

# CHRONICLE

## February 2001

The strike action taken by vets employed by the Ministry of Agriculture and Fisheries (MAF) lasted one week (see January *Chronicle*). The action caused about 9000 meat workers to be stood down from work. The strike came to an end when the vets accepted an offer of a four percent across the board pay increase and the retention of overtime provisions. The vets and MAF also agreed that an independent review should be undertaken of the working relationship between the vets and MAF. *The Dominion* reported that Federated Farmers' Chief Executive, Tony St Clair, said that the review would deal with both the employment relationship of the vets and the recent process of negotiations. The negotiations had lasted over two years without any incremental changes being gained during the process.

The dispute between the Waterfront Workers Union and Mainland Stevedores over Mainland's employment of casual workers to load logs onto Carter Holt Harvey (CHH) ships at South Island Ports went to mediation (see January *Chronicle*). The parties involved in the dispute were not prepared to make any comments about the matter until the mediation process was complete.

The *Dominion* reported that Nelson's Police Force had spent almost \$150,000 controlling the protest action by waterfront workers at Port Nelson. Every time a CHH ship was loaded with logs, another \$10,000 would be added to the costs of policing the dispute, according to figures released by Minister of Police, George Hawkins.

The Post Primary Teachers Association (PPTA) announced that it would be sending a proposal to its members about possible demands when their collective agreement came up for renewal in March. The PPTA said it would be demanding an extra \$105m to compensate its members for the extra workload that they would be facing as a result of the introduction of a new qualifications system (the National Certificate of Educational Achievement). Minister of Education, Trevor Mallard, said that the PPTA's demands were out of step with the wishes of many secondary teachers who preferred more money to be spent on recruiting teachers.

A lockout imposed upon contract cleaners working for Capital Coast Health but employed by Spotless Services came to an end when the parties returned to the negotiating tables. Spotless Services locked out the cleaners when disagreement arose over an exchange of the cleaners' job security for a comprehensive redundancy package.

Auckland-based Hartner Construction Company collapsed with an estimated \$28 million in debt. As a result, about 100 subcontractors were told to cease work.

Following the previous collapse of Goodall ABL, it was expected that this would cause widespread employment problems in the Auckland building industry.

Another law firm announced that it was taking steps to encourage its younger staff to stay in New Zealand (see November 2000 *Chronicle*). *The Dominion* reported that Chapman Tripp had devised incentives to encourage employees to stay longer as attrition rates amongst third and fourth year employees had worsened over the last four years. Employees were offered \$20,000 towards repayment of their student loans if they agreed to stay on with the firm for a third year and \$35,000 were offered to those who agreed to stay for a fourth year.

The unemployment rate fell by 0.2 percent to 5.6 percent in the December 2000 quarter, according to figures from Statistics New Zealand. This was the lowest unemployment rate since the 5.2 percent recorded in the June 1988 quarter. Salary and wage rates (including overtime payments) continued to increase at a modest pace with a 1.6 percent rise in the year to December 2000.

More information came to light about the extent to which the Accident Compensation Corporation (ACC) had been overcharging employers (see January 2001 *Chronicle*). Minister of Finance, Michael Cullen, confirmed that about 30 percent of the 300,000 self-employed people had been overcharged by amounts ranging between \$200 and \$1500. The problem arose because self employed people were charged premiums for 1999-2000 based on their previous year's earnings. Dr Cullen said that he had asked ACC officials to calculate the cost of refunding or crediting overpayments.

The ACC also admitted to a Parliamentary select committee that it had might have gathered an extra \$100 millions in premiums as a result of having charged some businesses twice for cover in the 1998-1999 year. According to the *NZ Herald*, businesses that had formerly been paying premiums in advance were eligible to pay their premiums in arrears if they restructured their businesses. Businesses that had failed to inform the Inland Revenue about changes made to the nature of their business were billed twice by the ACC.

The *NZ Herald* reported that a study commissioned by the Civil Aviation Authority found that aviation doctors were making potentially disastrous errors when checking the health of 8,500 pilots, including international airline pilots, and that eight percent were being wrongly passed as fit to fly. Minister of Transport, Mark Gosche, said that the Government would respond to the findings of the study by passing new legislation concerning aviation medical assessments. However, the Airline Pilots' Association Medical Welfare Director, David Earle, questioned whether there was any evidence to support the study's findings that a significant number of pilots were not fit to fly, as nearly 90 percent of pilot incapacitation was due to gastrointestinal upset.

