

# CHRONICLE

July 1982

On 6 July the Government issued an amendment to the *Wage Adjustment Regulations 1974*, which imposed a ceiling on redundancy compensation payments of 8 percent of annual earnings (ie. one month's pay) for the last year of employment, and 4 percent (or two weeks' pay) for earlier years, up to 20 years' service. Workers with less than a full year's service did not qualify for compensation, and the Arbitration Court's power to approve higher payments was revoked. Existing redundancy agreements were not affected. The executive director of the Employers Federation said that the new ceiling was "a bit higher" than he would have liked but "we are not quibbling about it". The president of the Federation stressed that the regulations imposed a ceiling and not a floor, and that employers were not obliged to pay at the maximum rate. Union spokesmen pointed out that the new maxima were below the going rate, because many existing agreements provided for six weeks' pay for the last year of service.

The Federation of Labour decided to wait for the presentation of the budget before determining what action to take against the wage freeze, but several unions, notably drivers, electricians and public servants, announced that they intended to lodge claims in the usual manner, regardless of the freeze. The Registrar of the Arbitration Court wrote to the unions which had filed claims that these contravened the *Wage Freeze Regulation*. The unions saw justification for their action in figures released by the Government Statistician which showed that in the year to the end of June wage rates had risen by 15.3 percent, while prices had gone ahead at a rate of 17 percent. On 28 July the Prime Minister told the Hutt Rotary Club that by far the largest increase in the second quarter index was trade union fees, which had risen by 34.9 percent over the whole year, and that the government would issue regulations to freeze these fees. The Labour MP for Lyttleton, Mrs Ann Hercus, pointed out that the rise in union fees contributed no more than 0.0816 percent to the total annual inflation rise of 17 percent.

The president of the Australian Council of Trade Unions, Mr C. Dolan, met Mr Knox in Wellington on 18 July to discuss trade union implications of the proposals for closer economic relations between Australia and New Zealand (CER). They decided to continue to monitor the proposed agreement, but to await responses from their affiliates before arriving at a final position.

Representative of combined staff groups, led by Mr E.W.J. Ball of the Engineers' Union, reached agreement with Air New Zealand on a redundancy deal for the 962 staff members who are to be laid off by 31 March. The agreement provided for four weeks' pay for the first year of service, and two weeks for each subsequent year, up to the maximum of 42 weeks' pay. Redundant employees would also be given six weeks' notice, and would be paid up to 40 days of unclaimed sick leave. Staff made redundant would have preference for job vacancies with the company.

On 27 July Air New Zealand dismissed 25 members of the Airline Stewards' and Hostesses' Union, after they had been arrested and charged with stealing company property. The union condemned Air New Zealand for prejudging the men's guilt, and charged that the company was trying to save on redundancy payments. The union also made allegations of theft against three company executives, but Air New Zealand said these could not be substantiated.

Advertisements placed earlier in the year in British newspapers brought thousands of applications for work on the Marsden Pt refinery expansion project. Mr Knox complained that the employers, Badger-Chiyoda JV2, had broken an agreement with the Federation of Labour by advertising for labour overseas without prior consultations, but the company's

industrial relations manager replied that, while they had advertised and had interviewed applicants, they had not actually employed anybody from the pool of job-seekers. Mr Knox insisted that no overseas tradesmen would be employed while qualified New Zealand applicants were looking for work.

The Toyota car assembly plant at Thames gave notice to 45 production workers without a full year's service, who were thus not entitled to compensation payments under the new redundancy regulations. The Engineers' Union contested the dismissals and asked for an enquiry into the company's finances by an independent accountant. The union also imposed an overtime ban and organised a public protest meeting in Thames. The dispute was settled when the company withdrew the notices and instead called for volunteers to retire with full redundancy pay. According to the plant union delegates' convenor, there was "a gold rush". A queue formed and "once the big gold came out, you could not get near the door."

A demarcation dispute over engineering rigging between the engineers' and labourers' unions stopped work at the Portland cement works conversion project near Whangarei. The dispute had implications for the Marsden Pt extensions and other big construction projects; Mr Knox travelled to Portland on 13 July but failed to bring the two sides together, and the dispute was referred to the Arbitration Court for settlement.

