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CHRONICLE

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The repeal of last year's privatisation of workplace accident insurance continued to attract media headlines (see December *Chronicle*). The Insurance Council stepped up its campaign to fight re-nationalisation, making upward of 400 submissions to the Select Committee. Insurance banker, Tom Barstow, also spoke out against the Bill claiming privatisation had led to more innovation in rehabilitation and a reduction in disputed claims (down from 5 percent to 0.5 percent). Nevertheless, the *National Business Review* reported that some members of the insurance industry have backed away from their opposition to the proposed reforms in the hope of receiving some "sweetener" work from the Government, such as motor vehicle insurance and accredited employer work.

The Government also confirmed that @Work would be disbanded. Around 45 jobs would be lost at @Work; some employees may be able to find work with ACC. ACC stated that they were ready to take back workplace insurance and a minimum service delivery figure of $1.08 per $100 of wages was announced. The long-term claimants levy would fall from 67 cents to 40 cents per $100 of wages. ACC had reportedly proposed to the Government that larger employers or groups of employers should be allowed to manage their own risk. Media reports suggested that the Government had agreed in principle to the accredited employer scheme but it was still undecided regarding the scheme's dimensions.

The Government announced plans to introduce its employment relations legislation in March. This would mean that the Employment Contracts Act era could came to an end in July or August, according to the *Dominion*. The only apparent sticking point for the Coalition partners was Labour's requirement that workers would have to join a union in order to gain access to a collective employment agreement. The Alliance did not believe that union membership should be a pre-requisite for collective bargaining. The proposed changes to employment relations legislation raised concerns regarding how unions would be able to cope in the new environment. Some observers questioned whether unions would have the resources or expertise to fulfil their duties, even if there was only a slight increase in unionisation. This could lead to a bottleneck of contract negotiations and Employment Court proceedings.

The Government's employment relations plans were criticised by employers. Australian academic Professor Judith Sloan stated, in her Sir Ron Trotter Lecture, that any change in the New Zealand employment legislation would be a backward step. The *New Zealand Herald* reported that she estimated that the effects could be "damaging", and that the Coalition Governments proposed changes ran "counter to global developments".

The Coalition Government delivered on its election promise to restore national superannuation to 65 percent of the average wage. It announced a $21.42 increase for married couples, and a single person living alone and a single person sharing accommodation would receive rate increases of $12.86 and $12.36 respectively. The increase would raise national superannuation to 67 percent of the average wage.

The Minister of Internal Affairs, Mark Burton, issued a freeze on the firefighters' employment contracts. The freeze left 1500 firefighters on expired contracts. The freeze would continue until the Fire Service Commission and Professional Firefighters' Union had sorted out their differences. The Fire Service also announced that it wanted more women and Maori to join its paid ranks. Currently only 20 of the services 1600 firefighters were women.

The funeral of Christine Clarke, who lost her life on a Port of Lyttleton picket line (see December *Chronicle*), was marked by the company's 250 workers walking off the job for 24 hours to honour her death. The Lyttleton Port Company's Managing Director, David Viles, called the action illegal, violating the employees' employment contracts. The company decided to dock the staff's pay as a re-imbursement for lost income.

The Council of Trade Unions announced a recruitment drive for workers under the age of 30 years. The recruitment drive was an attempt to recover "a lost generation of workers" and it would see unions increase their presence at festivals, concerts and night clubs.

Over 20 deckhands working for Fast Cat Ferries considered strike action due to the company's unwillingness to negotiate a collective contract. The deckhands were all union members and they were employed on individual employment contracts.

Sensation Yachts of Henderson was fined $13,500 in Waitakere District Court for two separate accidents. The two injured workers were awarded $7,500 and $3,000 of the fines respectively.

A senior manager from Work and Income New Zealand (WINZ), who was suspended after the department spent $165,000 on charter flights for staff (see August *Chronicle*), was awarded an out of court settlement, after claiming unjustified constructive dismissal. The settlement was reported to involve a payout of around $100,000 and an apology from WINZ's Chief Executive, Christine Rankin. The *New Zealand Herald* reported that the decision increased calls for Mrs Rankin to be removed from her post.

A Labour Department investigation into backyard factories uncovered at least six more allegedly illegal businesses. The businesses, mainly clothing manufacturers, were run primarily by Asian immigrants and the Department's officials accused them of being "sweatshops". Further investigations also led to at least three workers being deported.

The Coalition for Public Health criticised the payment of bonuses to high-level managers in the health sector. Information released under the Official Information Act showed that 10 hospitals had paid $3 million in bonuses, the majority going to management personnel. The Coalition for Public Health advocated that more of the money should be used to pay front-line staff.

