

The 1975-1978 maritime composite agreement.

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In 1975, the maritime employers and unions negotiated a composite maritime agreement. By 1978 however, and despite the goodwill that had gone into its negotiation, the agreement had disintegrated. Although this disintegration has been attributed to the failure to negotiate satisfactory wage relativities, this explanation is seen as inadequate. This article intends to show that the problem of wage relativities, rather than being a cause of this disintegration, was in fact only a symptom of a more serious underlying problem.

Introduction

The establishment in 1979 of the Whatnall Commission of Inquiry into wage relativities aboard New Zealand vessels was the final attempt by government to resolve a series of disputes that had been plaguing the maritime industry throughout the 1970s. The establishment of the Commission cast into obscurity the very real efforts of the maritime unions and employers some years earlier, to solve this problem themselves by the negotiation of a maritime composite agreement.

The Composite Agreement was an attempt to bring together, in a single agreement, what had previously been contained in a number of separate agreements covering each of the maritime unions. The significance of the composite agreement lay in the development of an overall wage structure covering all those who went to sea irrespective of rank. The key was the fixing of a bench-mark, in this case the rate paid to the ship's Bosun, with all other rates a fixed percentage above or below according to rank.

In 1978, the composite agreement disintegrated, and as a consequence, the Whatnall Commission was set the task of resolving a number of anomalies that had led to this disintegration. The changes, in terms of the actual monetary differences, made on the recommendations of the Commission were largely successful in reducing the conflict caused by these anomalies. To date however, no new composite agreement has been entered into by the maritime unions and the employers. What was not resolved were the underlying problems of status relativities although the Commission was aware they existed (Whatnall, 1979). The purpose of this article is to examine the problem of wage and status relativities and to show the underlying reasons why the composite agreement broke down as soon as it did.

The organisational structure of ships

To explain the relativities problem it is first necessary to describe the horizontal and vertical divisions of labour aboard any merchant ship. The prime task of any merchant ship is the profitable carriage of cargo from one place to another. To do this efficiently and safely, a number of functions must be performed. The division of labour on board ship is

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as follows : the Deck Department deals with the navigation, loading, unloading, and deck maintenance; the Engineering Department deals with propulsion, power supply, machinery and engine room maintenance; the Radio Department deals with communications, and the Provodore Department deals with the domestic requirements.

The horizontal division of labour is, by training, qualification and often in law, very inflexible. An individual from one department is seldom able to perform the tasks required in another department. The differences between the mates' and engineers' training and qualifications will be used to illustrate these divisions. (The terms "mates", "engineers" and "officers" are interchangeable in every day use; the former are the correct designations.) The training for a mate starts with a three or four year seagoing apprenticeship culminating in the award of a Second Mate's Certificate. This is then followed by compulsory sea-time and more Ministry of Transport (MOT) examinations until the mate acquires his Master Mariner's Certificate. For an engineer, the process starts with an engineering apprenticeship ashore, where he gains his trade qualifications after which he goes to sea. This is then followed by a number of MOT examinations interspersed by compulsory sea-time culminating in the award of a Chief Engineer's Certificate.

The divisions between the engineering and deck departments generated by the method of training is reinforced by the content of that training. Without going into detail, the skills required to navigate, load and unload a ship are very different to those required to run and maintain large engines, and other ancillary equipment. As a consequence of this process, competence in one area leads in no way to competence in the other. Another factor which prevents any exchange of personnel between functions is the length of training time to gain a Master Mariner's or Chief Engineer's Certificate. A total period of ten years is not uncommon, and to the author's personal knowledge no individual has done both; training time involved being prohibitive, irrespective of inclination. The final, and perhaps most crucial, factor separating the departments is the legal status of their qualifications spelled out in the *Shipping and Seamans Act 1952*. Only the holder of a Master Mariner's certificate, may command a ship, and the line of succession may only be through the mates. Similarly, only the holder of a Chief Engineer's certificate may take charge of an engine room.

The vertical divisions between ratings (the official designation for the seamen, motormen, cooks and stewards) and officers are generally less rigid than the horizontal divisions, except with regard to the issuing of commands. Those designated as "officers" have this right. Those designated "ratings" do not, and this division is quite clear in law. Other differences are very often of degree rather than of kind. The content of a seaman's training is also part of a mate's training, although the mate has considerably more to learn in order to become qualified. Other differences are those of custom and practice. For example, officers are generally permanent company employees, whereas in New Zealand, ratings are employed on an industry basis.

