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A number of long-running disputes obtained considerable media coverage in March. This included the strike action by secondary school teachers and several government departments, a continuous impasse in the air traffic controllers' negotiations and various skirmishes in the fire service. In the Fire Service, this month's issue was the introduction of so-called community safety teams coinciding with redundancies amongst professional firefighters. However, the overall issue is that the collective employment contract has not been settled after more than two years of negotiations.

Around 13,000 secondary school teachers staged a one-day strike in early March. Further strike action was called off when the union, Post Primary Teachers Association (PPTA), resumed talks with the State Services Commission. The talks brought little progress and the secondary school teachers voted in favour of further strike action in a ballot. The PPTA also considered implementing a freeze on the work on the new curriculum.

The air traffic controllers' dispute took another twist as the union went to the Employment Court to establish its right to represent its members in negotiations with the Airways Corporation. Following another breakdown in collective bargaining and notice of six weeks of industrial action, the Airways Corporation decided to seek workplace based employment contracts instead of a national collective employment contract. In letters to individual air traffic controllers, the Corporation announced it was no longer prepared to negotiate with the union over a national collective contract. The union of the air traffic controllers, the Airline Pilots Association, interpreted this as a challenge to its presentation right, called off the planned industrial action and sought clarification in the Employment Court. However, the Employment Court hearing was adjourned after the Airways Corporation gave an undertaking that it recognised the union as the bargaining agent for the air traffic controllers. Whether the union would continue with the industrial action was unclear.

The chief executive of the Airways Corporation, Pete Proulx, argued at a parliamentary select committee that the collective employment contract granted air traffic controllers too much leave. The seven weeks leave entitlement had forced the Corporation to hire 12 new staff over the last year. Mr Proulx also said that the industrial dispute had cost the Corporation around \$1.5 million so far.

The air traffic controllers' dispute appeared to influence air traffic safety. The shortage of air traffic controllers led to Wellington and Palmerston North airports being without controllers when there were no back-up staff available when controllers became sick. Around 15 flights at the Palmerston North airport were conducted without any air traffic controllers. According to the *Dominion*, the Airways Corporation's operations manager, Ken Mclean, said that "the natural conclusion was that disgruntled employees were refusing to work".

Staff at the Department of Survey and Land Information called off further strike action when the employer offered new pay talks. At the Department of Conservation, the employer offered a two percent wage rise. The Public Service Association (PSA) responded by announcing a number of stopwork meetings to decide on whether industrial action was necessary. Around 4,000 staff at polytechnics began voting on whether to accept a 4.5 percent wage rise. Their union, the Association of Staff in Tertiary Education, had sought a 10 percent rise since its members had only had a one percent across-the-board pay rise since 1989.

Employees at the Sheraton Hotel in Auckland accepted a pay settlement involving a 2.5 percent wage rise this year and a further two percent next year. Employees went on strike twice during the negotiations. Auckland City Council staff obtained a 3.5 percent wage rise by signing new individual employment contracts. Their union, the PSA, recommended signing the individual employment contracts despite a long campaign for a collective employment contract (see December 1995 Chronicle) since signing would entitle the staff to the pay rise without jeopardising their right to take industrial action for a collective contract at a later stage.

The debate about accident compensation reform continued following the "Choice in Accident Compensation" campaign started by employer groups and the Business Roundtable (see February 1996 Chronicle). The managing director of the Accident Compensation Corporation, Gavin Robins, criticised the campaign and he called for better injury prevention schemes and for more employer involvement in workplace rehabilitation of injured workers. The Engineering Union started a campaign to return the right for workers to sue employers for accident compensation. The campaign was prompted by the abolishment of lump-sum payments for work-related accidents in 1992 and a government rejection of re-instating these payments.

The adult statutory minimum wage increased by 12 cents to \$6.375 per hour for employees aged 20 years (since 1990, it has increased by 25 cents from \$6.125). The minimum wage for 16 to 19 years olds increased by seven cents to \$3.825 per hour.

The real wage index produced by Statistics New Zealand showed a further fall of 1.2 percent in average real wages in the year to December 1995. Real wages have fallen by 2.1 percent since the index began in December 1992.