The Police Commissioner, Peter Doone, resigned his post but would remain on full pay ($275,000 a year) until September. The resignation was prompted by a report which criticised his behaviour when his car was pulled over by a rookie policeman on election night.

The job of the Chief Executive of TVNZ, Rick Ellis, was reported to be on the line after news presenter John Hawkesby was awarded an estimated $6 million compensation for his premature dismissal from the network.

A senior manager of state-owned Timberlands resigned after strong criticism of an e-mail campaign against government logging policy. The Prime Minister, Helen Clark, labelled the personal e-mail campaign by the senior manager, Kit Richards, as "guerrilla warfare".

The Minister of State Services, Trevor Mallard, attacked the golden handshake awarded to Victoria University's outgoing Vice-Chancellor, Professor Michael Irving (see October *Chronicle*). The payout was reportedly to be 18 months salary with Professor Irving earning $260,000 a year. As Victoria University would not make the actual figure public, Mr Mallard called for the amount to be disclosed.

The Department of Labour issued its post election briefing papers to the Government in which it outlined its evaluation of labour market trends and employment relations issues. Although it expected further reductions in unemployment it also expected that unemployment would remain concentrated in certain regions, ethnic and age groups, as well as amongst the low-skilled.

The Government announced plans to review childcare subsidies for low-income families in a move to get beneficiaries back to work. The Ministry of Social Policy recommended an increase in the current 50 percent subsidy and a maximum claim of up to 30 hours a week. It also suggested temporary free childcare for about 20,000 families who had received a benefit for more than 10 years.

The Minister of Immigration, Lianne Dalziel, announced changes to immigration policy which would allow potential immigrants to get a six-month work permit if they had met the immigration requirements but had not obtained a job.

The ANZ job advertisement series showed an easing in job growth over the past five months. However, growth in job advertisements was still 0.9 percent in December.

February 2000

The Labour and the Alliance parties reconciled their differences over the planned Employment Relations Bill (see January *Chronicle*). It was agreed that employers were required to offer new employees, at workplaces where a collective agreement existed, the choice of joining the union negotiated collective agreement or an identical individual contract. A code of practice on "good faith" bargaining would be developed by a tripartite representative body.

The Chairman of the Business Roundtable, Ralph Norris from the ASB bank, spoke out against the reforms of the Coalition Government. He claimed that the proposed policies "risk taking New Zealand backward".

The *Brooker's Employment Special* claimed that the critics of Labour's employment relations policy were merely "scare mongers" when the critics called it a leap back to the adversarial past. It suggested that "the proposed changes are a significant move from a focus on contracts to a focus on relationships". The Minister of Labour, Margaret Wilson, mirrored this opinion by saying that the main goal of the proposed Employment Relations Bill was to increase productivity by balancing power between parties and by promoting trust-based employment relationships.

Fast food company McDonald's made a pre-emptive move back to collective contracts. The company said that it was not a response to the proposed legislative changes, rather it was prompted by the desires of staff and "because happy people are going to serve your customers better". Nevertheless, the company had been aware for some time of the desire of some employees for having collective contracts. The agreement would affect 5100 staff at 146 restaurants and it included a three percent pay rise for most employees.

The Select Committee dealing with the proposed changes to workplace accident insurance heard 1050 submissions, the majority of which were critical of the move. Notable critics were Federated Farmers, who estimated that farmers had made savings of 30 percent ($16 million) by shifting to private insurers. Federated Farmers stated that re-nationalisation would "threaten the rural recovery". The Employers Federation encouraged the Government to ensure that the scheme was fully-funded and that reserve accumulation would not be available for the Government or any other agency. They demanded, therefore, that ACC performance was independently monitored. The Employers Federation also slated proposals to set premiums on an industry basis instead of individual risk. Overall, they concluded that the changes had the potential "to do considerable damage" to New Zealand's international competitiveness. Finally, the National Party suggested that the Government was instigating changes without good reason and without considering the evidence that generally found that private accident insurance had been a success.

Prime Minister, Helen Clark, announced that the Government planned to push ahead with changes to workplace accident insurance. She said that ACC could offer "a very good deal and better service than in the past" and that the insurance industry had not shown that privatised workplace insurance was more cost-effective than a single publicly funded model. The Government was also considering a three-tier model for the accredited employer scheme. Employers with 250 staff or more would be allowed to manage claims for up to five years, medium-sized employers would be able to manage claims for up to two years while small employers in the same industry could group together to manage workplace insurance.