A report written by the Labour Department's Senior Medical Practitioner, Chris Walls, questioned the efficacy of employee drug testing programmes. He said that there were no useful analytical measures to accurately indicate the level of acute impairment caused by cannabis and that urine testing had no practical use in assessing impairment

caused by the use of marijuana. While Dr Walls' findings were endorsed by union health and safety officers, the Employers Federation's Chief Executive, Anne Knowles, said that employers used drug testing only in a very limited and non punitive way.

A report released by the Ministry for the Environment recommended that timber workers exposed to the toxic chemical dioxin should undergo health tests. The recommendation was made when a pilot test of timber workers found them to have up to five times the amount of dioxin in their blood as the general population.

A report compiled by the Department of Child, Youth and Family Services (CYFS) recommended that CYFS social workers be paid an extra \$750 a year in danger money. The recommendation was justified on the grounds that social workers had to deal with sexual and physical abuse of children often in the care of gang members, drunks, drug addicts or the psychiatrically ill. But Social Services Minister Steve Maharey rejected the idea of the danger money payments. He said that the goal should be to ensure that social workers are safe rather than paying them extra money. While the Public Service Association (PSA) agreed that social worker safety ought to be a priority it also argued that any extra money amounted to an overdue recognition of the stress and demands of the job.

The Employment Relations Authority ordered the interim reinstatement of an employee of New Zealand Blood Stock. The employee was dismissed as a result of her being accused of supplying information about the identity of, and the locations at which, certain horses were going to be running. The employee denied the accusations and the Employment Relations Authority ordered her employer to allow her to stay at home on full pay until her personal grievance action had been decided.

Police Commissioner Rob Robinson announced that police recruit training would be commencing again in 2001 following the deferment of training late last year because of financial constraints (see December 2000 *Chronicle*). It was expected that about 60 recruits would begin training by the end of March 2001 with more recruits being trained before the end of the current financial year.

### March 2001

The protracted dispute at Port Nelson between the Waterfront Workers Union and Carter Holt Harvey (CHH) continued (see February *Chronicle*). *The NZ Herald* reported that three men had been arrested at the port during a clash between the police and about 50 Waterfront Workers Union members and supporters who were protesting against the loading of a logging ship by casual workers employed by Mainland Stevedoring.

Carter Holt Harvey (CHH) gave an ultimatum to its workforce of about 100 at its Tokoroa sawmill. CHH said that the workers were likely to lose their jobs if they had not improved their performance over the next six weeks.

The shortage of medical staff continued to attract media attention. *The Dominion* reported that cancer treatment specialists were fleeing huge workloads and growing waiting lists. Chairman of the Radiation Oncology Advisory Group, Chris Atkinson, said two or more specialists had left since December 2000, leaving seven of 28 positions vacant.

*The NZ Herald* reported that a plan by Auckland Hospital to offset a critical shortage of nurses by poaching nurses from other hospitals had attracted criticism. The plan consisted of a bonus scheme under which Auckland District Health Board staff were offered \$250 if they attracted a nurse to work at Auckland Hospital, plus \$250 if the person was still on the job six months later.

The air force lost a number of pilots and engineers. Six of the air force's top pilots handed in their resignations. According to the *Dominion*, this left too few pilots to fly six Orion aircraft, which are used extensively in search and rescue work. It was also reported that 11 senior engineering officers had resigned from the air force since Christmas 2000.

A report published in the *New Zealand Medical Journal* revealed that restaurant and bar staff were exposed to almost seven times the level of secondary cigarette smoke as their counterparts working in smoke free environments. The figures were based on analyses of nicotine levels in hair samples provided by mostly non-smokers employed in 62 bars and restaurants in Auckland and Wellington. Nicotine levels in non-smoking staff in workplaces where there were no smoking restrictions were similar to those of active smokers.

Around 1400 jobs were lost as a result of the closure of the Deka department store chain. However, it was hoped that nearly 400 of the sacked workers would have the chance of being re-employed in some of the Deka stores which were going to be re-opened as Farmers stores.

The Accident Compensation Corporation (ACC) undertook to repay employers who had been charged twice for cover in the 1998-1999 year (See February *Chronicle*). ACC Minister Michael Cullen said employers had been double-charged about \$10 million in premiums over that period. The *Dominion* reported that this figure was lower than the figure of \$100 million that the ACC had previously estimated that it had overcharged.

The Government reiterated its determination to implement paid parental leave. Prime Minister Helen Clark promised that some form of taxpayer funded paid parental leave would be delivered by the end of 2002. The *NZ Herald* reported that the Minister of Women's Affairs, Laila Harre, was considering that the task of working out the details of a paid parental leave policy could be delegated to a task force including employers and unions.

