

## October 2005

Air New Zealand announced its intention to outsource its engine maintenance overseas with the loss of about 600 engineering jobs. Air New Zealand expected to save up to \$100 million through outsourcing parts of its engine maintenance but the proposal was condemned by the Engineering, Printing and Manufacturing Union. In a reaction to the proposed redundancies, the *Sunday Star Times* reported that the Royal New Zealand Air Force (RNZAF) could give work to Air New Zealand mechanics who were set to lose their jobs. The RNZAF had been hiring staff from Britain after a Royal Air Force restructure and it aimed to recruit 200 skilled ex-RAF staff in the next two years.

The 5% pay rise campaign by the Engineers Printers and Manufacturers Union (EPMU) continued (see July Chronicle). Pay negotiations at Southward Engineering in Lower Hutt resulted in 30 employees being suspended. Staff employed at the firm's Lower Hutt and Auckland plants had rejected a pay offer of 4.25% from their employer. The EPMU had filed an application in the Employment Court to have the suspensions ruled unlawful.

The proposed changes to Australia's employment relations legislation received prominent media coverage. The *Dominion Post* highlighted a claim by unions that women's pay and workplace bargaining power in Australia would be reduced under the proposals because women were more reliant on award-determined pay and working conditions. It was also estimated that up to 33% of all Australian female employees were in casual employment. However, the *NZ Herald* reported that the changes would produce additional jobs and higher wages. Australian Prime Minister John Howard claimed that the legislative changes - the 'Work Choices' programme - would protect basic conditions for workers and, at the same time, give more scope for businesses to negotiate with staff over how they organised and paid for things like holiday work, bonuses and overtime.

The latest survey of trade union membership by the Industrial Relations Centre at Victoria University showed a 17% increase in membership numbers since 1999, although the overall percentage of the workforce belonging to unions - union density - remained static. Union density had remained between 21% and 22% since 1998 and it was now 21.1%. The static union density levels showed that the rising union membership had only just kept up with the growing job market.

In connection with the release of union membership figures, it was reported in the *Dominion Post* that Sharon Burrows, Head of the International Confederation of Free Trade Unions as well as the Australian Council of Trade Unions, had suggested that New Zealand's union movement and the current employment laws were a model for employment relations and the envy of Australian unions. Ms Burrows was speaking on the first day of biennial conference of the Council of Trade Unions (CTU) in Wellington. Ms Burrows told delegates that with a 17% per cent boost in membership in 2004 and a strong campaign for better wages in full swing, union successes in New Zealand were "a beacon for Australian workers".

Further restructuring of the union movement took place when a national union for meatworkers was established. Members of the Meat Union Aotearoa voted to abolish

the union and merge it with the Christchurch-based New Zealand Meatworkers' Union. The new national union was expected to have around 22,000 members at the peak of the slaughter season.

The Christchurch City Council announced its decision to appeal an Employment Court decision which had criticised its handling of a long-running industrial dispute with its staff (see September Chronicle). The Council and employers groups believed the decision would impose a blanket ban on any employer-staff communications during the bargaining process.

In Invercargill, nurses and caregivers employed by Presbyterian Support (PSS) and belonging to the Nurses Organisation and Service and Food Workers Union went on strike in support of their wage claim. It was predicted that the strike action would escalate and affect Presbyterian Support rest homes and hospitals in Southland, Otago and South Canterbury.

The *NZ Herald* reported the bizarre case of a personal assistant who had scammed a string of blue chip companies and then faked her own death when she was close to being caught. The employee's 'suicide' was reported by a family member and occurred after she thought her employer had found out about her using inappropriately a company credit card. Staff at the firm had been offered counselling and the firm had also set up a trust account for the employee's sons, organised a service and planted a tree in her memory. However, then the employee was found out and she faced charges of fraud in the Waitakere District Court.

The Corrections Department dismissed probation officer Josie Bullock for speaking out against its cultural sensitivity practices (see September Chronicle). She was found guilty of serious misconduct after repeatedly breaching the Department's Code of Conduct by speaking to the media without authorisation.

A long serving Air New Zealand employee lost his bid for reinstatement before the Employment Relations Authority. The employee, who had 31 years service, was dismissed for taking two magazines. Although the Authority ruled that the dismissal might appear to be "brutal and harsh", the employee's actions had posed a "very real threat" to Air New Zealand's business relationships.