The Green Party pledged their support to the proposed workplace accident reform after changes were instigated to help the self-employed, including farmers. The Government agreed to allow the self-employed to predetermine income and the estimated cost of replacing labour if injured on the job. The Government stressed that the changes were a response to Federated Farmers' concerns.

The Government planned to go ahead with plans to scrap state-owned workplace insurer, @Work, with the return to a nationalised ACC environment. This came as @Work announced a tax paid profit of $5.9 million in the six months to December 31, as opposed to an expected loss of $6 million. The turnaround was due to costs of claims being $5.6 million against a predicted $14.9 million.

The Insurance Council released data from the accident insurance regulator showing that workplace deaths had halved and accidents had decreased by 40 percent under private insurers' control of workplace accident insurance. The figures were questioned by numerous sources regarding the reliability of the estimates.

The Medical Association warned doctors against treating workplace accidents without first registering them as accidents. The Association believed under-reporting to be responsible for some of the reported reduction in workplace accidents.

Finally, the Council of Trade Unions slated employers for focusing on costs of insurance premiums rather that on workplace safety. They also suggested that insurers were rejecting accident claims: some insurers had taken an initial "reject the claim" approach to all claims to avoid legal obligations.

On a separate matter, ACC was accused of requiring "a burden of proof beyond the present bounds of science" from timber workers thought to have been chemically poisoned. At least 79 workers had been registered as suffering from exposure to the chemical pentachlorolphenal, used in timber yards to kill fungus up until 1988.

Air New Zealand's international flight attendants announced plans to hold two 24-hour strikes, scheduled for 29 February and 3 March, in response to unsatisfactory progress on negotiations regarding rest stops on international flights. Subsequently, the strikes were called off as the parties re-started their negotiations on the issue.

Amidst talks about dairy company mergers, a leaked report outlined how around 200 jobs could be axed at the Dairy Board in Wellington. The report also outlined how around 300 jobs could be cut at the Taranaki-based Kiwi Dairies, at the Waikato Dairy Group and in the Dairy Board's technical operations.

Around 1100 staff at the Telecom subsidiary ConnecTel faced possible redundancy after ConnecTel lost more than half of its business to competitors. However, the successful contract tenders would have to increase their staff in response to their new business.

The Victoria University announced further job cuts. The humanities and social sciences faculty was to loose 35 staff, including 25 academic staff. The science faculty had to loose 18 staff, eight being academic. The cuts were a response to a fall in student numbers and government funding cuts. Polytechnics were also said to be facing staff cuts as a response to falling student numbers.

Ford Motor Company announced plans to offer computer and printer packages to its 350,000 staff world wide. The offer included Internet access at a cut price of $US5 a month. The move is intended to keep Ford "at the leading edge of skills and e-technology".

Industry watchdogs estimated that the use of migrant labour in "slave labour" conditions was rife in the construction industry. These estimates came after police and immigration officials swooped on a Remuera building site and found 25 illegal immigrants.

A former secretary for the New Zealand Dairy Board was awarded $40,000 by the Employment Tribunal for unjustifiable dismissal. The secretary was sacked because of insufficient "chemistry" between her and her boss, according to the *New Zealand Herald*.

Telecom was ordered by the Employment Tribunal to pay $11,108 for refusing to give four workers on collective contracts their performance bonuses. It was reported that up to 80 workers could benefit from the decision.

A drainage contractor, David Walton Spencer, was to stand trial for failing to maintain a safe trench where a worker was killed when a ditch collapsed on top of him.

The district court stated, in *Teen v ARCIC*, that employees, who suffered gradual process injuries as part of Occupational Overuse Syndrome, could not be excluded from accident compensation cover as a matter of policy. Any eligibility for accident compensation cover had to be determined according to the specific merits of each case, the court ruled.

Recruitment and retention problems were reported in several areas of the public sector. New police recruits had hit their lowest number since 1995 with only 440 officers starting this year. The Airforce announced moves to halt high staff turnover by enhancing benefit programmes. It planned to introduce childcare, family support programmes and flexible working hours. Secondary teachers met to discuss teaching workloads. Top of the agenda was the fact that New Zealand needed at least 200 more teachers to meet the OECD average teacher-pupil ratio and nearly 2500 to obtain equality with Australian ratios.

The retiring Commissioner of Inland Revenue, Graham Holland, urged the government to give the under-resourced department more funding so that it could do its job more effectively. The call came shortly after the Inland Revenue had made 600 staff redundant as part of further restructuring.

