

## CHRONICLE

### November 1992

Speaking to an Australian investment seminar, Labour Minister Birch hailed the Employment Contracts Act as an outstanding success, with 74 percent of employees satisfied with the outcome of contract negotiations. Though there had been significant reductions in penal rates, he said, this had been compensated by increases in ordinary time pay; 91 percent of companies and 81 percent of employees had maintained or increased their take-home pay.

Birch's figures were taken from a telephone poll of 1,000 employees commissioned by Heylen Research and the Teasdale Meuli Consultancy. The figures referred only to those 49 percent of workers who had reported a new contract and CTU Secretary, Angela Foulkes, was able to use the same data to claim that 58 percent of surveyed workers on new contracts had had no change or had suffered pay cuts and that fewer than 25 percent of workers reported greater job satisfaction.

Another survey of 119,000 workers undertaken by Raymond Harbridge of the Victoria University Industrial Relations Centre found that wages had risen by just under 0.1 percent. The minister was on safer ground in reporting an 85 percent fall in working days lost through industrial stoppages: 52,000 days in the 14 months since the passing of the Employment Contracts Act, compared with 337,000 in the previous 14 months.

Parliament on 10 November passed a bill dissolving the Trade Union Education Authority and repealing laws giving unionists the automatic right to attend educational courses.

The president of the Dairy Workers' Union, Ray Potroz, revealed that a company had paid \$8,000 to a union official to campaign against the union. The payments were not illegal, said Potroz, and the union was not taking any action over them. The former chief executive of the company concerned admitted that "certain payments were made only in the shareholders' interests".

The month-long strike by Southland junior doctors ended on 30 November, with neither side claiming victory. "Certainly the patients haven't been the winners," said the Hospital Board's general manager, "the junior doctors have lost money, the senior doctors have just had to work long hours, and the health board has not been able to provide the services it has been charged with providing." Only six of the 36 doctors who went on strike returned to work. Thirty-one new staff were taking their places, but the board was still advertising for vacancies, while the spokesman for the Resident Doctors' Association predicted further industrial action in February, when hospital routines returned to normal after the holidays.

Unrest continued in other hospital areas as well. Waikato nurses agreed to an employment contract after five months negotiations, but in Auckland talks collapsed when the board turned

down a nurses' proposal for a 10 percent increase in basic pay in return for a reduction in penal rates and allowances. The board offered to swap penal rates for a three percent rise which, according to the Nurses' Association, would leave some nurses up to \$8,000 a year worse off. Auckland nurses were to begin voting on a recommendation for a two-day strike from 18 January, followed by a five-day strike in the following week.

Hospital domestic workers in Auckland, Bay of Plenty, Northland and Waikato resumed negotiations after their union cancelled strike notices. In Canterbury, however, talks broke down and domestic workers were considering a strike from 10 to 12 December. Auckland senior doctors also failed to reach agreement with the board, but they averted a strike by invoking a rarely used clause in their award which provides for outside arbitration.

Figures compiled from the Statistics Department's Household Disposable Income Survey showed that at least 136,000 public servants were made redundant in the past five years. Average redundancy agreements ranged from \$13,000 to \$19,000.

Staff of the 19 penal institutions gave 14 days notice of industrial action from 8 December, in reply to departmental proposals which would have cut take-home pay by up to six percent. The action was to include an open-ended ban on receiving new prisoners and transferring existing inmates and, in Waikeria, also a refusal of overtime work.

Jenny Craig International, a chain of slimming clinics, was included in a list of employers accused by the Northern Distribution Union of foisting employment contracts on their workers. The company drew up a contract which would have forbidden staff from tipping the scales at more than 10 percent above their "recommended" weight, but the company withdrew this clause when staff objected to the weight limit.

After months-long negotiations on a new contract, Auckland's Yellow Bus Company, on 27 October, issued a notice offering staff a substantial cash incentive plus 30 percent additional payment if they signed the company's pay-cutting contract by 30 October. Staff who signed by 6 November would receive the payment without the additional 30 percent, but staff who signed after 6 November would receive service-related and sick leave entitlements only. All staff would be required, from 15 November, to work under the terms and conditions of the new contract.

