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**STARTING A NEW VENTURE  
IN NEW ZEALAND**

**A CASE STUDY IN LABOUR RELATIONS**

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**NEW ZEALAND BUSINESS ROUNDTABLE**

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## ACKNOWLEDGEMENT

This study was undertaken by Roderick Trott, a consultant on business development, labour law and organisation.

## FOREWORD

A claim frequently made by defenders of New Zealand's system of national industrial awards, compulsory union membership and quasi-monopoly coverage of workers by registered unions is that it serves the interests of workers who would otherwise be 'unprotected' or 'exploited' in their dealings with employers.

In particular, while supporters of the current system sometimes concede that enterprise collective bargaining or other forms of direct contracting would meet the needs of employers and employees in larger enterprises, voluntary and decentralised arrangements, it is alleged, would not cater for the 'problem' of workers in small firms or firms in small towns. These need the 'protection' of awards and the 'economies' of national-level award bargaining.

A related argument is that a move to voluntary unionism would disadvantage such 'unprotected' workers and would do nothing to resolve the 'hard core' industrial problems in industries like pulp and paper, construction and meat processing.

One inquiry into the degree of public acceptance of these claims was undertaken in a survey of public attitudes to industrial relations issues carried out by Insight New Zealand in December 1988. The question was asked:

"Do workers in small firms or small towns need union representation:

- more than other workers
- less than other workers
- to much the same extent as other workers?"

The responses were as follows:

|        |            |
|--------|------------|
| more   | 23 percent |
| less   | 23 percent |
| same   | 47 percent |
| unsure | 6 percent  |

Clearly there is no strong belief among members of the public that union coverage for workers is more necessary in small firms or small towns. Even amongst trade union members, half thought it made little difference.

In respect of voluntary unionism, the question was asked:

"In general, should employees be required to belong to a union, or do you think membership should be voluntary?"

The responses were as follows:

|                       |            |
|-----------------------|------------|
| compulsory membership | 21 percent |
| voluntary membership  | 77 percent |
| undecided             | 2 percent  |

A large majority in favour of voluntary unionism has also been recorded in other polls.

These views are consistent with experience in other countries. A large proportion of the workforce in most OECD countries is now non-unionised, and this proportion is higher in the small enterprise sector. Here the possible economies of negotiating and enforcing employment contracts on a collective basis are less pronounced. Employer-employee relationships are typically intimate and informal. Union representation and collective negotiation are often not sought by either party on the grounds that factors external to the employment relationship would be introduced into it, to the disadvantage of both. Workers' interests are protected by competition for their services, by alternative employment opportunities open to them, and by their ability to deal directly with their employer. Employment contracts are typically simple, tailored to individual circumstances and cheap to negotiate and administer. While the option of union coverage is open to such workers, it has fallen increasingly out of favour.

In the New Zealand debate on labour market reform, a popular form of expression of the traditional argument is that voluntary or enterprise-based arrangements would not suit the prototypical 'small firm in Otaki'. To shed further light on the reality of labour relations in parts of the small enterprise sector under New Zealand's current labour law, this study looks at the experience of one small Otaki business, Westcorp Processors Limited. The firm is also a case study of experience in the meat industry, an industry in which labour relations problems have been endemic. It therefore provides a test of the validity of claims that alternatives such as voluntary unionism or contestable union representation have nothing to offer in a difficult industrial climate (assuming, of course, that these are upheld in the face of outside interference). The research was principally undertaken by Roderick Trott, a consultant with long experience in the union movement and industrial relations field.

The extraordinary events that are documented in this case study cast doubt on claims that current labour law generally serves the interests of small firms in New Zealand or those engaged in them. While the circumstances

described are an extreme case, they are not untypical. They highlight the problems faced by the small firm sector - which plays a major role in job creation - of devising acceptable terms of employment in a difficult economic environment. From the point of view of workers struggling to find employment and support themselves and their families, the study illustrates why the present industrial relations system has been called 'a machine for job destruction'.

New Zealand Business Roundtable

# STARTING A NEW VENTURE IN NEW ZEALAND

## A CASE STUDY IN LABOUR RELATIONS

### BACKGROUND

Evidence from the United States and other OECD countries shows that most new jobs are created in small businesses. The same is undoubtedly true in New Zealand, especially when it is considered that few New Zealand enterprises are large by international standards. But does our economic environment encourage the development of small business?

Many of those concerned to promote business development in New Zealand have argued that, despite some moves towards economic liberalisation, the current economic environment is still far too restrictive to encourage the sort of sustainable growth New Zealand needs in order to create jobs and raise living standards.

Experience elsewhere suggests that a key requirement for innovative business development and growth is a flexible labour market which encourages (or forces) management and labour to cooperate in direct ways to achieve high levels of productivity and adapt to changing circumstances. It is considered that the existing framework of labour law - enshrined since the 1890s in our industrial conciliation and arbitration system - is far too rigid to be anything other than a negative factor in economic development and, at worst, destructive.

The contrary view of some union officials is that:

- \* The existing labour relations system - and the unions it has spawned - are essential to 'protect' a workforce in a deregulated economy; and
- \* The workforce at any particular plant will, through its union representatives, act according to what they see as their own best interests, which should be consistent with those of the company since workers do not want to put themselves out of a job.

Union officials therefore claim that the demand for greater flexibility and individual orientation in our labour relations system is nothing but a veiled campaign to drive down the price of labour, weaken union representation and bargaining power, and eventually lead to the end of unions as we know them today.

The referee between these two views is the government which has agreed that greater flexibility is required and has claimed that the legislative changes introduced by the Labour Relations Act in 1987 allow this. Until recently it has maintained that all that is still needed is a change of

attitudes for new and more productive bargaining arrangements to evolve. However, its disappointment with the pace of change has led to the proposals in the Economic Statement of 20 March 1990 which aim to accelerate moves towards workplace bargaining.

Just what is the labour relations situation for any new venture getting started under the current legal framework? Is there in fact a new structure forcing the parties - particularly union officials - to adapt to the realities of a global economy? Or is it simply a case of business as usual?

This is a case study of what should have been a typical entrepreneurial venture in the 'new' climate of labour relations in New Zealand. The aim of the study was to examine the implications of our system for effective labour contracting. Does it help managers and employees at the workplace level determine the outcome of their collective endeavours?