Unemployment dropped to 6.3 percent of the labour force in the December 1999 quarter, down from 6.8 percent in the previous quarter, according to NZ Statistics. Maori unemployment fell to 14.5 percent, though still well above the Pakeha levels of 4.5 percent. The fall in unemployment was prompted by continuous employment growth: up 1.4 percent (24,000) for the quarter and 2.7 percent (47,000) for the December year. Of those 47,000, 94 percent were full-time. Most of the new job growth was confined, however, in the low-wage service sector. While yearly hourly earning were up 1.4 percent in the November to November year, private sector hourly earnings fell in the November quarter by 0.8 percent, well down on projected growth of 0.5 percent.

Anne Knowles was confirmed as the new Chief Executive of the Employers Federation, replacing Steve Marshall. Ms Knowles has been with federation for nine years, during the last six years as Deputy Chief Executive.

March 2000

The Employment Relations Bill was finally launched and it created the expected media headlines. The ER Bill required union membership to be a pre-requisite for collective agreements (see February *Chronicle*) but also addressed the issues of dependent contractors, work contracted out and fixed-term contracts. The latter issues were incorporated as a response to the Alliance's concerns that the Bill's coverage clause (and thereby collective arrangements) could be undermined if employers increased the use of dependent contractors and fixed-term contracts. The Bill also aimed to make dispute resolution more accessible with a focus on mediation. Instead of the Employment Tribunal the Bill created an Employment Relations Authority to settle issues when mediation failed.

The Minister of Labour, Margaret Wilson, was widely covered in the media regarding her understanding of the proposed changes. She advocated that the Bill would restore "balance and fairness to the workplace after nine years of inequality". The changes, she believed, would remove fear and stress from workplaces and lead to greater levels of productivity. The Bill "supports cooperation as the key to productivity".

The Employers Federation attacked the proposed Bill for adding significant new requirements and obligations on employers and forecasted that the "devil of it is in the detail". Federation Chief Executive, Anne Knowles, attacked the inability of employers to be able to discuss matters regarding terms and conditions with union members without union clearance. Additionally, the Federation was concerned over the inability of other workers to be able to undertake the work of union members if these were on strike.

While the Green Party was expected to support the legislation it was pushing for changes that would widen the capacity for workers to strike. Spokesperson, Sue Bradford, expressed concern that workers could not strike over environmental or human rights issues. On the contrary, ACT New Zealand's leader, Richard Prebble, labelled the Bill a "step backwards into last century's failed labour laws". National leader, Jenny Shipley, claimed that the proposed changes would deliver unions "huge new strength" and hand them control of the country.

Federated Farmers raised concerns that the Bill could erode the efficiency gains made in the farm service industry by increasing wages, transition and conveyance costs. The Meat Industry warned against rising union militancy that they believed would increase under the new employment environment and threaten export growth. Employment lawyers suggested that the legislation would create more strikes with unions attempting to push up wages and promote a widespread return to overtime and shift allowances. They warned that industry negotiations and strikes would lead to pay rises across an entire industry.

In a move that may herald the new employment relations environment, 12 Press Secretaries wrote to the Prime Minister and Deputy Prime Minister complaining that contract negotiations with the Government's negotiator, Trevor Pope, had not been conducted in "good faith". The main issue was the ability of ministers to sack them for "whatever reason". The Prime Minister entered the debate by reminding the negotiator that he was expected to bargain in "good faith". Employment Lawyer, Peter Cullen, suggested that the proposed contracts could be unlawful by attempting to circumvent personal grievance rights.

The ACC Select Committee recommended expanding the accredited employer scheme to allow smaller employers the opportunity to manage their own claims. The National Party pledged that it would scrap the Government's ACC reform when it returned to power.

The Government set ACC premiums at $1.16 per every $100 of wages. The premium was above the suggested $1.12 figure proposed by ACC but below the $1.21 amount that was the average for the privatised marketplace. Furthermore, the ACC was required by the Government to create a buffer by building up reserves. The ACC expected the long-term injuries levy to drop below 35 cents thanks to a consistent reduction in claims and an improvement in rehabilitation rates.

The Government announced that legislation to protect whistleblowers would include the private sector. State Services Minister, Trevor Mallard, said amendments to the Protected Disclosure Bill would protect all workers who disclose information of serious wrongdoing in their workplace. The Bill aimed at giving workers immunity from criminal or civil liability if they came forward with information.

The Prime Minister announced that the newly established Apprentice Training New Zealand would support the return of disaffected youth to the workforce. It was hoped that the scheme would tackle skill shortages head on. The government had allocated $5.5 million for the project and hoped that 3000 new modern apprenticeships would be in place by 2002. Under the current system, the Government contributed $63 million and industry $103 million in 1999, according to the *Independent*.

