

The Jobs Letter

No. 247

24 February 2006

Essential Information on an Essential Issue

KEY

BUY KIWI-MADE CAMPAIGN

UNEMPLOYMENT AT 3.6%

EMPLOYERS WELCOME
SKILLED MIGRANTS

NZ ECONOMY 2ND MOST
VULNERABLE TO BIRD FLU

STATISTICS THAT MATTER

- The **Buy Kiwi-Made** campaign is about retaining businesses — and jobs — in New Zealand. Speaking for the first time as the spokesperson for the government on Buy Kiwi-Made, Green MP Sue Bradford told an Employers and Manufacturers Association (EMA) workshop in Wanganui the campaign seeks to **encourage the local production** of durable, high value products made by well-trained, well-treated and well-paid workers. The campaign will support the expansion of sectors which are “sparing in resources but rich in employment”. And it is committed to doing everything possible to decrease New Zealand’s dependence on increasingly costly oil and to encourage sustainable production, manufacturing and consumption patterns.

The Buy Kiwi-Made campaign is part of the Co-operation Agreement signed by the government and the Green Party after the 2005 election. The goals of the programme are to:

- create awareness of the employment, economic, environmental and social benefits of buying locally made products and services
- build brand loyalty for New Zealand made products
- reduce imports, especially of consumption goods
- help to reduce New Zealand’s trade deficit
- help to increase New Zealand’s manufacturing capability
- help create employment
- help reduce fuel consumption

The Co-operation Agreement provides for the implementation of a Buy Kiwi-Made media marketing campaign, an investigation of ways of better distinguishing New Zealand made goods from imports, government leadership through public sector procurement policies, further development of the Industry Capability Network and an audit of New Zealand imports.

Bradford: “The political commitment is there to support a Buy Kiwi-Made programme. The question now is, what will be the design of such a programme. It will be through discussion with stakeholders and interest groups that will help the government design an effective programme that will achieve the goals that we have set in the Cooperation Agreement.”

- The **unemployment rate dropped** slightly in the December quarter to 3.6% and New Zealand still leads the OECD with the lowest unemployment rate in the world. However, the drop in unemployment was not a result of more people in jobs but was due to people leaving the workforce — that is no longer looking for or available for a job.

The number of jobs in the economy actually fell by 1,000 over the quarter, a small decline but the **first decline in job numbers** since 2002. In 2005 there were 1.5% more jobs (+32,000) added to the

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2 February 2006

A website has been launched to help NZ’ers donate surplus goods or services to the community sector. Donate NZ allows donors to “advertise” what they have to give away to the not-for-profit sector. The site is now available to all schools and early childhood centres and will be extended to community groups in within a year. The website can be found at www.donatenz.com

3 February 2006

7,000 more people arrived in NZ for long-term stays than left over the 2005 calendar year. This is significantly down on the 15,100 increase in population due to immigration in 2004.

The Child Poverty Action Group (CPAG) supports the campaign against “poverty wages and insecure work hours” which is being funded by fast-food workers and run by SuperSizeMyPay.com. CPAG representative Donna Wynd: “The bottom line is that those who are working should be able to provide for their families. It is not just the workers who are affected, it’s their kids.”

The Jobs Letter — Essential Information and Media Watch on Jobs, Employment, Unemployment, the Future of Work, and related Education and Economic issues. It is published every 2-3 weeks,

and is freely available on our website at www.jobslatter.org.nz. We will email you if you want to be notified of the latest issue, or sent the full letter (in PDF format). Paper, posted subscriptions are available at \$79 (incl GST, per annum).

The Jobs Letter

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5 February 2006

Poor social skills and widespread negative attitudes towards business among students has led to half of UK chief executives surveyed to expect a shortfall in suitable job candidates over the next year. The study by the Association of Graduate Recruiters also finds many employers are now looking for candidates with “softer skills”, such as team working, cultural awareness, leadership and communication skills, to accompany academic achievements.

