

An Economy of Connection

– *some thoughts after a Knowledge Wave*

by vivian Hutchinson

vivian Hutchinson is the Community Adviser to the Mayors Taskforce for Jobs. He is also the editor of *The Jobs Letter* and a trustee of The Jobs Research Trust and the Employment Catalyst Fund.

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“ *Economics is good – but it is not enough.* ”

– Australian High Court Justice Michael Kirby,
speaking to the *Knowledge Wave Leadership Forum*

1.

THESE ARE GOOD TIMES to be working on employment issues. The New Zealand economy has done very well in the last four and a half years ... and continues to do well in the face of a growing world-wide recession.

Our economy has created 165,000 jobs since June 1998 (when the recovery in employment levels started to take off). We've just broken the 5% barrier and are now down to a 4.9% official unemployment rate. We've also broken the 100,000 barrier and are down to 98,000 people officially out-of-work.

This is all good news to a Labour-led government that has set its sights on jobs.

Last month, *The Jobs Letter* took a look at who has been getting the jobs in the latest economic recovery. We compared the figures for who were in work in June 1998, with the figures for December 2002. We wanted to find out how the recovery is working out for different age groups, regions and sectors ... and we wanted to help answer the question: Are the benefits of our growing economy being shared fairly?

Well ... there's some good news and also some major concerns.

– despite young people under 25 years making up about 40% of the unemployed, this age group has only taken up 14% of the new jobs since June 1998. Most people would be surprised to find out that two thirds of the new jobs have gone to people aged 45 years and over.

– over a third of the new jobs have gone to Maori and Pacific people. This is certainly good news for a government that has also set its purpose on closing the economic gaps between Maori and other New Zealanders.

– Some regions are doing very well, most notably Canterbury (an increase in jobs of 24%) and Taranaki (+22%) and Wanganui/Manawatu (+20%). But there has been little movement in Wellington, Nelson, Marlborough, West Coast and Southland. With all the economic development work happening in the regions you would have to ask: Why are the results so unevenly spread?

– when we look at a breakdown of the new jobs by economic sector, we see that the Health and Community Services sector has increased its workforce by a third, while Manufacturing has only increased by 1%.

If this is a business-led recovery (as trumpeted by the business press) ... then it is a recovery in which a great number of the jobs are coming from the business of people. And politicians of all shades will no doubt be curious to find out about how much of this current job creation is being funded by the public purse.

2.

The Mayors Taskforce for Jobs has set its first goal at ensuring that *no young person under 25 years will be out of work or training in our communities*. So it is only natural we should be most concerned here about the figures for youth employment.

Why are our young people substantially missing out in the best job creation we've had for nearly fifteen years?

In the current economic recovery, New Zealand businesses look like they are going for the easiest and most immediate staffing solutions. They are preferring to employ the older workers who come with their skill levels and work attitudes fully in place.

And a look at our latest immigration figures indicates that if these skills and work attitudes are not readily available locally, then our businesses are quite happy to “buy them in” from a global labour market ... rather than taking the slower and more difficult option of growing the skills at home.

Four years ago, the major concerns that led to the establishment of this Taskforce were unemployment and the economic downturn in our regions. Today, Mayors are telling this meeting that skill shortages, and not joblessness, have quickly become their major local concern.

But unemployment and skill shortages are two sides of the same problem – a problem that is more about our capacity to make longer-term investments in people and their skills.

Our communities are not investing enough in the next generation of their workers.

And our businesses are not giving young people enough opportunities to grow their skills on-the-job.

3.

We'll come back to more figures in a moment.

A couple of weeks ago, I was able to attend the *Knowledge Wave Leadership Forum* in Auckland. Actually, the chairman and most of the core group of this Taskforce were also at the conference.

The *Knowledge Wave* provided its participants with a fascinating overview of New Zealand's current economic and social challenges ... much of what naturally bears directly on our agenda of the Mayors Taskforce for Jobs.

The conference had top-quality local and international speakers. It also brought together in one venue a very diverse group of established New Zealand leaders – actors, artists, academics, farmers, fashion designers, central and local government leaders,

small business owners, corporate leaders, recent immigrants ... and fifth generation New Zealanders.

The organisers also invited a hundred younger people – from high school students to people in their early 30s – who were identified as “emerging leaders”. And the whole conference was beamed out to thousands more people around the country on Sky Digital TV.

The conference has fielded many criticisms over the last couple of weeks – not the least from our Prime Minister. Helen Clark was co-chair of the first *Knowledge Wave* back in 2001, but only attended this time briefly as a guest speaker, and has since made it clear that she has doubts as to the direction of the recommendations emerging from the forum.

There were criticisms from other people that the conference was expensive, there seemed to be too many speakers talking at you, and there wasn't enough opportunity for conversations between participants.

For myself, I felt the *Knowledge Wave* is growing into an important national forum. It is important because it is probably the closest thing we have in this country to a *national conversation on ideas*. I hope it continues, and I hope it listens to feedback.

It was important for the Taskforce to take the opportunity to attend. We've embarked on a challenge that will be a huge stretch for all of us in the next few years.

We will need to enlist and apply our best minds to the job.

4.

The *Knowledge Wave* Trust is promoting the goal that New Zealand should aim to get back into “the top half of the OECD across the spectrum of economic and key social measures by 2010”.

Many speakers at the conference called for a more coherent national growth strategy, and offered their own proposals: cut taxes by at least 2% to fall in line with Australia, pay off debts, spend more money on education, spend more on promoting New Zealand overseas as a hot destination for tourism or migration ... and much more.

These ideas were also being promoted by Auckland's main daily newspaper, the *New Zealand Herald* (which was also major sponsor of the conference).

What was interesting to me, however, was that a couple of days before the conference began, the *Herald* ran a special supplement on the *Knowledge Wave* which included a survey on what New Zealanders are most concerned about.

The *Herald/DigiPoll* results showed us that New Zealanders are much more concerned about our social statistics than they are about specific proposals to lift our economic performance.

– 59% of New Zealanders surveyed wanted more money spent on education and social programmes like health, compared to only 33% who wanted to use our surpluses to cut taxes or pay off debt.

