

CHRONICLE

March 1997

The government announced plans to introduce a "work test" for unemployed people and beneficiaries. The Minister of Employment, Mr Peter McCardle, stated that from the first of April beneficiaries and the unemployed would have their benefits cut if they did not turn up for job interviews, turned down suitable employment, or refused to take part in other job-seeking activities such as training programmes.

A study by the NZ Institute of Management revealed that compliance with workplace safety standards has become more common than it was before the introduction of the Health and Safety in Employment Act 1992. The statistics show that 85 percent of the employers surveyed told their employees about their responsibilities in relation to workplace safety standards compared with only 67 percent in 1993. However, the study also showed that not all employers had complied with the requirements of the Act. Around 15 percent of the organisations surveyed had not informed their employees of their responsibilities.

Around 3,500 Telecom staff represented by the Engineering, Print and Manufacturing Union took industrial action to support their claim for a five percent pay rise, the retention of existing employment conditions, and the right to choose a collective contract (see February 1997 *Chronicle*). Telecom experienced further disruption when 100 employees walked off the job in protest against the suspension of two fellow-workers. On the other hand, collective contracts were settled with another 120 employees. But union representatives stated that the dispute at Telecom was far from over in spite of such settlements.

The Commissioner of Police expressed concern about a fall in police staffing levels claiming this could be a factor in preventing the police from carrying out urgent work (see February 1997 *Chronicle*). He also stated that he had approached the government in a bid to get the number of police increased. Meanwhile, the Minister of Police, Mr Jack Elder, proved very unwilling to discuss in the media his election promise to increase police staff levels by 500.

The Navy was the target of adverse publicity over its policy with regard to sexual harassment. The publicity resulted from a complaint to the Human Rights Commission made by a woman who had been a crew member on the frigate *Wellington*. She alleged that she had been the victim of sexual harassment during a voyage on board that ship. The Navy admitted that it had carried out informal inquiries into allegations of sexual harassment prior to the woman's complaint to the Human Rights Commission. The

publicity produced three responses from the New Zealand Defence Forces. First, the Chief of the Defence Force expressed a commitment to eliminate sexual harassment. Second, a Defence Force harassment hotline was set up. Third, the Navy increased its number of anti-harassment advisers.

The Defence Force received more bad news when it was revealed that United States and Australian officials had expressed concern over the fall in New Zealand defence staff levels. The Defence Force has lost more than 1,300 staff in the last five years. Recently, it increased staff pay considerably in an effort to combat staff turnover (see December 1996 *Chronicle*).

The teaching profession was involved in a number of disputes in March. The primary teachers' union, the New Zealand Educational Institute (NZEI), responded to payroll problems experienced by its members by taking a test case on the matter to the Employment Tribunal. The application to the Tribunal was made on behalf of a teacher who was owed \$1,000 in back pay after her pay rate changed. The secondary teachers' union, the Post-Primary Teachers Association (PPTA), asked its members to take action to support its claim for one thousand extra teachers. Secondary school teachers were urged to hold stopwork meetings over the issue. The PPTA also threatened to initiate wild cat strikes as a show of opposition to any schools that introduced bulk funding.

Pay parity between primary and secondary school teachers also proved to be a contentious issue. The primary teachers' union expressed its support for a unified pay system in spite of the PPTA's withdrawal from talks on this issue. Mr Martin Cooney, President of the PPTA, warned that his members would take full-scale industrial action if a unified pay system was introduced.

A number of employers announced plans to cut staffing levels. Air New Zealand predicted that its plans to restructure would cause significant job losses. Port Otago also revealed that it would cut staffing levels as a response to a 62 percent drop in its profits. Kiwi Co-operative Dairies announced that its newly acquired milk processing plant near Palmerston North would be moved to Taranaki. As a result, the 360 workers employed at Palmerston North would lose their jobs. On a more positive note, an ANZ Bank study showed that the number of jobs advertised had increased by 0.4 percent in Auckland and 2.2 percent in Christchurch. Jobs generated by Maori tribal fishing ventures were also on the increase with another 440 people employed in the 1995-96 year.