If it does, it is a viable structure. If it doesn't, it should be changed.

## THE NEW VENTURE

Westcorp Processors Limited was chosen because it represented the sort of business on which future employment opportunities depend:

- \* It was small (40/50 people at its peak);
- \* It was rurally-based (Otaki is a small town 60 kilometres north of Wellington);
- \* It was involved in one of New Zealand's key industries - meat processing.

Westcorp Processors' board and management saw themselves providing a fresh approach to the meat industry. At the time of their launch at the end of 1986 the company posed the question: "What was different about Westcorp Processors which might allow it to succeed when big export plants like Whakatu were closing down?"

Westcorp Processors' answer was that in its new plant it proposed to discard systems which had made the big meatworks no longer profitable. It aimed to implement a combination of new and traditional technologies which had the potential to double the output per butcher. The starting plan had a charge-out rate of less than \$6 per sheep, compared with the \$10 to \$12 rate of the bigger meat processing plants.

The principle of the operation was that 'small is beautiful'. The plant began (as an abattoir for local supply) with 14 people and expanded during the subsequent three years to a staff of between 40 and 50. During this time it secured an export licence. Principally small was seen as beautiful because it gave management the opportunity to get to grips with the appalling

labour relations problems which had plagued many of the large plants in the industry.

By 1986/87 this regime was supposed to be changing. Meat plant licensing ended in 1981 and in 1986 meat companies took on full responsibility for sheepmeat export. Farmers were having to face up to a world without any government price support or subsidies. The meat industry was going to have to survive by its own efforts in a much more competitive environment with excess processing capacity and the prospect of a sharp fall in throughput. The 1987 Labour Relations Act apparently opened the way for much greater management-worker determination of employment relationships.

The timing and nature of the operation seemed right for such an approach. As part of the process of discarding old systems, there was a move away from the labour intensive slaughter chain and a reversion to individual butchering methods. This opened up the potential to restore traditional butchering skills and to eliminate much of the boredom of a system which reduced employees to piecework operators. Secondly, it opened up opportunities for introducing innovative payments systems which could give maximum incentives to individuals or small groups to produce a high quality product.

Bruce Nicholson, the managing director and driving force behind the new plant from its inception in 1986 until it went into receivership in late 1989, stated at the commissioning of the plant that it was the repetitive, boring chain system which was responsible for much of the unrest and quality problems in the big companies. Nicholson contended that the chain slaughtering system had actually reduced output per man. He noted that whereas output per man was 100 sheep carcasses a day 35 years ago it had since fallen to 50 to 70 per man/day.

The need for a fresh approach to payment systems led to the board and management engaging in extensive consultation with the workforce on unit rates, employee share options, incentive bonuses and the need for a new climate of labour relations at the Otaki plant. These were to be embodied in a contract specific to the company and its workforce.

At the outset the prospects for the new venture looked bright. This was a new company with innovative processing methods and a new approach to labour relations. In addition it had a workforce largely drawn from local labour that was keen to seize the opportunity to build a venture that could stand on its own and avoid the mistakes that had caused other plants to close or become marginal operations in the new economic environment.

## THE OUTCOME

Starting with these hopes of a bright future, the company was finally forced into receivership three years later when its principal backer, the National



Provident Fund, withdrew its support. During that period the enterprise was involved in a continuing and bitter struggle with union officials from the New Zealand Meatworkers Union (West Coast Branch). At one level this struggle can be looked upon as just another scar in a landscape littered with unproductive disputes and failed ventures. At another it can be seen as a fundamental conflict between an enterprise attempting to break from past habits and introduce innovative labour relations policies and union officials wanting to intervene at company level to influence the outcomes in a way that neither management nor the workforce desired.

The failure of the Otaki venture cannot be put down solely to its failure to inject a new labour relations climate into its operation. It also needs to be seen against the backdrop of the sharemarket collapse and the uncertainty and nervousness in financial markets which followed. Nevertheless, there is little doubt that the failure to introduce significant change at the workplace was a key factor in its demise.

This study examines the labour relations issues that arose during this tumultuous three year period. Its purpose is to investigate the central question of whether or not the existing regulatory regime encourages the development of productive management/worker relationships comparable to those found in our most successful trading partners.

The study does not attempt a full chronology of the Westcorp dispute. It examines the structural labour relations issues as they arose during the course of the dispute and considers the extent to which the legislative provisions helped or hindered their resolution. (Appendix A gives a newspaper account of the events.) The issues examined are:

- Whether the newly hired workers were required to join a union;
- If so, how was the question of the preferred union resolved;
- Attitudes towards hiring and firing;
- The bargaining experience;
- Workplace representation;
- Health and safety issues.

Finally, some conclusions about the lessons that can be learned from the events at Westcorp are drawn.

#### - *Union Membership*

It seems clear that the workers initially hired when the plant was opened in October 1986 would have preferred a choice as to whether they joined a

union or not. Their view was that essentially they were contractors to the company, interested in getting maximum production for maximum return. They considered they were perfectly capable of sitting down with management and negotiating their own contracts.

In effect they saw themselves as 'the union' - able to run their own affairs without the involvement of any outside agency. This is hardly surprising given the widespread acceptance of the case for voluntary unionism in New Zealand. It should also be seen against the backdrop of a major dispute at the nearby Longburn works that had led to the closure (now permanent) of one of the country's more modern meat processing operations.

The initial dispute involved the New Zealand Meatworkers Union (West Coast Branch) claiming coverage of the Westcorp workforce. Unfortunately for the workers concerned, the legal provisions of the Labour Relations Act were clear : there was a legal requirement for workers covered by the rules and award of a registered union to join that union within fourteen days of being so requested. Management from the outset made this requirement clear to those employed, although (as will be seen in the discussion of the coverage issue) there was confusion in the early stages as to which union legally had coverage.

The company (like many employers) therefore found itself having to endorse union membership whether or not the workers concerned wished to belong. Despite a desire not to belong to any union, the workforce became aware that this was not possible. The outstanding question then became which union had coverage.