The Employment Court heard during a nine day hearing that 150 Auckland drivers at the Yellow Bus Company alleged that their employment contracts negotiated in 1992 were harsh and oppressive and they were obtained by bypassing the Tramways Union and using intimidation to persuade drivers to sign individual contracts (see February 1996 Chronicle). The company defended its actions as necessary during a transition to market competition, saying its drivers were still paid at least the going market rate and the negotiations had not involved oppressive conduct. The drivers were seeking compensation for lost earnings since the implementation of the 1992 employment contract.

The Alliance Party unveiled its new parental leave policy which would guarantee 12 weeks of paid leave for both parents after the birth or adoption of a child. Parents taking leave

would receive 80 percent of their average before-tax earnings. The costs associated with paid parental leave would be covered through an employer levy. According to Alliance estimates, the scheme could be covered by around a 0.24 percent of the employer payroll.

The Department of Labour sought expressions of interest from organisations or individuals to conduct a survey of labour market adjustment under the Employment Contracts Act. Similar surveys were undertaken in 1992 and 1993. Despite the likelihood of the survey results being released shortly before the general election, a spokesperson from the Department denied any political motives or acting on ministerial directive.

Around 900 staff faced an uncertain future as the Hong Kong and American owned Tempo DNC, a hospital food and cleaning services contractor, went into liquidation. Tempo DNC had sought to cut the wages of its staff in order to contain mounting losses on its hospital contracts (see February 1996 Chronicle). Another contractor in the sector, P & O Catering, agreed to employ some of the cleaning and catering staff but the fate of the majority of workers is still unclear. Strike action occurred at the Rotorua Hospital.

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Negotiations over general pay and working conditions between the secondary school teachers' union, the State Services Commission and the Ministry of Education continued throughout April, but resolved little and eventually a series of rolling stoppages were implemented. Initially, the three respective groups started off on a positive note. The PPTA had announced plans - based on 91 percent member support - to stop work on introducing the framework for sixth and seventh formers in an effort to focus on their increased workloads. The promise by Education Minister, Wyatt Creech, that Cabinet was serious about dealing with the issue of teacher workloads, led to a postponement of strike action pending a meeting between the relevant parties. However, tensions began to flare when the State Services Commission delayed tabling a new pay offer for teachers in order to look in more detail at a flexible management initiative that was part of the PPTA's proposed teacher quality package. Following the failure to reconcile their differences through negotiation, secondary school teachers began a series of rolling strikes late in the month.

A report by Parliament's regulations review committee supported the PPTA's claim that changes to school staffing regulations implemented by the Government in 1995 had breached parliamentary rules.

Dissatisfaction with collective employment contract negotiations led to a succession of industrial actions by state sector employees. The industrial actions included a mass walkout of Land Title Office employees, followed by strike action by Inland Revenue staff, rolling stoppages (later intensifying into fully-fledged strike action) by staff from the Courts Department, the Housing Ministry and the Conservation Department. Staff on individual employment contracts and temporary staff attempted to maintain limited services to the public during this period. While Land Title Office employees and Government negotiators partially resolved their differences (with most employees returning to work) within a day of strike action being undertaken, court staff continued to reject a 2.3 percent pay offer (against a

demand for 16.1 percent), while conservation staff turned down a 2 percent offer and housing staff rejected a \$700 one-off payment. Industrial action included court staff doing progressively less - from initial bans on answering telephones to a ban on servicing courts and Inland Revenue staff stopping work for 10 minutes every hour, building up to a two-day strike.

The PSA president, Tony Simpson, argued that it was impossible to bargain with the government while it maintained a central wages policy for its public servants. With wage increases set by the State Services Commission on the direction of Cabinet, it did not matter if departments made money, since profits were channelled back to the crown. Therefore general wage increases would only occur if the money was included in the budget.

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Court of Appeal ruling that allows employers to communicate directly with staff during pay negotiations. Chief Justice Goddard of the Employment Court had ruled last July that once an employee representative had been appointed, an employer must negotiate employment issues through that person (see July 1995 Chronicle). The new majority ruling, welcomed by the Employers Federation as a common sense clarification of the law, quashed Employment Court injunctions barring the Fire Service (and the Airways Corporation) from communicating with union members. According to the *New Zealand Herald*, Justice Thomas, one of two judges who issued dissenting decisions against the Fire Service verdict, strongly criticised his colleagues for allowing what he described as "a strategy of subterfuge aimed at undermining the firefighters union" and which would "eventually bring an end to collective bargaining".