There were several media reports of findings that over the past year nearly one in five workers, who had been tested for drugs after workplace accidents, had returned positive results. Testing of staff for drug use had doubled compared with two years ago, and there has been a 50 per cent increase in the number of companies signing up for the service conducted by Environmental Science and Research (ESR). Though cannabis remained the most common drug, making up 73 per cent of all positive tests, amphetamine use was increasing. ESR carried out 24,000 workplace drug tests during the last financial year, most of which were pre-employment screening tests.

Drug use also featured when a former Vodafone call centre worker lost his claim at the Employment Relations Authority for lost pay and hurt feelings. The Vodafone employee had been dismissed for using methamphetamine during work time. The employee bought the drug from a fellow employee and used it in the call centre toilet area during a work break.

A sudden widening of the gender pay gap could constitute a dangerous trend with far-reaching effects on individuals and families, according to newspaper reports. The latest figures from Statistics NZ showed that pay for full-time employed men had risen about 6.3% since the June 2004 quarter, compared with a 3.2% rise for women. Women were now earning an average 82% of men's earnings, compared with 86% in 2004. Council of Trade Unions' Vice-President Helen Kelly claimed that the gap was partly a result of women not being recognised for their skills.

According to the *Independent*, a report produced by the international organisation OECD showed that people were living longer but retiring earlier and, therefore, they were spending much longer in retirement. By 2040, one in four people will be over 65 but with fewer working people paying tax to support those receiving superannuation. The OECD warned that unless member countries adapted their employment policies to the new demographic realities they would face shrinking workforces and declining prosperity. The OECD also stressed that older people offered tremendous potential value to businesses, the economy and to society. However, older people often represented an untapped and discriminated-against employment resource because many public policy measures and private workplace practices impeded older workers from continuing in employment.

The *Dominion Post* reported that the Fire Service had started to limit its granting of retirement gratuities. A firefighter was refused a payout after resigning and starting another job three days later. The Professional Firefighters Union contested the crackdown on the gratuity, which was payable on retirement or death, as firefighters were expected to lose out on about \$1.5 million.

Meanwhile, the incident of gang activity in Auckland had an employment connection with the *NZ Herald* claiming that many of the youths involved in gangs were from families on the lowest incomes who lived below the poverty line. Many had grown up in families where no one had a full-time job or where employment consisted of low-paid, part-time or casual full-time work. However, the problem could also be the total opposite situation. Instead of unemployment, the problem was in many cases over-employment and the associated issue of parental supervision: several adult family members worked long hours in a series of part-time, low-paid jobs in order to bring in enough income to keep the family going.

## **November 2005**

Despite protests in more than 300 cities and towns, the Australian Federal Government's new employment relations law appeared likely to be enacted. Demonstrations organised by the Australian Council of Trade Unions (ACTU) attracted an estimated 175,000 people in Melbourne alone. The legislation was passed by the House of Representatives and was likely to be approved by the Senate.

The NZ Fire Service Commission was given leave to appeal to the Court Appeal over the Employment Court decision to grant additional leave to staff rostered to work on Public Holidays (see August Chronicle). The case was expected to set a precedent for

how other 24-hour services would meet the requirement to give workers a day off if they worked on a public holiday.

In another challenge to the application of the Holidays Act 2003, the New Zealand Meatworkers' Union took a case to the Employment Court against the Alliance Group Ltd for the way it paid sick and bereavement leave to seasonal employees who work consecutive seasons. The union claim against the Alliance Group was regarded as a test case and could have ramifications in the wider meat industry and beyond.

In a high profile employment dispute that quickly became a political issue, Close Up presenter Susan Wood won her fight to retain her \$450,000 salary package when the Employment Relations Authority upheld her position and criticised TVNZ for 'sloppy employment practices' after it tried to reduce her salary by \$100,000. However, it was suggested in the *Press* that despite her victory her 'air-brushed public image' was damaged as a result of the publicity and the bitterness of her relationship with TVNZ made it impossible for her to represent her employer in any high profile role.

The *Southland Times* reported that Environment Southland won an Employment Court case against the Public Service Association (PSA) that could have national implications. The appeal from the Public Service Association (PSA) was against an Employment Relations Authority ruling over whether an employer should be required to disclose the details of a new employee to a union without that employee's consent. The Authority had decided that the collective agreement was in breach of a statute requiring consent from the employee and of principles of the Privacy Act. The Council of Trade Unions claimed the decision would have detrimental implications for other unions.

Kindergarten teachers held nationwide stop-work meetings to protest against pay and work conditions. Kindergarten teachers were concerned about government plans that would force them to spend up to 35 hours a week in class. It was claimed that this was much higher than the maximum contact time allowed for primary school teachers and would contribute to stress among kindergarten teachers. Currently, primary teachers had a maximum contact time of 25 hours a week.