The government revealed that it planned to carry out a review of the performance of the Employment Court. Minister of Labour, Mr Max Bradford, stated that such a review was justified because, in the opinion of the government, some of the Court's decisions seemed to be inconsistent with what Parliament intended when the Employment Contracts Act was passed in 1991. The announcement of the proposed review was welcomed by the Business Roundtable and the Employers' Federation. These organisations have expressed

dissatisfaction with the decisions of the Employment Court (see September 1996 *Chronicle*). However, the Labour Party voiced strong opposition to the planned review.

There were a number of significant legal employment relations decisions. The Court of Appeal overturned an Employment Court decision which had held that an employee on a fixed-term contract had a reasonable expectation of continued employment and that the failure on the part of his employer to offer him ongoing employment gave rise to a personal grievance action. In overturning this decision the Court of Appeal ruled that employees are not unfairly dismissed if employers allow their fixed-term contracts to come to an end.

In another case, the Complaints Review Tribunal ordered an employer to apologise to an employee whom it had dismissed for voicing political opinions while at work. This decision offers some protection of the political rights of employees.

The Employment Court and the Human Rights Commission both delivered rulings which supported the rights of working women. The Employment Court ordered an employer to allow a mother to tailor her working hours to suit her childcare arrangements. Before the decision, the employer had opposed such an alteration to her working hours. In another case, the Human Rights Commission found that a woman had been discriminated against when her employer made negative comments about her suitability as an employee shortly after she became pregnant. The Human Rights Commission ordered the employer to pay \$10,000 to the woman in order to compensate her for the discriminatory behaviour towards her.

April 1997

The government's new "responsibility policy", which requires beneficiaries to work in order to receive their benefits, was moved another step forward when a Bill about "working for the dole" was introduced into Parliament. The Bill proposed that the Social Welfare Department be allowed to cut people's benefits if they failed to take steps to find work. However, the Minister of Employment stated that the scheme would not be fully operational until late 1998.

A paper produced by Tradenz showed that there are skill shortages in the labour market, particularly in the fields of science and technology. The paper said that the absence of such skills was a major constraint on exporters achieving their potential. Tradenz said that a publicity campaign was needed to change public perception about technology-based jobs.

Huge job losses in the New Zealand banking industry were anticipated as a result of sweeping changes taking place in the Australian banking system. The leader of the

Alliance Party predicted that up to 10,000 banking jobs could be lost in the wake of an Australian Government report which was expected to recommend allowing the mergers of Australia's major banks. However, fears of an immediate merger proved to be ungrounded as the report recommended that the existing ban on mergers between Australia's four major banks should remain intact.

Nevertheless, banking job losses did occur as a result of the closure of thirteen Trustbank branches in Otago and Southland. The closures came about as a consequence of a merger between Trustbank and Westpac. The financial sector union, Finsec, predicted that the merger would result in further job losses.

Contracts containing "American Style" terms were offered to workers at Firestone's plant in Christchurch. The contracts required the workers to accept a 20 percent pay cut and a 24-hour, 7-day-week production cycle, requiring 12-hour shifts. A representative from the Engineering, Print and Manufacturing Union predicted that Firestone would have difficulty negotiating its way through the changes.

Miners at the Huntly East Mine were also offered a new contract by their employer, Solid Energy North. The contract required the miners to work weekends for no extra pay if they did not meet production targets which, according to Solid Energy, would enable it to reduce the price of coal sold to the troubled Glenbrook Steel Mill. The miners vowed to fight the changes to their working conditions.

Around 2,100 employees represented by the Engineering, Print and Manufacturing Union reached contract settlements with Telecom in April (see March *Chronicle*). The settlements were agreed upon by 450 telephone operators and 1,650 staff in the design, build and maintenance unit.

However, restructuring plans put into effect by Telecom made the prospect of future employment look bleak for many of these workers. The restructuring plans required the design, build and maintenance unit to compete with outside contractors for Telecom work. Telecom confirmed that the plans were likely to result in job losses.

As a response to the sexual harassment controversy which has surrounded the Navy in recent times (see March *Chronicle*), it was announced that the Navy's sexual harassment hotline would be operational in mid-April. Meanwhile, it was revealed by the Defence Minister that the Navy had received 42 complaints of sexual misconduct in the past five years.

Figures released by Statistics New Zealand show that more employees were involved in work stoppages in the year to December 1996 than in any 12 month period since April 1992. There were 74 stoppages involving 44,400 employees in the year to December 1996.