Firefighters and the Fire Service continued to clash with industrial action in nine separate areas of service being undertaken by staff. Action included bans on paperwork and on training new community safety staff. The Fire Service initially reacted apathetically, claiming that the training ban would have little effect because the safety team had the full complement of trainers, and that fire calls and emergency work would not be affected. However, the Service began suspending employees and control room operators by mid April. This action prompted the firefighters to lift work bans in an effort to allow new pay talks to commence. The Professional Firefighters Union expressed hope that this latest dispute would not escalate, as the union believed that it had been making progress on returning to negotiations. The Fire Service responded by removing suspensions imposed earlier.

Statistics New Zealand's report *Labour Market 1995* suggested that employment growth pushed up the labour force participation rate in 1994-1995. The rate rose by 0.6 percent to 64.2 percent, reversing a downward trend since 1986-1987. Men have a participation rate of 73 percent compared with 55.1 percent for women. The rate for women has remained relatively stable in recent years, while the rate for men fell from 78.6 percent in 1986-1987 to a low of 73 percent in 1992-1993. Adding to this, Statistics New Zealand also predicted that the labour force would grow by approximately 16 percent between 1994 and 2031 - an increase of 251,000 people. The labour force would increase by about one percent in each of the first few years and then slow down until 2021. The report also showed that the gap between male and female hourly earnings has barely changed in the past five years. In February 1995, the average hourly earnings of women was \$13.54, 81.1 percent of the male average of \$16.69. This was up from 78.2 percent 10 years earlier but has hardly changed

from 80.9 percent five years earlier. Positively, the report found that the number of people in the labour force with educational qualifications have increased in the past eight years. Nearly half the labour force now has post-school qualifications compared with about 40 percent in 1986-1987.

Employment news indicated a slowdown of the economy. The National Bank's business outlook survey found that employment prospects continued to weaken. Westpac New Zealand's general manager predicted that the merger between Trust Bank and Westpac would lead to substantial job losses. The bank would try to keep it below 2,000 jobs and mainly rely on natural attrition since they have an annual turnover rate of 10 to 15 percent. Major restructuring at the police national headquarters would lead to a loss of around 80 jobs. The downsizing was driven by plans to cut down on administrative waste and improve economies of scale, according to Deputy Policy Commissioner Barry Mathews. Concert FM announced that up to 25 percent of its production staff would lose their jobs over the next two years. Mercury Energy in Auckland made another 30 people redundant at the start of a second round of down-scaling. The company plans for around 90 redundancies by June, following on from the company's initial round of 190 redundancies in November 1995.

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A study by Labour Department economist Sylvia Dixon in the Labour Market Bulletin argued that the value of the pay packet has dropped substantially between 1984 and 1994 with the median hourly rate falling eight percent in real terms. The median male rate slipped by 10.3 percent compared with 2.2 percent for women. Thus, "the gender gap has narrowed not because women's lot has improved but because men have been hit harder". She also found that wage inequality had increased over the decade. Finally, the premium for university degrees declined with the median rate for a worker without any academic qualifications falling 9.6 percent while that for a graduate dropped 16.4 percent. The pattern up to 1992 showed that the less qualified worker lost ground more rapidly than graduates, but this trend was reversed when economic recovery stimulated the demand for unskilled labour.

After months of political pressure and public debate over the plight of foreign fishing crew (see January 1996 Chronicle), the Fishing Industry Association agreed to introduce New Zealand minimum wages to foreigners in New Zealand waters. The proposal stipulated that all crew members be paid at least the minimum weekly wage by October 1997. A new Fisheries Bill specifically included the issue of foreign crew but the Association's president, Vaughan Wilkinson, argued that the proposal improved on the provisions in the Bill which amongst other things - stipulated that the minimum wage should be in place by 2003.

Junior hospital medics - following evidence that plastic surgery registrars from Middlemore Hospital in South Auckland had worked beyond 16 hours when shifts were combined with on-call duties - voted to eject fellow members of the Resident Doctors Association found to be breaching shift limits. The limits are currently 16 hours a day or 72 hours a week.