Plans for the permanent installation of a pelting machine at the Stoke works of Waitaki NZR collapsed, when the national meat workers' union demanded that the company withdraw its new policy of retiring all workers at 65, and reinstate a wage agreement which it had cancelled unilaterally at its Islington works. The company refused and, in protest, the union boycotted a joint meeting on the introduction of new technology called for 22 July.

A site agreement was signed for the Kapuni area project which provided for an hourly core-payment of \$6.451, which is fractionally higher than the previous maximum of \$6.45 per hour, set at the Marsden Pt extensions and the Motunui synthetic petrol project.

The dispute over meat inspectors' salaries, which had led to a one-day stoppage in June, was settled on 28 July, when the State Services Commission reinstated the 10.7 percent salary increase backdated to January 1982. The two sides agreed on procedures to avoid stoppages of production.

Six hundred Bay of Plenty forest workers returned to work on 13 July after a strike which had lasted nearly a month. Their original request for better pay and conditions failed because of the wage freeze, but they remained on strike until they gained the reinstatement of a petrol pump attendant.

## AUGUST 1982

The National Council of the Federation of Labour decided to lift the trade ban on Chile as from the end of September. According to Mr Knox, the International Confederation of Free Trade Unions in Brussels had congratulated the FOL for a "mighty job" in maintaining the ban for seven and a half years.

The annual conference of the Public Service Association in Wellington discussed, on 10 August, a proposal for a new umbrella organisation of unions in the private and public sectors, with a potential membership of about 650,000. The new confederation, tentatively entitled the New Zealand Council of Trade Unions, would comprise the Federation of Labour and the Combined State Unions, together with at present unaffiliated unions. The conference supported the concept, which is to be submitted to the membership for further consideration. On 17 August, a CSU deputation met the FOL national executive to discuss the proposal. Mr Knox expressed support, as did Labour MP, E. Isbey, but the Minister of Labour said the merger would be wrong if its aim was greater power of coercion.

One example of developing co-operation between the FOL and the CSU was their joint production of a newspaper, "Campaign Against the Cuts in Living Standards", which claimed that most workers had received "insulting tax-cuts" in the Budget, and that part-time and low-paid workers had either gained no tax relief or would actually pay more in

taxes. The Prime Minister, in a speech to the Wellington Chamber of Commerce, dismissed these claims as "the most vicious and distorted propoganda".

The Minister of Energy, Mr Birch, told a seminar at Otago University on 18 August that the Government's economic policies were designed to lower real wages. "I hardly need emphasise", he said, "that a fall in real wages can be achieved by allowing prices to rise faster than wages". The enforced wage/tax trade-off implemented in the freeze and in the Budget was, according to the Minister, "a bold attempt to effect this kind of result". More jobs, he claimed, would become available if workers accepted lower real wages: "Whether voluntary or otherwise, willingness of employed labour to accept more moderate wage increases is essential to overcome the underuse of our labour force".

Two days later, on 20 August, the Government tightened the wage-freeze by issuing regulations which prohibited the setting up of conciliation councils. The move was specifically aimed at the Drivers Federation which had announced its intention to proceed with a claim for a flat \$35 a week increase. The new measures, said the Minister of Labour, "will remove the opportunity for any trade union leader to beat the freeze". The drivers announced that they intended to challenge the legality of the regulations in the Arbitration Court, and to ask specifically whether they "validly eliminate the conciliation process laid down in the *Industrial Relations Act*".

The Marsden Pt extensions contractors, JV2, asked the Federation of Labour on 4 August to agree to the recruitment of 50 British boilermakers, who would be required by the end of October. The Ministers of Energy and Labour supported the request, but Mr Knox was told by the Boilermakers' Federation that local men had applied for work with JV2 but had been refused. "While boilermakers are unemployed," Mr Knox announced on 7 August, "there won't be any lifting of the restriction against overseas labour". JV2's industrial relations manager agreed that he had turned down applicants "who we regard as unsuitable having regard to their skills and past employment record." The unions claimed that the company was discriminating against men who had worked on the BNZ site in Wellington, and that active unionists had been blacklisted. The company denied this, though it spelled out its objections to the employment of "militant troublemakers".