The good economic news in achieving a 4.9% unemployment rate perhaps takes our attention away from the deeper problems we still have to face as a country.

There are still 134,000 New Zealanders living on an unemployment benefit.

One in twelve New Zealanders – and one in six *young* New Zealanders – are out of work and want a job.

Our government may be running a Budget with an economic surplus ... but a majority of New Zealanders know that we are also running a *social deficit*.

This social deficit was well explained in the Briefing Papers to the incoming government after the elections in July last year.

The Ministry of Social Development reported that one in four (26%) New Zealand children and one in six (16.5%) working-age New Zealanders are dependent on a benefit payment for their livelihood. The Briefing Papers noted that these figures have remained at about the same levels for the last ten years.

The Ministry's Social Report for 2002 tells us that a third of all Maori families, and two thirds of all single parent families in this country are living below the unofficial poverty line.

Of course everything is interconnected ... and raising our economic performance will give us more resources to address our social issues.

But for most NZ'ers, getting back into the elite group of an OECD list of countries seems a somewhat distant concern when faced with the very pressing needs of these social statistics.

Our continuing priority has to be on addressing the economic and social gaps that have opened up between our neighbourhoods and communities gaps which are continuing to get wider.

This is the agenda which, as Mayors, you are very familiar with.

This is the agenda for which we need a national conversation ... an authentic national conversation that also addresses questions of equity, opportunity, and distribution.

This is the agenda to which we need to apply our *knowledge*.

5.

The Mayors' economic goals ask us to get it right by striving for the fullest possible *employment* and the fullest *creativity* from all people in our community.

The Mayors' social goals ask us to get it right by striving for fullest possible *participation* and fullest levels of *livelihood* for all people in our community.

No family or parent in our communities is bringing up their children to expect that they will not earn a living or make a useful contribution in their lives. Yet somehow we have organised our economic and social affairs so that one in six young people are not in work or training.

The Mayors' goals talk about the "zero waste" of people and not the 4.9% waste of people. We say "zero waste" because we know that *governance* at the local and community level is about 100% outcomes. It is about getting the details right person to person.

And when we get it right through addressing our local education, work and livelihood issues ... then we can also expect that so many of our other social statistics will start to improve for the better.

6.

Healthy communities are not just based on livelihood. They are also based on a spirit of *inclusion*.

The Mayors Taskforce for Jobs is essentially a strategy for inclusion.

If these are indeed the best times we've had for job creation in fifteen years, then the figures we've just quoted clearly show that this recovery is not bringing all New Zealanders into better times.

The fact that we have 40% of our unemployed coming from one particular age group suggests to me that we have a systematic process of social *exclusion* taking place.

We can explain it away in terms of "winners" and "losers", and even blame the "losers" for their predicament by calling them "useless" or pointing to their "attitude" problems ... but it is predominantly a governance problem.

It is about our collective inability to foster a whole range of opportunities that should be available for these young people.

You might find it interesting that the most impassioned speech at the *Knowledge Wave* conference about closing the social and economic gaps between Maori and other New Zealanders came not from the politicians or the few community representatives on the stage ... but from a corporate advertising executive.

Kevin Roberts, the worldwide head of Saatchi and Saatchi, described New Zealand, and most of the developed world, as practicing the "capitalism of exclusion". According to Roberts, developing a "capitalism of inclusion" is the only way that we can deal with poverty, depression and aggression.

For me, a "capitalism of inclusion" starts by addressing the issue of livelihood amongst our young people. If we don't do this, then we already know that this group will display a whole combination of linked problems.

The problems might start with unemployment, poor skills and low incomes ... but then they quickly lead to poor housing, bad health and high crime neighborhoods. And once these young people get into relationships and start their own families ... we see a continuing cycle of struggle and breakdown.

Social inclusion could be defined as *our capacity and willingness to keep all groups within reach of what we expect as a society*.

In governance terms, social inclusion is about being prepared to make the commitments and investments necessary to ensure all people are within reach of our common aspirations.

Livelihood is one such basic common aspiration. And our communities cannot afford to relegate this basic human right to a marketplace of "winners" and "losers".

7.

What I most learned from the *Knowledge Wave* conference was the fact that New Zealand is clearly practicing an education of exclusion.

And this is obviously having economic consequences.

One of the most disturbing speakers at the conference was Professor John Hattie, Head of the School of Education at the University of Auckland.

He reported that the top 80% of our students are very competitive and are performing to world-class educational standards. We are – and should be – proud of them.

But the bottom 20% of our students are not doing well.

Hattie showed us how they are systematically falling behind, and slipping to the worst standards in the Western World. In fact, he pointed out that we are the only country in the Western World where the standards of the bottom 20% of students are getting worse, not better.

This is a shameful picture of an education system that has extreme inequalities.

We debate it, we measure it (and we map out our school districts into “deciles” of disadvantage) ... but we seem unable to deliver anything different to this group of learners who are just being left behind.

And because the more successful 80% of our young people are able to be mobile and travel and get jobs overseas – actually, they are following the example of their teachers here – then the cumulative effect of this poor performance in our education system is that the average ability of our stay-at-home workforce is decreasing.

– a third of our students leave school at or before the minimum leaving age with no school qualifications.

– a third of the unemployed have no school qualifications.

– a 1996 literacy study showed that 42% of working New Zealanders scored below the minimum literacy rate which means that they could not cope with the level of reading required in today’s workplace.

So is it any wonder that our process of educational exclusion is starting to affect our economic performance?

We just can’t continue to cut off the bottom 20% and let them drift while we concentrate on the success stories of our more able students. We’ve got to start practicing the *education of inclusion*.

The Mayor’s purpose of the “zero waste of New Zealanders” has to actually start in our schools.

8.

Healthy communities are built on something more than just inclusion. They are also built by actively fostering *connection*.

You can only keep up the systematic exclusion of a whole group of fellow New Zealanders if you have no real sense of connection with them.

There have been major studies done overseas which show how much a “sense of connection” makes a difference in the lives of young people. One of the American studies looked at the mental and physical health of high school students over a six-year period and found that “...*independent of race, ethnicity, family structure and poverty status*, adolescents who feel connected to their parents, schools, and community are healthier than those who are not.”