An immigration Bill being debated in the British parliament aims to close the door to low-skilled labour from outside the EU — a move that threatens to close hundreds of Chinese and Indian takeaways businesses. The government says the industry needs to attract more resident UK workers.

6 February 2006

10 million creative-sector jobs will be added to the US economy in the next decade according to calculations based on US Bureau of Labour Statistics forecasts. And the service sector is expected to provide an additional five million new jobs. However, service sector jobs are paid at only a third of what creative-sector jobs are paid and the Bureau says this could be a dangerous signal that the labour market is cleaving into two economic classes.

8 February 2006

Ordinary salary and wage rates rose 0.8% in the last quarter and 3.1% in the year to December according to the Statistics NZ Labour Cost Index. This is the fastest rise in 13 years. ANZ National Bank chief economist John McDermott says that because of the lag of nearly two years between skill shortages and labour costs, wage pressures were set to linger for some time.

112 jobs will go as Land Information NZ (LINZ) plans to cut its regional processing centres over the next three years.

About 220,000 students and union workers demonstrate throughout France to demand the government scrap its plan to fight youth unemployment by introducing a new type of job contract. Demonstrators fear the plan will endanger job security.

economy. This is in contrast to 2004 — a bumper year for jobs — when the number of jobs grew by 4.4%.

Minister of Social Development and Employment David Benson-Pope points out that even though job growth slowed last year, the average of the four quarterly unemployment rates for 2005 was 3.7% — better than the 2004 average of 3.9%. By way of contrast, in 1999 the annual average unemployment rate was 6.8%.

One concern is the **loss of full-time jobs** over the last quarter. There were 9,000 fewer full-time jobs — the largest fall in eight years. This is in contrast to recent trends that have seen regular increases in the number of full-time jobs.

- Statistics New Zealand points out that the changes in this quarter’s Household Labour Force Survey (HLFS) — when compared to the previous quarter — are small and don’t herald a new direction in the labour market. Government statistician Brian Pink: “Despite an easing of employment growth, the labour market remained tight in the December 2005 quarter, with very little change in either the number of people employed or the number unemployed. The unemployment rate is equal to the lowest on record.”
- You may be confused about whether the December quarter unemployment rate was **lower or higher** than the September rate. Statistics New Zealand’s previous Household Labour Force Survey pegged the September 2005 quarter unemployment rate at 3.4% — which was reported throughout the media and in *The Jobs Letter* (see issue No 243). However, it has since revised that figure after reviewing its survey techniques.
— *Household Labour Force Survey December 2005*, including the *Commentary* and *Technical Notes* concerning the revision of the statistics can be found at www2.stats.govt.nz
- We include our regular Statistics That Matter summary and Who Got the Jobs? in this issue of *The Jobs Letter*. Some highlights:
 - job growth last year was driven by the service sector (24,500 new jobs) and the construction sector (9,300 new jobs) — while the manufacturing sector shed 9,600 jobs
 - Maori unemployment is at 8.6% — the lowest level since the HLFS began in 1986 — but it is still over three times the European/Pakeha rate
 - the labour force participation rate dropped but this is still the second highest ever recorded by the HLFS
- The vast majority of employers who have hired immigrants through various **skilled migrant schemes** are happy with the people they hired. Of the employers who responded to a survey regarding their experience of employing skilled immigrants, 81% rated their immigrant worker performance as “good” or “very good”. And 56% of employers reported their organisation had benefited more from employing an immigrant than they would have from employing a worker who was born in New Zealand. Employers listed the main benefits of hiring immigrants are that they contribute to their organisation’s knowledge, they possess skills that New Zealand residents didn’t have, raise their organisation’s level of expertise, contribute to their business’s growth and they brought with them innovative practices. Very few