Further negotiations failed. The FOL took its stand by a clause in the site agreement in which the parties agreed "to support to the greatest possible extent the use of labour recruited from within New Zealand", while the company insisted on its right to hire only workers it considered suitable. On 25 August, Mr Knox addressed the 900-strong workforce on the extensions and, after his speech, the workers decided to hold a 48-hour protest strike. More than 500 hydro workers on the Tongariro power project also walked out in sympathy, and the Seamen's Union offered its support to the boilermakers. The FOL and the Boilermakers' Unions refused to take part in a disputes committee hearing on 30 August, and the issue was then referred to the Arbitration Court by the employers.

The Farm Workers' Association took the unusual step of threatening to stop representing dairy farm workers, unless dairy farm employers agreed to a new union membership clause. Sheepowners and arable farm employers have already accepted this clause, which commits them to employ only members of the union or those who have obtained an exemption certificate.

A dispute between the Northern Storepersons' and Packers' Union and Industrial Park Coolstores Ltd in Auckland over the dismissal of 19 workers dragged on for nine weeks throughout July and August. Union members imposed load-out bans and picketed the site, while the Employers' Federation lodged a complaint with the Labour Department that the union claim for an increase from \$4.63 to \$6.18 an hour was a breach of the wage-freeze. The dispute was settled with the assistance of the Auckland Trades Council, on the basis that the men belonged more properly to the Auckland Freezing Works Union, which entitled them to basic hourly rates of \$5.87 as general hands or \$6.23 as chamberhands. Manning levels were reduced to nine permanent jobs.

## SEPTEMBER 1982

A meeting of the Federation of Labour and the Combined State Unions on 1 September approved a plan for protest action against the wage-freeze. Stopwork rallies, open to all members of the public, were to be held throughout the country to demand an immediate wage increase, an adequate living wage, and more jobs. This was to be followed by a special conference in November. The president of the Auckland Provincial Employers' Association urged New Zealanders to work together to beat inflation, increase productivity, and look for more employment opportunities, but he agreed that "we cannot have the wage-freeze working and the price-freeze not, if we expect the whole of New Zealand to pull together".

A *Wage-Price Freeze Repeal Bill* introduced by the Labour Party was defeated in Parliament on 9 September, with Social Credit voting with the Government. On 15 September, the Government introduced an *Industrial Law Reform Bill*, which drops the requirement for triennial union ballots on the compulsory membership clause, but allows 50 members or 10 percent of a union's membership roll to call for such a ballot. The *Bill* also revokes the \$14 a day fee paid to assessors in conciliation proceedings. According to the Minister of Labour, \$430,000 will be saved over three years in assessors' fees, and \$500,000 through the abolition of ballots.

Figures released by the Department of Statistics showed that in the six months to the end of June, there were 194 industrial stoppages, compared with 152 in the same period last year. Working-days lost jumped dramatically from 173,930 to 267,406.

Negotiations for a new award for theatre production workers (stage managers, carpenters, technicians and wardrobe staff) collapsed at the end of August. Their union, Actors' Equity, claimed increases of 20.78 percent, while the employers offered 10 percent. On 2 September production staff decided on industrial action, which forced the cancellation of shows, though at some theatres management staff were able to replace the strikers. Workers at three theatres returned to work late in September, when management agreed to resume talks.

Charges of theft against an Air New Zealand steward were dismissed on 10 September. The Airline Stewards' and Hostesses' Union demanded the man's reinstatement and threatened industrial action if this request was refused. Air New Zealand had stated earlier that it would not reinstate any of the dismissed men, regardless of court proceedings, but on 13 September the company reversed its stand and agreed to take the man back. Later in the month the company reinstated two other stewards who had been cleared in court.

Workers on the Mangere bridge site stopped for two days, and workers at the Huntly power station project struck for 36 hours in support of the Marsden Pt men. Wellington building labourers launched a two-month campaign of one-day sympathy stoppages on all major city building sites. Twenty-four Marsden Pt boilermakers walked out on 1 September because a subcontractor, Chicago Bridge & Iron, refused to pay an extra allowance for on-site work on pre-heated steel. One hundred and twenty construction workers on the site struck on 10 September over the standard of meals in the single men's village, but returned, five days later, when improvements were promised.