Statistics from NZ Employment Service revealed that the number of registered unemployed in April fell 3.5 percent to 152,711. Still, this figure was almost four percent higher than the previous year.

The uncertainty over government policy in relation to police staffing levels was not dispelled by a statement by the Minister of Police. In his statement, the Minister said that the government could not guarantee that it would be able to deliver the promised increase - i.e. 500 more jobs - in police numbers. He said that the 500 new staff might be introduced to replace 540 jobs which had to be axed in order to fund a new \$100 million crime fighting computer.

The police experienced setbacks as a result of delays in the introduction of the new computer. The announcement of the delays caused the Police Commissioner to call for the postponement of the government's plan to cut police staffing numbers by 540. The Police Association had more bad news for its members when it revealed that budgetary constraints had led to the axing of 115 critical operational training courses in the past year. Concern over inadequate police staffing levels in the Auckland and Northland regions was expressed by high-ranking police officers. However, these concerns were partially addressed by an announcement by the Police Commissioner that the Auckland region would get 260 new police officers over the next 18 months.

A proposal by the Department of Corrections to make prisoners work was met with strong criticism. The Trade Union Federation (TUF) said that the policy would introduce slavery into prisons and produce job losses outside.

The PPTA threatened to take industrial action in protest at payroll problems experienced by its members. The PPTA president, Martin Cooney, said that such action was likely unless the government replaced its payroll contractor Datacom. But the primary teachers' union, NZEI, did not proceed with the test case against Datacom. The case against Datacom for failing to pay \$1,000 to one of its members was dropped when the member was paid what she was owed.

The Minister of State Services, Ms Jenny Shipley, announced that the government would no longer pay kindergarten teachers' salaries. Instead individual kindergarten associations will negotiate pay with their staff. The move drew criticism from teacher unions, kindergartens and opposition parties. The Free Kindergarten Association said that the announcement marked the first step towards the privatisation of kindergartens.

A working group composed of members from the Ministry of Education, the Treasury, the School Trustees Association, the Federation of Principals and the teachers' unions released a report discussing proposed changes to teachers' pay and services. The report showed that the group was divided over the issue of teachers' performance pay. Perform-

ance pay was opposed by the teachers' unions but it was supported by some of the other members of the group.

The Ministry of Education reported that 8,000 teachers were being trained, an increase of more than 1,700 over last year. However, it was also revealed that Auckland schools were not likely to have enough teachers in 1998 since half of the teacher training courses in Auckland had failed to fill all of their first year places.

There was a mixed reaction to last month's Court of Appeal judgement which decided that employees whose fixed-term contracts are not renewed are not unfairly dismissed. Trade unionist Angela Foulkes said that the decision was a serious erosion of principles of fairness and justice and that it confirmed that, under the Employment Contracts Act, buying and selling labour was just another commercial transaction. By contrast, the Employers' Federation welcomed the decision which, in its view, significantly reinforced the sanctity of contract law in employment related issues.

The Employment Court made two important decisions in April. In the first, the Court held that an employer's decision to dismiss an employee for poor performance may be unjustified if the poor performance can be attributed to the employer's poor health and safety procedures. In the second decision, the Court made changes to the concept of redundancy by deciding that an employee can be made redundant if an employer requires the employee to undertake duties which are significantly different from those originally contracted for. Prior to this decision, employees were held to be redundant if their position became superfluous to the needs of their employers.

Director of the manufacturing division of the northern region Employers and Manufacturers Association (EMA), Mr Bruce Goldsworthy, predicted that a tough exporting climate would lead to more job losses and restructuring in the manufacturing sector. A survey by EMA showed that an earlier job growth had changed to a 7.7 percent fall in employment over the last 12 months. Staff cuts were made by Mercury Energy, NZI Life and Garlick and Co. Plans to make staff cuts were announced by the Patents Office, HMS Tapware, the Marsden Point Oil Refinery and the Department of Land Information.

May 1997

The Accident Compensation Corporation (ACC) announced plans to tighten its rules in relation to long-term compensation claimants. Under the proposed new rules the work fitness of long-term claimants would be assessed after they had completed a rehabilitation programme. Claimants who were deemed to be fit for work would lose their right to receive accident compensation if they had failed to find a job within three months of the date of their "work-fitness" assessment. The proposed change to the ACC rules drew strong criticism from the Labour Party.