Connection makes a real difference in the lives of young people.

Connection puts a deeper face to the concept of social inclusion – it is about us “turning up” and being present in the lives of younger people. It is about us keeping in touch with whatever young people care about.

It is also about us not abandoning them to a youth culture driven by the “capitalism of exclusion” ... and then later wondering why so of our many young people supposedly don’t have the character and attitudes that we say are needed in the workplace and the families of the future.

9.

“Keeping in touch” really pays off.

You could even say that there is *an economics of connection* – an economics that certainly stacks up in the long-term.

But unfortunately, like our education system, we actually measure and know more about the *dis-connection* ... rather than measuring and building our knowledge of how to get it right.

This economics of *dis-connection* can be seen in a recent British study into the long-term financial costs of young people aged 16-18 years *not* being in education, training or employment.

This study, undertaken by researchers commissioned by the UK Department for Education and Skills, estimated the long-term financial costs – in increased income support, health care, loss of tax revenue and other expenses – amounts to £97,000 over the lifetime of each young person.

Back here in New Zealand, Employment Minister Steve Maharey’s office has looked at these figures and translated what they might mean in a local context. The Minister’s office estimates that in this country we have about 10,000 young people in this age group.

Using the British research as a guide, the office estimates that if these 10,000 young people were in education, training or employment, then the long-term benefits to the New Zealand taxpayer would be in excess of \$1 billion.

So the long-term economic consequences of staying “in touch” with these 10,000 young people are not to be laughed at – at \$1 billion, the *economics of connection* is not chicken-feed!

10.

At the *Knowledge Wave*, we heard from one of the foremost intellectual proponents of the economics of connection – although he never described it as such.

Professor Robert Putman from Harvard University has popularised the concept of “social capital” which he defines as “... *connections among individuals, their social networks and the norms of reciprocity and trustworthiness that arise from them.*”

Professor Putman gave us many examples of how Western countries are losing their “social capital” at the moment ... and how this affects both our society and our economy. He explained of how you can assign “social capital” an economic value ... with some surprising results.

One illustration of this concerned the economic value of a degree to a university graduate. Putman argued that a greater economic benefit to the graduate came from the relationships and networks they built up while studying at the university, compared to the economic value of the qualification itself. In terms of “social capital”, after a five-year university education, the graduate’s *address book* could be considered to have much more value than the actual degree.

Listening to Professor Putman certainly made me consider that we should be giving all our unemployed young people on our training schemes an address book!

Or rather, we should be doing as much as we can to help them grow their social connectivity with others in their communities ... as much as we are spending time on growing and developing specific employment skills.

11.

Imagine if Employment Minister Steve Maharey suddenly decided to make local authorities fully responsible for the positive employment and training outcomes of all young people under 25 in your area?

Imagine ... after you’ve got over the shock of such an outrageous suggestion, and found all the resources you would need to take on that job ... How would you design this task?

This has been the question I have been sitting with recently while researching overseas examples of “best practice” in terms of government and community programmes for youth transitions.

Actually, making local governments responsible for the positive outcomes of young people is not such a silly idea ... if you look at Scandinavian countries, that’s exactly what they are required to do.

In Sweden, local authorities are obliged to look after young people up to the age of 18. They draw up a personal plan for each young person which is reviewed every 10 weeks.

In Denmark, there is more of a “carrot and stick” approach. If an unemployed young person refuses to work with their local authority in exploring training and employment options, then their level of income support is effected.

In both these countries there is an emphasis on both *connection* with the young people, and *reciprocity* in terms of what is expected of them. The overall intention is that no-one “falls through the cracks”.

In Britain, they have recently undertaken a major re-design of their transitions programmes for 13-19 year olds ... and they have come up with a new model which they have actually called *Connexions*.

Again, the emphasis here is not just on telling young people about options for jobs and further training. Their approach is also about staying in relationship with these young people.

Connexions tries to “join up” the work of six UK government departments and their agencies and organisations on the ground, together with private and voluntary sector groups and youth and careers services.

The service also matches up the young people with personal advisers who mentor them with practical help on choosing the right courses and careers, as well as

encouraging participation in broader personal development activities like sport, performing arts and volunteering. These advisers also provide help and support on issues like drug abuse, sexual health and homelessness.

At the *Knowledge Wave* conference, we heard from John Martin who heads up the OECD's division of Employment, Labour and Social Affairs. He gave a presentation on what the OECD has judged to be "best practice" in terms of work schemes and training programmes for young unemployed people.

Actually, John Martin's presentation was quite frank about what he felt didn't really work in terms of government support for the unemployed. He saw the usual prescription of programmes (job search assistance, training programmes, work schemes, wage subsidies, etc) as passive and palliative measures that do not strike to the heart of creating sustainable employment options for young people.

But what the OECD director says *does* work are strategies for what he describes as the "activation" of the unemployed. These strategies are not work schemes, but regular "interventions" and "case management" of the unemployed people based on designing individual pathways into participation, training and employment.

For me, the design implications of John Martin's conclusions are obvious: You can't "intervene", you can't "case manage", and you certainly can't successfully "activate" young people ... unless you are also *connected*.

And growing this "sense of connection" needs to involve many more groups than just government departments and their local contractors. We need to develop a form of *community case management* that is capable of weaving our young people into the many different opportunities, mentorship, support and resources that can be found locally.

12.

Youth transition programmes also have a major challenge in getting the *connection* right with local businesses. This is a major concern behind the partnership between the Mayors Taskforce for Jobs and the New Zealand Business Council for Sustainable Development.

In his wrap-up speech to the *Knowledge Wave*, Business Council chairman and Warehouse founder Steven Tindall spoke of his support for the Mayors Taskforce for Jobs.

It's not just rhetoric. The Tindall Foundation, in partnership with Jobs Research Trust, has put half a million dollars behind the Mayor's projects for youth employment and training. We estimate that this support has catalysed at least \$2.5 million worth of local employment and training projects ... and is helping to hundreds of young participants.

Later this month, the Business Council will launch their "industry guide" to youth employment. In this guide they make their "business case" for why companies should get involved in youth employment issues, and give examples of member companies which are doing something about it.