On 29 October about half the total staff of 1,050 workers went on a 24-hour strike, but the company was able to keep about 90 buses on the road with the help of employees who had signed the contract. This was the first time that buses were kept running during a drivers' strike. The union called a second two-day strike on 3 and 4 November, but police again succeeded in restraining the pickets, making 21 arrests. By then a majority of staff, 550 employees, had signed the company's contract, including 348 out of 674 drivers.

Staring defeat in the face, the unions called a combined four-hour stopwork meeting on 13 November, which accepted a deal involving some concessions: 10c an hour more than originally offered, meaning an average weekly pay loss of \$100, and retention of union access rights. The deal was to be for two years instead of three, and the late signers of the contract were to receive 75 percent of the incentive payments offered to those who had signed before the deadline. Salaried staff, who will be offered individual contracts, were excluded from the



deal. The Yellow Bus Company cancelled the traditional Christmas party because tension was still running high among the staff.

## December 1992

Wages and salaries, according to the Statistics Department, rose by an average of 0.9 percent in the year ending 30 September 1992. Sixty-seven percent of wage and salary earners had no change in their pay, 32 percent had increases and two percent decreases.

In a test case taken by the Labour Department, the Employment Court ruled on 14 December that employees who worked on public holidays were entitled to paid time in lieu, regardless of whether they received triple or any other pay rate for the holiday. The Department had taken the case on behalf of a senior Telecom service operator. The Employers' Federation decided to appeal the ruling, the cost implications of which were huge, but the CTU advised workers not to be pressured into agreeing to review their contracts. "It was you who wanted a contracts basis of employment," CTU Secretary Foulkes told employers. "Honour your contracts."

Labour Minister Birch announced on 15 December that the statutory minimum wage would remain for the second year at \$245 for a 40-hour week. The wage applies to workers aged 20 or over. According to the CTU, many young people were paid as little as \$2 or \$3 an hour and even many adults received less than the legal minimum, but were afraid to complain for fear of being victimised at work.

The Engineers' Union succeeded in renewing three multi-employer documents, the northern and southern metal industries contracts and the plastics industry contract. The northern contract provided for a 1.6 percent pay rise next year, while the southern contract provided rises of up to three percent in the next 15 months, though the full three percent would be paid only by firms which had not given their workers a pay rise last year. The plastics contract had a two-year term, with an hourly 11c wage rise in the first year and another 11c next year, equivalent to a 1.4 percent pay rise for lower level employees.

About 1,000 hospital orderlies, cleaners and caterers struck for three days, 10 to 12 December, over a stalemate in their employment contract negotiations with the Canterbury Area Health Board. The 5,000-strong Canterbury Hotel and Hospital Workers' Union announced its disaffiliation from the Labour Party. "There was no indication," said the union secretary, "that a re-elected Labour Government would be significantly different from the last failed one. The last Labour Government got away from representing workers."

The PSA signed a contract for its 2,500 health workers employed by the Auckland Area Health Board: psychiatric and public health nurses, social workers, pharmacists, technicians and others. The board had originally sought to achieve three percent in savings, but the signed agreement, due to expire in March 1994 and achieved without recourse to industrial action, was cost-neutral.

Seventeen-hundred clerical staff employed by the Auckland Area Health Board also ratified

a new contract, but the Nurses' Association, which represents the Board's 5,000 nurses, gained 97 percent approval for strike action. The Board had raised its original pay offer from 3.5 percent to 7.5 percent, but the Association stood firm claiming a 10 percent rise in compensation for cuts in penal rates. "In a year when \$82 million was spent on bureaucrats, committees and more layers of administration, nurses are being asked to take a pay cut," said a nurses' organiser. The Association gave notice of two-day and five-day strikes in January.

