

# INDUSTRIAL RELATIONS CHRONICLE

MAY 1978

The long-awaited General Wage Order was announced on 5 July. The Arbitration Court awarded a 7% wage increase, with a ceiling of \$7 a week, i.e. a flat increase of \$7 a week (or \$365 a year) to workers earning \$100 a week or more. The employers' assessor dissented from the decision, expressing the fear that the order would "refuel inflationary fires" and "lead to further unemployment."

The Prime Minister too called the order excessive and illogical, and announced that it might be necessary to alter the criteria which the Court has to take into account when making general orders. Union representatives on the other hand were disappointed that the cut-off point at \$100 a week involved a new distortion of the wage structure and a compression of margins for skill and responsibility.

This widespread dismay at the Court's decision became all but universal when it emerged that the order applied only to minimum rates of workers covered by awards or agreements, and could not be passed on legally to approximately one third of the workforce (some 400,000 people) who were not so covered or who were paid above award rates and had received an increase within the previous 12 months. Despite strong pressure from unions and employers, the government refused to amend the Wage Adjustment Regulations which prevented such a passing-on. It also refused to accept a General Wage Order Amendment Bill introduced by the Labour Party's industrial relations spokesman, A. J. Faulkner, which would have given all wage and salary earners the immediate benefit of the general order.

Employers' and Federation of Labour representatives discussed plans for a joint approach to the Court to resolve the anomaly, the Minister of Labour said that he would welcome such a return to the Arbitration Court, and the Judge of the Court revealed that he had assessed the cost of the wage order on the basis that it would flow on to all wage and salary earners. The Prime Minister however pointed out that the Court had no power to

circumvent the 12-months restraint. "Apparently," he said, "the judge did not understand what the law meant. It is an extraordinary thing, but I gather that is the case. He did not realise that the 12-months rule would apply."

The confusion over what became known as the "General Wage Disorder" continued, but by the end of the month the unions became impatient at the government's failure to resolve the impasse. The Engineering Union's national conference promised support to members who took steps to obtain the 7%, and in Auckland a meeting of engineering shop stewards on 27 July resolved to give the government a week before calling for industrial action in the province.

It had been part of the government-imposed settlement of the freezing works dispute in March that the new rates would operate until 31 July, and that before then the parties would start negotiations for the next award. Agreement, it was hoped, would be reached not later than 1 October. "The foundations have been laid," said the Prime Minister, "for a clean start to the next killing season."

A first meeting to discuss the 1978-79 award was accordingly called for 1 June but the freezing companies refused to attend because of load-out bans at several works over the 8.5% cost-of-living order dispute. These bans ceased when the dispute was referred to a compulsory conference, and the report of the chairman of this conference was in turn referred to the parties involved for consideration. The way was then open for a resumption of the award talks before the Industrial Conciliator, Mr L. Fortune.

At the first meeting, on 3 July, the union reduced its wage claim from 20% across the board to 12%. The employers submitted counter-claims, and the talks were then adjourned to 25 July. Meanwhile another longstanding dispute erupted in Southland. Under an amendment to the Industrial Relations Act passed in 1976, freezing workers were liable to penalties if they ceased work without giving three days' notice. No charges had yet been laid under this clause, but Southland farmers insisted

that the Labour Department prosecute men from the Ocean Beach freezing works who had gone on strike in 1977 without giving the required notice. The Department took action and charges against 192 men were set down for hearing on 27 July.

Southland farmers had earlier decided to refuse off-season work to freezing workers. The union retaliated by imposing a killing ban on stock belonging to six local farmers, four of them members of the Southland Federated Farmers industrial relations committee. The national meat union announced that it would withdraw from the award talks while prosecutions were pending against its members. A solution was sought through a joint request for a stay of proceedings by the Federation of Labour and Federated Farmers, but when national farmers' leaders refused to take part, the government declared that the law must run its course.