A dispute between Hubbard Foods and its workers attracted considerable media attention because of the high profile of the company's benevolent people management style. Up to 40 of the company's 130 workers held a lunchtime picket outside the factory in protest against overtime provisions. The cause of the conflict was demands about meal allowances for those working more than two hours overtime and an extra week holiday for shift workers. The company estimated that the demands would increase its overtime wage bill by 30 to 40 percent. Company leader, Dick Hubbard, suggested that his staff were being used by the union, the Service and Food Workers Union, as a test case for the re-awakening of union militancy. Mr Hubbard also mentioned that he had been planning to outlay 10 percent of pre-tax profit to his staff.

Finsec unveiled plans to expand its membership base by recruiting workers in the call centre industry. The union was also working with Massey University academics in order to develop codes of practice for health and safety issues in the call centre industry.

Pan Pacific Forest workers conducted a 24-hour strike in order to secure extra provisions in their superannuation scheme and to clarify their redundancy agreement. Union representatives stressed that the strike would be repeated every fortnight until the dispute was resolved.

Different media reports painted an unpleasant picture of public sector workplaces. Academic staff at Auckland University had decreased eight percent since 1996, despite a rise in student numbers of 4.7 percent over the same period. The university maintained that the reduction was caused by continuous funding cuts. Senior health administrators would be required to reapply for fewer managerial jobs within the new health bureaucracy, although the Government expected few staff redundancies. The Minister of Health, Annette King, had also instructed hospitals to minimise pay rises and make staff work harder. The Minister of Social Services and Employment, Steve Maharey, released information showing that WINZ had reached two more confidential personal grievance settlements with aggrieved staff. This brought the total costs of 11 personal grievances in the department to $373,681. Finally, some Television New Zealand employees faced pay cuts and tighter board scrutiny of their salary packages following Government criticism of salary levels subsequent to a compensation pay-out to newsreader John Hawkesby (see February *Chronicle*).

The Employment Tribunal heard how Thai immigrants sewed garments for 12 hours a day, six days a week for $575 a month. The Department of Labour estimated that $256,600 in holiday and back-pay were owed to the immigrants who had worked for KC Fashions and Sivoravong Fashions. Fines of up to $116,000 could also be levied.

Aquatech New Zealand was fined $30,000 for the deaths of three workers who died during the flushing out of sewer tunnels in February last year. The company had already admitted 3 charges of health and safety breaches.

Tranz Rail pleaded guilty for failing to ensure the safety of a worker killed during a safety drill last May. The prosecution was brought by the Maritime Safety Association and carries a maximum fine of $50,000.

A settlement was reached on asthma damages claims taken against New Zealand Aluminium Smelters by a group of former employees. The 10 former workers maintained that they contracted occupational asthma while working for the firm. The final settlement covered 14 former workers, each receiving $50,000.

Several major job losses were reported. Bendon closed the doors of its Te Rapa factory and made 235 staff redundant (see October *Chronicle*). Production was moved from the New Zealand factory to factories in China and Thailand but around 20 of the staff would probably gain employment at a former manager's new business, Saibar Apparel. Coats Spencer Craft sold its knitting yarn operation to Australian Country Spinners. The move cost 141 jobs. Auckland based construction company, Goodall ABL Construction Ltd, went into voluntary liquidation which would directly cost 23 workers their jobs, but it would also influence subcontracting firms. Wellington City Council announced plans to lay off 150 staff; the move brought the total number of jobs lost to 700 since restructuring begun in 1993.

April 2000

The attacks on the Employment Relations Bill continued to dominate headlines. Opposition parties used a Treasury report to attack the possible negative employment effects of the legislation. The Treasury report (written in January before the ER Bill was finalised) found that the legislation could cost jobs. Concerns were also raised about more industrial disputes. It was also revealed in papers released by the Minister of Labour, Margaret Wilson, that she informed the Cabinet that the reforms carried a risk of increased compliance costs and "unintended outcomes". The Real Estate Institute and Federated Farmers raised concerns over the employment status of real estate agents and sharemilkers. These two groups were currently deemed to be self-employed and the organisations wanted it to stay that way under the new legislation. The Employers Federation advocated in talks with the Government that highly paid employees (for example, above $64,000) should be excluded from the new legislation.

On the other hand, the Council of Trade Unions (CTU) argued for wider strike rights in front of Parliament's employment and accident insurance select committee. The CTU advocated that workers be allowed to strike over social and economic issues.