A new study of gender pay differences showed that the gender pay gap has hardly changed over the last decade. The study, co-authored by Alliance MP, Dr Liz Gordon

and Missy Morton, revealed that women earned around 82 percent of men's average earnings. The Minister of Women's Affairs, Laila Harre, pointed out that the figures suggested a widening of the gender pay gap in the public sector over the last decade with women in the state service earning on average about \$13,000 less per year than their male colleagues. She said that she could not think of any rational explanation for the disparity except discrimination. However, Deputy State Services Commissioner Ross Tanner said that there was no evidence of discrimination against women. He added that most of the gap between men's and women's pay was explainable by known factors such as the clustering of women in certain types of occupations, differences in qualification levels and levels of work experience.

The Post Primary Teachers Association (PPTA) began negotiating with the Government over a new collective contract for secondary school teachers. The PPTA asked for a pay increase of \$2,500 and for a reduction in the amount of time that teachers had to spend in front of classes. The President of the PPTA, Jen McCutcheon, said that an improvement in conditions for teachers was necessary in order to attract people to the teaching profession. She added that it was necessary to increase the number of secondary teachers in order to offset a projected increase of more than 37,000 students over the next seven years.

The Warehouse and its union – now called Warehouse People Union – were again in the media (see July 2000 *Chronicle*). Despite the *National Business Review's* headline saying that the "Warehouse's union fail to fire", the union has achieved a 20 percent membership with over 1,000 members. This created recruitment difficulties for the National Distribution Union and this union had few members at the Warehouse.

A court decision overturned an ACC decision to end compensation payments to a man that they had assessed as fit to work as a fitness instructor. It was pointed out to the court that the man was unfit to pursue a career in fitness on the grounds that he suffered from a number of health problems including continuous pain, hypertension, coronary artery disease, angina, breathlessness, congestive heart failure, and the after effects of brucellosis. The *Dominion* reported that Judge Barber expressed the view that ACC's decision was as absurd "as assessing a man without legs as having the capacity to work as a tap dancer".

The Employment Relations Authority ordered the IHC to pay \$2000 to a caregiver who was suspended and then dismissed after she left a client at a hairdresser for four hours. The Authority held that the caregiver's contract had given the employer the power to suspend her but that the procedure followed by the employer to effect that suspension was defective. The Authority stated that a support person should have been present when the matter of suspension was discussed with the caregiver and that this person should have had his or her views considered. The Authority decided that the caregiver had been justifiably dismissed but that she had been suspended in a manner that breached her contract.

### April 2001

The Professional Firefighters Union rejected a pay offer from the Fire Service Commission and thereby dashed hopes that the long running dispute would soon end. The offer was based on a two-year collective employment agreement and included salary increases ranging from six to 9.5 percent, a common roster and an increase in hours in which work had to be carried out while on duty. The proposed agreement would bring together a number of different employment contracts. Despite the rejection, the Fire service Commission said that the offer would stay on the table.

The dispute continued between the Waterfront Workers Union and Carter Holt Harvey (CHH) over the use of casual workers and different stevedoring companies at South Island ports (see March *Chronicle*). CHH was seeking an injunction in the High Court to stop protesting waterfront workers from disrupting log loading at South Island ports.

Despite some high profile disputes and the controversy over the Employment Relations Act, Statistics NZ reported that the year 2000 had the lowest number of work stoppages recorded in a single year since 1935. Only 21 work stoppages had occurred in 2000.

A further fall in registered unemployment was also recorded with a drop from 233,411 in November 1999 to 209,636 at the end of February 2001.

The shortage of medical staff continued to be a headache for the Auckland District Health Board (see March *Chronicle*). A report tabled in Parliament showed that the Board had 450 staff vacancies, a figure which was equal to nearly seven percent of its total workforce. Parliament's Health Select Committee said that the biggest number of vacancies was among nursing staff, with 250 vacancies. There were also 35 medical vacancies, 90 vacancies among technical staff, 25 among "hotel" staff and 20 administrative vacancies.

The shortage of cancer treatment specialists also proved to be ongoing (see March *Chronicle*). The *NZ Herald* reported that Auckland Hospital had stopped using one of its five radiation therapy machines because of a staff shortage. Auckland Hospital revealed that there was now a mounting backlog of patients as there were only 33 staff in a department that needed 48 staff to keep up with demand.

Minister of Defence, Mark Burton, announced that defence force personnel would be getting a pay increase of up to \$7,300 a year. Mr Burton said that the increase would assure the armed forces that the Government valued their service, though the main goal was to remedy the low pay rates of junior personnel.