In effect then, there are several distinct occupational groups on board ship, whose functional overlap is low, and whose functional rigidity does not permit any interchange of personnel. This functional differentiation may be seen in the coverage of the Maritime Unions. The New Zealand Merchant Service Guild ("the Guild"), represents mates, radio officers and pursers. The New Zealand Institute of Marine and Power Engineers ("the Institute") represents engineers, and electricians. The New Zealand Seamans' Union represents seamen and motormen (engine room ratings) while cooks and stewards have their own union. Given that these separate occupations are, of necessity, closely functionally interdependent, and that those in them live in close proximity during their non-working hours, the possibility of various types of conflict is high. The particular problem to have arisen in the New Zealand Merchant Navy is that of wage relativities.

The problem of relativities

Until the time the Whatnall Commission's findings were implemented, the rail-ferry mates had always enjoyed a margin of pay, rank for rank, approximately a half step ahead

of the engineers, unlike the rest of the industry where there was parity between the groups. This was the result of the master being in overall command and the only line of succession being through the mates. Given their functional importance, the rail-ferry engineers resented this differential, and believed that, rank for rank, they should be paid the same as the mates, except for the master who has the overall responsibility of command. On the other hand, the mates have maintained that there should be differential in view of the line of command, and the extra training and responsibility required of them.

Although this was a central issue in the various disputes, there were at least two others. There was the issue of the relativity between the fifth engineer and the senior engine room rating. Due to the workings of the pay structure, the engine room rating has often been paid more than the fifth engineer. This has caused resentment because the engineers maintain that a fifth engineer is an officer and, as such, has training and responsibilities that the rating does not. There has also been the problem of the wages of sea-going engineers relative to shore engineers. With their background of shore training, sea-going engineers are able, far more easily, to make comparisons with their shore-based counterparts. They claim that they should receive a margin over them because they are required to put up with more difficult conditions such as being away from home and living on the job 24 hours a day. These two problems, it seems, have largely been resolved by the Whatnall Commission's recommendations and do not appear to be important issues any longer.

The relativities problem between the mates and engineers is the subject of this article but, there are other issues that have emerged from time to time. There is evidence to suggest that there are problems of relativities between radio officers and mates, between chief stewards and cooks, and between officers in general, and ratings. There is also evidence of a problem of the relativities between ship types, and the question of the relativities between the New Zealand maritime industry as a whole and other national maritime industries. These will not be pursued here.

The composite agreement

Some would argue that one way of dealing with the problem of wage relativities would be the formation of one maritime union covering all those who go to sea. As an interim step, it can be argued, a composite agreement reduces the possibility of disputes because the problem becomes an inter-union problem rather than a union-employer problem.

The negotiation of the 1975 Agreement did not come "out of the blue" but was the result of ideas that were current in a number of countries, and had been brought to the attention of many in the industry by the Rochdale Committee of Inquiry (1970) into the UK shipping industry. The Jamieson Commission of Inquiry (1971) into the New Zealand shipping industry followed soon after the Rochdale Report and although they were far less positive in their recommendations, they did see close co-operation as being desirable, given that seafarers were literally "in the same boat". The impact of the then current fashion in New Zealand industry toward composite agreements probably had considerably less effect than the recommendations of the Rochdale Committee. National maritime industries are influenced more by the trends in other national maritime industries than by the trends in the industries in their home countries.

The first positive steps made towards the formulation of the composite agreement came from the maritime unions themselves with prompting from the MOT. Sources within the industry pointed out that pressure from those at sea about "under-the-counter" deals between individual unions and individual employers was the reason for the unions entering into this kind of agreement. Many seafarers, it was claimed, saw such secrecy as being quite unnecessary and there was increasing pressure to have all employment conditions out in the open. Such claims are difficult to substantiate, although the author knows of at least one arrangement where such secrecy was the norm. Until recently in the Articles of Agreement under the heading "Wages", the entry for the master was APA or As Per Agreement. This referred to the agreement on wages and conditions between the master and the ship owner and was deemed to be private. It was difficult for anyone on board ship to

know what the master was actually paid and, as a result, there was some resentment amongst some senior mates and engineers.

The initial discussions on the formulation of a Composite Agreement had the active support of the MOT and took approximately two years to formulate. All the maritime unions were involved and the first voluntary composite collective agreement was negotiated in 1975. It is interesting to note that in the 1975 amendment to the *Industrial Relations Act 1973*, a special clause covering the Institute was included. Because the Institute does not constitute an industrial union within the meaning of the *Act*, special provision was made so that the Institute could become a party to such an agreement as if it were an industrial union.

It is difficult to know just how successful the agreement was, in measurable terms, and just how many disputes would have surfaced had the agreement not existed. In the opinion of a number of seafarers and union officials there seem to be a definite lessening of tension between the parties. In support of this, the rather limited evidence suggests that some kind of new composite agreement would be welcomed both by maritime unions and the employers. The shipping companies appear to see the composite agreement as a way of handing over the problem of relativities entirely to the maritime unions and thereby getting rid of a difficult problem.