ONE IN TWENTYEIGHT PEOPLE OFFICIALLY UNEMPLOYED IN NZ

OFFICIAL NUMBER OF UNEMPLOYED IN NZ

Dec 2005

78,000

Seasonally Adjusted

OFFICIAL RATE OF UNEMPLOYED

Dec 2005

3.6%

OR ONE IN 28 PEOPLE
Seasonally Adjusted

DROP IN NUMBER OF UNEMPLOYED IN LAST THREE MONTHS

Sept 2005—Dec 2005

1,000

RISE IN LAST YEAR

Dec 2004—Dec 2005

1,000

Seasonally Adjusted

PEOPLE REGISTERED AS JOBBEEKERS WITH MINISTRY OF SOCIAL DEVELOPMENT

(Formerly WINZ)

Dec 2005

84,938

UNDEREMPLOYED

Dec 2005

81,500

(workers who are employed part time but would prefer to work more hours)

GLOBAL

SPAIN	8.6%
FRANCE	9.3%
GERMANY	9.1%
ITALY	7.7%
CANADA	6.4%
OECD Average	6.4%
UNITED STATES	5.0%
AUSTRALIA	5.1%
JAPAN	4.6%
BRITAIN	4.6%
NEW ZEALAND	3.6%

STATISTICS THAT MATTER

OFFICIALLY UNEMPLOYED

The official unemployed rates are an internationally recognised figure for unemployment based on the Household Labour Force Survey run by Statistics New Zealand. These are the latest figures for December 2005.

NORTHLAND	4.4%	or one in 23 people
AUCKLAND	3.7%	or one in 27 people
WAIKATO	4.0%	or one in 25 people
BAY OF PLENTY	4.0%	or one in 25 people
GISBORNE-HAWKES BAY	4.5%	or one in 22 people
TARANAKI	3.8%	or one in 26 people
WANGANUI-MANAWATU	4.1%	or one in 24 people
WELLINGTON	3.1%	or one in 32 people
NELSON-MARLBOROUGH		
TASMAN-WEST COAST	3.3%	or one in 30 people
CANTERBURY	2.4%	or one in 42 people
OTAGO	3.2%	or one in 31 people
SOUTHLAND	2.8%	or one in 36 people

EMPLOYED

NUMBER OF PEOPLE IN JOBS IN NZ 2,085,000

Dec 2005

Seasonally Adjusted

DROP IN NUMBER OF PEOPLE IN JOBS IN LAST 3 MTHS

Sept 2005—Dec 2005

1,000

RISE IN NUMBER OF PEOPLE IN JOBS IN LAST YEAR

Dec 2004—Dec 2005

32,000

SECTORS WITH A RISE IN EMPLOYMENT IN THE LAST YEAR

AGRICULTURE, FORESTRY AND FISHING, MANUFACTURING, CONSTRUCTION, TRANSPORT, STORAGE & COMMUNICATION, EDUCATION, OTHER.

SECTORS WITH A DROP IN EMPLOYMENT IN THE LAST YEAR

WHOLESALE & RETAIL TRADE, BUSINESS & FINANCIAL, HEALTH & COMMUNITY SERVICES.

FULL-TIME and PART-TIME

of the "Employed" statistics

	FULL -TIME	PART-TIME
MEN	1,025,400 (90%)	113,800 (10%)
WOMEN	617,400 (64%)	349,000 (36%)
TOTAL	1,642,800	462,800
OVERALL %	78%	22%