A third union ballot took place in July, by the 265-strong North Island (except Hawke's Bay and Wairarapa) Chemical Fertilizer Workers Union. It resulted in a 95% majority in favour of retaining the unqualified preference clause. Publication of the result of another ballot, by the New Zealand Freezing and Related Industries Clerical Officers Union, was held up pending a decision on legal action brought by the union, which claimed that the roll used for the ballot was deficient. According to the union, ballot papers had been sent to people who were not entitled to vote, while some union members had received two voting papers and others none.

The New Zealand Bank Officers Union, another union due to be balloted, contended that it could not supply an accurate roll to the Registrar of Industrial Unions within the specified 21 days because of high membership turnover, which would require writing to all financial members to verify their status. The Registrar refused to accept this reasoning, and discussions between the union and the department continued.

On 20 July, the national executive of the Federation of Labour met the government labour caucus committee to discuss the whole question of union ballots, but after the meeting the Prime Minister announced that the government would go ahead with its policy and that the Auckland Clerical Workers Union would be among the unions

to be balloted. In reply the Federation of Labour put forward a plan (dating from 1972) to group the country's unions in ten major occupational units covering: transport; stores and offices; metal and related trades; building trades; pastoral occupations; food, drink and catering; textile garments; printing trades; entertainment; and a miscellaneous group including caretakers and cleaners, papermill workers, firemen, dental technicians, saddlers and others. Similar plans had been put forward in the past without much success, but the threat of compulsory membership ballots could be expected to induce weaker unions to seek amalgamation with larger and more stable bodies.

Negotiations for a new drivers' award were concluded with agreement for a wage rise of 11.5%. According to the Employers' Federation, the settlement was too high for industry and the economy to sustain. The dispute affecting domestic staff at the Wanganui Girls College hostel was also settled, with the women gaining higher pay, reinstatement in their job, and the right to join the Hotel Workers Union.

The biennial conference of the Engineering Union, the largest registered union in the country with 44,404 members, voted to rejoin the Labour Party as of February 1979. The union had disaffiliated in December 1976. Membership will now be on a voluntary basis, giving members the option whether to pay the required capitation fee for Labour Party affiliation. The Labour Department Amendment Bill, a private member's bill sponsored by the Labour Party, was allowed to lapse after a second reading in Parliament on 11 July.

#### AUGUST 1978

On 1 August the government reversed its stand and announced that regulations would be passed allowing the 7% General Wage Order to be paid to all workers, whether covered by awards or not. This "cave-in" (to quote the **Auckland Star**) was welcomed by employers and unions but (again quoting the **Auckland Star**), its "most damaging consequence" was that "the Arbitration Court has been heavily criticised and its credibility as the top wage authority has been undermined."

While surrendering to industrial pressure on the wages issue, the government maintained its hard line on the question of

union ballots. The Industrial Relations Council, made up of representatives of unions and employers under the chairmanship of the Minister of Labour, met on 8 August and agreed unanimously to study a paper submitted by the Federation of Labour. Its main proposal was that ballots would be held only if requested by a certain "trigger" percentage of union members. The president of the Employers' Federation described this proposal as fair and reasonable, and the Minister of Labour undertook to bring it before cabinet and caucus, and not to sign any further warrants for union ballots in the meantime. Two days later however the Prime Minister announced that both cabinet and caucus had turned down the proposal, and that the 14 ballots for which warrants had already been signed would proceed.

Included among these warrants were clerical workers' unions throughout New Zealand. A heavily attended meeting of the Auckland Clerical Workers Union on 9 August voted overwhelmingly in favour of a ballot on compulsory membership and in favour of reducing the union fees to the previous year's level. The union executive, which had increased subscriptions for the current year by 50%, undertook to refund the excess to those members who had already paid the new fees.

