economic supremacy.

Immigration to the United States has declined sharply since 9/11 — a decline, Florida argues, that will have a profoundly negative impact on the ability of the US to compete in the new, global creative economy. Tighter US visa regulations, an increasingly politicised scientific climate and generally negative attitudes towards immigration are deterring talented people from moving to the US and allowing other, more tolerant countries to recruit the cream of the creative crop. Florida: "The United States — which has long been the preferred destination for the world's top entrepreneurial, innovative, scientific, artistic and cultural talent — is for the first time losing this key historical advantage."

— More on Richard Florida at [www.creativeclass.org](http://www.creativeclass.org)

— The Flight of the Creative Class — The New Global Competition for Talent, by Richard Florida, (Harper Business 2005) ISBN 0-06-075690-X

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