As part of its contingency plans, the management of Middlemore Hospital told senior doctors that they would have to carry out some nurses' duties in the event of a strike. "Some hospital specialists are not trained to do nursing duties," complained the executive director of the Association of Salaried Medical Specialists. "Just as nurses are not doctors, doctors aren't nurses." A management spokeswoman explained that doctors had been asked to do only medical duties earlier delegated to nurses, but the Association feared that this would drive a wedge between nursing staff and medical specialists and make doctors look as if they were strike breakers "which is not actually the case."

The Southland Area Health Board attempted to muzzle the spokesman in the recent junior doctors' strike, Dr D. Rillstone, by issuing to him a formal warning prohibiting him from speaking to the media without express authority of the general manager. The Resident Doctors' Association intended to file personal grievance proceedings against the board and it considered further legal action.

Prison officers voted to accept an interim employment contract negotiated by the PSA with the Justice Department. They had planned to refuse to accept or transfer inmates from 6 December onwards, but under the transitional agreement wages and conditions will be preserved until mid-1993, while the parties discuss longer-term changes to the salary structure.

A railwaymen's ballot showed strong support for work bans over Christmas, in protest against workers being asked to take cuts in take-home pay. The general secretary of the National Union of Railwaymen said his union would not interfere with passenger services, but would target rail freight which was the company's main source of revenue. About 40 shunters at the Te Rapa marshalling yards in Hamilton were the first to take action, but on 7 December New Zealand Rail filed an application with the Employment Court for an interim injunction against the overtime ban, and the shunters lifted the ban when the Court declared it illegal. New Zealand Rail was confident it could keep the trains running, because 1,150 of the NUR's 1,800 members had already signed contracts entitling them to lump-sum "buy-back" payments to compensate for cuts in penal rates.

When the 3 Guys supermarket chain in Auckland signed a contract with the Northern Distribution Union, a clause required the company to offer the same conditions to all new employees. Yet, when 3 Guys opened new stores in New Plymouth, Palmerston North, and Hastings, it offered to its 150 workers new single-store documents without union involvement which, according to the union, were "significantly inferior" to the old document. The NDU obtained a compliance order in the Employment Court, which required 3 Guys to offer the old conditions to its workers. Only about 35 workers shifted to the old contract, said 3 Guys, but the NDU explained that many workers were influenced by company statements that their working hours might be cut if they accepted.



The longstanding NDU picketing dispute with the Glen Innes Pak 'N Save Store, which started on 2 May, was temporarily suspended when the picket was lifted on 15 December to give lawyers a chance to discuss the issues. The Auckland City Council refused permission to park the picket bus for a further two months. A lawyer for the store said the dispute had cost \$325,000 since the bus appeared and the store had to invest heavily on security.

Secondary teachers suspended their ban on the government's new curriculum initiatives in an effort to get their employment contract settled. Primary teachers on the other hand, voted 87 percent in favour of a moratorium on the government's achievement initiatives. The ban, which will come into force at the beginning of the 1993 school year, was to be in protest against the passing of the Education Amendment Bill No.5, which imposed bulk funding on senior teachers' salaries.

### January 1993

The Labour Select Committee of Parliament announced plans to review the Employment Contracts Act, intending to visit workplaces to hear from as many employers and workers as possible, rather than rely on the views of the major lobby groups. The committee began hearings in Auckland on 26 January and hoped to report its findings by May. The Labour Party claimed that the review was undermined before it began because the committee chairman, Max Bradford, National MP for Tarawera, had announced on 10 January that he had seen nothing that suggested the Act was not working "the way we intended." It was "robust legislation," he repeated later and "there are no obvious signs of things which might have to be looked at again."

The CTU too was cynical about the sincerity of the review. The Act was a device for controlling the workplace, it said; it did not contribute to economic recovery but was simply an instrument for union bashing regardless of the cost of that. Full-time employment, said a CTU report, had fallen by 47,500 since the Act came into force in June 1991, collective bargaining had collapsed, the Act had effectively frozen wages and there had been "a major roll-back in conditions of employment."

The Northern Chemical Workers' Union in Auckland reported on 27 January that it had no trouble in winning pay rises for its members. At least 15 settlements had been reached so far, ranging from 2.5 percent increases in four big printing ink companies to eight percent in two instances.