The legality of the government's "work for the dole" scheme (see April *Chronicle*) was questioned by Labour employment spokesman Steve Maharey. He stated that the scheme was possibly in breach of the International Labour Organisation's Convention 29. This Convention is concerned with forced labour. If the scheme did indeed have the effect of compelling people to work, then it was likely to face legal challenges, according to Mr Maharey. However, Employment Minister Peter McCardle said that he was confident that the scheme could be formulated so that it did not breach international conventions.

A report written by the Occupational Safety and Health (OSH) division of the Department of Labour urged employers to require employees to undergo urine tests if they suspected them of marijuana usage. In particular, the report recommended that employers in "safety sensitive" industries set up such testing programmes.

A Department of Corrections' scheme to make prisoners work was announced last month (see April *Chronicle*) and more details regarding the scheme were revealed in May. The Department stated that it planned to hire out prisoners at market rates, but would pay them a maximum of \$5 per day. It was envisaged that prisoners involved in the scheme would be hired to pack nails, make shoes or build trailers. The Minister of Employment, Mr McCardle said that he was broadly supportive of the plan but that he wanted to be sure that it did not take jobs from the private sector.

Around 75 percent of Firestone Christchurch's rubber workers accepted the 24-hour, 7-day-week regime and the 20 percent pay cut that had been "offered" to them in April (see April *Chronicle*). Firestone management stated that engineering staff who had resisted the new regime would be likely to lose their jobs. Mr Ged O'Connell of the Engineering, Print and Manufacturing Union said that the engineers concerned were not prepared to accept this situation.

Kindergarten teachers responded strongly to the government's announcement that it would opt out of their pay negotiations (see April *Chronicle*). In a show of opposition to the announcement, the Kindergarten Teachers' Union called a stop work meeting and a number of kindergarten teachers marched on Parliament. The secondary teachers' union, PPTA, expressed concern over the matter by informing its members that it feared that the government planned to treat secondary school teachers in the same way that it had treated their kindergarten colleagues. However, the Minister of Education assured the PPTA that its fears were unfounded.

Ministry of Education statistics revealed that teachers were facing an increasing threat from violent students. The figures show that 39 students were suspended in the first three months of 1997 for assaulting staff and that a further 273 were suspended for verbally abusing teachers. The PPTA said that 1,000 extra teachers were needed to help such "problem students".

Figures released in May show that the number of teacher trainees in 1997 was greater than the number of trainees in the previous year. However, the PPTA stated that it was debatable whether the increased number of teachers would offset teacher shortages in the curriculum areas of Maori language, maths, sciences and some technical subjects.

The decline in police staffing levels continued to be raised in media reports (see April *Chronicle*). The Police Association released figures which revealed that 332 police staff had left the forces in the previous year and that another 126 had left this year. Police Chiefs called a top level summit aimed at developing strategies for dealing with the problem. Meanwhile police morale suffered another blow when it was announced that seven out of the eight senior officers in charge of the Auckland 111 emergency centre had handed in their resignations.

The Fire Service also announced that it was experiencing a decline in staffing levels. The Principal Medical Officer of the Fire Service stated that 37 firefighters were forced to retire in 1996 because of medical problems. Of those 37 firefighters, eight had left because of psychological problems. The Professional Firefighters' Union said that the problem was a sign of the stress faced by firefighters. It was also mentioned that the stress was partly attributable to the fact that firefighters were working with equipment which was outmoded and sometimes unsafe.

The Air Force announced that it would be requiring pilot recruits to sign 10-year contracts from May onwards. The Air Force's chief of personnel stated that the new contract regime had been put in place for the purpose of ensuring the survival of the Air Force's skills base.

Two important legal decisions were made. In one case, Price Waterhouse was fined \$15,000 after it admitted that its management practices had caused one of its secretaries to develop occupational overuse syndrome (OOS). The District Court held that the fine was warranted because the firm had breached the Health and Safety in Employment Act by failing to take steps - proper planning and forethought - to prevent the secretary from suffering "serious harm".