The Government announced that it would be making changes to its immigration policy in order to combat New Zealand's ongoing shortage of skilled workers (see October 2000 *Chronicle*). The new policy enables industry groups to ask the Minister of Immigration to make exceptions to permanent or temporary immigration policy in areas where there are skills shortages.

The collapse of Qantas New Zealand resulted in a number of job losses. One hundred and forty pilots and 180 cabin crew were laid off. Qantas's NZ catering company Pacific Flight Catering announced that it would close its branches in Christchurch and Wellington with the loss of 70 jobs. A number of small contractors who relied on Qantas for their business said that they would have to make staff redundant.

Affco announced that it intended to lay off some of its 3,000 staff in an effort to make the company more efficient. The Central Institute of Technology in Upper Hutt said that more than 90 jobs would go as a result of Government plans to close it.

The controversy over pilot medical examination standards continued (see February *Chronicle*). Parliament's Transport Select Committee heard submissions from the authors of a report on aviation medical assessment released in February 2001.

A study carried out at Waikato University showed that many truck drivers were too tired to drive. The researchers found that a quarter of the 600 drivers that they tested for fatigue failed a driving simulation test.

The Accident Compensation Corporation (ACC) announced further major reductions in premiums for employees and self-employed. The ACC said that the average premium would fall by 18 cents to 98 cents for every \$100 earned. The average discounted premium would come down 49 cents for every \$100 in wages paid, compared to the 147 cents premium in 1999. Self-employed people would pay \$1.35, compared to \$1.85 in 1999.

The Employment Court made a significant decision relating to the status of redundancy under the Employment Relations Act. The case involved a car groomer at Coutts Cars in Auckland where the employer had not informed him of the criterion it was using as the basis for selecting candidates for redundancy. The car groomer was informed by the employer that he would have a chance to discuss the matter before the employer made the decision as to whether he or one of the other car groomers should be made redundant. However, court evidence showed that the employer had made the decision before the car groomer arrived at the meeting (see also November 2000 *Chronicle*). The Employment Court found that the employer's actions fell short of the required standards of fair dealing and amounted to deceptive conduct. The Court awarded the car groomer \$10,000 compensation for unjust dismissal and \$5,750 for loss of wages.

## May 2001

Strike actions at the major newspapers and at the New Zealand Press Association (NZPA) influenced the production of newsprint and raised the prospect of an industrial conflict over a possible multi-employer collective employment agreement. The strike actions were related to different negotiations between the Engineering, Printing and Manufacturing Union and Independent News (INL), Wilson and Horton and the national press agency, NZPA but they appeared to focus on the same issue: the coverage scope of a concluded agreement. The dispute at Wilson and Horton focussed on whether

senior staff should be covered by a collective employment agreement and the INL dispute concerned whether coverage should be site-specific or involve all the newspapers owned by INL. Interestingly, the union alleged in papers filed at Employment Relations Authority that INL conducted bargaining in bad faith during the negotiations. This could, according the *National Business Review*, open for "the first major test of one of the Employment Relations Act's major tenets – good faith bargaining".

The firefighter's protracted dispute continued when the Professional Firefighters Union continued to reject a settlement offer made to them by the Fire Service Commission (See April *Chronicle*). In the aftermath of this rejection, the Fire Service Commission warned that it would retract provisions to backdate pay rises to 1 July 2000 if the union did not settle the contract by 30 June 2001.

The dispute at South Island Ports continued with Carter Holt Harvey (CHH) granted an injunction by the High Court (see April *Chronicle*). The injunction prevented the Waterfront Workers Union from disrupting the loading of CHH logs by workers employed by Mainland Stevedoring. The Court ruled that the union would be in contempt of court if it continued to interfere with the right of CHH to pursue its legitimate business. The public release of employment mediator Walter Grills' report gave little hope for any conciliation as both Mainland Stevedores and CHH rejected the report.

The Service and Food Workers Union announced that hospital orderlies at Wellington and Kenepuru hospitals planned to take strike action in support of their pay claim. The union issued a strike notice after it rejected an offer of a 3.5 percent pay increase spread over the next 18 months.

The *NZ Herald* reported that proposed changes to the occupational safety and health legislation would go to Cabinet in July. The most controversial of the changes to be considered was a proposal to allow trained health and safety representatives to issue improvement and prohibition notices to workplaces. The majority of those who made submissions to the Government on the proposed legislative changes opposed the introduction of this measure.

While rumoured changes to occupational safety and health legislation started to feature in the media, several other safety and health issues caused controversy. The issue of the standards of pilot medical examinations re-appeared (see April *Chronicle*). The authors of the original report announced that they would name the doctors who had conducted the allegedly flawed pilot medical examinations if the Civil Aviation Authority did not.