The Business Council members have told us that one of the main reasons that they have got in behind the Taskforce is because communities with high youth unemployment are not good communities to do business in. They know that social and economic inclusion is also good for business.

Steven Tindall describes the Business Council initiative as “addressing the disconnect” between businesses and the skills, energy and perspectives that young people can offer them.

The *dis*-connect is obvious: A recent survey reveals that one in eight New Zealand companies say that skill shortages are limiting their capacity to expand. This is happening at the same time that we have got one in six young people out of work or training.

The “business case” for getting involved in youth employment issues really needs no further explanation.

13.

The Mayors Taskforce for Jobs operates through partnerships. The success of the Taskforce is totally dependent on the partnerships we are weaving.

So far these partnerships include the Mayors and the district councils themselves, and the Ministers in the government and officials from government departments. It includes the Business Council and also the Council of Trade Unions (who have signed a Memorandum with the Mayors at this meeting). There are also partnerships with community groups like the Jobs Research Trust and the Te Araroa Trust.

I hope that, in time, these partnerships will reach out further afield.

I believe that the future of the Taskforce will be in becoming a “civil society” movement that goes beyond the initial groupings of local and national politicians and government departments ... and also enlists the participation of families and youth groups, schools, church groups, marae committees and runanga, sports clubs, and artists and musicians.

Within such a “civil society” movement, the Mayors can offer strategic leadership around our cultural goals for employment, training and livelihood. And you can champion local initiatives that are making a difference.

You can also use your position to ask government and local agencies to “raise their game” on these issues.

This isn’t about standing back and throwing rocks at agencies that aren’t performing.

While the Taskforce shouldn’t shy away from criticising the government and community agencies that are working on these issues, a partnership approach means that we are not going to do this from the outside.

Our partnership approach gives us the relationship we need to get in there, and ask: Can we do this better, *together*?

14.

“Raising our game” on these issues might best begin by taking a look at just what we mean by *partnership*.

Two years ago, the Australians held a major Taskforce on youth employment issues. It was set up by the Australian Prime Minister John Howard, who asked for better ways of supporting young people and their families in the transition “...from being students at school to having an independent adult life”. The Taskforce organised

public consultations around Australia, conducted surveys of young people and their parents, organised case studies, and commissioned special research.

When the final report of the Taskforce was released, it included a one-page statement called “*A National Commitment to all Young People*”. I’ve attached the whole statement here for your interest.

It reads like a charter of human rights for the employment, training and vocational support needs of young people ... and also what will be required to meet the special needs of young people who have become *dis-connected*.

Take a look at the conclusions made in this statement when it describes what will be required in order to deliver these commitments:

It talks of *cultural and paradigm shifts* that will be required in many of our community institutions and systems. It calls for national and local governments *to work together*. It asks for *integrated supported networks ... and focused and collaborative partnerships* at the local level involving schools, industry, business, government and non-government agencies, communities, young people and their families.

In other words, it is calling for a “civil society” movement that gets in behind this national commitment for all young people ... and does so by “raising its game” on working together.

I’ve shown this Australian charter to many local youth workers and funding agencies. They have all told me that it could have been written here in New Zealand.

This one page repeats many of the remarks made in our own Prime Ministerial Taskforce on Employment back in 1994.

It reaffirms to me us that our present Mayors Taskforce goals are critically dependent on *changing the culture of how we do things now*.

And the key ingredient in this culture change concerns our abilities *to work together*.

Actually, we talk about partnerships all the time ... but we have an appalling understanding of just what partnership really means.

We do the dance. We might even co-fund a particular project. We put out the press release. We take the photo opportunity. But for-gods-sake let’s not change business-as-usual!

Most partnerships today are just an elegant re-performance of the status quo.

But partnerships need to be much more than this. They are essentially about a journey within which we increase our capabilities in working together.

They are essentially about how we share power across a variety of agencies so that we can better serve a common purpose.

A National Commitment to all Young People

The Taskforce recommends that the Commonwealth Government work with State and Territory governments to develop a National Commitment to All Young People which underpins and sustains their transition to independence.

All Young People need

THE OPPORTUNITY TO:

- complete 12 years of schooling or its vocational equivalent, including strong literacy and numeracy foundations;
 - undertake vocational education and training and structured workplace learning;
- obtain employability and life skills which enable them to be active members of the community;
 - engage with professional career and transition support;
 - benefit from effective peer and family support; and
- learn and participate in environments that are inclusive of and responsive to their cultural and linguistic diversity.

THIS WILL REQUIRE:

- cultural and paradigm shifts in many of our community institutions and systems;
 - Commonwealth, State, Territory and local governments to work together;
- integrated supported networks which create opportunities and respond to the diversity of challenges faced by young people;
- focused and collaborative partnerships at the local level involving schools, industry, business, government and non-government agencies, communities, young people and their families;
- the development of learning pathways plans for each young person, transition follow-up mechanisms and transition indicators;
 - the development of a comprehensive career and transition support system and the development of employability and life skill learning programmes; and
 - appropriate income support, health care and housing foundations.

Young People at risk of becoming disconnected need

- early intervention services that work with young people, their families and the community;
 - peer support networks in schools and local communities; and
 - a range of cultural, artistic, sporting and other recreational activities.

THIS WILL REQUIRE:

- schools with established policies, processes, protocols and practices that promote early recognition and intervention; and
 - early response plans developed through collaborative local networks.

Young People who have become disconnected need

- a diverse range of vocational learning and employment opportunities; and
 - effective service responses with individualised long term support.

THIS WILL REQUIRE:

- co-ordinated support networks in all regions or local government areas;
 - better linkages between schools and community service providers; and
- new approaches including partnership outreach education models basing education in community settings.

To realise this commitment, young people, families, schools, governments, business and communities will need to work together to recognise and act on their shared responsibility to equip young people for the future.

15.

I'm really pleased that Youth Affairs Minister John Tamihere spoke up at the *Knowledge Wave* conference. His speech has continued to be controversial ... and it is a message that needs to be heard.