Proceedings against 192 Ocean Beach freezing workers opened in the Invercargill Magistrate's Court on 27 July. The men were charged under section 125A of the Industrial Relations Act with failing to give the statutory three days' notice when they went on strike on 14 June 1977. After they had pleaded not guilty, the Court adjourned until 31 August for fixtures to be made and to decide the question of jurisdiction. The meat workers' union maintained its refusal to resume award negotiations while these prosecutions were pending. Late in August the Southland farmers' action group lifted its ban on off-season employment of freezing workers, but the Labour Department issued further summonses against the union and against two union officials at the Westfield freezing works in Auckland. A meeting between the Prime Minister and the union executive on 30 August failed to break the deadlock. Next day the magistrate in Invercargill reserved his decision on the question of jurisdiction.

The Auckland Harbour Board issued a

writ for \$68,478 against the N.Z. Harbour Board Employees Union and its secretary, R. V. Gerdelan, for damages arising out of a three days' stoppage in the last week of July. The union replied by closing down all container terminals and threatening a general waterfront stoppage. Sir Tom Skinner met officials of the Harbour Board on 25 August and obtained their agreement to withdraw the writ unconditionally. "The FOL could not stand idly by," said Sir Tom, "while writs of this kind were issued against one of its affiliates." The union men returned to work and negotiations for a national award resumed.

Dunedin City Corporation labourers went on strike on 19 July over a wage dispute, and remained out until 21 August — the longest dispute in Dunedin since 1951. The men returned on the recommendation of Mr J. Knox, the secretary of the Federation of Labour, to allow negotiations to resume.

The proprietors of the INL newspaper group announced their intention to dismiss employees over 60 years of age in order to boost the group's profitability. About a hundred people were affected, mostly journalists and printers. The unions asked for staff reductions to be based on voluntary retirement and non-replacement of resigning staff members. When negotiations failed, the unions called short-term stoppages which closed down daily newspapers in Wellington as well as other publications of the INL group.

The N.Z. Farm Workers Association, a voluntary organisation formed in 1974 with farmer support in opposition to the N.Z. Workers Union, announced that it would consider a motion to wind up at a special meeting on 24 August, unless it could attract more members. From a peak of 8,000 in 1975, membership had slumped to 1,600 (in a total workforce of almost 30,000) and the association's financial position was described as desperate. It wanted farmers to make automatic deductions of their employees' membership fees, but this proposal was turned down at the annual conference of Federated Farmers. The **New Zealand Herald** Agricultural Correspondent warned that without the Farm Workers Association "farmers could be confronted with some future system of worker regimentation by a union involving higher pay, shorter hours and weekend holidays." Federated Farmers accordingly

urged their members to publicise the association. A special drive in August brought in 700 new members, the meeting set for 24 August was cancelled, and the association gave an undertaking to Federated Farmers that it would not disband for the time being.

A test case on rolling strikes which the Auckland Conciliation Commissioner had referred to the Arbitration Court, was decided in favour of the employer. In November 1977 N.Z. Steel had closed its Glenbrook mill when faced with a threat of rolling strikes. The Engineering Union then lodged a claim for pay for the time lost, but the Court ruled unanimously that the company had been justified in closing down and stopping the men's pay.

What was described as "the greatest breakthrough in the clothing industry for very many years" was an agreement between the Clothing Workers Federation and Standfast's Wainuiomata knitwear factory providing for 40 hours' pay for 32 hours' work. The 50 women workers were given the choice of working 9 a.m. to 4 p.m. Monday to Friday, or 8 a.m. to 4.30 p.m. Monday to Thursday, with a chance to work Friday at overtime rates.

A union for executives was formed in Christchurch at a meeting on 16 August. It is called Apex, or Association of Professional, Executive, Scientific and Managerial Staff, and hopes to grow from its original 35 members to the estimated 40,000 management and professional staff in New Zealand. An attempt to form a similar union in Auckland failed when only five people attended the initial meeting.