There were also renewed calls for an inquiry into the health of timber workers (see February *Chronicle*). The *Dominion* reported that timber workers had formed a working group known as Sawmill Workers Against Poisons to advance their claims for an inquiry into their health problems, including the exposure to pentachlorophenol (pep), a fungicide, which was used as a timber preservative until 1988.



A health audit released by the Occupational Safety and Health Service (OSH) revealed that nearly a third of boat builders suffered from work-related health problems. The audit results were published in the *New Zealand Medical Journal* and they showed that boat builders are exposed to a variety of chemicals, including solvents, and epoxy resins. The latter is known for causing respiratory problems.

A study conducted by Dr Sunny Collings of Wellington School of Medicine showed that the risk of suicide amongst jobless people was more than twice as high as for those who are employed.

The *Dominion* reported that a review of the Holidays Act 1981 that was about to be published by the Government had proved controversial. The review had apparently found that employers and unions were at loggerheads over 36 different issues, including holiday pay and days off in lieu. Minister of Labour, Margaret Wilson, asked the groups to see if they could work out a compromise over these issues.

In the wake of the collapse of Hartner Construction, the Government announced that it had introduced a bill into Parliament designed to protect contractors in the construction industry (see February *Chronicle*). If the bill was enacted it would enforce responsible and realistic construction contracts, ensure regular progress payments to contractors, and set up a process to resolve contractual disputes and recover outstanding payments.

The Government announced that it would be taking steps to tackle deficiencies in front line policing. Police spending would be increased by \$165.5 million over the next four years with key areas being more patrols, faster responses to emergencies and cracking down on violent and organised crime.

Minister of Women's Affairs, Laila Harre, released more information about the Government's paid parental leave scheme (see March *Chronicle*). The cost of funding 12 weeks paid parental leave was estimated to be around \$100 million per year.

A survey of more than 500 companies by Cubick showed that the pay received by many workers had decreased in the year to March 2001. The survey revealed that base salaries of both top executives and general staff exceeded inflation but that overall remuneration had not. The survey statistics showed that base salaries of top executives saw a median 2.5 percent rise in the year to March 2001 but that general staff's pay had dropped by 0.3 percent.

However, figures released by the Dairy Board showed that the dairy farmers' average gross income had increased by approximately \$100,000. The Board attributed the rise to a successful production season, the low dollar and good world market prices.

There were a number of items of positive employment news. Sky City announced that 300 permanent jobs and another 1100 one-off construction jobs would be created by its plans to expand its operations over the next five years. Super yacht builder New Zealand Yachts announced that it expected to increase staff numbers employed at its Whangarei site by around 200 people by Christmas 2001 and by nearly 950 over the

next four years. Fears that jobs at the Glenbrook steel mill would be cut were allayed when its Australian owners announced plans to upgrade the mill by \$27 million. Finally, it was revealed that up to 1,000 staff employed by the beleaguered Deka retail chain might keep their jobs (see March *Chronicle*). Deka's owner, the Australian-owned Farmers Deka group, said that it was talking to a group of businessmen interested in purchasing the chain.

A report from Competitive Auckland, a business interest forum, showed that the 'brain drain' phenomenon involved more than just young people. The report stressed that the number of people aged between 30 and 59 who had moved overseas in the past year had almost doubled, compared to similar emigration statistics from 1995.

The Court of Appeal ruled that Ric Oram, a *NZ Herald* reporter dismissed after making a mistake, had been justifiably dismissed. The reporter was dismissed when it was discovered that an article written by the reporter had featured the picture of a man who had been mistakenly described as a leader of a notorious gang. Mr Oram was originally reinstated in his job in December 1999, following an Employment Tribunal decision. Subsequently, the Employment Court found, according to the *National Business Review*, "that while Mr Oram was guilty of serious misconduct, he could not be blamed totally for the wrong picture appearing in the newspaper". The rationale was that the *NZ Herald* had insufficient safety checks in its publication system. However, the Court of Appeal found that the reporter's conduct had resulted in a loss of confidence by his employer. Despite many years of faultless behaviour, the employer felt that the reporter could not be relied on in the future. In the light of this reasoning, the court held that the reporter's dismissal had been justified.

The *Dominion* reported that an analysis published in the *Education Review* showed a significant drop in the staff – student ratio at New Zealand universities in the last decade. The ratio of academic staff to students had dropped from one to 17 in 1991 to one staff per 19 students in 1999. If the ratio had not changed then this would have been equivalent to around 590 extra staff (or similar to the number of staff at Canterbury University).

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