The Prime Minister threatened, on 17 September, to call a snap election on the issue of disruption at Marsden Pt. The Government, he said, refused to bend to industrial blackmail by "professional disrupters" at the refinery, and "industrial thugs" had no place in New Zealand. The Arbitration Court began hearings on the "foreign labour" dispute on 20 September. The Federation of Labour maintained that employers did not have an unfettered right to hire but, even if that position was not accepted by the Court, the Federation argued that the terms of the site agreement obliged the employers to give preferential treatment to local applicants. The industrial relations manager for the JV2 consortium acknowledged that about 12 applications had been received from New Zealand boilermakers, who had been considered unsuitable but who had not been informed of this. To union complaints that local applicants had been kept "on ice", he replied that men had not been told of their acceptance or rejection because company policy was directed towards employment, not rejection. After four days of hearings, the Court reserved its decision.

The Drivers' Federation made lengthy submissions in the Arbitration Court on 6 September, challenging the validity of the *Wage Freeze Regulations*. The judge described the submissions as "a formidable attack"; because matters of constitutional importance were involved, the Court decided to refer the case to the Court of Appeal. The Drivers' Federation advocate, Mr R. Campbell, said afterwards that if the Court of Appeal ruled that pay talks could be held despite the freeze, the Federation would ask employers to backdate any wage rise to 10 September. The freeze, he claimed, was robbing 16,000 drivers of more than half a million dollars a week.

An Arbitration Court decision to split rigging work on the Portland cement works conversion project between labourers and engineers' riggers, caused a 24-hour protest stoppage by labourers.

The mutton chain at Hellaby's Shortland works in Auckland closed on 3 September. Four hundred and fifteen workers were laid off; all but 92 of them qualified for redundancy pay under an agreement reached earlier in the year. The Patea meat works also closed at the beginning of September, but redundancy talks stalled over the interpretation of ordinary pay. On 6 September, the remaining workers imposed a load-out ban in protest against the deadlock.

More than 100 workers at the Glenbrook steel mill expansion project went on a 48-hour strike on 6 September, in protest against lack of progress in settling their site agreement (which is exempt from the wage freeze). The unions claimed an hourly rate of \$6.451, plus an extra 5 percent to apply from November. The employers offered \$6.334 per hour. Workers on the Clyde dam site asked the contractors, Ed Zublin-Williamson, for a 15 percent margin above the \$6.45 an hour standard rate on other large projects. The Prime Minister told the Hutt Valley Chamber of Commerce on 27 September that the Government would close down the Clyde dam project rather than pay "fancy wage rates". The NZ Workers' Union claimed in reply that rates negotiated for Marsden Pt were already 12 months out of date, and that the extra 15 percent margin was needed to cover this gap.

The Tasman Pulp and Paper Co. on 27 September gave the Paper Workers' Unions eight days to lift work bans it had imposed, or face dismissals. According to the company, all site unions except the paper workers and engine drivers had accepted a 10 percent wage increase, but these two unions held out for a 15 percent rise and had imposed bans on what they called "new work", i.e. work not covered by their existing agreements. On 29 September, the company and the two unions issued a joint statement that wage negotiations would resume in late October or early November. The unions lifted their bans and the company withdrew a limitation it had imposed on backpay.

The Court of Appeal ruled unanimously on 15 September that primary school teachers were entitled to argue for pay relativity with secondary school teachers. This upset a majority decision of the Government Service Tribunal earlier in the year. The teacher's salary case will now go back to the tribunal. The Kindergarten Teachers Association imposed a ban on new enrolments during October, because of government failure to improve staffing ratios.

## OCTOBER 1982

In a speech to Hawera Rotarians, on 5 October, the Minister of Labour threatened to withdraw the statutory privileges enjoyed by unions unless they co-operated with the Government in the fight against inflation and ceased their opposition to the wage-freeze. He listed these privileges as the sole right to represent and bargain for workers within the scope of their rules, compulsory union membership, and the right to force agreements through the conciliation and arbitration system and have them enforced by Labour Department inspectors. Mr Douglas expressed surprise that the government was willing to toss overboard the whole base of industrial relations because it could not get union agreement to its economic policies.