A new United Food, Beverage and General Workers' Union was formed by the voluntary takeover of the United Food and Chemical Workers' Union by the smaller Auckland-based Liquor, Food and Allied Workers' Union. The new union, with a combined membership of 12,000, also includes laundry workers and race-course attendants. It is not affiliated to the CTU.

Auckland senior hospital doctors warned that the planned nurses' strike on 18 and 19 January would cause deaths and serious complaints and said they refused to accept legal responsibility for any death or mishap resulting from strike action. Of most concern were 13 babies in the

intensive care unit and 46 in a special care unit, some of whom required one-to-one nursing attention. The hospital was planning to transfer the babies to other neo-natal units, but nurses in New South Wales and Victoria pledged support for the strike, while Queensland said it was too full to take on extra patients. "Nurses are certainly not going to be very happy about supporting this particular employer with its shocking reputation," commented a nurses' spokesman.

There were dangers in taking babies to other centres, warned the branch president of the Paediatrics Society. The board was able to transfer three seriously ill babies to Wellington and Hastings Hospitals, but further transfers were cancelled when last-minute talks with the Nurses' Association averted the strike.

Nurses voted to withdraw the strike notices and then, by a 90 percent majority, to ratify the new pay deal, which provided for a 10 percent increase in their basic rate, rising to 17 percent in the case of charge nurses and grade 10 clinical nurses. In return, weekend penal rates were to be cut from double time to time-and-a-half and nurses were to lose their stocking and transport allowances. The Area Health Board had originally aimed at a three percent cut in its nursing budget, but under the new deal the budget was to remain neutral. It was an indictment of the country's industrial relations system, said a union organiser, that nurses had to fight for seven-and-a-half months and move to the brink of a major strike just to resist budget cuts.

Wellington Public Hospital nurses also achieved a deal which preserved their income. A rise in their basic pay was to be funded by merging various allowances, while penal rates were to be replaced by a shift allowance of the same amount.

A picket of maritime unionists on 3 January greeted the arrival of the *Straitsman* at Lyttelton, to protest the ship's use of non-union labour. The picket was a "hit and run" tactic, which would be repeated when the ship docked at other ports for the first time, said a spokesman for the Seafarers' Union. The *Straitsman* was docking at Lyttelton with a cargo of sheep from Pitt Island, in the Chatham group. According to the Strait Shipping Company, the Pitt Island job was a one-off and the ship would resume its normal Cook Strait run.

### February 1993

The CTU lodged a complaint with the International Labour Organisation in Geneva claiming that the Employment Contracts Act breached conventions on freedom of association and the right to collective bargaining. The Minister of Labour dismissed the complaints as a desperate attempt by the Council to re-establish lost monopolistic union privileges.

The chairman of the Medical Association urged the government to reintroduce compulsory arbitration to preserve essential public hospital services during strikes. "Employers," he said, "have to be told that they must incorporate effective arbitration procedures," but the Minister of Labour indicated that the government was unlikely to make the legislative changes necessary.



According to a book published by Victoria University's Industrial Relations Centre - *Employment Contracts: New Zealand Experiences*, edited by Raymond Harbridge - union membership dropped by nearly 89,000 in the first six months of the Employment Contracts Act and more dramatically since, perhaps by a further 134,000. In May 1991, New Zealand had 80 unions with a combined membership of 603,118.

Of 149,123 workers referred to in the latest Labour Department bulletin, 54 percent received no wage increases when they entered a new employment contract. Forty percent received increases matching or exceeding the one percent inflation rate, 37 percent received no penal rates for weekend work and 83 percent of contracts were negotiated by unions.

In a speech to the British-New Zealand Trade Council, the Labour Party's spokeswoman on industrial relations, Helen Clark, reaffirmed the party's unwillingness to reinstate compulsory unionism or the old system of national awards. She promised to rewrite labour laws in favour of collective bargaining and said that the restoration of legal recognition of unions was an important ingredient in rebuilding the New Zealand economy.