#### - *The Coverage Issue*

With the company operating as an abattoir processing for local supply (as opposed to an export slaughterhouse) the question of award and union coverage was initially confused. Some abattoirs are covered by the Food & Chemical Workers Union and others by the Meatworkers Union. This pattern of coverage appeared to have no legal rationale. It was a result of historical accident - a question of which union had secured coverage first. In the case of Westcorp Processors, the Meatworkers Union appeared early on to take the view that the rules of their union gave them coverage and that that was the beginning and end of the issue. They perceived any attempt to avoid their coverage as designed to evade established industry conditions which they had been instrumental in maintaining over a long period.

From the outset, a classic labour relations stand-off on coverage began. The majority view of the workers was that they did not wish to belong to any union. If, however, they were forced to become union members, they had no clear right to belong to a union of their own choosing. The Meatworkers Union claimed coverage, but they were not the workers' first

choice. Another possible choice, the Food & Chemical Workers Union, appeared unable or unwilling to become involved despite approaches that were made to them. The workers could not form their own union because the new rules under the Labour Relations Act established a minimum size of 1,000 members for the formation of a new union.

Inevitably, the stand-off led to uncertainty and the uncertainty to insecurity. As one worker put it:

"We were frustrated about just who was acting on our behalf. We were happy initially to represent ourselves, then, once the Meatworkers Union officials started talking to us, some of the guys didn't believe this was a good thing any longer. It simply became too much of a hassle."

The position of the management was untenable. They were under a legal obligation to employ members of the relevant union. Two or three workers who had previously been members of the Meatworkers Union opted to retain membership or rejoin whilst the majority remained confused. This uncertainty dragged on through almost the whole of the first year of the plant's operation with management caught in the middle, powerless to influence events in any positive way.

To end the uncertainty on coverage, the company decided during the latter half of 1987 after an 8 to 7 vote by the workforce to join the Meatworkers Union that its only option was to begin deductions of union subscriptions from workers' wages and pay them to the union. Nicholson explained:

"It didn't seem a satisfactory solution. Most of the men did not want to belong but there was obviously a legal obligation to belong to an existing union and the Meatworkers Union officials were the ones pressuring us that they had coverage.

There was also the hope that once the workers had joined and elected their representative at the plant, management and workers might be left to run their own affairs."

With hindsight that was a forlorn hope. It is clear that throughout 1987 there was a build-up of resentment by officials of the union towards the independent stance taken by the workforce and management. Visits to the plant during 1987 by officials and the meetings that followed invariably ended in acrimony.

Central to these tensions from the viewpoint of management and workers was the attitude of the outside union officials. They were perceived not as representatives of the workforce but as parties trying to dictate how the plant should be run. Whilst this attitude needs to be judged against the 1987 union-wide campaign to preserve national awards and resist moves to enterprise bargaining, it also appeared to go deeper. The union tried to

dictate terms and conditions rather than encourage flexible local arrangements based on the needs of the Otaki enterprise.

From the end of 1987, the plant became a focus for labour relations conflict with everything that entails - legal actions, dismissals, threats and counter-threats, pickets, and damaging publicity both at a local and national level. Inevitably, the conflict became three-sided : the company management, the workers, and the union officials.

The group caught in the middle - the workers - struggled to maintain some sense of unity but inevitably split into two groups - those loyal to the company and its objectives and those, sometimes with previous union involvement, who sided with the union.

By the time the plant was up and running and expanding its workforce to keep up with the demand for product, management was faced with a situation where there was a constant struggle between itself and the union. The clash was between the company's need for flexibility and the pursuit of maximum productivity and the union campaign to put in place conditions in line with other plants, irrespective of the needs of Westcorp Processors. By the beginning of 1988 there was open conflict.

What were the economic, legal, social and other pressures that had brought this small plant from its initial optimistic beginnings to a point where industrial conflict was constantly tearing at its goal of becoming a model for the future of the meat industry?

Undoubtedly the decision taken by the board to move into the export market and expand throughput and staff numbers increased the pressures within the plant. These pressures were reflected in personnel hiring and firing and training practices. Management had not found it easy to attract skilled labour and insufficient funds had been available to invest in the upgrading of skills. There were also problems of inadequate capitalisation. As with many new ventures, post-crash survival became a day-by-day struggle to generate sufficient cash flow to comfort nervous backers.

Uncertainty as to the legal rights and responsibilities of the parties under the new Labour Relations Act did not assist matters either, and management found itself increasingly bogged down with non-productive industrial issues. For the company, the appearance of the promised brave new world where companies and their staff could manage their own affairs soon appeared a mirage. For the union officials, it was business as usual.

At each point in the process - the obligation of workers to join a union, recognition and coverage, the negotiation of a contract and the resolution of grievances - the rules of the game appeared either weighted in favour of the union officials or simply confusing as clear-cut guidelines on the new legislation were lacking.

Nicholson put it this way:

"It's easy to sound as if employers are simply complaining about our labour relations system. But, after the experience of the past couple of years in trying to manage a plant in difficult circumstances, the only conclusion that I can draw is that the gap between the practical management of a business in New Zealand and our system of labour relations law is filled by a one-way playing field called equity that has nothing to do with bottom line survival and job creation."

The irony is that any notion that the system promotes equity is a myth. What happened was that the whole enterprise became weaker and less productive. The result was inequitable to the majority who had wanted to be part of a healthy, profitable operation.

- *Hiring and Firing : A Clash of Attitudes*

The attitudes of company management and union officials towards the labour relations issues at Otaki were also highlighted by the disputes over hiring and firing practices.

Once the decision was made by the Westcorp board to expand into exports, the company was under constant pressure to find and train sufficient skilled labour. This was not without its difficulties. Some staff left and others were dismissed. The dismissals were seized on by the union officials as an opportunity to step up their campaign against the Westcorp plant. Because they lacked support at plant level they were unable to use direct industrial pressure against the company. Instead they resorted to the personal grievance provisions of the Labour Relations Act.

In 1989 they filed thirteen separate personal grievance complaints against the company relating to dismissals and resignations that had taken place during the previous eighteen months. It was claimed that the grievances had resulted from the "most sustained anti-union campaign that the union had ever faced", one that had the effect of mobilising the people dismissed and others against the current management of Westcorp Processors.

To management the issues were quite clear. Whilst some half dozen of the 13 had certainly been dismissed, management had acted because the people concerned were simply unwilling to commit themselves to making the plant work. They saw the people who had grievances filed by the union as being manipulated by the union officials with the lure of financial rewards for unjustifiable dismissal irrespective of the merits of the case. As Nicholson saw it:

"Whether the dismissals were fair was irrelevant to the officials concerned - they simply saw the proceedings as an opportunity to sustain their campaign against us."