The Alliance Party released a final-draft policy paper detailing the party's proposed code of working conditions. The minimum code included an immediate increase in the hourly wage from \$6.375 to \$7.50, then gradually rising to possibly two-thirds of the national average. The CTU secretary, Angela Foulkes, argued that prescribing conditions to the point of "centralised wage-fixing" seemed to accept the continuing reduction in the role of unions.

New Zealand's biggest private sector union was formed with the merger of the Engineers Union with the Print, Packaging and Media Unions. The new Engineering, Printing and Manufacturing Union will have nearly 60,000 members - merging the 9,500-member Printing, Packing and Media Union with the 37,500-member Engineers Union plus another 11,500 workers from the collapsed Communication and Energy Workers Union (see December 1995 Chronicle). It will bring together workers from 12 key industrial sectors such as energy, aviation, forestry, telecommunications and publishing. According to the *New Zealand Herald*, the national secretary of the Printers Union, Paul Tolich, indicated that now the unions had "put their house in order", they hoped that they could look to the Alliance Party and the Labour Party to promote the political interests of workers in unison.

May 1996

The fifth birthday of the Employments Contracts Act was marked by fierce debate and mixed reviews characterised clearly by party allegiance and political ideology. While the government, followed by business and employer groups, trumpeted its successes, opposition and union parties continued to illustrate its shortcomings. The Employers Federation organised a conference where the Prime Minister, Mr Bolger, told participants that the act was a pillar of economic recovery and as such was crucial to an open and competitive economy. Labour's employment spokesperson, Steve Maharey, pointed to the 1995 household survey which showed 42,000 employees aged 20 or over earning less than the \$6 minimum wage. A report - commissioned by the Employers Federation - by the Institute of Economic Research added to debate by presenting conflicting evidence of labour productivity growth under the Act. While many economists had expected the legislation to improve labour productivity by allowing firms more labour market flexibility, evidence released by the institute showed average annual productivity growth to be just on one percent in the five years under the Act. This is against the background of a long-term average of 1.3 percent.

Deputy leader of New Zealand First, Tau Henare, announced that a New Zealand First government would reintroduce compulsory arbitration in industrial disputes. An independent arbitrator would be introduced if the two parties were unable to reach a solution. The party supported employees being part of multi-employer agreements, but Mr Henare would not commit the party to repealing the Employment Contracts Act which restricts workers from striking in support of multi-employer contracts.

Industrial action was again dominated by state sector staff with rolling strikes, protesting outside Parliament and disruption to public services and classroom teaching. While Finance Minister, Bill Birch, labelled certain pay claims as "not affordable" it was also clear that public sector pay levels had fallen behind private sector pay levels. Statistics New Zealand's quarterly employment survey showed that public sector pay rises averaged two percent, while the private sector average was 3.3 percent over the year to March and just 51 percent of state servants received pay rises against 65 percent of private sector employees.

The dispute between secondary school teachers and the State Services Commission continued to intensify, going through a number of negotiation rounds. The month started with teachers continuing the PPTA's series of rolling strikes. Teachers highlighted their concerns through

a number of highly publicised events - such as striking teachers marching to Parliament, donating blood and delivering pamphlets - designed to bolster public support for their actions. Resuming the negotiations once strike action was completed (see April Chronicle), PPTA president, Martin Cooney, suggested a proposal for "a way forward" to the Minister of Education, Wyatt Creech. While the proposal did not deal with the union's 21 percent pay claim, it covered wider issues, such as how to deal with teacher shortage predictions and the growing teacher workloads under the national curriculum and qualifications framework. However, talks failed to diffuse the dispute, with both sides admitting to being no closer to a settlement than they were at the beginning of negotiations. The PPTA subsequently imposed a freeze on the development of the new qualifications framework and national curriculum.

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Other related teaching issues included the Auckland Primary Principals Association threatening to turn away new pupils unless they have all the teachers that they need. The Association also demanded certain concessions from the government - dealing with issues such as training grants, student teacher pay and the need for higher salaries for all primary teachers. Education Minister, Wyatt Creech, indicated government support for a Labour Party Bill making registration compulsory for school and kindergarten teachers.