Figures collected by 11 key unions in Auckland showed that since the beginning of the

year they had been notified of 1675 redundancies, including 554 engineers, 415 freezing workers, 150 shop employees, 110 butchery and grocery workers, 100 hotel and restaurant workers and 100 carpenters. Nationwide Labour Department statistics to the end of August showed that while the total number of jobs had increased somewhat, unemployment was highest in Whangarei, Gisborne and Hastings, where more than 10 percent of the workforce were either out of work or on subsidised job-creation programmes. The Auckland figure was 5.6 percent, but an analysis of last year's census figures by Dr Bruce Hucker revealed great disparities within the Auckland region, with more than 17 percent unemployment in Otara and fewer than 2 percent out of work in St. Heliers, Pakuranga and other wealthy suburbs. In the three months to September, the consumer price index rose by 3.6 percent, while wages remained virtually stationary.

Members of the Clothing Workers' Union in Canterbury, Westland and Nelson held a one-day stoppage on 1 October to protest against the wage-freeze. The Drivers' Federation challenge to the freeze was heard by the full Court of Appeal on 11 and 12 October. The drivers claimed that *Amendment No. 2* to the Regulations, which prohibited the setting up of conciliation councils, was *ultra vires* the *Economic Stabilisation Act* of 1948. The Solicitor-General, who represented the Crown, argued that there were no subjects for negotiations in awards which did not encompass remuneration, that these costs affected the economy, and that the *Regulations* therefore had been legally introduced by the Government in terms of the *Economic Stabilisation Act*. The Court's decision, issued on 22 October, upheld the validity of the *Amendment*, but only by a majority decision, with two of the five judges dissenting.

The series of joint FOL-CSU rallies against the wage-freeze opened in Hamilton on 18 October, where Mr Knox addressed about 900 workers in pouring rain. Later rallies attracted 350 in Taumaranui, 100 in Te Kuiti and 75 in Otorohanga. Altogether 10 rallies were held in the Waikato-King Country area before the campaign moved to Auckland. There, on 28 October, a massive lunch-time march up Queen Street ended in Aotea Square, where Messrs Knox, Thorp (CSU) and Anderton (Labour Party) spoke to the crowd. This was the largest demonstration seen in Auckland in recent years, with attendance estimates as high as 60,000, though the police put the crowd at between 25,000 and 30,000.

The Court of Appeal ruled unanimously, on 9 October, that peaceful picketing did not contravene section 33(2) of the *Police Offences Act*. Arising from a dispute between the Canterbury Labourers' Union and the Waimairi County Council over rubbish collection arrangements, two union picketers had been convicted under this section for forcibly preventing the business of rubbish disposal. According to the Court of Appeal, however, mere physical presence did not amount to "forcibly preventing". On 28 October, three workers who picketed an Auckland fireworks factory were arrested and charged with intimidation under the *Summary Offences Act*. On the following day police were called to the Islington freezing works to remove union pickets from company property.

A planned eight-week maintenance shutdown of the Marsden Pt oil refinery in October and November required a special agreement on a 6-day, 56-hour week basis. The three unions involved – boilermakers, engineers and engine drivers – refused to negotiate such an agreement (which would have been exempt from the wage-freeze) unless a two and a half year old dispute over internal relativities was settled first. The Minister of Labour claimed that the two issues were "quite unrelated" and refused to exempt the relativity agreement from the wage-freeze, on the grounds that the workers involved had had a full wage-increase for the 1981-82 season. The refinery started to close down on 4 October without any agreement having been reached and the company later suspended 40 tradesmen for refusing to carry out maintenance. Private contractors also suspended staff they had engaged for maintenance work. The company announced that the refinery would re-open at the end of November, even if no maintenance had been carried out. Further negotiations collapsed, on 27 October, when the company refused to join in another approach to the Minister of Labour to seek an exemption from the wage-freeze. On 29 October, the Minister applied to the Arbitration Court under the *Commerce Act* for an order to resume work.