In retrospect there is little doubt that the combined effect of the legal proceedings took its toll on company management during the critical period towards the latter part of 1989. The best part of a week's production was lost as a result of hearings before an industrial mediator. In addition, management was diverted by the task of preparing for the hearings and additional expenses were incurred in bringing in advisers to help prepare the company's case.

The process by which the disputes were pursued also highlights the unfairness of the change to the personal grievance proceedings brought about by the Labour Relations Act 1987. Prior to its enactment, proceedings had to be filed expeditiously or they were not heard. This reasonable requirement has been considerably watered down in the 1987 Act. An employer can now be faced with claims relating to events that may have happened (as in the case of Westcorp) more than a year before. There clearly needs to be a much stricter procedure to avoid vexatious claims.

The extent to which the personal grievance proceedings were part of the ongoing campaign against the company - as opposed to remedies for the individuals concerned - can be seen from the fact that when Westcorp went into receivership in late 1989 only half the cases had been heard and no decisions had been given. Clearly the mediator who heard them did not see them as urgent cases of injustice needing speedy resolution.

Whatever the rights and wrongs of the grievances and the views of the parties, the dismissals throw into sharp relief the dilemma New Zealand employers face in trying to transform their organisations to cope with new economic and workplace realities. The dilemma is that in creating any new workplace culture, organisations may be left with individuals who are unwilling or unable to adapt to the new requirements. If the union backs those individuals against the company, the result is an inevitable dislocation. This is what happened at Westcorp for its last 2 years. A conflict in cultures developed, with workers torn between the 'self-managing contractor' (company) culture and the 'servant/master' (union) culture.

In today's climate the different cultures have real implications for productivity. The first has as its driving force the taking of risks. If the contractor works harder and focuses on ways of saving money and increasing productivity, the rewards will be greater and, other things being equal, the company more profitable and jobs more secure.

The second culture is oriented to individual short term job security. The dominant role is that of the union official who seeks to preserve the existing role of an individual worker irrespective of whether that person's attitudes and skills are useful to the organisation. The inevitable effect is a weakening of the organisation and its competitive position.

The impact of such attitudes on New Zealand's long term competitive position cannot be overstated. While the traditional union view is changing, it is unrealistic to expect it to change at the necessary speed under the current legislative framework and award structure.

- *Workplace Bargaining*

From the time of the company's start-up, management and workers had a common objective of putting in place a contract relevant to Westcorp and its workforce. The effort to tailor a contract that could ensure the long term viability of the plant is a microcosm of the bargaining dilemma facing small enterprises in the current New Zealand labour relations system.

In furtherance of their common objective, management and workers at Westcorp concluded a workplace contract in December 1987. Of the fifteen workers then employed at Otaki as either slaughtermen or labourers, eleven signed the agreement. Three stated their preference to remain with the union.

The basis of the agreement was a pool system whereby the payments for the units of stock killed went into a pool which was then divided up between the labourers and slaughtermen. It was accepted by the majority that such an arrangement would be more beneficial than the award negotiated by the union. The company and most of the workforce saw such a contract as a first step towards securing the future viability of Westcorp.

Once the negotiation was concluded the company made an application to the Labour Court to seek an exemption from coverage by the Meatworkers Award. The application was made under Section 152 of the Labour Relations Act which, on the face of it, sanctioned direct agreements between employers and a group of workers. (Appendix B from the National Business Review of 19 January 1988 gives the background to the application.)

Subsequent to the application being made, the Labour Court brought down its ruling in the Ventec case (see Appendix C). The effect of this decision was clear : contrary to previous assumptions and, so far as is known, the intent of the government and Parliament, Section 152 did not sanction direct negotiations between employers and workers in the view of the Court.

The implication of this ruling was plain - the union effectively controlled the bargaining process. It could either require that the national award applied or it could cite the employer out of the award and conclude a separate agreement.

In the light of the Ventec ruling Westcorp withdrew its application for an exemption. It then found itself in limbo. It was faced with the union

officials' determined campaign to enforce the conditions prevailing under the national award. The contract that it had negotiated in good faith with its workforce was unenforceable.

The blow dealt to the company's hopes of finding its own solutions through a directly negotiated agreement at the workplace was considerable. It never succeeded in building on the initial negotiation and putting in place the contracts which it needed for success. The reasons for this failure are numerous but it is clear that morale at the plant was on the slide after the first year. In the face of the union campaign most of the workforce and management were simply keeping their heads down rather than looking for maximum productivity. As Nicholson summed up the company's dilemma:

"Our company can only survive and then thrive on high productivity, for which we are prepared to reward employees. However, this can only come when everybody - management, staff and union (if they are to be involved) - are working together to find the right formula. I do not believe that the union is committed to finding that formula in a small plant like Westcorp Processors.

A union official is forced to deal in terms of the lowest common denominator, in other words to gear industry productivity to the least productive. Given current realities such a position can only detrimentally affect the workforce."

Nicholson also believes it simply comes down to whose interests are being advanced in any negotiations - the long term interests of the employees of a particular plant or the increasingly short term interests of the whole union in holding back the productivity gains necessary if New Zealand industry is to be cost-effective in world markets.

The answer to the question posed depends on whether the workforce concerned or the union is dictating the negotiating stance. In other words, are the relevant interests the members engaged in a plant or the whole union? (See Appendix D.)

#### - *Workplace Representation versus Union Control*

Once management and workers realised who had control over the bargaining process it was inevitable that the union officials would try to exert more control over company decision making. In the second year of operation (1988) management faced increasing difficulties maintaining direction and control. Union officials tried to determine hiring policies (i.e. employment of union labour) and impose restrictions on daily output, and the loyalties of the workforce were increasingly torn between the majority group of workers and a minority group of 'pro-union' supporters.



This conflict reached a 'high' point when the company took action to dismiss a worker who was also the union delegate on site. As Nicholson explains the episode:

"The company found itself in an impossible position - the worker concerned had taken his delegate functions to mean he could determine how the company operated. In the end we found ourselves in the position where the majority of the workforce refused to work with him. He refused a lawful order and we were left with no option but to dismiss him."