While the era of the Employment Contracts Act was coming to a close, the public debate over its effects continued. The Chief Executive of the Manufacturers Federation, Simon Carlaw, pointed to positive employment growth while Council of Trade Unions' economist, Peter Conway, stressed stagnant average real wages, increased wage differentials and unsatisfactory productivity growth. Both Mr Carlaw and Mr Conway were careful not to link labour market outcomes directly to the Act, though Mr Conway clearly associated low paying jobs and precarious employment with the lack of bargaining power of many employees under the Act.

The Government announced that it intended to lower the age at which people must be paid the adult statutory minimum wage from 20 to 18 years. It was anticipated that the new age threshold would apply from 3 July when the new apprenticeship program would start (see March *Chronicle*). It was estimated that around 10,000 18 and 19 years olds would be covered by the new age limit and they would thereby be entitled to the $7.55 hourly minimum wage. The Government also called for submissions before 14 April whether the level of statutory minimum wage for 16 and 17 years old should be adjusted.

The high-profile dispute at Hubbard Foods (see March *Chronicle*) was settled when the company and the union agreed on a "trade-off". A reduction in the shift allowance from $8.50 to $8.00 was compensated through a 2.75 percent increase in the basic hourly wage rate. It was also agreed that workers doing more than three hours overtime would be entitled to a $7 meal allowance.

The investigation of the debacle at Work and Income New Zealand (WINZ) added a further $40,000 to the costs of the $168,429 flights and the large settlements of associated grievances (see January *Chronicle*). The investigation carried out by former Chief Ombudsman, Sir John Roberts, was not the last expense since the Government had commissioned former State Services Commissioner, Don Hunn, to conduct a full inquiry into WINZ. Finally, a group of officials from various departments started work on planning various options for future developments of WINZ which could lead to an undoing of last year's $43 million restructuring of the department.

Thirty-three mayors gathered in Christchurch to address the issue of unemployment through the Mayors' Taskforce for Jobs. The Taskforce was an attempt to invigorate the campaign started by the 1994 Prime Ministerial Taskforce on Unemployment and to provide a local focus to economic development and job growth.

An out-of-court settlement involving a former staff member at the Ombudsmen's Office was brought to light by a Parliamentary Committee when the Ombudmen's Office had to be granted a one-off $50,000 budget increase. According to the *Dominion*, the staff member had brought a case at the Human Rights Commission regarding the employee's right to work part-time. Following the settlement, the case at the Human Rights Commission was withdrawn.

The Wellington District Court fined Tranz Rail $37,000 over an incident that killed one employee and seriously injured three other employees. The accident happened on the ferry *Arahura* during a safety training exercise (see March *Chronicle*). A 19-year old cadet was killed, two senior officers suffered serious injuries to their spines and a fourth person suffered rope burns.

Research by the ANZ Bank showed that there was often little link between the salaries of chief executives and the return their company generated to shareholders. According to the *Dominion*, "the research estimates that companies on the sharemarket's NZSE 40 index have shed $14 billion in shareholder value since 1991". This did not appear to have any influence on salary levels as the remuneration packages were seldom linked to the creation of shareholder value.

Similarly, a survey by career management firm DBM showed that chief executives tended to have short-term, high-payoff goals and they were in their jobs for shorter and shorter time. More than 470 firms were surveyed, covering 50 industries in 25 countries. According to the *National Business Review*, the International President of DBM, Bob Critchley, said: "Faced with a merger-fuelled economy, impatient shareholders and an uncertain future, CEOs cannot help but adopt a short-term, high-payoff mindset when it comes to planning and pursuing desired business goals."

The ANZ Bank decided to implement a technology campaign amongst its staff by offering them computers, printers and Internet access for a nominal price of A$5 per week over the next three years. The bank wanted to encourage computer and Internet literacy amongst its staff as it was expected that the bank would increasingly be involved in e-commerce.

The ACC was told by the Court of Appeal that a Gisborne pensioner was entitled to compensation for permanent incapacity until she was 65 years old. The ACC had argued that the 1992 Accident Rehabilitation and Compensation Insurance Act should take precedence over entitlements obtained under the previous 1982 Act and thus, the entitlement limit was 63 years. The ruling benefited the pensioner with $30,000 and it was estimated to cost the ACC a total of $3.8 million to cover another 278 pensioners aged 64 to 68 who were injured before July 1992.

The Employment Tribunal fined a so-called "sweatshop" operator $36,000 and also awarded eight sewing workers $256,000 in compensation for below-minimum wages and unpaid holiday entitlements. An injunction was put on the employer's assets to secure payment of the workers. The case caused some concern last year when it was reported that workers were living and working in unsatisfactory conditions and the employer had withheld the workers' passports. The Labour Department's Chief Labour Inspector, Mike Feely, revealed that further investigations were under way.