Public sector industrial unrest spread to the tertiary education sector when up to 2,000 tutors from 12 polytechnics undertook a series of strikes. Academic staff at the Auckland Institute of Technology's two campuses and at United also joined the strike for its first day. While a 4.5 percent pay rise was offered by polytechnic employers, up to 90 percent of the Association of Staff in Tertiary Education tutor members voted to reject this in an effort to "strike for a significant pay rise". In arguing for a 10 percent pay rise, the union cited a seven percent increase in the cost of living since the last pay increase and a 15 percent lift in the staff-to-student ratio. Further negotiations appeared to gravitate towards the eight percent mark before talks broke down.

Land Transfer Office staff continued their dispute with the Department (see April Chronicle) with staff in Auckland, Waikato and Napier walking off the job and leaving a number of property transactions unsettled. The government's pay offer ranged from 2.3 percent to five percent well down on the 11.2 percent pay claim. The timing of the strike was labelled by the Auckland District Law office as being particularly disruptive since it coincided with the traditional date for completing farm sales.

Meanwhile, the Department of Survey and Land Information announced that it expected that 200 jobs would be affected when the department restructured and split into two new organisations in July. This news came after staff had begun industrial action over a pay claim (see April Chronicle) and prompted - in combination with the pay claim - a new round of strike action. Approximately 800 department staff members went on strike late in the month over their 8.2 percent pay claim and a \$1,500 top up. The department countered this by continuing to offer pay rises of 2.5 percent to five percent.

Staff at Department of Conservation also struck over their pay claim and were finally given an ultimatum by the Department to accept a revised pay offer or risk the consequences of rejecting such an offer. The pay offer for an 18-month collective employment contract

included an immediate two percent pay increase and one percent increase later plus a one-off payment of \$750 if the deal was accepted by June 14.

Inland Revenue Department staff similarly undertook a series of strike actions. Approximately 4,000 PSA members walked off the job twice in one week, in support of workers in Nelson and Manukau who were suspended earlier in the week for taking part in low-level industrial action. Staff rejected their employer's offer of a 2.5 percent pay offer and a \$800 lump-sum payment. In an effort to maximise public exposure, staff struck late in the month in an effort to disrupt PAYE tax collection and announced plans to strike on May 31 (a goods and services tax collection day). This nationwide strike was called off after a last minute decision and both sides agreed to resume formal talks at the end of the month.

Court staff throughout New Zealand severely disrupted court procedures as pay negotiations between PSA members and the Court Department continued to start and stall. The initial two-day strike action involved around 1,400 people and crippled the justice system - forcing the abandonment of two jury trials - but seemed to resolve very little as the negotiations remained deadlocked. At the heart of the dispute is a PSA initiative to crack what it believes to be a three percent cabinet cap on state servants' pay rises. Court staff had begun negotiations with a 16.1 percent pay claim, but it was subsequently reduced to 12 percent. Late in the month, staff appeared to have won their battle for better pay as the PSA's national organiser, Mr Cairncross, advised staff to accept the department's offer. Neither the union nor the department disclosed the terms of the new contract.

Confirming a \$5 million operating surplus this financial year, Fire Service Commission general manager, Geoff Brader, announced that the Commission's cash reserves would be boosted to \$30 million at June 30 this year. Insurance Council chief, David Sargeant, labelled the surplus as "getting excessive", while provoking the Professional Firefighters Union president, Gordon Duncan, to brand it as "obscene" in light of firefighter redundancies. The chief executive of the Fire Commission, Maurie Cummings, confirmed that 200 firefighting jobs would be cut in June. The Fire Service also announced that it plans to cut Wellington's fire engine numbers in an effort to streamline operations. Finally, the Fire Service indicated that 12 Auckland communications centre staff and one in Hamilton had signed a new non-union regional employment contract, two months after leaving the Professional Firefighters Union.

Employees of United States owned Ogden Aviation Services - an Auckland airport flight servicing company - served notice late in the month of impending strike action over a four day period and held early-morning pickets against attempts to bring in new workers to load and clean aircraft. The company insisted that it had "gone as far as it could" by offering pay rises ranging from 5.5 percent to 8.5 percent. However Engineering, Printing and Manufacturing Union officials argued that this would still leave employees worse off than those of other flight-servicing companies.

The Engineers Union's national secretary, Rex Jones, announced that the union's 4,000 Telecom workers wanted a 10.3 percent wage increase after the company had reported a taxpaid profit of \$716.8 million in the March year. The profit, he insisted, had fuelled wage rise expectations.

