

## **Auckland jobs on the line - BusinessDay 16 April 2009**

Three major Auckland firms are believed to be planning job lay offs in the near future.

The New Zealand Federation of Family Budgeting Services chief executive Raewyn Fox told BusinessDay that "three or four" large firms in Auckland had contacted the federation to set up employee aid schemes ahead of planned redundancies.

She said she could not name those companies because the affected staff had not yet been told.

The threat of the pending job losses comes as the outlook for employment has turned noticeably gloomier this month.

Unemployment is now set to go above the Treasury's previous worst-case scenario of 7.2 per cent, leaving a further 60,000 people jobless by next year.

The Treasury warned earlier this month that the recession, which started in January 2008, is now expected to last at least until March 2010.

The outlook was now worse for 2009 and 2010 than even Treasury's most pessimistic view last December.

It had forecast unemployment to peak at 7.2 per cent in 2010. Though it has not updated that forecast, it seems certain the May 28 Budget will predict much longer dole queues next year. It is also likely to forecast a big blowout in Budget deficits and in extra borrowing to pay for them.

Fox said when larger firms are planning reductions in working hours or redundancies they often call in budgeting advisors as part of a package of support for workers.

As the three Auckland companies had each asked for help at the same time, budgeting services across the city are currently being stretched.

The Treasury identified the construction, retailing, manufacturing, tourism and wholesale trading sectors as faring the worst in the recessionary economic climate.

It also said household spending and business investment remained weak.

Businesses reported falling profits and great uncertainty.