Tamihere has thrown down a challenge. You may not accept his conclusions or recommendations on welfare issues ... but we should at least accept his challenge and talk about the issues. We need much more of a national conversation about just where welfare is going ... and it is a conversation that is obviously has to be on the table of this Taskforce.

Tamihere has an extensive background in delivering social services dating from his time as chief executive at the Waipareira Trust in West Auckland. With this background, he brings some important perspectives from the community sector to the Labour government's Cabinet Table.

Basically, his *Knowledge Wave* speech was very much like saying "the emperor has no clothes". And he, for one, was not going to continue to put up with business-as-usual.

His old colleagues in the community sector are very familiar with his views: It makes no sense to have as many as fifteen separate government and community agencies all working to different agendas yet focusing on the needs of one family. It makes no sense especially if the end result is that family remains in poverty, alienation and dysfunction.

Tamihere argues that, like education, our welfare system needs fundamental change. He believes that we can make more sense of welfare delivery at the local level ... and it may not necessarily mean putting more money into it. But it will mean getting those fifteen different agencies to work together better – or give their resources to someone who will.

Tamihere has his own version of the *dis*-connect within the existing welfare policies. He complains that "... failure by state agencies to solve the problems of poverty and welfare dependency actually results in the allocation of greater resources to those agencies when they have already proven themselves poorly adapted to solving the problems."

Again, the economics of *dis*-connection here makes no sense whatsoever. This can easily be seen when looking at figures for part of Tamihere's electoral constituency in South Auckland.

A 1998 report by Ernst & Young into the direct and indirect costs of every unemployed young person under 25 years in the City of Manukau estimated that it was costing \$58,760 per year for every young unemployed person.

So you can see that the existing *dis*-connection of these young people is already costing us a great deal of money!

16.

Yes, like John Tamihere, I would ask for a national conversation on the future of welfare. And it needs to go deeper than that.

I believe that the cultural and paradigm shifts that are needed in our welfare institutions will also require a deeper conversation about what we mean by "public service".

We need to explore – perhaps even re-gain – just what “public service” means to us today.

If a critical ingredient missing in our partnerships is the capacity of existing agencies to work together ... then we need to be better at growing, and rewarding, the skills of co-operation, collaboration and co-ordination in our public servants.

17.

For me, the 1990s were a dark decade ... and a very dark decade for our collective sense of “public service”.

Government departments restructured and redefined themselves as businesses.

Community groups re-organised and redefined themselves as contractors.

Fellow citizens found themselves redefined as fellow consumers.

And in the meantime, we lost a whole generation of people in government and community organisations who basically gave up and walked away from public and community service.

Along with this, I believe we also lost a deeper conversation with one another about what it is to be a “public servant”.

Don't get me wrong: there were many good things that came out of the restructuring and efficiencies and more business-like management practices of the 1990s.

But, alongside these “corporate” improvements, we also saw a rise and “bedding-in” of cynicism, self interest and a sense of entitlement in both the public sector and in community organisations.

Of course the general public noticed.

That's why there was such a public outcry when Christine Rankin and the Winz bosses hired a plane to fly into a conference at the elite Wairakei Resort. It seemed the perfect illustration of the sort of the self-interest that had grown alongside the “corporate” approach to managing our largest government department.

But self-interest wasn't just happening in government departments ... it was also happening in many community organisations as well. Perhaps the current troubles with Donna Awatere Huata's community foundations are the most recent example of this.

It just seems too easy for a sense of entitlement to seep up through public organisations. People start off doing good work then they very quickly start to think that something is “owed” to them ... and then their lifestyle needs start to become more important than the reason for which the organisation exists.

These issues are not easily addressed. But they are critical to taking on the challenge of how we can work better together.

At the very least, addressing these issues will be made a lot easier if we can have a much wider conversation about just what we mean by “public service”.

The current government has done a great job in calling for a change in culture in government agencies ... and this Taskforce has certainly seen the early evidence of real changes taking place.

This has been particularly apparent for us in the re-organisation of Winz into the new Ministry of Social Development, and the sort of leadership shown by its new chief executive Peter Hughes, compared to the leadership and management style of his predecessor.

But I don't believe the public service will "raise its game" just by political dictate, or by a change in management style.

This is about *cultural* change ... and it will only really happen by changing *what we are prepared to ask of each other*.

Public servants – whether we are in a government organisation or a community group – need to realise and accept that we are deeply in partnership with one another. We are in partnership with whoever and whatever is working for a common good in our communities.

The *cultural* change we are after will only happen if our partnerships can become fiercer friendships.

Our partnerships need to be robustly built from a fabric of lateral accountability.

We need to be willing and able to hold each other accountable for the quality and character of our public services.

Our partnerships need to become places where we speak up.

18.

Mayors can speak up.

This Taskforce was started in 1999 when seven Mayors said: "We are going to look at these issues and ask for more from ourselves and each other".

Mayors are in a unique governance position to ask for more ... and you can help create a fabric of lateral accountability that makes much more sense locally.

The Mayoral call to "raise the game" amongst your local community organisations and government agencies may be the most effective tool you can bring to the public purpose of this Taskforce.

19.

Which brings us back to *connection* and the importance of partnerships. You can't ask for more from each other unless you are connected in a very real way.

And when we are better connected to our young people and their transitions into learning and working adults ... then we'd better be prepared for the fact that they will probably ask much more of us.

They'll certainly come to expect that there are the opportunities available to them when they leave school or finish their training.

Back at the *Knowledge Wave*, the final session included a presentation from the younger "emerging leaders" to the rest of the conference participants.

Not unlike most young people I know, the “emerging leaders” had obviously become tired and perhaps a little suspicious of the TV personalities, celebrity sportspeople and corporate cheerleaders who were telling them to “think positively”, “nothing is impossible”, “surround yourselves with inspirational people”, and “go for unreasonable goals”.

In their final presentation to the conference, the “emerging leaders” turned these bumper-sticker messages back on their elders by asking: Do *you* have inspiration in your lives? Are *you* going for unreasonable goals?

Well ... yes, we are.

It would have been great if the *Knowledge Wave* conference had ended with a unified call to get in behind something like the goals of the Mayors Taskforce for Jobs. There’s inspiration here ... and there’s also a certain unreasonableness about our expectations.