From this point the sacked worker started operating from outside the plant in what appeared to be a full-time role as organiser for the minority group of union supporters in the plant. This role was supported by outside union officials and by confusion in the plant as to whether, under the rules of the union, a new delegate could be elected.

The stalemate over representation continued throughout 1988. A meeting of all the workforce was finally called by the union in December 1988. At this meeting - which lasted nine hours - the sacked delegate was re-elected as delegate. Subsequent to the meeting a group of workers initiated court proceedings over the election procedures. The workers and union lawyers agreed to a new election being held (see Appendix E). This new election was then postponed by the 'elected' delegate securing an injunction to prevent the election until the personal grievance proceedings (relating to his reinstatement) could be heard. This stalemate continued until receivership.

Nicholson sums up this whole bizarre situation:

"For the last two years of operation Westcorp was struggling. We were in a continually stressed financial state because of the 1987 sharemarket fall-out and we were faced with a campaign against us by union officials with no interest in the company's survival. Their view was that if the company fell over it would be picked up by one of the large companies who were increasingly taking over the industry. It's not possible to convey to people not involved just how damaging this campaign became. It demoralised the workforce and it made the development of an independent productive plant almost impossible."

Despite the ongoing campaign the management and workers continued to make attempts to manage their own affairs (see, for example, Appendix F relating to strike action called by union officials and the response of the workers). The focus of the union campaign shifted to health and safety issues.

- *Health and Safety*

The establishment, from the ground up, of any new plant always raises issues of health and safety - particularly a meat processing operation with its inherently dangerous processes. The Westcorp Processors plant was no exception. Inevitably - given the pressures on financing the venture - management was placed in the position of having to continuously monitor and implement changes to the production process.

To management this threw into sharp relief the need for the utmost co-operation between workers, management and union representatives in what should have been a consensus approach to workplace health and safety.

This did not happen. Workplace health and safety issues became part of the union campaign against the company particularly during the final year of operation. Amongst the moves seen by management as destructive to sensible workplace resolution of problems was the approach by the union to the Ministry of Agriculture and Fisheries opposing the granting of an export licence, producing a list of 51 health and safety issues and refusing to disclose the list to management. The union also raised the issues directly with the principal shareholder of the company, the National Provident Fund.

Management was incensed by these moves. The dispute quickly escalated to the point where the central organisations of workers and employers (the Council of Trade Unions and the New Zealand Employers Federation) became involved. According to Nicholson's account:

"The issues (health and safety) typify the entire frustration of getting the plant up and operating effectively. The union officials sought to create conflict from every issue, however small and however personal. Why? Because they were playing union power games, not joint problem solving with us for the betterment of their members and the company. By creating and continuing conflict they were ensuring the staff would be forced to take sides and by a sheer attrition process - in the sense that most people prefer to avoid conflict - the union officials' view of things would prevail."

## THE POSTSCRIPT

Finally, three years after the plant began, it went into receivership. To attribute its demise totally to a labour relations breakdown would be an overstatement. The final financial crisis was brought about by the collapse of the Development Finance Corporation and the withdrawal of funding to the plant by its major shareholder, the National Provident Fund.

This withdrawal of funding came after the company believed it had guarantees of continuing support from the National Provident Fund. It

came suddenly and without warning. Whether the Meatworkers Union's considerable involvement with the National Provident Fund was in any way relevant to the withdrawal of financial support may never be known. Receivers were appointed and the plant quickly sold to one of the industry's larger players.

Any assessment of the financial cost of the campaign against Westcorp is by its very nature inexact. The company's management estimates that 'thousands of hours' were spent directly by them on unproductive and unnecessary labour relations issues. To this should be added their estimate of costs of \$200,000-\$300,000 through lost production (go-slows/mediation hearings/strikes/meetings) and around \$60,000 in lawyers' and other fees. A cumulative total of around half a million dollars would be a conservative estimate. Given the precarious nature of the company's position following the sharemarket crash, it is clear that the cost of operating under New Zealand's labour relations system was sufficient to push Westcorp Processors into receivership.

#### WHAT CONCLUSIONS CAN BE DRAWN?

First, the early rapid expansion of the plant led to gaps in management, particularly in respect of personnel. This meant a low skill base in key areas, the wrong people being hired in some cases, and systems and work rules not being clearly established. The lesson for management was the painful reminder that if you don't get it right first time, it's twice as painful trying to put it right.

Secondly, young enterprises such as Westcorp need more effective and co-ordinated guidance on dealing with union delegates and officials. Frequently small employers perceive themselves to be isolated in the face of a large union or unions and without any effective means of support.

Thirdly, the present system of labour relations is not geared to encouraging the management and staff of small businesses to develop flexible work practices by direct consultation and negotiation. It is a major barrier to greater productivity. The lesson to be drawn is that tinkering with our outdated labour relations rules (which is essentially what happened with the 1987 amendments) will not produce the productive outcomes necessary for internationally competitive economic growth in the 1990s.

Fourthly, the actions of the union representatives documented in this study illustrate the extent to which the existing legal regime fosters the traditional adversarial, conflict-based approach to labour relations. Despite never having had clear majority support in the workforce, the union was able to use the monopoly rights conferred by the Act to enforce membership and pursue a destructive campaign against Westcorp Processors.

The lesson that emerges from this case study is that employees need the opportunity to choose whether to belong to a union, and if so which one. It is in the difficult industrial relations areas where these choices are particularly relevant, because they give new or existing firms and workforces additional options which threaten entrenched industrial practices. Only when we have a system which promotes flexible workplace-based contracts will the attitudes of union officials be reshaped and small businesses have an environment in which they can prosper and grow. Far from protecting employees in scattered workplaces, as its advocates claim, the present system is too often a vehicle for coercion and a levelling-down of employment relationships to the lowest common denominator.

Changes to introduce voluntary unionism, choice in union representation, no minimum limit on the size of a union and freedom to form contracts and enforce them through the ordinary courts would stimulate small business growth. They would remove the shackles of a heavily regulated, hundred year old labour relations system which, on any reasonable analysis, is a prime cause of New Zealand's poor economic performance.