The spirit of co-operation which heralded the negotiation of the agreement was not to last. Although there had been reservations expressed, particularly by the Institute before the agreement was made, these reservations had been overruled in the interests of co-operation. In the next three years, however, the problems that gave rise to these reservations emerged again and they were most acute aboard the rail ferries where the engineers considered they had a real grievance. The problems were the long standing ones of relativities between engineers and mates, engineers and ratings, and to a lesser extent, between sea-going engineers and shore engineers. These problems led the Institute to withdraw from the agreement in 1978. The remaining unions tried to maintain the agreement but, with the re-emergence of old differences a year later, it finally disintegrated. Subsequently, the Institute concluded a separate agreement with the New Zealand Railways giving the rail ferry engineers parity with the rail-ferry mates. This agreement, however, never came into force. The Government intervened and, in its place, issued regulations under the *Economic Stabilization Act 1948*; the ferry engineers eventually received a percentage increase in line with engineers in the rest of the industry (to achieve parity with the mates the engineers would have needed to receive a higher percentage). At the same time, the Whatnall Commission was established, and reported in December 1979.

Despite changes in the pay structure in the industry consequent upon the Whatnall Commission's recommendations, the whole problem of relativities continues to haunt all the parties involved. As one union official put it, "the whole thing is a pain in the arse", a sentiment echoed by other union officials and employers alike. The problem is now less acute, the appropriate adjustment in relative salaries has been made on the Whatnall Commission's recommendation. It is suggested, however, that although these necessary adjustments have been made, there are still some problems as yet unresolved, such as the relationship of wages to hours worked, and the relativity between the master and the chief engineer.

An explanation

Any explanation as to why the composite agreement should have failed based exclusively on monetary differentials, is clearly inadequate for at least two reasons. First, the resentment of engineers over wage relativities did not just appear in the 1970s. Discontent among engineers and others was certainly apparent throughout the 1960s and had been in evidence well before then. Why should there have been disputes over the issue in the 1970s and not before? Second, given the much improved rates of pay and time-off enjoyed by all seafarers, the issue of the actual monetary differences between the groups seems to be an adequate reason to account for the breakdown of the agreement, given the effort and the

apparent goodwill that had gone into its formulation. All this suggests that the reasons for the disintegration of the agreement should be sought elsewhere. The explanation proffered below is based on the results of maritime job satisfaction studies conducted in the UK and Scandinavia (Rogne, 1977; Moreby, 1975), and from a study of this type currently underway in this country.

Status and change in the New Zealand merchant navy

The key to any explanation as to why the composite agreement should have failed lies in the changes in the technology and structure of the New Zealand merchant navy in the 1970s. In the mid-1970s, the New Zealand shipping industry began to feel the squeeze brought about by a general recession in world trade, and as a consequence the New Zealand ship owners decided to update their marine technology. Although the first steps had been taken by the Union Steam Ship Company with the introduction of the 'Ngatoro' class vessels in the 1960s, by the mid-1970s this updating was well underway. (The "Ngatoro" class vessels use cranes to handle cargo, a far more efficient way than traditional cargo-handling methods.) The key to continuing economic prosperity was seen by the industry as the ability to move more cargo more quickly, and this resulted in an emphasis on faster voyage turn-around time, and larger ships. The most important consequence for seafarers were fewer ships and less jobs, plus new kinds of technology on board the ships. A 30 000 deadweight tonnes (dwt — the weight of cargo carried) ship carries no more crew than a 3 500 dwt ship, and, of course, can move very much more cargo. (An extreme case of this can be seen where a 25 000 dwt traditional cargo vessel has a crew of 35, and a 350 000 dwt tanker may carry a crew of 25 or less.) Although the reduction of jobs was mitigated to some extent by the increase in the time-off arrangements, this did not substantially alter the overall employment situation.

The changing technology drastically altered the traditional rewards for seafarers. In the case of ship's officers, a key reward is the status offered by the occupation. Studies overseas have shown that this status is, in large part, dependent upon the perceived competence of individuals to perform well those key tasks necessary to make the ship operate properly (Smith and Hatfield, 1974 and 1975; Wall, 1980). Wage differentials are a reflection of status differentials, and status differentials are affected by any changes in perceived competence. The introduction of new technology had had the effect of changing the nature of the tasks required, and consequently the areas of competence on which status is based.

This point can be illustrated as follows. In the traditional cargo vessel, the cargo loading arrangements are a major task under the direction of the first mate, and under the eye of the master. Where complicated stowage arrangements are needed, given the need to unload it often in a different order to that in which it was loaded, and the necessity to maintain adequate stability throughout the voyage, the first mate spends many hours, or days, deciding where the cargo should go. For the first mate this is a major function requiring skill and experience, and is crucial to the successful prosecution of a voyage. The introduction of a new technology in the form of containers, for example, alters this function completely. Not only does the first mate or master not know what is in the container, but given a port turn-around time of less than 24 hours, there is no possibility of working out a careful cargo plan. The complications arising from the loading and unloading of many containers is best handled by computer, and the computer is invariably situated ashore under the control of shore personnel.