Our own bumper-sticker which calls for the “zero waste of New Zealanders” is the sort of vision that we need our best minds and hearts working on.

And part of our leadership task here today is to keep a national conversation going about our goals and how they might be achieved.

Vivian Hutchinson

vivian Hutchinson
March 2003

NOTES and LINKS

This paper is dedicated to Matarena Rau-Kupa, on the occasion of her 90th birthday. Aunty Marge has always reminded the people of Taranaki that "...we are connected."

- This paper is based on a keynote speech given by vivian Hutchinson to the Mayors Taskforce for Jobs in Christchurch, on 7 March 2003. It is also available on the internet at <http://www.jobsletter.org.nz/vivian/econnect03.htm>, or can be downloaded in pdf format at <http://www.jobsletter.org.nz/pdf/econnect03.pdf>
- vivian Hutchinson is the editor of *The Jobs Letter* and Community Adviser to the Mayors Taskforce for Jobs. He has been an activist and social entrepreneur on employment and livelihood issues, and one of the pioneers in community-based action for jobs in New Zealand, especially in establishing programmes for the support and education of unemployed people.

He was a founder of the Taranaki Work Trust, and its associated projects in the Starting Point Employment Resource Centre, Skills of Enterprise Business Courses, and the Enterprise Centre. He has been involved in establishing many practical training programmes for unemployed people, and also local employment and trading networks such as Green Dollars.

As a consultant, vivian has helped with the establishment of enterprise and economic development units at a local government level, the creation of the Labour Department's Community Employment Group and Be Your Own Boss programmes, and has been an adviser to Local Employment Co-ordination (LEC) groups.

He is a founder of The Jobs Research Trust and, since 1994, has edited *The Jobs Letter*.

In 1999, vivian helped establish the Mayors Taskforce for Jobs.

- The objectives of the Mayors Taskforce for Jobs are:

- to provide a national focus of leadership on the jobs issue through co-operation between Mayors concerned about employment issues in their communities,
- to share best practice on what we can achieve on employment at the local level,
- to create local and national forums which address the "big picture" of trends on the issues of income and work,
- to link with imaginative private sector initiatives that are addressing unemployment.

The Taskforce is working towards to main goals:

- Goal One, that by 2005, no young person under 25 years will be out of work or training in our communities.
- Goal Two, that by 2009, all people in our communities will have the opportunity to be in work or training.

- The Mayors Taskforce have formal and informal partnerships with Central Government, The Jobs Research Trust and *The Jobs Letter*, The Employment Catalyst and the Tindall Foundation, The New Zealand Business Council for Sustainable Development, The Council of Trade Unions, Ministry of Social Development and Department of Work and Income, Community Employment Group (Department of Labour), Ministry of Economic Development and Industry New Zealand, The Economic Development Association of New Zealand, Local Government New Zealand, Te Araroa Trust, Te Puni Kokiri,

**MAYORS
TASKFORCE *for* JOBS**
working towards the "zero waste" of New Zealanders

Ministry of Pacific Island Affairs, Career Services, Tertiary Education Commission (formerly Skill NZ), Labour Market Policy Group (Department of Labour) and the Ministry of Youth Affairs.

- The website for the Mayors Taskforce for Jobs is at www.jobsletter.org.nz/mtfjobs.htm
- Special thanks to the 2003 core group of the Mayors Taskforce for Jobs: Garry Moore (Chairman, Christchurch), Sukhi Turner (Dunedin), Jenny Brash (Porirua), Frana Cardno (Southland), Tim Shadbolt (Invercargill), Graeme Ramsey (Kaipara), Pat O’Dea (Buller), Yvonne Sharp (Far North), Bob Harvey (Waitakere), Maureen Reynolds (Taranua), Peter Tennent (New Plymouth), Jan Beange (Tauranga), Paul Matheson (Nelson), and Grahame Hall (Rotorua) and also to Jan Francis and Mo Pettit.
- Mayors attending the 2003 Taskforce Annual Forum in Christchurch also included: Chas Poynter (Wanganui), Jim Abernethy (Kaikoura), Kevin Brown (Grey), Mark Bell-Booth (Palmerston North), Michael McEvedy (Selwyn), Murray Anderson (Ashburton), Tony Arps (Hurunui), Wynne Raymond (Timaru), Colin Hammond (Whakatane) and Alan McLay (Waitaki).

• The *Knowledge Wave 2003 – the Leadership Forum* was held at the Sheraton Hotel in Auckland, New Zealand 19-21 February 2003. The conference was attended by 450 leaders from a range of sectors including government, business, education and social services ... with a hundred younger delegates invited as “emerging leaders”.



knowledge
wave2003
the leadership forum

The conference’s three main themes were “growth”, “knowledge” and “community”. Local speakers included Prime Minister Helen Clark; Mike Moore, former World Trade Organisation director-general; Kevin Roberts, Saatchi and Saatchi Worldwide chief executive; Simon Upton, chairman of the OECD Round Table on Sustainable Development; James Belich, professor of History at Auckland University; and Steven Tindall, founder of The Warehouse,. International Speakers included Bill Emmott, *The Economist* editor-in-chief; Richard Florida, professor of regional economic development at Carnegie Mellon University; Paul Romer, professor of economics at Stanford University; Robert Putman, professor of public policy at Harvard University; and Australian High Court Justice Michael Kirby.

- Conference Papers from *Knowledge Wave 2003 – the Leadership Forum* are available on the conference website at www.knowledgewave.org.nz
- Vivian Hutchinson attended the *Knowledge Wave* conference as a guest of The Tindall Foundation, one of the conference’s major sponsors.
- “*Economics is good – but it is not enough.*” opening quote is from Honorable Justice Michael Kirby, Australian High Court Judge, speaking to the *Knowledge Wave* conference, Auckland, 19 February 2003. Justice Kirby offered the motto specifically while speaking about the need to foster closer friendship and connection, perhaps even a form of political union, between New Zealand and Australia.
- “*Who’s got the Jobs?*” – from special issue of from *The Jobs Letter* No.180 (17 February 2003) The *Statistics That Matter* feature looked at just who have got the new jobs since June 1998 (when the recovery in employment levels started to take off). All figures are from Statistics NZ Household Labour Force Survey for December 2002 compared with July 1998. More information available at www.jobsletter.org.nz/jbl18000.htm



– only 26,200 (or 14%) of the new jobs went to young people under the age of 25 years. Two thirds (126,800 or 67%) of the new jobs have gone to people aged 45 years and over.