Bank of New Zealand staff voted 1,684 to 1,024 to accept a 1.5 percent pay increase for an 18-month term starting on 1 March. The strong negative vote reflected anger at the smallness of the rise as the union, FinSec, had been used to negotiating two percent increases for 12-month terms. A BNZ spokeswoman, however, defended the rise as reasonable, given that the bank had not sought any major changes in conditions in return. Westpac Banking Corporation announced up to 100 job losses among head office staff in Wellington.

Professional firefighters ratified a new nil rise contract by about 800 votes to 570. Most of the opponents were understood to have come from Auckland, where only 88 supported the deal. Firefighters had gone almost three years without a pay rise but, said their union secretary, it had become evident that an increase could be secured only by a strike and that option had been rejected because there was no certainty of success and because of concern for the public. Only one branch apart from Auckland had voted against the contract.

Stunned Telecom staff were called to meetings on 16 February to listen to videotape presentations by the chief executive, Dr. R. Deane, who told them that the company planned to shed some 40 percent of its workforce, 5,200 out of 12,700 workers, by 1997. Dr. Deane appealed for loyalty and co-operation with the company's drive to become "lean and fit". The *New Zealand Herald* editorialised that the redundancies illustrated the extent of "social feather-bedding and inefficient work practices." Telecom at the same time reported record earnings, an "excellent result," and the company's shares rose sharply on the stock exchange. Telecom was also seeking a six-month rollover of existing wages and conditions, but the chief executive of the Communication and Energy Workers' Union, David Udy, said considerable resentment was building up among members over the fact that foregoing a wage increase last year had not provided workers with any of the job security they had expected in return.

An organiser for the Communication and Energy Workers' Union accused Air New Zealand of taking punitive action against eight electricians and one engineer who were holding out against a new collective contract. A company spokeswoman confirmed that Air New Zealand had applied a "procedural lockout" against the nine workers as part of its negotiating process. Most of the airport workforce had already signed the contract and accepted pay cuts but

management, according to the union, had taken minimal cuts or none at all and had had their company cars upgraded recently.

Two sailings of the Cook Strait ferry *Aratika* were cancelled when 29 cooks and stewards walked off their jobs on 2 February, in protest against the sacking of a cashier. The man, a union executive member, had been dismissed for allegedly undercharging a patron for a meal in one of the ferry's restaurants. When New Zealand Rail refused to reinstate the man, the Seafarers' Union lodged a personal grievance claim with the Employment Court.

In support of a claim that supermarkets and dairy owners were underpaying workers, the Distribution Union produced a woman employed by a South Auckland fruiterer who had been paid at the rate of \$2.70 gross an hour, compared with a minimum wage of \$6.70 gross for workers over the age of 20. "If they are doing it to people over 20, they are doing it to young people," said a union official. "Employers could legally pay teenagers little or nothing."

#### Herbert Roth



# Labour Research Bulletin

Te Panui Rangahau Mahi

PRODUCED IN ASSOCIATION WITH THE DAN LONG TRUST

The *Labour Research Bulletin* was established after the joint union/tertiary conference held in June 1991. The purpose of the bulletin is to cultivate and inspire the research needed to support the information needs of unions, industry and workplaces.

The *Labour Research Bulletin* reports on research being carried out on a wide range of labour relations and labour market issues. It also draws attention to new source material of interest to researchers and users of their work.

For example, the research index in the latest issue:

- lists a number of studies of the effects of the Employment Contracts Act;
- highlights research and other activities planned for Women's Suffrage year;
- lists resources available on workplace reform.

Three issues of the *Labour Research Bulletin* will be issued in 1993. The annual subscription for 1993 is \$40 for institutions and \$20 for individuals.

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Department of Labour (1982), *Annual Report*, Wellington, Government Printer.  
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Sulong, S. (1965), *Aspects of Trade Union Government in New Zealand*, MA thesis, Victoria University of Wellington.  
Turkington, D. (1976), *Industrial Conflict*, Wellington, Methuen.

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