## SEPTEMBER

The approach of the Christmas lamb killing season lent urgency to efforts to break the freezing industry deadlock over the resumption of award negotiations. A hint by the Prime Minister that the prosecutions of the Ocean Beach men could be dropped with the agreement of Federated Farmers brought an angry reaction from some of his own backbenchers. Labour Party spokesmen accused the government of "trifling with the judiciary," while the president of Federated Farmers said his organisation would not be used as a scapegoat for unsatisfactory industrial law. A National Party M.P., Mr B. E. Brill, suggested as a way out that "the cases

against the freezing workers could be dismissed quite legally if the Labour Department chose to offer no evidence."

On 4 September Cabinet decided to ask the executive of Federated Farmers to meet the Prime Minister and the Ministers of Labour and Agriculture for an "in depth discussion." Two days later, the Invercargill Magistrate decided that he had jurisdiction to hear the Ocean Beach informations and set 21 September as the date for the first four cases. Federated Farmers proposed holding a representative conference of employers, meat workers and farmers, as well as government officials and the Federation of Labour. They refused once again a suggestion by the Prime Minister that they should ask for the charges to be dropped, but they put forward proposals for special legislation to cover the freezing industry.

The all-in conference met in Wellington on September 12 and 13 under the joint chairmanship of the Ministers of Labour and Agriculture. It deliberated behind closed doors and the step-by-step peace plan which it adopted was kept secret. According to press reports, agreement was reached on five points: the adjournment of all prosecutions, an undertaking by the unions to kill stock on hand before any strike, an enquiry into the penalty provisions of the industrial law to be undertaken by Sir William Dunlop, a former farmers' leader, implementation of Sir William's recommendations, and finally the resumption of award talks.

The conference resumed in Wellington on 21 September. That same morning the first Ocean Beach charges came up for hearing in Invercargill. The Crown asked for an adjournment on the grounds that the prosecutions constituted "a fundamental stumbling block" to the resumption of award talks. The Magistrate rejected this request, saying that there had been undue delay already in pressing these charges. The Labour Department then declined to present evidence, whereupon the Magistrate dismissed all 192 charges. During the afternoon the Magistrate adjourned the Court to tell the Minister of Labour by telephone that the cases had been dismissed. The Minister informed the parties to the conference who had assembled in his room, and within minutes they signed an agreement whereby the freezing works unions

undertook to kill all stock on hand before taking industrial action.

The Minister of Labour claimed that he was disappointed at the Magistrate's decision, and the Secretary of Labour stressed that he had acted entirely on his own initiative. The Acting Prime Minister, in the face of a strong Labour attack in Parliament, denied that there had been government intervention of any kind. A retired judge however, the Hon. Nigel Wilson, condemned the government for its "cynical attempt to use the courts as an instrument of its policy and as a smokescreen to hide its political poltroonery." The Leader of the Opposition called for the resignation of the Minister of Labour, and for the repeal of "bad unenforceable law" by a new minister.

The Dunlop Report was handed to the Minister of Labour on 27 September and released to the press the following day. It recommended urgent legislation to withdraw all existing prosecutions and to transform the liability under sections 81, 125 and 125A of the Industrial Relations Act "from one that is criminal in nature to one that is civil in nature." The National government, said Sir William, had over-acted to the removal of penalties by the previous government. The Ocean Beach prosecutions were the first test of the new penal provisions, and they illustrated the difficulty of disentangling political considerations from any decision to initiate or withdraw prosecutions against striking workers. Sir William also recommended reconvening a consultative committee to consider a code of practice for the meat industry and to examine methods of pay determination and the effect of hygiene regulations on industrial conflict. The parties concerned were asked to give their comments on the report to the Minister of Labour, and legislation embodying Sir William's recommendations was to be considered by cabinet on 2 October and by caucus the next day. The Labour Party had already indicated that it would allow a bill repealing the penalty provisions to pass through Parliament in one day.