In another case, heard before the Complaints Review Tribunal, a 52-year old man won an age discrimination case which he had brought against a computer company. However, the Tribunal decided not to grant any remedies to the complainant. The man stated that he would appeal the decision.

Plans to axe jobs were announced by employers in a number of industries. Such announcements were made by Capital Coast Health, Telecom, Bank of New Zealand and State Insurance. Winstone Pulp International laid off 22 workers at their Masterton mill. Further job losses occurred as a result of the closure of James Hardie's porcelain factory in Avondale, the closure of Feilding Fashion Ltd clothing factory and the closure of a Heinz-Wattie plant in Gisborne.

Figures released by Statistics NZ showed that unemployment rose 0.5 percent in the March quarter.

On a less gloomy note, developers involved with the coal export jetty at Granity stated that their project could lead to the creation of 1,820 extra jobs on the West Coast. Progressive meats announced that it had plans to build a new meatworks plant in Gisborne.

An ANZ Bank survey showed that job advertisements in Wellington had risen slightly (up 0.1 percent in April) for the first time in many months. Figures released by the NZ Employment Service showed that the number of registered unemployed had fallen by 974 from March to April.

The annual salary survey of the PA Consulting Group showed that a higher proportion of general staff received increases in their base salaries in the year to March than top executives. The survey of more than 550 private and public sector organisations revealed that 83.4 percent of general workers received base salary increases compared with 76.1 percent of top executives.

Statistics New Zealand's labour cost index showed that overall salary and wage rates increased 2.2 percent from the March 1996 quarter to the March 1997 quarter.

June 1997

The staffing problems in the police force continued (see *May Chronicle*). The funds for front-line policing were cut by \$15 million in the Budget, compared with the 1996/97 Budget. However, Police Minister Jack Elder still promised the recruitment of 200 extra officers by the end of next year. It was unclear how the extra officers would be funded, though the Police Commissioner Mr Peter Doone said that the government had agreed to spend \$12 million of new funding on extra front-line officers. There was also pressure to increase front-line staff in Auckland as the city prepares to host the America's Cup and the APEC conference of Pacific Rim countries. According to the *New Zealand Herald*, Auckland police had requested that another 200 staff were required in 1997. In a special review article in the *Dominion*, the high turn-over amongst police staff was attributed to the growing workload and general disillusionment with the work situation. The article also pointed out that the generous pension scheme allowed long-serving police staff to seek other opportunities.

There has been a sharp rise in the number of self-employed persons over the last ten years as "contracting" has become more widespread. Individual contractors are normally categorised under "self-employed and without employees" in the Household Labour Force Survey. Amongst these, self-employed men increased by 34.3 percent in the 1986-96

period to 143,000 in total, while the number of self-employed women increased by 46.3 percent to 63,500. Thus, despite the large percentage rises, this group of self-employed still constitute a small part - around 12 percent - of the total workforce.

The ACC was in the news with plans for testing both its staff and the compensation claimants. As part of its restructuring, the ACC would ask its staff to sit personality tests. The tests would be taken into account when the Corporation considered staff allocation under its new structure. However, PSA lawyer John Robson criticised the tests as meaningless: the test involved yes or no answers to rather complex questions and the tests only made sense if the jobs were changing. The ACC continued its fitness testing of claimants (see *May Chronicle*) and it had increased the rate of return to the workforce of claimants.

In his column in the *Independent*, Andrew Gawith found that the poor labour productivity in the 1990s cannot be dismissed as merely a measurement glitch. Based on trends in the real value of manufactured sales against the total number of hours worked as a crude indicator of productivity, he estimated low productivity growth since 1994. In his opinion: "New Zealand's productivity performance has been disappointing, doubly so given the hype accompanying the economic reforms, the business restructuring and the heartache of the labour market reforms of the 1990s."

Radio New Zealand (RNZ) staff launched a 24-hour strike to coincide with the reading of the Budget. The strike followed the rejection of a three percent wage offer by PSA members at RNZ. Radio New Zealand had sought a two-year employment contract and staff felt the contract curtailed their influence on company changes and the pay offer would lead to declining real wages. At the same time, The Radio Network announced job cuts for around 130 staff. The Radio Network is New Zealand's largest radio company. The job cuts will mainly occur at the various regional stations.