## feature

The history of industrial relations between meatworkers and management in New Zealand is one of bitter conflict and protracted disputes but few plants in the country could match the troubles of a small operation on the outskirts of Otaki. Although the Otaki abattoir is in only its third year of operation, it has an unenviable track record of conflict and dispute which started before the plant was even built. In 1986 an application by Otaki Abattoirs Ltd to build an abattoir on Riverbank Road, Otaki, was finally approved — despite strong opposition from locals fearing pollution problems. Permission was only granted after drawn out planning applications and finally approved by the Planning Tribunal. Construction was complete in late '86 and the abattoir was

officially opened in November of that year. But the battle at the works was only beginning, allegations of sabotage of equipment were backed up by DSIR investigations which found evidence of tampering. But by far the greatest problem faced by the abattoir has been the conflict caused between management and the West Coast branch of the Meatworkers' Union. The antagonism between the two parties is obvious in their accounts over the last two years, starting in early '87 when the union made its first move to represent the workers at the plant — this is probably the only thing the union and the abattoir management agree on — from that point their stories are poles apart. The union says the abattoir management never wanted it in the plant and have

# Years of strife at The union's case

Paul Winteringham, vice-president of the West Coast Branch of the Meatworkers' Union, lays the blame for continuing problems at the Otaki Abattoir firmly at the feet of the management.

All the allegations of intimidation, harassment, unfair dismissal, illegal ballots and so on stem from the management's unwillingness to accept union coverage for its workers, he says.



Paul Winteringham

The union first approached the management to negotiate an on-site agreement for the plant in late 1987 but those advances were rejected because the management was interested in negotiating an agreement under section 152 of the Labour Relations Act, according to Winteringham.

Section 152 allows for an agreement between

the management and workers which would not be enforceable by the Labour Court — something Winteringham describes as 'a dead end'. Section 152 would leave the workers with no legal recourse for grievances and could not be rescinded without the agreement of the management, he said.

Winteringham said a January '88 meeting with the management and a mediator failed to achieve any result and two further meetings also ended the same way. He says the abattoir managers used stalling tactics while it waited and watched the progress of an Auckland export plant which was trying to secure a 152 agreement. He alleges this stalling also gave the management the opportunity to harass and intimidate workers who supported the union, reducing their numbers in the hope that workers in favour of a company contract would have a majority.

A bid in March by six workers in the company contract to have a shed meeting declared illegal by the Labour Court was another attempt in the delaying process, he says.

The workers protested that several men who

had voted at the meeting were ineligible to vote because they were not financial members of the union. Winteringham argues that only one person at the meeting was a fully paid up member of the union and says two-thirds of the workers case was in direct conflict with the Labour Relations Act.

Although the six workers claimed the out of court settlement represented a back down by the union, Winteringham argues that from the union point of view two-thirds of the case was already won and it was a wise use of union funds not to pursue the rest through court.

Winteringham says the private negotiation was desirable but the refusal of the management to discuss the issue had forced the court action.

The agreement negotiated included the re-staging of the December ballot or the workers could return to the Labour Court and ask for the case to be re-scheduled for hearing.

Shortly after the six workers filed their case with the Labour Court, the union filed a grievance case against the abattoir management on behalf of 13 workers. In this case they detail specific incidents of harassment and intimidat-

tion allegedly carried out by management or pro-management workers. Winteringham says the cases were not filed in retaliation for the case brought by the six workers. Some cases date back to late '87. He says the union delayed filing the action in the hope a private agreement could be reached with the management.

The grievances hearing was set down for last month but delayed at the request of the abattoir management. A new date is set for July 17.

In all 13 cases, the union is asking for the reinstatement of the workers, payment for loss of wages, compensation for humiliation and loss of dignity and an order that the employer and its representatives stop discrimination and duress.

The 13 workers represented in the case include the union's delegate Ross (Blue) Wallis who was sacked in March '88 and deputy delegate, Dean Murray, who was sacked in March '89.

Winteringham says each case outlines how the workers were intimidated and threatened because of their union involvement and alleges the management systematically thinned the ranks of union suppor-

ters to weaken its position within the works.

The filing of both the union's grievance case and the worker's case against the union overshadowed what may prove to be a significant development in the dispute — in April the abattoir was granted its export licence and the workers are now covered by the Freezing Workers Award — Export Award.

At a meeting earlier last month between Winteringham, the national president of the NZ Meatworkers' Union, Roger Middlemass and the plant management, it was agreed to meet in late July or early August to negotiate a second-tier agreement on top of the existing award.

According to Winteringham the management agreed to the meeting after he and Middlemass came away from the shed meeting with a clear mandate from all workers, who said they would not return to work until the two parties agreed to meet.

Does this mean an end to the trouble? Winteringham says he would like to think the agreement will be settled quickly but wouldn't be surprised if it's not. He also doubts it'll improve the strained relations between the separate factions of workers.

made life hell for any workers who showed an interest in joining. They say the problems at the abattoir can be divided into areas of dispute, starting with the management's reluctance to negotiate an on-site agreement. Health and safety issues are also a major bone of contention. The union has a list of some 40 items it says need attention at the plant. Stemming from the long running dispute have been the well-publicised court actions, firstly against the union by a number of workers and then against the management by the union. The management says the problems started with the union trying to muscle its way into the plant. They say there has never been any obstruction on their behalf to signing an in-house agreement. They say the union has been heavy-handed and resorted to threats and intimidation to

get its own way. Management accuses the union of causing a rift among the workers, setting pro-union men against others. They say the list of health and safety problems at the plant is largely made-up and was deliberately withheld by the union in the hope something would go wrong at the plant. The management also allege the union's 13 personal grievances cases, due to come up in court next month, are a result of promises to the men involved that they'll get their jobs back. They say seven people represented in the cases left of their own accord.

Each side has its own story; each alleges the other is blame for the continuing strife but both sides agree that agreement is needed.

# Otaki Abattoir

## The management's case



By SEAN DALY



Bruce Nicholson

The company and its staff welcomes coverage by a union that has the interests of the staff who are at the plant, according to the abattoir general manager, Bruce Nicholson.

In the case of the West Coast branch of the Meatworkers Union, representatives of this union have stated that union aims come before the personal interests of the staff, he said.

Mr Nicholson said the abattoir is probably the largest employer in Otaki

and puts approximately one and a half million dollars directly into the community by way of wages and probably spends upwards of five million dollars on services provided by Horowhenua people and firms.