GAIN OF FULL-TIME EMPLOYED IN THE PAST YEAR: 34,600

GAIN OF PART-TIME EMPLOYED IN THE PAST YEAR: 2,800

REGIONS

REGIONS WITH A DROP IN UNEMPLOYMENT IN THE LAST 3 MONTHS

Sept 2005—Dec 2005

NORTHLAND
GISBORNE-HAWKES BAY
WANGANUI / MANAWATU
WELLINGTON
CANTERBURY

REGIONS WITH A RISE IN UNEMPLOYMENT

AUCKLAND
WAIKATO
BAY OF PLENTY
TARANAKI
NELSON / MARLBOROUGH /
TASMAN / WEST COAST
OTAGO
SOUTHLAND

A SPECIAL SUPPLEMENT TO

THE JOBS LETTER

24 FEBRUARY 2005

ONE IN SIXTEEN PEOPLE OFFICIALLY JOBLESS IN NZ

OFFICIAL NUMBER OF JOBLESS IN NZ
Dec 2005

144,800

OFFICIAL RATE OF JOBLESS
Dec 2005

6.4%

OR ONE IN 16 PEOPLE

NO CHANGE IN NUMBER OF JOBLESS IN LAST THREE MONTHS
Sept 2005—Dec 2005

0

DROP IN NUMBER OF JOBLESS IN LAST YEAR
Dec 2004—Dec 2005

4,700

THE JOBLESS FIGURES

According to Statistics NZ, the difference between the official "unemployment" figures and the "jobless" figures is that many of the people on the jobless measurement are available for work, but not actively seeking it.

The reasons for not actively seeking work range from people being discouraged because they lack the skills needed, or were the wrong age, or that the right work was not available in their area, or they were only looking for jobs in the newspaper. This measurement also includes those actively seeking work but not yet available for it.

A SPECIAL SUPPLEMENT TO

THE JOBS LETTER

24 FEBRUARY 2005

OFFICIALLY JOBLESS

"Those Without a Job and Wanting a Job"

These are the statistics that are more commonly used by community workers and employment activists in New Zealand because they more accurately reflect the people who are their concern or clients. These "Jobless" figures are also based on the Household Labour Force Survey run by Statistics New Zealand, but include a wider definition of unemployment, usually referred to as "those without a job and wanting a job" ... (see note in side panel).

NORTHLAND	8.5%	.....	or one in 12 people
AUCKLAND	5.9%	.....	or one in 17 people
WAIKATO	8.0%	.....	or one in 13 people
BAY OF PLENTY	6.7%	.....	or one in 15 people
GISBORNE-HAWKES BAY	9.2%	.....	or one in 11 people
TARANAKI	6.7%	.....	or one in 15 people
WANGANUI-MANAWATU	6.5%	.....	or one in 15 people
WELLINGTON	6.1%	.....	or one in 16 people
NELSON-MARLBOROUGH			
TASMAN-WEST COAST	6.0%	.....	or one in 17 people
CANTERBURY	5.3%	.....	or one in 19 people
OTAGO	8.1%	.....	or one in 12 people
SOUTHLAND	5.3%	.....	or one in 19 people

AGE and LONG-TERM

YOUTH UNEMPLOYMENT RATE - AGED 15-19 YEARS 11.7%
Dec 2005 one-in-9 young people

MATURE UNEMPLOYMENT RATE - AGED 50-65 YEARS 1.7%
Dec 2005 one-in-59 mature people

LONG-TERM UNEMPLOYED (OVER 6 MONTHS) 11,000
Dec 2005 15% or one-in-7 of the unemployed

LONGER-TERM UNEMPLOYED (OVER 2 YEARS) 1,600
Dec 2005 2% or one-in-47 of the unemployed

VERY LONG-TERM UNEMPLOYED (OVER 5 YEARS) 1,000
Dec 2005 Figure too small for accurate estimate

THE SCHEMES

Figures from Ministry of Social Development, Youth Affairs and Tertiary Education Commission (formerly Skill NZ)

TASKFORCE GREEN	218
JOB PLUS	1,994
JOB PLUS MAORI	13
JOB CONNECTION	116
ENTERPRISE ALLOWANCE	52
ENTERPRISE ALLOWANCE WITH CAPITALISATION	194
TRAINING OPPORTUNITY SCHEME (TOPS)	7,416
YOUTH TRAINING (T.E.C.)	5,070
LIMITED SERVICE VOLUNTEERS (ARMY)	112
CONSERVATION CORPS	692
YOUTH SERVICE CORPS	100
ACTIVITY IN THE COMMUNITY (still counted as unemployed)	202