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There were a number of key settlements at Inland Revenue, Nelson Air and for staff at polytechnics while the public sector disputes involving secondary school teachers, kindergarten teachers, the Department of Survey and Land Information staff and the Department of Conservation staff continued. Finally, staff from Telecom started industrial action.

Following rolling strikes in May, around 2,000 teachers at 11 polytechnics voted on a proposed 34-month collective employment contract which would increase salaries by five percent from September 1996 with a one-off lump sum payment of \$800 and with two more increases of three percent in 1997 and two percent in 1998.

The pay negotiations at Inland Revenue was settled but not before strike action by staff and a subsequent split amongst members of the PSA and staff opting for a new staff association called TaxPro. The PSA's strategy of rolling strikes was undermined by TaxPro accepting the Department's offer of a 2.5 percent pay rise and a \$1,250 one-off lump sum for a 13-month contract. According to TaxPro's bargaining agent, consultant Rod Lingard, nearly 1,000 staff accepted the TaxPro offer. PSA members were advised by their union to accept a slightly less favourable pay rise - a 2.5 percent pay rise and a \$1,000 one-off lump sum - in order to retain conditions lost in the TaxPro-negotiated contract.

Around 3,000 Income Support Service staff voted on a 28-month collective employment contract which contained an initial 2.5 percent pay rise plus an extra two percent in July 1997 for non-support staff. Support staff were offered a two percent wage rise plus a \$1,000 lump sum payment. The contract offer was not recommended by the PSA because of the limited wage rises and changes towards more bonus and incentive schemes.

The secondary school teachers continued their seven month long pay talks with the State Service Commission. Early in the month, the secondary teachers staged a number of rolling strikes targeting third, fourth and fifth form student classes respectively. The union returned to the bargaining table when the State Services Commission indicated the possibility of a higher pay offer. However, the increased government offer of around \$70 million was still far from the PPTA's claim of around \$103 million. The sticking point appeared to be the salary increase awarded to around 4,000 teachers at the top of the salary scale. Rolling strikes started again at the end of the month but were called off by the union executive to allow the union further consultation with its members.

The government rejected a recommendation from the parliamentary regulations review select committee which supported the complaint by secondary teachers union, PPTA, that school staffing regulations had been used improperly (see April Chronicle).

Kindergarten teachers voted on whether to take industrial action in July. The strike action vote was a response to an insufficient increase in kindergarten funding in the Budget, low salaries and a growing recruitment and retention problem. According to the union, Educational Institute, around 45 percent of all positions were advertised over the last year. Kindergarten teachers' starting salary after three years training was \$20,872, rising to \$28,152 after six years service.

The Tasman Pulp and Paper locked out 130 paper machine workers at its Kawerau plant in order to obtain a new collective employment contract. The contract would offer the workers an all-inclusive salary and abolish overtime payments, penal rates and special allowances. While the company gave an undertaking to try to keep annual overtime per worker below 220 hours it was unclear what would happen if annual overtime hours exceed 220 as the collective employment contract is silent on this point. The dispute brought back memories of large conflicts in the 1980s since the workers are still on individual employment contracts based on an award which expired in 1987.

Around 4,000 Telecom staff started strike action in pursuit of a company-wide collective employment contract. Telecom wanted to split its main collective employment contract into two contracts: one contract for operator services and another for design, construction and maintenance staff. Telecom was also interested in increasing the number of employees on individual employment contracts. The Engineering, Printing and Manufacturing Union said that staff on individual employment contracts and not belonging to the union planned to support the strike. The union sought a substantial pay rise in light of Telecom's large profit (see May Chronicle).

The announcement of a long-term bonus plan by jeans maker Levi Strauss caused considerable media debate since the company promised a bonus in year 2001 equivalent to each worker's total 1996 wage package. The large bonus pay-out is conditional upon the cashflow target of US\$7.6 billion being reached by the end of the 2001 financial year. It was unclear whether workers would share in the bonus if they were only employed for part of the six year period.

The danger of being prosecuted by the Human Rights Commission for not having buses accessible to disabled people prompted Wellington bus company Stagecoach to trial wheelchair-accessible buses. The six-month trial period was expected to cost the company around \$330,000 and it will involve 20 specially equipped buses.

Erling Rasmussen and Gavin Schwartz