While it is understood that the union has had illegal ballots, this is not really a way of dealing logically and fairly with any industrial situation. Anyone would be naive to believe that a company could be blamed for

It is believed by a majority of staff at the company that the haranguing attitude by the union is counter-productive and that most people want to get on with leading full lives and working in harmonious conditions. The union was really using outdated methods of intimidation to achieve its own end, he said.

On the positive side the company was granted an

export licence and now sends approximately three containers of beef weekly abroad. This is no small achievement and has required tremendous co-operation from numerous Government agencies and staff alike.

This means that the staff are covered by the freezing workers award and the company are under no obligation to negotiate with the union, Mr Nicholson said.

a union not abiding with its own rules, he said.

Some time ago the company was in arbitration with the union but the union would not follow up this mediation process.

Most of the argument put forward by the union appears to suggest that poor housekeeping by union officials was the cause of a meeting having to be "re-staged", Mr Nicholson said.

He denies that the union have ever suggested a "private" meeting and agreement over staff problems. "They must have a funny way of getting agreement if this is the case," said a company representative. The upcoming cases are not really "court action" rather the more informal mediation process.





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## 4 workers shut down Otaki abattoir

Action begun by some workers this morning is stopping the Otaki abattoir from killing stock.

Abattoir management arrived at work at 6am to be confronted by a 30-man picket line and the plant for at least the next two days.

The action stems from a company contract signed by 15 of the 16-man staff on December 7.

The four of the staff who did not sign were outside the company gates this morning with other union members who had come to join them.

A number of Levin police were at the Riverbank Road premises overseeing the picket line when it was formed. Members of the picket line had come from Levin, Palmerston North, Foxton and Shannon to support the four Otaki workers.

Mr Paul Wintringham, the Vice President of the West Coast branch of Meatworkers Union said this morning the company is paying a compensation to remove a section of the



The Vice President of the West Coast branch of the Meatworkers Union, Paul Wintringham, said this company has been bullying and hassling the workers...

job for "only a week" but during that time he had taken the workers' case to get award consultation talks underway in Wellington as "the company had refused to negotiate".

The Levin abattoir had gone through the same

thing a few years ago, "but they had never intimidated the workers like this company had done", Mr Wintringham said.

Levin abattoir workers had sent a representative — Mr Apil Raemaki — as a measure of their support, he said.

"We decided on this picket action on the plant because of the company's continuous hassling of their workers."

Although the union had not told the company of today's action, Mr Wintringham said, "they have been aware that action was always probable".

At this stage the picket line is proposed for two days — with it being re-assessed again tomorrow night.

Mr Wintringham said the union was due to notify the company that they had no objection to the cattle or stock in the yard being fed and watered and looked after while the abattoir was



This was the night that picketed workers and management of the Otaki abattoir in Riverbank Road this morning. Meatworkers Union picket line members had come from Palmerston North, Shannon, Foxton and Levin.

"We have a cattle yard full and we have 12 men ready to go to work."

But work was not possible at the abattoir as the meat inspector and PSA member, Don Dawson of Levin, had prevented from entering the works by the PSA.

Another worry for the company is time. Their application to the Labour Court under section 132 asking that they be estopped from the award until January 21.

Mr O'Leary said the Otaki abattoir would be the "most unique in the country, where no pressure on our workers and no intimidation. Free thinking has been the whole concept of this company from the time it started — (in late 1986).

"We believe in worker participation, shareholder participation, by the workers and superannuation for our staff," Mr Ormond said.

One of the 12 men home based at \$500 a week, he believed conditions were very good indeed, Mr Ormond said.

One of the 12 workers 'ready to work' was Peter Hamilton, who said they were all part of members of the union.

the management and on the other by the workers. They worked together.

The manager of the Otaki plant, Mr Martin Ormond, appeared to be mystified by the union action.

"They gave us no notification of their action at all."

"There has been no pressure on our workers and no intimidation. Free thinking has been the whole concept of this company from the time it started — (in late 1986).

"We believe in worker participation, shareholder participation, by the workers and superannuation for our staff," Mr Ormond said.

One of the 12 men home based at \$500 a week, he believed conditions were very good indeed, Mr Ormond said.

One of the 12 workers 'ready to work' was Peter Hamilton, who said they were all part of members of the union.



NBR January 19 1990

# Otaki meatworks files for exemption from national award

by Ross Barrett

## • LABOUR •

A CONTROVERSIAL section of the Labour Relations Act that enables employers to seek exemption from award coverage has been invoked for the first time by the owner of the Otaki abattoir, near Levin.

West Coast International Corporation Ltd has filed an application with the labour court under section 152 of the act for an order that would remove it and its employees from the national 'meatworkers' award.

The act states that employers may apply for exemption from an award under section 152 when an agreement is made with a group of workers following an approach from those workers for separate negotiations.

Such an agreement cannot be registered and remains unenforceable.

If the application is granted, the employer would be automatically exempted from the existing award and the one that superseded it. The exemption would continue until both parties agreed to revert to award coverage.

The application, which is to be contested by the New Zealand Meatworkers Union,

has been set down for a hearing in Wellington on Thursday.

Company chairman Tim Olphert told *NBR* that the section 152 application had been his suggestion after management at Otaki recently signed contracts with 12 of the 16 meatworkers employed at the plant.

He said the company agreed to make the separate agreements after it had been approached by a group of the workers. He said the ensuing talks had been friendly and the contracts were signed on December 11.

Union national secretary Jack Scott declined to talk to *NBR* about the issue, but it is clear that there is considerable union opposition to the development.

The four Otaki meatworkers who have not signed the contracts have insisted on a union-negotiated settlement and earlier this month picket lines were formed outside the plant in support of their stand.

A Wellington official of the union, Ken Finlay, told *NBR* yesterday that initially a majority of the workers voted against the proposal in a secret ballot.

He said they had only changed their minds after pressure from the company — pressure, he claimed, that at times had included plant managers visiting workers' homes at night.

"The legal position is that these people are covered by the national award. The company is trying to pervert the whole system and is trying to avoid paying minimum award rates.

"Our legal advice is that the company will fail; it is clutching at straws," said Finlay.

But Olphert claimed that good relationships existed between abattoir management and the workers. "Here we have a situation where 12 out of the 16 are saying to the company 'we want your support', and we are saying 'you've got it'."