PARTICIPATION

LABOUR FORCE PARTICIPATION RATE
Dec 2005

Seasonally Adjusted

67.8%

up from 67.7% last year

RACE

MAORI RATE OF UNEMPLOYMENT
Dec 2005

7.6%

OR ONE IN 13 PEOPLE

PACIFIC ISLAND RATE OF UNEMPLOYMENT
Dec 2005

6.2%

OR ONE IN 16 PEOPLE

NZ EUROPEAN RATE OF UNEMPLOYMENT
Dec 2005

2.5%

OR ONE IN 40 PEOPLE

The Jobs Letter

DIARY

9 February 2006

The NZ government warns Fijians against paying to get a job in a NZ orchard or vineyard. Immigration Minister David Cunliffe says there is no guarantee that people who pay \$2,000 to Pooz Travel World would get a temporary work permit. Cunliffe says all applicants need to meet immigration criteria before they are granted a NZ visa.

About a third of Maori are business entrepreneurs, according to the Global Entrepreneurship Monitor. And about 25% of Maori, versus 13% of the general population, expect to start-up a business in the next three years. But 37% of Maori entrepreneurial start-ups survive to three and a half years compared to 62% for the general population. Maori Party MP Te Ururoa Flavell calls on the government to offer Maori entrepreneurs more support. Flavell: "We will be asking the government why it is that these world class entrepreneurs are lacking sustainable support to make the risks worthwhile."

10 February 2006

The National Party leader Don Brash renews his call to crackdown on welfare dependency. Brash tells the party's caucus the number of people on sickness and invalid benefits continue to rise — and numbers on the domestic purposes benefit remains static. Brash asks party welfare spokesperson Judith Collins to prepare a report on options to cut beneficiary numbers and to push more people into the workforce.

Workers at a McDonalds fast food restaurant in Queen St, Auckland, carry out a "symbolic" strike after Unite union members say they were rostered-off a shift after the company had agreed the workers would be paid to go to a union stop-work meeting.

Over 1,000 people attend a rally by the SuperSizeMyPay.com campaign in the Auckland Town Hall. At the rally are MPs Sue Bradford and Pita Sharples and union leaders Carol Beaumont and Laila Harre.

employers reported that their skilled migrant workers had difficulties fitting in to the workplace culture or of having difficulties with the English language.

The survey found that 87% of employers had tried unsuccessfully to hire a New Zealander to do the job they had finally hired an immigrant to do. The occupations of the migrants vary widely but most frequently those who come as a Skilled Migrant are corporate managers or other professionals (24%), teaching professionals (9%), and physical science and engineering associate professionals (9%).

Nearly two years after the skilled migrant schemes were initiated, nearly 70% of the immigrants in the survey sample were still working for the same employer. Of those who had left their jobs, nearly half had gone to other jobs in New Zealand.

— *Skilled Migrants in NZ: Employers Perspective*, January 2006, published by the Department of Labour, can be downloaded (108pg, 777Kb) from www.dol.govt.nz/publication-view.asp?ID=208

- Given the tightness of the labour market, recruitment agents say New Zealand **employers are being overly careful** about who they hire. Colleen Getley of Getley's says employers who haven't recruited anyone for the last four years are surprised at how difficult it can be to hire staff that bring with them the exact qualifications and skills they are looking for. Getley says employers are not taking into account that it is a candidate short market and a lot of those skills just won't be available.

And many employers are not taking advantage of the full range of job seekers in the current labour market. Getley says there are a lot more skilled **immigrants who are job seeking** now but many employers are just not interested. Getley: "We've still very much got a Kiwi mentality of recruiting Kiwis. We have a lot of immigrants applying for roles who are very well qualified but we know that our clients will say 'don't even send them our way'". The problem is exacerbated if English is not an applicant's first language.

- Status Recruitment director Craig Shutt agrees immigrants are being shut out. He says employers in general need to be more open minded in looking at the immigrant market, a little more flexible on qualifications and have a closer look at the key work experience candidates have.