A Wellington Free Ambulance 111 supervisor, who fell asleep while on duty, was ordered to pay \$2,000 in costs after she unsuccessfully claimed unjustified dismissal before the Employment Relations Authority. Her lawyer, Rob Moodie, said that an appeal against the Authority's decision had been lodged with the Employment Court and that the order for costs would stand only if the appeal failed.

A long serving employee, who stole eight jars of jam which he thought would be thrown away, was dismissed after 18 unblemished years of service. The Employment Relations Authority found that the employer, Toll New Zealand, had dismissed justifiably a freight handler at its Hastings branch, after a crackdown on thefts. The company had issued memos to staff warning about the incidence of theft, installed surveillance cameras and hired private investigators. The worker admitted taking the jam but he told the Authority that the jam had been from a damaged consignment and destined for the rubbish. However, the Authority accepted the employer's view that taking any customer's goods, damaged or not, was expressly forbidden and that dishonesty could destroy the trust between an employer and worker.

The Inland Revenue Department (IRD) claimed in the Court of Appeal that two of its workers should not have been able to plead ignorance of confidentiality obligations to keep their jobs after they accessed family members' tax files (see January Chronicle). Inland Revenue had made an effort to inform staff of the rules, but in its decision the Employment Court had not considered whether staff were responsible for learning them. The women's lawyer said the women accepted that they had broken the rules but they had not realised the significance of changes made to confidentiality obligations. Therefore, they were guilty of misconduct, but not of serious misconduct and they did not deserve dismissal. The Court of Appeal reserved its decision.

Flexible working hours were a priority for many workers, especially mothers returning to the workforce, according to a survey reported in the *Press*. The survey of nearly 4,500 people by the Equal Employment Opportunity Trust found that regardless of gender, age or ethnicity, parents wanted to have flexible starting and finishing hours that allowed them to combine family and work commitments. More than 1000 men completed the survey, and the Trust's Chief Executive Dr Philippa Reed said they also valued flexibility. The survey also revealed that affordable, good quality, convenient childcare was "very important" to 68% of respondents. One of the most frequent responses people gave for changing their job after their parental leave was that they needed flexible or part-time hours.

Another report in the *Dominion Post* focussed on the ongoing problems that skilled migrants had in getting their qualifications recognised in New Zealand. For example, one immigrant claimed that New Zealand did not seem to want him, despite his qualifications and more than 10 years of experience as a plumber.

Both the *Independent* and the *Press* reported that pay packets were burgeoning and employment was surging, especially in the state sector. Salary and wage rates (including overtime), as measured by the Labour Cost Index (LCI), rose by 1% in the September quarter and by 3.1% in the year to September. These were the biggest quarterly and annual increases since the series began in the December 1992 quarter. In the public sector, pay rates rose by 1.5% during the quarter and by 3.6% annually while in the private sector, pay rates grew by 0.8% in the quarter and 2.8% annually. Similarly, large growth in earnings showed up in the Quarterly Employment Survey (QES). Average total hourly earnings rose by 0.9% in the September quarter (following a 2% increase in the June quarter) and the annual rise was 4.2% to a total average hourly earnings of \$21.17.

All the major daily papers reported a record low unemployment rate and New Zealand continued to have the lowest unemployment rate in the OECD. The Household Labour Force Survey conducted by Statistics New Zealand found that the unemployment rate fell to 3.4% in the September quarter, down from 3.6% in the previous three months. As the economy generated 26,000 new jobs, the number of people in employment rose 1.3% during the quarter to a total of 2.09 million people.

Another survey reported by the *Dominion Post* said that employers were becoming more cautious about hiring staff but many employers still intended to take on new employees in the next six months. The Hudson Report (Employment Expectations), which surveyed 2261 employers, revealed a fall in the number of employers intending

to hire new staff, compared to the same survey six months ago. A net 36.6% of employers expected to hire more staff from January to June 2006. This was the lowest net percentage in two years, and also 6.9% lower than the net 43.5% six months ago.

The resignation of Child Youth and Family's Chief Executive Paula Tyler created another employment controversy in the public sector. It was revealed that the Chief Executive had been paid nearly \$70,000 to move from Canada to New Zealand and, after less than 18 months in the job, she decided to return to Canada. Deputy Leader of the National Party Gerry Brownlee said that the amount was excessive and that chief executives recruited from overseas should be forced to repay relocation costs if they quit their job before serving the full term of their contract. A week later, State Services Commissioner Mark Prebble announced that new rules would apply in the future: public service senior managers recruited from overseas would have to repay some of their relocation expenses if they decided to leave before their term was completed.