– over a third (72,300 or 38%) of the new jobs have gone to Maori and Pacific people. Women have gained slightly more of the new jobs than men. And more full-time new jobs have been added than part time jobs.

– Canterbury is the powerhouse of job creation since June 1998, adding 54,700 jobs to the local economy (an increase of 24%). Taranaki (22% increase) and Wanganui/Manawatu (20% increase) are also major job creators. Auckland had an increase of 53,800 new jobs (10%). Wellington (-1%), Nelson, Marlborough, the West Coast (+1%) and Southland (-3%) had no statistically significant change in employment numbers during the last 4 ½ years.

– the Health and Community Services sector has created the most jobs, growing their workforce by a third (33%) since June 1998. Agriculture, Forestry and Fishing, and the education sectors have also shown significant gains. The Manufacturing sector has recorded only 1% gain in the last 4 ½ years.

– despite the 165,000 new jobs since June 1998, the official unemployment figures have only fallen by 33,000 people. An increasing percentage of the unemployed are under the age of 25 years, rising from 35% to 42%.

- *criticisms from our Prime Minister.* See “*The End of the Affair – the PM’s fallout with business*” by Ruth Laugeson, Sunday Star-Times 9 March 2003

- “*Let The Tall Poppies Bloom*” *New Zealand Herald* special report 18 February 2003

- Herald/DigiPoll research from “*Blooming economic health not matched in social statistics*” by Simon Collins *New Zealand Herald* 18 February 2003

The pollsters asked: “As you know, the Government has left-over money - a budget surplus. What out of 100 per cent should be devoted to ... ?” On average, the answers were:

- 32.1% for spending money on social programmes like health, some of which have been restricted or cut over the years, and 26.7% for investing in education and knowledge to further New Zealand's growth prospects.

- 19.1 % for cutting the level of debt accumulated by the Government over the year, 13.7 % for cutting taxes that have been creeping up over the years, and 8.4% for marketing New Zealand as a "hot" destination for talented people to move to.

- “*Improving wellbeing for all New Zealanders*” — Briefing Papers to the Incoming Minister from the Ministry of Social Development, 8 September 2002 available at <http://www.beehive.govt.nz/Documents/Files/ACF56.pdf>

- *unofficial poverty line* ... living on less than 60% of the average income, after adjusting for taxes, housing costs and family size.

- “*The Social Report 2002 – te purongo oranga tangata*” published by the Ministry of Social Development December 2002, available at <http://socialreport.msd.govt.nz/2002/index.shtml>.

This report shows that 29.1% of all New Zealand children are in families living under the unofficial poverty line. This also is the case for 66.3% of all children in sole-parent families, and 32% of all families with a Maori adult.

- *1 in 6 young people under 25 years are not in work or training.* This figure comes from the 2001 Census when the unemployment level for this group was recorded as 17.6%, accounting for 41% of the total unemployment, and representing around 45,000 young New Zealanders.
- “... *the capitalism of exclusion*” comment from Kevin Roberts, CEO worldwide Saatchi and Saatchi, Ideas Company, in his presentation “*Edge of Knowledge*” to the *Knowledge Wave* conference 19 February 2003.
- “*New Zealand Education Snapshot – with specific reference to yrs1-13*” by Professor John Hattie, Head of the School of Education at the University of Auckland, presentation to the *Knowledge Wave* conference, 20 February 2003
 Professor John Hattie: “The size of gap between the lowest achieving students (at the 5 percentile) and those achieving at the middle (50 percentile) is a measure of relative educational disadvantage (UNICEF, 2000). New Zealand appears one from the bottom – and this indicates that we are doing poorly in containing inequality as our lowest achieving students fall far behind the average NZ student. We have the widest gap in educational performance. This figure reflects the success or failure of our country in preparing its bottom 20% of young people for life and work in the 21st century.”
- *following the example of their teachers ...* The Post Primary Teachers Association (PPTA) reported in January 2003 that the current teacher shortages are the worst on record (see *The Jobs Letter* No.178). PPTA President Jan McCutcheon said that although teacher training numbers are up, many teachers do not stay in the profession. 30% of the new teachers hired in 1999 had quit by 2001 ... with teachers blaming stress, the workload and the opportunity of better pay overseas.
- *an American survey of high school students.* The researchers found that “connected” teenagers are far less likely to experiment with drugs and alcohol, become depressed, have early sexual experiences or become pregnant. The survey was the first comprehensive US national analysis of the impact of social settings on adolescent health. – “*Connections that Make a Difference in the Lives of Youth*” by Robert Blum and Peggy Rinehart of the Division of General Pediatrics and Adolescent Health, University of Minnesota, based on the US National Longitudinal Study on Adolescent Health (Add Health). Full copy of the monograph (PDF format, 923kb 40 pg) can be downloaded from www.allaboutkids.umn.edu/cfahad/Reducing_the_risk.pdf
- “*Estimating the cost of being 'not in education, employment or training at age 16-18*” by Godfrey, C., Hutton, S., Bradshaw, J., Coles, B., Craig, G. and Johnson, J. (June 2002), Research Report 346, for the UK Department for Education and Skills. Full report (88 pg, 430KB) can be downloaded from www.dfes.gov.uk/research/data/uploadfiles/RR346.pdf; Research Summary (4 pg, 280KB) www.dfes.gov.uk/research/data/uploadfiles/RB346.pdf; also see www.york.ac.uk/inst/spru/research/summs/pov16-18.htm.
- Professor Robert Putnam is the author of “*Bowling Alone – the Collapse and Revival of American Community*” (pub Simon & Schuster, 2000). For more information see <http://www.bowlingalone.com>. Putnam gave us many examples of declining social capital in the US over the last 25 years: attending club meetings is down by 58%, family dinners are down by 33%, and “having friends over” is down by 45%.
- *The UK Connexions programme* can be reached on the internet at <http://www.connexions.gov.uk/>

- “*Presentation to Knowledge Wave Forum, Auckland, 21 February 200*” by John Martin, Director of Employment, Labour and Social Affairs, OECD, Paris.
- “*Industry Guide to Youth Employment*” published March 2003 by the New Zealand Business Council for Sustainable Development, download from <http://www.nzbcسد.org.nz>

The NZ Business Council for Sustainable Development (NZBCSD) is made up of 40 leading NZ companies. The Council is best known for its advocacy of "triple bottom-line" objectives which aim for healthy economic, environmental and social outcomes from business activities. Their view is that it is important for business to take an active leadership role on social and environmental issues, rather than to simply handing over these responsibilities to local or national government.