Shutt says many employers even shy away from immigrants with recognised New Zealand qualifications, saying they want to see local work experience. These employers are overlooking a **legitimate talent pool**. Shutt: "If you bring a graduate through and offer good training, that investment, at the other end, brings good rewards. It can take a bit of time, but it can make them loyal to the firm if you've got good retention tools in place."

- Employees with children under age five would gain the right to request reduced, part-time or **flexible hours at work** if the Employment Relations (Flexible Working Hours) Amendment Bill becomes law. Sponsor of the Bill Green Party MP Sue Kedgley says the intention is for mothers, fathers, guardians and foster parents to have a framework with which to negotiate reduced working hours that are

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12 February 2006

170 jobs are lost as Pacific Pharmaceuticals, one of NZ's largest pharmaceutical producers, is to close its Mt Wellington manufacturing arm. Managing director Margaret Dixon says the company — a major supplier to the government drug agency Pharmac — is closing the facility for "economic reasons". Dixon says a large variety of alternative manufacturing locations are being considered.

Up to 20,000 Volkswagen employees in Europe will "be affected" by the auto manufacturer's restructuring programme. Volkswagen has 340,000 employees.

13 February 2006

Hawke's Bay apple growers are concerned they won't have enough workers to harvest this season's crop. Horticulture NZ says the Gala apple pick will begin on 25 February and many more workers are needed for the harvest. The Department of Labour has been authorized to allocate 4,000 permits for foreigners to work temporarily in the region's fruit industry.

122 Air NZ cleaners will lose their jobs as the company plans to contract-out their work. Air NZ airport services general manager Paul Reid says the airline will save \$1.5 million/yr by contracting out aircraft cabin cleaning work. Reid says the cleaners will be able to transfer to the new cleaning services or take redundancy.

14 February 2006

About 100 demonstrators march on parliament to support the Abolition of Age Discrimination Bill that would do away with youth rates.

The Labour caucus has agreed to support the referral of the Minimum Wage (Abolition of Age Discrimination) Amendment Bill to a select committee. But Minister of Labour Ruth Dyson says the government makes no commitment to support the Bill through further stages.

The number of job vacancy ads declined in the December quarter according to the ANZ survey. ANZ economist John Bolsover says some employers might have put hiring plans on hold as economic growth declined but he suspects some employers have just given up advertising because of the lack of suitable applicants.

mutually agreeable to themselves and their employer. Caregivers would be able to apply to change the hours they work, the times of day they are required to work, apply to work part time, work compressed hours or to work a 4-day week.

Kedgley says the law is needed to create a workplace that recognises the difficulties **working parents** can have while trying to juggle full-time work and care for their children. Kedgley says it is no wonder that so many employees with children simply give up the struggle and drop out of the labour market because they can't find ways of combining paid work and the demands of looking after young children. One-in-three mothers don't come back to the workforce after having children, when their children are young. Kedgley: "The Prime Minister announced recently that she wants more women in the paid workforce. Well, making paid work more flexible, enabling parents with children to work more flexibly, or part time, would help achieve this goal."

- Waiting for employers to voluntarily allow more flexible working hours is not working for many workers, according to the Council of Trade Unions. General secretary Carol Beaumont points out that recent studies have shown that New Zealanders — particularly men with children — work longer hours than those in other countries.

Beaumont says a change in the law would be **good for employers**. The Flexible Working Hours Bill is based on a British model that was originally opposed by business people there. But Beaumont says most British employers agree it is having a positive effect on workplace relations as well as creating a better motivated workforce and is helping them to retain staff. Some employers even reported increased productivity. Beaumont believes employers will learn to love the law if it comes into force.