The loading and unloading function, traditionally always done on board ship, has now been taken ashore with the consequent de-skilling of the first mate's and master's jobs. They have been relegated as far as this function is concerned, to the position of supervisor. This de-skilling of various traditional jobs is difficult to enumerate fully but its effects are felt throughout the ship and in all departments. For example, the lack of traditional cargo-handling gear on a container ship means that the deck ratings cannot exercise their skills in traditional seamanship tasks.

Although general dissatisfaction with the work is a consequence of the de-skilling of

jobs, what is important, in the relativities issue, is the varying degrees to which it has happened. The kinds of technology that have been introduced have largely de-skilled the mate's job more than the engineer's job. For example, on the rail ferries, the engineers still have many of the traditional problems associated with an engine room, whereas the mates have had their jobs de-skilled in the crucial areas of cargo and navigation. Since the mates have less opportunity to demonstrate their competence than the engineers, the engineers in effect have had a relative gain in status over the mates. When it comes to the successful prosecution of a voyage, the engineers now perceive their status as equal to the mates rather than being a half step less. The situation at the time of the composite agreement was that although engineers could perceive their functional importance as being equal to mates, they were, in fact, paid as if it were not. Prior to the Whatnall recommended changes in relativities, the real problem was status differentials brought about by changing technology with wage differentials as a derived issue.

It has been argued then, that the main cause of the breakdown of the composite agreement lay in the fact that the wrong solution was attempted. The problem was seen by the parties as a wage issue whereas it was really a status issue which the composite agreement did not affect. It may also be speculated that, despite the good intentions of the parties, the closer co-operation brought about by the agreement may, in fact, have made the status problem more acute due to the closer proximity of the parties during subsequent negotiations.

Since the Whatnall report of 1979, and the subsequent changes that have taken place in the wage structure, the problem of wage relativities has apparently been resolved. Except for the master and chief engineer, rank for rank, the mates and engineers are now paid the same. The differential between engineers and ratings, and sea-based and shore-based engineers has also been resolved, and some believe the problem should now go away. This belief, however, may well be overly optimistic in that at least one, if not two other problems remain.

The first problem arises out of resolution, from the engineer's point of view, of the relativities issue. Although they are now satisfied with the equality of payment, rank for rank, there is some evidence that the mates are not. Although the problem for the mates is less acute, the limited research evidence suggests that mates consider that in the equalizing of pay, insufficient account has been taken of the extra training and responsibility required because of the line of succession to command. They feel that because, in essence the mate's job is broader in scope than the engineer's, some kind of differential should be maintained apart from the existing differential between master and chief engineer. The problem is made more difficult because of the disagreement over work loads. The evidence suggests that even when mates do agree that, rank for rank, mates and engineers should be paid the same, there is the unspoken assumption that this equalling of wages is dependent on work loads being equal. The problem here is found in other occupations apart from the merchant navy and concerns the definition of work. This is essentially the same problem examined by Bain and Price (1972). For many engineers the physical nature of the work they are required to perform constitutes "real" work, whereas the non-physical work required of the mates does not. On the other hand, the mates point out, they are required to be on standby or involved in non-physical work for many more hours a day than the engineers. This problem does not suggest an immediate solution.

The second problem is less clear, and involves the power relationships between the maritime unions and the employers. As the number of jobs were reduced during the 1970s, seafarers perceived their whole occupation as being under threat and consequently felt that a joint-negotiated agreement would put them in a stronger bargaining position in relation to the employers. Notwithstanding claims by the maritime employers that such joint negotiations were easier to handle and therefore welcome, they cannot have been unaware of the maritime unions increased bargaining power. Under pressure from shareholders, whether private or government, it can be argued that such an increase of bargaining strength would be seen as being undesirable. The subsequent possibility of the formation of one maritime trade union, with an increased bargaining strength would then be seen

as a real threat to the employers. To some maritime employers, the attraction of having four independent unions, who could be played-off, one against the other, would outweigh the benefits of one maritime union, in that it may present short term solutions to some problems.

The failure of the composite agreement was largely due to the failure to appreciate the significance to ships officers of the meaning of competence, and its relationship to status and status differentials. The lack of understanding eventually led to the breakdown of the Agreement despite the good intentions of all the parties. The problems associated with changes in perceived competence and relative status remain, and given the present organizational structure on board ship, they are likely to remain. Solutions to these problems will require a considerably more sophisticated approach than has been attempted so far, but until such approaches are attempted, problems such as wage relativities will continue to emerge.

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