The shortage of registered nurses was rife in several areas of the health sector (see December *Chronicle*). The shortage had reached a crisis point in rest homes, according to Residential Care, which represented over 550 rest homes and hospitals (nearly 60 percent of all rest homes). Shortages of nurses at Capital Coast Health had already led to cancellation of more than 100 operations this year. The Health Ministry's Chief Nursing Adviser, Frances Hughes, acknowledged the shortage: "The ministry knew the nursing workforce was aging, there were fewer school-leavers entering nursing and some were being lured to other countries." It created, therefore, considerable concern when an American health company started a recruitment campaign, seeking to employ up to 100 nurses. The American company, Covenant Health System, was recruiting for its large private hospital in Texas as there was a considerable shortage of qualified nurses in the USA. Covenant Health System offered twice the salary for general nurses with post-graduation experience as the same nurses were offered by Auckland employers.

Two technology companies, Xerox and Hitachi Data Systems, announced organisational restructuring and significant job cuts. While the plans would lead to the loss of several thousands jobs world wide it was unclear what the impact would be for New Zealand employees.

The Auckland Regional Council announced that it had completed its trials of teleworking at two organisations, law firm Hesketh Henry and the Customs Department, and it would include results in its overall traffic-demand management strategy. The *New Zealand Herald* reported that the teleworking trials showed several positive features such as increased productivity, more flexible family-friendly work options, and reduced transport problems.

The Fire Service started its first recruitment campaign for professional firefighters in three years with the explicit target of increasing the numbers of women and Maori firefighters. So far, one woman and five Maori men were amongst the first batch of 25 recruits starting their initial training. Interestingly, the new recruits would be covered by the union-negotiated contract which the union interpreted as a further indication of a return to a new collective employment contract.

The State Services Commission (SSC) started a restructuring process to improve the integration of its work with public service departments and to meet demands for more local solutions and develop an increased ability to respond to Maori aspirations.

According to the *New Zealand Herald*, the Time Use Survey conducted by Statistics New Zealand found that people in full-time employment spent very little time in education and training (including any workplace training). Just 6 percent of full-time female employees and 4 percent of full-time male employees spent time on education and training and these figures included an important bias: those with qualifications were more likely to spend time on upgrading their skills and qualifications.

Many Auckland bus drivers were faced with significant economic losses when it was revealed that serious fraud at the Auckland Regional Staff Friendly Society had curtailed their health and mortgage coverage. There was reportedly around $500,000 missing and a society employee had admitted to misappropriating the funds.

May 2000

The Government was under attack from business leaders as the latest National Bank business survey found that business confidence had declined sharply in March. The decline in business confidence was difficult to align with key economic indicators since it came after a period of strong economic growth and the survey respondents had no expectations of a decline in their own activities, profits and investment levels.

The Prime Minister was reported to be seeking adjustments to the Employment Relations Bill following feedback from meetings with people from the business sector and a reported sharp decline in business confidence.

The Minister of Labour, Margaret Wilson, confirmed that worries over real estate agents and sharemilkers were unfounded (see April *Chronicle*) since these groups were deemed independent contractors by specific legislation. Therefore, the stipulations regarding contractors in the Employment Relations Bill were not intended to apply to these groups.

The Chief Executive of the Employers Federation, Anne Knowles, called for major changes to the Employment Relations Bill in the Federation's submission to the Parliamentary Select Committee. The Federation raised more than 125 changes to the Bill and questioned, for example, the union rights of workplace access, the strike right associated with multi-employer bargaining and the rights bestowed on new employees. The Federation repeated its suggestion that those earning more than double the average annual income ($69,600) should be exempt from the proposed legislation (see April *Chronicle*).

The Chief Executive of the Tourism Industry Association, Glenys Coughlan, expressed concerns over potential impacts of the Employment Relations Bill. In particular, the industry's character of a seven-day-a-week, seasonal business, made a clear definition of the working day important as well as any increases in compliance costs.

The interest in "good faith" bargaining prompted the visits of various overseas experts. The Council of Trade Unions (CTU) sponsored a seminar tour of Canadian labour lawyer, Gina Fiorillo, while an Employers Federation's conference heard from another Canadian labour lawyer, Henry Dinsdale. Unsurprisingly, Ms Fiorillo found that the Canadian experience showed that there was nothing to fear from "good faith" bargaining, while Mr Dinsdale saw it as a dangerous policy path. Interestingly, Mr Dinsdale suggested that the "good faith" bargaining concept of the Employment Relations Bill was much broader than that applied in Canadian legislation.