The Arbitration Court released its decision on the Marsden Pt "foreign labour" dispute on 14 October. The court refused to approve the immediate recruitment of 50 British boilermakers, as requested by the JV2 consortium, but instead asked the parties to return to the negotiating table. The Court said JV2 appeared not to have advertised adequately within New Zealand for labour, before looking overseas; it also blamed the Boilermakers' Union for insisting that its members must be engaged before any non-members. The Court upheld an employer's right to hire, though with the qualification that a worker could not be refused employment merely because he had worked on other projects where there had been some disruption attributed to boilermakers. By signing the site agreement moreover, JV2 had agreed to a "limited fetter" on its right to select employees though this, said the Court, did not give the unions a right of veto. Both parties welcomed the Court's decision; negotiations resumed on 29 October but were then adjourned.

Talks on the theatre workers' pay dispute resumed on 5 October, but collapsed even though the employers raised their original offer.

Employees of the Taranaki Co-operative Dairy Co. started a 48-hour stoppage on 17 October. The men, who had given 14 days' notice on 24 September, were concerned that a proposed merger of the company with Kiwi Co-operative Dairies at Hawera would lead to closures, and they claimed a shorter working week, higher redundancy payments, travelling allowances, and the retention of the factories at Midhurst and Eltham. The stoppage forced farmers to pour away millions of litres of milk and caused much bitterness, including death threats against a union official. Workers at three Northland dairy factories also gave notice of industrial action, because the employers had failed to settle outstanding grievances, but they withdrew the threat on 29 October. Auckland dairy workers walked out on 20 October, leaving much of the city without milk deliveries. They returned to work the following day but gave 14 days' notice of further action.

A slump in car sales forced motor companies to cut production. More than 3000 assembly workers employed by Ford, Nissan Datsun, NZ Motor Corporation and Todd Motors were told by their employers on 11 October to apply for voluntary redundancy or face dismissals. Payments offered were in line with Government-imposed maxima, and the offer expired that same week. The unions advised workers not to accept the offer; they claimed that it violated an agreement to give six weeks' notice of impending redundancies, but the companies argued that this applied only to enforced lay-offs. Some 400 workers took the money. This met employers' requirements in Wellington, but in Auckland the motor companies laid off another 100 workers, after negotiating an agreement with the unions.

The Minister of Labour asked the Labour Department to enquire into an alleged breach of the wage-freeze at Toyota's Christchurch assembly plant, where workers were said to be working a 4-day week for 5 days' pay. The Department found that a bonus payment amounting to 20 percent of the weekly pay had been dropped when the hours were reduced, and that no breach of the freeze had been committed.

The meat industry's technology consultative committee met in Wellington on 20 October, but the Meat Workers' Union refused to negotiate on new technology unless disputes at Islington and Ocean Beach were settled first. The employers announced after the breakdown that new technology, including automatic pelting machines, would be introduced at eight works in the coming season, regardless of the attitude of the union. The West Coast branch of the Meat Workers' Union signed a redundancy deal with the owners of the Patea meat works, and lifted the load-out ban imposed there in September.

South Auckland police arrested 14 employees of L.D. Nathan's Wiri depot on 13 October and charged them with theft and receiving. The Storepersons' Union expressed concern that it had not been consulted by the company, and demanded that the workers be kept on the payroll until their cases had been heard. The depot closed on the 13th, and on the next day the staff went on strike in support of their colleagues who had been dismissed by the company. They returned on the 18th but walked out again for a second time, after the union had revealed that a private investigator, posing as a storeman, had been employed at the depot since May collecting information. Nathans admitted hiring the

detective, but refused union requests to reinstate workers if they were cleared in court, and to pay compensation to workers whose homes had been searched but who had not been charged. The strike continued.

Kindergarten teachers lifted their ban on new enrolments, after talks with the Minister of Education who promised to reconvene a staffing working party. Four hundred and fifty timber workers, employed by the Tasman Timber Co. at Kawerau, held a 24-hour stoppage, on 22 October, to protest against the company's decision to reduce working hours from 1 November, because of a slump in sales. The Tauranga Waterside Workers' Union took a half share in a new shipping company, South America New Zealand Sea Freight Ltd., which will trade to Chile and other South American countries.

H. Roth

#### We found it in our Files

After refusing to join a union and leaving his job, a man telephoned the union secretary. . . made threats and used abusive language.

"He said he would push my hearing aid through my head", said Mr Keenan, adding that his wife listened to the conversation on an extension telephone.