According to a survey published in the *NZ Herald*, 25% of private sector employees and 31% of public sector employees thought that their employers were too tolerant of poor performers. The research, conducted between July and September 2004, found organisations with employees who think their employers are too tolerant of poor performers have lower mean revenue growth, higher staff turnover and lower staff morale than organisations perceived to be adequately addressing the issue. The survey also revealed that employers perceived as being particularly tolerant of poor performance were disproportionately represented in local government, health, education and retail sectors.

## **December 2005**

The continuation of Air New Zealand's plan to outsource its engineering services was the major industrial issue featuring in the media. A legal challenge in the Employment Relations Authority by the unions was labelled by Air New Zealand as a "delaying tactic". However, the unions claimed they had evidence to support their claim that the airline was not negotiating in good faith. In their attempt to salvage as many jobs as they could, the unions employed corporate advisers Ferrier Hodgson to develop and present an alternative plan. Air New Zealand responded that for any proposal to be viable it would have to include "significant labour reforms" in the Auckland and Christchurch operations. The airline also said that it would consider saving some of the threatened 617 jobs in return for across-the-board concessions from the rest of the business' 2,100 workers.

There was a increase in industrial action in the period leading up to the Christmas break. The *Press* reported that Canterbury mental health nurses, dental therapists and social workers were among 500 health staff threatening a three-day strike in the week before Christmas. In another part of the health sector, the *Manawatu Standard* reported that about 200 ambulance officers in the Midland and Central regions of the North Island refused to do paperwork as part of their industrial action in support of double-crewing and pay parity. Finally, negotiations were continuing between the New Zealand Nurses' Organisation and more than 500 primary health employers

(covering mostly nurses in GP surgeries). The nurses were seeking parity with district health board counterparts who had already received large pay rises.

Westpac employees took industrial action in support of their contract negotiations with about 1,700 union members joining in strike action in the days leading up to Christmas.

Nationwide, around 1,650 Kindergarten teachers went on strike as a protest against their employer's plan to increase the hours of contact time from 22 hours to a maximum of 35 per week and to have shortened term breaks. The employers claimed that the proposed changes were in response to changing needs for kindergarten education and the call by parents for longer opening hours and term periods.

Paid parental leave was expected to be extended to the self-employed from 1 July 2006. A Bill extending paid parental leave was introduced to Parliament and was sent to the Transport and Industrial Relations Select Committee for submissions. The Government estimated that over 2,000 self-employed people, out of the total 200,000 self-employed people, would apply for paid parental leave if the Bill was passed.

A long running personal grievance issue that had featured prominently in the media came to a close in December (see November Chronicle). The Court of Appeal overturned an earlier Employment Court decision, which had ordered the Inland Revenue Department (IRD) to reinstate two employees who had been dismissed for accessing tax records of family members. The Court of Appeal found that the employees had been fairly dismissed.

TVNZ was again the focus of media attention when a personal grievance was brought by a former employee. In this case, the *Dominion Post* speculated that news editor Melanie Jones was awarded over \$200,000 in compensation for wrongful dismissal. TVNZ's Head of News Bill Ralston issued a statement where he stated that he deeply regretted any distress caused to Ms Jones following her "termination and departure" from the broadcaster.

In a *NZ Herald* feature article on call centres, researcher Vivienne Hunt presented a different view of employment in call centres. Ms Hunt, a lecturer in management and employment relations at the University of Auckland, stated that "most of the research on call centres finds them a stressful form of employment with workers operating under tightly controlled regimes while delivering customer service via the telephone, often on a 24-hour basis". A consequence of this was that many call centres had high staff turnover and limited career paths. However, her research on New Zealand call centres suggested that a different story was emerging. She found that many women benefited from the call centre work experience by being able to balance their work and life commitments. New Zealand call centre employers were adopting family friendly practices to attract and retain their predominantly female workforce, due to job growth and skill shortages. In the process, call centres were helping their female staff achieve a work-life balance and were enabling women to develop new career paths.

The *Sunday Star Times* reported on a University of Auckland study, which found that union membership had increased 3.6% during 2004, a net increase of 12,427

members. Overall, 21.1% of wage and salary earners belonged to unions in 2004. The survey also found that 'aging' of union members was major factor, because workers under 29 were less likely to be in a union than workers over 30. Before the introduction of the Employment Contracts Act in 1991, union density among young people was higher than among their older counterparts. Immediately after 1991, the union density of young people declined at a faster rate than that of older people and since the introduction of the Employment Relations Act in 2000, the gap between the numbers of young and older union members had continued to widen.