Prior to the new employment legislation, several large companies concluded collective employment contracts with unions, according to the *New Zealand Herald*. Woolworth New Zealand concluded a collective contract covering 6,000 staff and Ullrich Aluminium signed a two-year contract. Several unions also reported large membership increases.

The Prime Minister, Helen Clark, announced that pay equity was not a priority for this election term. Nevertheless, legislation would institute equal employment opportunity programmes amongst employers with more than 50 employees. According to the *Dominion*, the Labour Party disagreed with the Alliance over the enforcement of pay equity and the set up of a pay equity office.

A recent report from the Department of Labour estimated, according to the *Independent*, that the Alliance's paid parental leave could cost around $100 million and nearly 1,000 jobs. The report findings were disputed by the Alliance. The estimations were based on paid parental leave being financed by an employer levy and that employers would pass the cost of hiring replacement employees on to employees through lower wages.

Capital Coast Health nurses opted for a short-term interim settlement of their collective contract. The five months collective contracts provided a $400 lump sum and restored relativity with the base rate paid by Hutt Valley Health.

The shortage of qualified nurses continued to constrain the health sector (see November and April *Chronicles*). The Wellington Hospital's intensive care unit had to postpone operations and some patients had to be re-allocated to other hospitals, despite recruitment of new nurses from overseas. While a working group was established to plan longer term, the current shortage of nearly 20 percent of the unit's nursing capacity would be difficult to bridge in the short term because of a general shortage of nurses.

The exodus of doctors from New Zealand hospitals was again in the media (see October *Chronicle*). Many junior doctors opted for employment in Australia as large student debt made the more generous Australian starting salary an attractive option. The Resident Doctors' Association attempted to develop a national collective contract with better pay rates, more training and shorter working hours in order to stop the exodus.

Capital Coast Health proceeded with yet another restructuring and eleven positions were disestablished, with more job losses expected in the near future. Director of the Association of Salaried Medical Specialists, Ian Powell, denounced the "obsession" with structural reviews and advocated a focus on employment relationships.

According to the *New Zealand Herald*, a shortage of crew at Ansett New Zealand led to flight cancellations and delays. The company experienced a large turnover amongst its pilots earlier this year. This was in addition to the pilots who were made redundant or left during last year's bitter industrial conflict (see October *Chronicle*).

The official unemployment figures published by Statistics New Zealand showed a small increase from 6.3 percent to 6.4 percent in the January 2000 quarter. Interestingly, the growth in part-time employment was discontinued with a 10,000 drop in the number of part-time workers while the number of people in full-time work increased by 5,000. There was a welcomed reduction in long-term unemployed and in Maori unemployment.

The Vice-chancellor of Massey University, James McWha, announced major restructuring plans for the university with substantial job losses. There would be a loss of 116 positions over the next two years, mainly at the Palmerston North campus and in science and humanities. Mr McWha hoped that most of the job losses could be absorbed through early retirement and redeployment, although some forced redundancies were clearly foreshadowed.

The Northland Port Corporation announced its engineering and construction arm, Northport Engineering, would lay off 72 staff over the next three months. The workers were mainly on fixed-term contracts and they were part of over 120 workers being employed over the previous 15 months during which shipbuilding work had expanded.

A report on Work and Income New Zealand (WINZ) by former State Services Commissioner, Don Hunn, was less harsh than expected from a leaked draft of the report. While the report suggested several important changes, it did not suggest a discontinuation of the department. According to the *Dominion*, the report also stated: "There is also general agreement that further major restructuring would be inadvisable". However, it was announced that the name WINZ would be dropped and instead it would be known by its legal name the Department of Work and Income.

The death of a fifth Tranz Rail employee in 12 months prompted a ministerial inquiry into the company's safety and health practices and standards. The inquiry would also establish the company's obligations under the Occupational Health and Safety in Employment Act.

The issue of public sector "golden handshakes" resurfaced when it was revealed that the Airways Corporation had paid more than $100,000 per person to executives who had left the state-owned enterprise. This prompted State-Owned Enterprises Minister, Mark Burton, to call for further disclosure.

A bizarre outcome of the increased cigarette tax was that the American Tobacco factory in Napier offered some of its employees a paid two-week holiday. After a period of above-normal production output, the factory expected less demand following the cigarette tax increase and, therefore, cigarette production was temporarily closed down.

Another case of "sweatshop" clothing production (see April *Chronicle*) came before the Employment Tribunal with the Labour Department alleging that 10 Thai immigrants were underpaid by almost $400,000. The Department was also seeking over $100,000 in penalties for violations of the statutory minimum wage and the holidays legislation.

Erling Rasmussen and Joe Beer
The University of Auckland