- The New Zealand Nurses Organisation strongly backs the Flexible Working Hours Bill. Spokesperson Rob Haultain says that across the health sector there are massive **recruitment and retention problems** and at the same time, about 30% of nurses with annual practicing certificates were not actively nursing. Haultain: "We need to look at what would attract these nurses back to nursing and for many who care around the clock having flexible working hours is a key factor."
- Business New Zealand says legislating to create more flexible workplaces would have the exact opposite effect. Chief executive Phil O'Reilly told the Bill's parliamentary select committee he is concerned that the legislation would only give **employers limited rights** to refuse an employee's request for more flexible workplace hours — and those rights wouldn't allow the employer to deny a request on the basis it would impact on customers or create additional costs. O'Reilly: "It's simply good business practice to address employees' needs, but we don't need a law for that. The better alternative is to provide information to employers and employees about the options available and the fact that flexibility is often good for business."
- Fewer prisoners are now part of the **Corrections Inmate Employment** scheme than there were in 2001. In a bid to cut prison costs, horticulture has been abandoned at eight of 12 prisons, plant nurseries have closed at five prisons, joinery has been stopped at three, light engineering at two and contract gangs doing forestry and other work has stopped at two prisons. Department of Corrections chief executive Barry Matthews says culling the work programmes

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15 February 2006

27 staff at Pacific Plastics in Otaki will lose their jobs after fire destroyed their workplace. General manager John Cribb says Work & Income gave two verbal public assurances that they would help the company retain staff while a new factory was being built. But it has subsequently found there is nothing in existing policy which allows them to help.

Work & Income Kapiti manager Jacqui Ferrel says no assurances or commitments were given that Pacific Plastics could be helped financially. Ferrel: "We said we could provide support for staff if they were made redundant. Task Force Green was one of the options explored but unfortunately the company does not meet the criteria because it is a commercial operation."

Wellington had the most stable workforce in 2004 with an average quarterly worker turnover of 14.9% compared to a national average of 17%, according to Statistics NZ. The Tasman region had the highest average quarterly turnover rate of 23.6% — owing to the large number of seasonal employees.

93% of people who have immigrated to NZ through a Skilled Migrant scheme are satisfied with their life in NZ and 70% are "satisfied" or "very satisfied" with their job. The Department of Labour report *Skilled migrants: A study of settlement outcomes* can be downloaded (66pg, 492Kb) from www.dol.govt.nz/publication-view.asp?ID=209

16 February 2006

Qantas Airlines says further job losses are inevitable to help compensate for fuel prices, which climbed by 58% in the last half year.

cut the net financial cost of the work programmes from \$8.6 million in 2002 to \$3.8 million last year. But in doing so, the number of prisoners in a work programme dropped from 41% to 31%.

- Corrections Association president Beven Hanlon says that at the Hawkes Bay Prison, 40 prisoners lost their jobs when the prison **abandoned an organic vegetable** growing enterprise and leased out the land to a local cattle farmer. He says now the inmates sit in their units doing nothing while the prison buys in all the produce they used to grow.

And Prison Fellowship director Kim Workman, who managed the Prison Service from 1989-93, says the policy of running **prison work programmes** on a commercial basis is wrong. Workman: "This isn't about running a commercial venture. This is about teaching them a work ethic and providing them with constructive activity so they don't delve into drugs and anti-social conduct. And there is a huge therapy in gardening. My experience is that for the men who work in the gardens there is a special element of contact with nature. There is a spiritual element to it. There is the thing of seeing something grow before your eyes rather than doing meaningless work."

- Corrections chief Barry Matthews has set a target of getting half the prison inmate population into a work programme. And some prison managers are keen to bring back vegetable gardens for internal prison use. Matthews: "It's an issue as to whether we shouldn't get back into at least growing vegetables for our own consumption. It will be up to individual site managers. If they have corrections officers that are guarding prisons, the next question is, can those people be used to guard prisoners outside the wire where there are additional costs involved? Some of the site managers are very keen to do that."
- Employers are firmly focused on **retaining their employees**, according to a survey by recruitment agency Hays NZ. Far more employers now believe retaining existing staff is more important than recruiting new talent. Hay general manager Jason Walker: "This result isn't surprising given the ongoing skills shortage. With a candidate-driven market where skills at all levels are in demand, it is understandable that retention has become more important than ever — even rated above attracting talent. It is fair to say the cost of replacing staff would also be a factor in this retention focus, as the average performing staff member costs around 90% of their salary to replace."