The pressure on the Employment Court continued with Finance Minister Bill Birch questioning the need for a separate employment court. Mr Birch alluded to the criticism of "judicial activism" in a speech to the Wellington District Law Society and pointed to the growing role of the Court of Appeal in determining legal precedent. There was currently a review of the Court's decisions but the Coalition Government would also review the bargaining rules, the increased number of personal grievances and the confusion surrounding the Holidays Act.

Doctors working for Capital Coast Health signed a two-year employment contract that included a two percent pay rise each year, changes to pay scales and an additional week's annual leave. The changes to pay scales could raise the salary of some recently employed doctors by as much as \$13,000.

A new job index developed by recruitment company Morgan and Banks found that the employment intentions of employers in the northern North Island were stronger than

amongst employers in the southern part of the North Island. The job index surveyed 870 employers and it showed a strong rise in the employment of contractors and temporary staff.

Alectus, a subsidiary of Morgan and Banks, failed in its bid to enforce a three month restraint of trade against a former employee. Alectus wanted to restrain the employee from working in recruitment in New Zealand for at least three months and from contacting former clients for at least six months. According to the *Independent*, Judge Colgan described the restraint of trade as "draconian" and refused an injunction to enforce the restraint of trade.

In face of increasing pay rates in Australia, shearers' pay rates have increased by up to 20 percent in an effort to keep them in New Zealand. The Shearing Contractors' Organisation has raised pay rates following an exodus of experienced shearers to Australia. It was estimated to add around three to five cents to the price of a kilogram of wool. It will have an impact across the industry since the contractors belonging to the Shearing Contractors' Organisation account for the shearing of around 70 percent of New Zealand's wool.

Special education staff are seeking a 15 percent pay rise but their employer - the Specialist Education Service - has offered a nil pay rise and an adjustment to conditions. The employment contract for special education staff covers 400 persons with wide-ranging pay scales. The present pay scale starts at \$30,000 and, besides the 15 percent pay rise, the staff demanded two additional steps in the pay scale.

Bus drivers working for Cityline in Hutt City agreed to a two-year employment contract. It included a one-off payment of \$250 and a 6.65 percent pay rise backdated to the expiry of the previous collective employment contract in December 1996.

The employment contract dispute at Solid Energy's Huntly mine (see April *Chronicle*) was settled when Solid Energy withdrew its threat to close the mine after an assurance that the miners would try to increase their production levels by 50 percent.

A survey of 2,756 graduates by the New Zealand Vice-Chancellors Committee and the Ministry of Research, Science and Technology found a marked difference between the pay of male and female graduates. The graduates had been in the workforce for five years and the gender pay differentials ran into several thousands of dollars for many occupational groups. The pay difference between women and men had widened with women graduates receiving on average only 80.8 percent of the average male graduate pay in 1996, compared to 81.1 percent in 1994.

A number of organisations announced plans to cut jobs. Telecom expected that around 400 jobs would disappear over the next three years as part of its restructuring plans.

Telecom has allocated \$43.5 million to cover restructuring expenses in the coming year. Around 55 staff were made redundant at Fayreform Lingerie's South Auckland plant as Fayreform starts more production in Asian countries to reduce its production costs. Another 100 workers lost their jobs when Taumarunui meat processor Paramount Export was placed in receivership. Nearly 400 catering staff employed by Air NZ were made redundant when Air NZ sold its catering unit.

The controversial contract settlement at Firestone's Christchurch factory was analysed in detail in the *New Zealand Herald* (see *May Chronicle*). The factory is threatened with closure and Firestone is seeking a 30 percent reduction in production costs. The combination of new working time arrangements - a 24-hour, 7-day week production schedule with 12-hour shifts - and salaries without any overtime payments are expected to cut costs by around seven percent. So far the deal has been accepted by the in-house rubber workers' union while around 85 percent of the engineering workers have opted for the company's redundancy offer. This means that Firestone may have to contract out some of the maintenance work.

Finally, the Navy appeared to adjust its approach in face of criticism of its treatment of women. In the future, women are to be represented on all Navy selection and promotion boards. On a lighter note, the Navy has started the trial of its first maternity uniform. Three pregnant staff are trialing the uniform which was the first proper maternity uniform ever in the Navy.

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