The *Press* reported on the growing phenomenon of bullying in the workplace. The report noted that serial bullies were forcing workers to resign and cause additional costs to their employer such as worker morale and legal bills. According to recent comments from the Employment Relations Authority, the number of employment cases involving allegations of bullying appeared to be on the rise. Anti-bullying group Wave (Workplaces Against Violence in Employment) stated that bullying was likely to cost New Zealand businesses millions of dollars every year from absenteeism, staff turnover and reduced staff performance.

### **January 2006**

Again, the outsourcing plan by Air New Zealand received wide media coverage (see December Chronicle). By the end of January, a decision had still not been made but the *Press* reported that Air New Zealand's restructuring plans had become clearer to its engineering workers and the employees had received letters advising them of which posts were likely to be cut. However, the unions claimed to have found \$38million of the savings required. The cost savings included reduced overtime and more flexible shifts to better coincide with demand.

The year started with gloomy predictions about the state of the economy and the flow-on effect this would have for employment. The *Press* reported on predictions which expected a technical recession (two quarters of negative economic growth). A survey in the *NBR* found that a net 12% of respondents believed jobs would be harder to get in a year's time, a level in line with the slowing pace of economic growth. Still, employees remained optimistic about their future earnings, with a net 40% saying they expected to be earning more. But the net positive response to current job availability slipped from 53% in September to 49%. Only a net 15% of employees thought their jobs would be more secure, half that of a year ago. Another report published in the *Dominion Post* found that manufacturing job losses were inevitable, unless business activity picked up from its record low in December. The ANZ-Business New Zealand performance of manufacturing index recorded its lowest result since the survey began in 2002. The high New Zealand dollar remained the prime issue for manufacturers in most sectors.

A number of layoffs occurred during January. Jack Links New Zealand, a Mangere based beef jerky manufacturer laid off 100 workers. The company blamed the high New Zealand dollar for the loss of a major United States customer. Many of the employees laid off were former long-term unemployed who had received training organised through Work and Income. The *Press* reported other redundancies and layoffs, including 112 employees at Rotorua wood-products manufacturer PanaHome,



75 workers at G. L. Bowron a Christchurch sheepskin tannery and 19 jobs at Renaissance Furniture in Christchurch. Auckland wheelmaker Ion Automotive went ahead with plans announced in 2005 and 460 employees were made redundant.

In a high profile example of workplace bullying (see December 2005 Chronicle), The Warehouse dismissed a manager after four staff resigned because they had been bullied and humiliated by her. The staff claimed that the manager used stand-over tactics and publicly reprimanded them, was overbearing, rude, derogatory and intimidating. Subsequently, the Employment Relations Authority rejected a personal grievance claim from the manager.

A Department of Labour survey carried out in 2005 found that only 45% of professional job vacancies advertised were filled. This result was down from 70% in 2003. A “fill” rate of less than 80% was normally considered to constitute skill shortage. The survey found a similar drop in the fill rate for advertised jobs for technicians and associate professionals, which fell from 71% in 2003 to 42% in 2005. The survey defined the fill rate as the proportion of vacancies that were filled with an adequately qualified and experienced person within six to eight weeks of advertising for trade workers and eight to ten weeks for professionals and technicians and associate professionals. The most chronic shortages were among psychiatric nurses and structural engineers, with fill rates in 2005 being 13% and 18% respectively.

In a continuation of the shortage of workers in the horticulture industry, the *Nelson Mail* reported that many of the best pickers were choosing jobs in Australia over seasonal jobs at home because they feared the upcoming Nelson harvest might not be worth undertaking. Cheap air fares, better pay rates and the Commonwealth Games planned for Melbourne in March were all factors in making Australia an attractive work destination.

Hundreds of drivers faced an uncertain future when a new law took effect in January. The law prevented people with sexual, murder or serious violent convictions from driving buses or taxis. A number of employees, who had relatively minor convictions, were stood down pending a legislative amendment that would exempt them.

The *Press* reported that over half of Christchurch’s adult Muslim migrants were unemployed and this constituted the worst rate in New Zealand. Well over half of the 3,000 Muslims in Christchurch could not find jobs. This was despite many adults being highly trained professionals with years of higher education. Many were IT specialists, doctors, engineers or teachers in their home countries and had assumed that their degrees and international experience would ensure they would get a job in New Zealand. President of the Federation of Islamic Associations of New Zealand Javed Khan said that Muslim unemployment was a problem throughout the country; however, Christchurch’s figures were worse than anywhere else.

**Colin Ross and Erling Rasmussen**  
**The University of Auckland**