Walker says that career progression, providing new challenges, salary levels, training and strong management are all important elements of a retention strategy. He also says it is important to be sure that once an employer has attracted staff based on a description of what it's like to work for them, the description needs to match the reality of the job and the firm.

- A **Youth Transitions Service** has been launched in the Hutt Valley. The service — aimed at helping young people make a good transition from school into adult life — will provide career training, job seeking advice, information on educational opportunities and customised support for at-risk school leavers. At the launch Minister of Social Development and Employment David Benson-Pope said that young people, rather than being problems to solve, are strong agents for their own positive change and this strengths-based approach is vital to Youth Transitions Services.

The Hutt Valley service is the eighth Youth Transition Service to be established. Benson-Pope says one of the reasons the government decided

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20 February 2006

Salaries in the information technology sector continue to rise according to a survey by recruitment agency absoluteIT. Auckland manager Martin Barry: "We expect there will be more pressure regarding filling vacancies this year. The much-predicted economic slowdown isn't having any effect on IT."

21 February 2006

Statistics NZ figures show 22,500 more NZ citizens left to live in Australia than returned in 2005. This figure is up 34% on 2004 and is fueling concern about the affect of NZ'ers moving to Australia on the NZ labour market and skills shortage.

About 300 jobs will be lost as Air NZ will go ahead with outsourcing its wide-body aircraft heavy maintenance.

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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

to situate a service in the Hutt was the determination of Mayors Wayne Guppy and David Ogden, the City Council and local groups to do something to help young people in the city.

Within three years there is to be total of 14 Youth Transition Services operating around the country. They are part of a \$56.9 million government package to get all 15-19 year olds in work, education or training by 2007. Youth Transitions Services are funded by the government and implemented in partnership with the Mayors Taskforce for Jobs.

- The New Zealand economy would be one of the two **worst affected economies** in the world should a pandemic strike. A study by the Lowy Institute has looked at 20 economic regions and concludes that after the Philippines, the New Zealand economy would suffer the greatest because of our economic reliance on tourism and our reliance on a healthy workforce. A pandemic would knock as least \$1.4 billion off the New Zealand GPD and the cost could go as high as \$17 billion if the **pandemic** was severe.

Bank of New Zealand chief economist Tony Alexander says the study results are not surprising. Alexander: "A study came out a few weeks ago saying that we would be one of the best off countries in terms of deaths but I've been saying for a long time that we would be one of the hardest hit economically. It makes sense. Tourism is our biggest export earner and that would cease to exist. And people's debt levels are high and they don't have alternative sources of income so the economy would suffer greatly."

- The study predicts that even a mild pandemic would have significant consequences for global economic output. The "mild" scenario is estimated to cost the world 1.4 million lives and close to \$US330 billion. As the severity of a pandemic increases, so do the economic costs and the number of people expected to die. In the event of the "ultra" scenario the Lowy study estimates the cost to the world economy could be \$US4,400 billion and could kill 142.2 million people.

— *Global macroeconomic consequences of pandemic influenza*, February 2006, by the Lowy Institute for International Policy, can be downloaded (79pg, 765Kb) from www.lowyinstitute.org

- An innovative programme in the state of Minnesota, in the central north United States, has tested the concept that better results with **single parents on welfare** would be obtained if they were able to keep more of their welfare benefit after they got a job. The report on the Minnesota Family Investment Program (MFIP) found the strategy's most positive effects were on sustained improvements in family income and children's educational attainment. The report: "By using welfare payments to supplement the low earnings of welfare recipients who took jobs, Minnesota was able to increase employment, income, and children's school performance in the three-year period during which the MFIP program operated. Encouragingly, these efforts may persist even after the program ended for the most disadvantaged, who would have been less likely to work in the absence of MFIP."

— *Turning Welfare Into a Work Support*, July 2005, published by MDRC, can be downloaded (166pg, 764 Kb) from www.mdrc.org/publications/411/overview.html

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