A spokesman for the clerical workers claimed that his unions could not supply rolls of members in the time allowed — 42 days from 18 August. The bank officers too stood by their earlier refusal to produce a clean roll before next April. "We are cer-

tainly not going to be frustrated," was the Prime Minister's response, and he threatened to introduce legislation which would reverse the present procedure so as to make all unions voluntary until such time as they carried a ballot to become compulsory.

Trade unions reacted angrily to this threat, with Sir Tom Skinner suggesting that registered unions would "abandon" the Industrial Relations Act and its arbitration and conciliation procedures altogether. The Employers' Federation warned that a unilateral declaration of voluntary unionism would cause many problems. The Minister of Labour said the Federation of Labour had over-reacted but Sir Tom, in a speech to Northern Drivers Union delegates, announced that in future the Federation would give its full support to any union which felt it could not or would not supply its roll for state-run ballots. The bank officers later announced that they would conduct a ballot on compulsory membership under their own rules in November, and the Minister of Labour indicated that such a ballot might be acceptable to the government.

The Values Party released its industrial relations policy for the general elections in November. It promised legislation to encourage the ownership and control of businesses by those working in them and affected by them (i.e. consumers, the community, and in some instances also suppliers), full employment, ratification of I.L.O. conventions, the right to strike and to bargain collectively, and access by workers to information in employers' files and accounts.

The Labour Party promised trade union freedom in accordance with I.L.O. standards, repeal of repressive and provocative industrial legislation, and the establishment of a fund to assist union amalgamation. When asked about deregistration, and recognition of the currently deregistered Wellington Boilermakers Union, the Leader of the Opposition said "Labour would keep the power to deregister unions and wanted the deregistered Boilermakers Union to join another existing union rather than be reregistered itself."

Striking journalists in Wellington produced their own newspaper "The News" on 13 September which they then sold in the streets — all 11,000 copies — within two

hours. That same day the 11 unions involved (including the unregistered Wellington Advertising Workers Society whose members had voted by secret ballot to join the strike) handed their dispute to the Federation of Labour for negotiation with the employers. On the recommendation of FOL secretary, Mr J. Knox, the unions returned to work and lifted all bans and restrictions. Mr Knox met INL management on 15 September and obtained their agreement to withdraw all notices of retirement and redundancy. Discussions on staff reductions and other economies began on 20 September. During the month-long dispute 13 daily newspaper issues and six issues of INL weeklies had failed to appear.

The longstanding dispute at the ANZ Bank over interest rates on staff loans flared up again. Stopwork meetings were held throughout the country and in three districts staff voted in favour of strikes. Against union advice ANZ branches in Christchurch, Greymouth, Invercargill and Gore closed on 25 September. Other branches threatened to follow suit but a return to work was agreed on and negotiations resumed.

The Metal Trades award, traditionally a trend-setter, was settled on 1 September on the basis of an average 9.8% increase on top of the general wage order. Negotiations in another key award, for Power Board electrical workers, broke down on 7 September when the employers refused

a request for an 11% increase and insisted on a two-year term. The union gave 14 days' notice of a strike due to start on 29 September, but in a last-minute agreement the union accepted a 10.06% rise while the employers contented themselves with a one-year term.

Negotiations in the Mangere Bridge redundancy dispute between the contractors and the carpenters' and labourers' unions broke down. Workers on the project held a protest march in Auckland on 22 September, claiming that the government had interfered in the negotiations.

The Otago Drivers Union and its secretary were charged under section 81 of the Industrial Relations Act for imposing a ban on carting containers earlier in the year. The cases were heard in the Dunedin Magistrate's Court on 15 September and adjourned until 13 October.

District unions representing commercial travellers in Auckland, Hawke's Bay, Canterbury, Otago and Southland agreed to amalgamate into one national union with equal representation on the executive committee.

A State Services Amendment Bill introduced to Parliament on 19 September (the anniversary of women's suffrage in New Zealand) gives public servants, male or female, who resign to look after preschool children preferential rights of re-entry into the service within four years.

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BERT ROTH