The project champions for the *Youth Employment Project* include Stephen Tindall (founder of The Warehouse Group), Richard Lauder (CEO of City Care, Christchurch), Dr Rodger Spiller (Managing Director of Money Matters) and Steve Bonnici (Managing Director of Urgent Couriers). The Fonterra Co-operative Group, and Millburn Cement are also leading participants in the project. For more information, see <http://www.jobsletter.org.nz/jbl16000.htm>.

- *Skill Shortages — September 2002 quarter (QSBO: Quarterly Survey of Business Opinion)*, published by the Department of Labour 15 November 2002. Download (12 pg, 89 kb) from www.dol.govt.nz/PDFs/Skills%20Shortages%20-%20September%202002.PDF

The QSBO survey finds that:

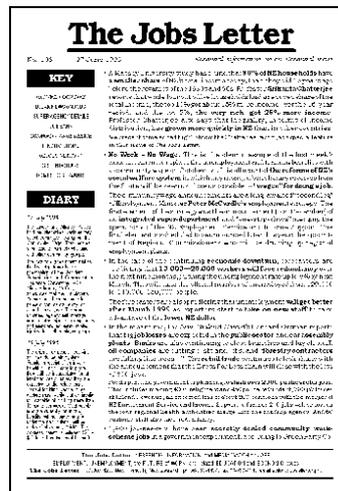
- 37% of firms (one in three) are having difficulty finding skilled labour.
- 19% of firms (one in five) are having difficulty finding unskilled labour. This is the highest recorded level since 1985.
- 12.5% of firms (one in eight) report that finding labour is their main constraint on expanding their businesses.
- 43% of manufacturers (one in two) say they are having difficulties finding skilled staff, and 22% (one in five) are having difficulty finding unskilled labour.
- skill shortages are highest in the building sector, with 52% of building firms (one in two) finding it difficult to get skilled labour. As a result, finding labour is the main constraint on expansion for one in three building firms.
- staff is hardest to find in the South Island.

- “*Footprints to the Future – Report from the Prime Minister’s Youth Pathways Action Plan Taskforce 2001*” Australian Commonwealth Department of Education, Science and Training (DEST) (pub Legislative Services, AusInfo, Canberra, 2001) available for download from <http://www.youthpathways.gov.au>
- “*The Reform Of Welfare And The Rebuilding Of Community*” by Hon. John Tamihere, speech prepared for the Knowledge Wave forum, Auckland, 21 February 2003. This speech is available on *The Jobs Letter* website at <http://www.jobsletter.org.nz/jbl18110.htm>

Tamihere would like to see the responsibility for all welfare payments given to private or community organisations whose case managers who would pay the basic costs of accommodation, power and food on behalf of individuals and families ... ensuring that they at least received the necessities of life. The balance of the benefit would then be transferred into the beneficiary’s bank account to be used for discretionary spending. This

would enable case managers to negotiate bulk discount deals on basic items, and would also send a clear message to beneficiaries that they have a responsibility to help move themselves away from welfare dependency.

- “*The Costs of Youth Unemployment in Manukau*” report (1998) by the accounting firm Ernst and Young was commissioned by the Manukau Employment Consortium. LEC Project Manager for this research was Mark Barton of the Manukau Institute of Technology.
- *Christine Rankin and the Wairakei incident*. This refers to an incident in June 1999 when the Department of Work and Income (Winz) used chartered planes costing \$165,000 to take 140 staff to a training course at the exclusive Wairakei Resort Hotel in Taupo. State Services Commissioner Michael Wintringham later publicly censured Christine Rankin, the chief executive of Winz, saying that the incident not only eroded public confidence in Winz, but all government departments and agencies. See *The Jobs Letters* No.104, 106, and 149.
- The Jobs Research Trust was established in 1994 “... to develop and distribute information that will help our communities create more jobs and reduce unemployment and poverty in New Zealand.” The Trust’s main projects are the production of *The Jobs Letter* and its website, and administering a philanthropic fund called the Employment Catalyst. In September 2000, the Mayors Taskforce for Jobs signed a “Memorandum of Partnership” with the Jobs Research Trust, and is enabling *The Jobs Letter* to be freely distributed to individuals, community groups, local authorities and government departments throughout New Zealand.
- Trustees and Associates of The Jobs Research Trust include vivian Hutchinson, Jo Howard, Dave Owens and Rodger Smith. Secretary is Shirley Vickery.



Contact: P.O.Box 428, New Plymouth, Taranaki, NZ
 phone 06-753-4434, fax 06-753-4430,
 email trustees@jobsletter.org.nz, website www.jobsletter.org.nz

- Previous speeches by vivian Hutchinson, relating to the work of the Mayors Taskforce for Jobs, are also available on the internet. These include
It is the Local That Learns – some thoughts on community governance (1999) available at www.jobsletter.org.nz/vivian/comgov99.htm.
Making Hope Possible – some thoughts on the Mayors Taskforce for Jobs (2000) available at www.jobsletter.org.nz/vivian/mtfj2000.htm.
A Capable Age – some thoughts on the “zero waste” of young people (2002) available at www.jobsletter.org.nz/vivian/youth02.htm.
Spirit of Youth – some thoughts on employment and inclusion (2002) available at www.jobsletter.org.nz/vivian/spirit02.htm.