He said the contracts were productivity-based. Workers were paid on a unit-killed basis with a guaranteed minimum to cover breakdowns or other stoppages in production.

They were also offered the chance to buy shares in the company after 12 months (on no-interest terms) and were offered the first 10% of company profit.

The contracts also featured a three-tier disputes procedure that (1) sought to resolve arguments at the workplace, or (2) called in senior management, or (3) if the dispute were still unresolved, required the appointment of a mediator or arbitrator acceptable to both parties.

Although the Otaki plant is small and geared for domestic kill — completed in October 1986, it has capacity to kill 700 sheep and 50 beef cattle a day

— it has been upgraded to handle export slaughter.

The current dispute could have far-reaching implications for the national award, which applies primarily to export plants.

Talks on that have stalled largely over employer efforts to incorporate appropriate sections of the award into existing shed agreements (which relate chiefly to bonus arrangements), thus doing away with the need for a national document.

Success by either side in the Otaki case could provide a powerful precedent on the wider stage.

But the company's application is likely to be watched by other groups of unions and employers as well. Section 152 has been strongly criticised by trade unions as being a weapon that employers could use to wreck the award system.

Accordingly some unions have been careful over their actions in seeking individual company endorsement of award claims in disputes such as those that occurred during the drivers' award negotiations.

Even now, with the ancillary drivers' award still to settle, Drivers Union officials in Auckland are wary of leaving employers an opening to invoke section 152.

Thus when companies write to the union, saying they are prepared to meet the union's claims (as has happened), the union is refusing to write back acknowledging the letters for fear it be treated as an agreement.



# Ventec award-exemption claim thrown out

by Ross Barrett

THE Labour Court has dismissed an application by a Waikato meat-processing company, Ventec Corporation Ltd, for exemption from the national meat workers' award.

In a landmark ruling that appears to give unions an important protection against such applications, Judge Dan Finnigan said he was "overwhelmed by the view that this application must fail".

The decision is related to an application by Ventec under the controversial section 152 of the Labour Relations Act

— a provision allowing employers to seek exemption from an award when they have been approached for separate negotiations by a union or workers.

Ventec sought exemption — the first company to do so since the act came into force on August 1, last year — after it signed an agreement with 11 workers at its new Tirau plant on December 18.

The application was contested in court by the Auckland Freezing Workers Union. But the nervousness with which the union movement viewed the Ventec bid was apparent by the appearance at the hearing in Auckland in May of counsel

for the Council of Trade Unions (CTU). Judge Finnigan said that while the company and the workers had regarded section 152 as the path to controlling their own destinies, he considered there was a fundamental misconception in the application.

"The right provided by section 152 to seek exemption from an award is provided not as a consequence of consensus to operate outside an award," he said.

"It is a right given if an award applies to an employer and if the employer has not been specified [under sections 134 and 135] for separate negotiations . . .

as a consequence of a failure by the union to commence separate negotiations at the time when [talks] for the then current award were commenced."

The judge said the failure occurred when the union did not cite out a particular employer in the preliminary stages leading to award bargaining.

In the Ventec case, Judge Finnigan said, there had never been an approach by a union or a group of workers for a "second-tier bargain", over and above the award.

Continued page 8

## Exemption claim thrown out

From page 1

kers on December 18, 1987, initiated nothing."

Evidence at the hearing showed that the award in question came into force on June 16, 1987, and that the union had only become aware of Ventec's existence (it began operations at Tirau in 1987) in January, 1988, too late even for negotiations on the succeeding award.

Judge Finnigan said that one means of avoiding the award was for an employer to get agreement from the appropriate union for separate negotiations at the start of a new award round.

In the Ventec case "such an occasion was available in about August, 1987. In every case, however, the employer was bound by the act to negotiate with the union and was given no right to negotiate with individual workers either by themselves or formed for the time being into a group."

Ventec executives were not available for comment on the case but it is understood the company is considering an appeal against the ruling.

"In my view section 152 could not apply at all. Once the act came into force on August 1, 1987, its provisions applied and the slaughtering and processing parts of the enterprise . . . were governed by the award."

Judge Finnigan said that some witnesses at the hearing had attempted to persuade the court that "this state of affairs" began when workers at Ventec made an approach to their employer.

"This is a distortion of the facts. There was an attempt made to make that appear so entirely because of a misunderstanding of the purpose of section 152.

"What was created thereby was a fiction — an appearance of an approach by the workers initiating negotiations which was created in order to meet what were wrongly thought to be technical requirements of section 152. It is entirely plain that the document signed by 11 wor-

FAX TO: MR PAUL WINTRINGHAM  
FROM: WORKERS AT OTAKI ABATTOIR  
DATE: 31.3.89

THIS IS TO FORMALLY ADVISE YOU THAT FOLLOWING THE RECEIPT OF A FAX FROM YOU TO MANAGEMENT ON 30.3.89 STATING THAT THE WORKERS AT OTAKI ABATTOIR WOULD BE ON STRIKE ON 3 APRIL 1989, THE SAID WORKERS HAVE VOTED WITH AN OVERWHELMING MAJORITY NOT TO STRIKE ON THAT DATE.

WE HEREBY REGISTER A COMPLAINT FIRSTLY THAT MANAGEMENT KNEW OF THIS ACTION BEFORE THE WORKERS, AND SECONDLY THAT THE NOTICE OF STRIKE WAS "GIVEN ON BEHALF OF ALL WORKERS WHO ARE MEMBERS OF THE NEW ZEALAND MEAT PROCESSORS, PACKERS, PRESERVERS, FREEZING WORKS AND RELATED TRADES INDUSTRIAL UNION OF WORKERS AND WHO ARE EMPLOYED IN THE PLACE REFERRED TO IN PARAGRAPH 4 ABOVE, BEING A PLACE WHERE AN ESSENTIAL SERVICE IS CARRIED ON" (YOUR LETTER TO MANAGEMENT PARAGRAPH 5). IN VIEW OF THE FOREGOING IT IS CLEARLY NOT THE CASE THAT YOU ARE ACTING ON BEHALF OF THE SAID WORKERS.



.....

Signed

31.3.89  
.....

Date

c.c. Mr G C Ditchfield  
Mr J Hodder

FAX TO: Mr Jack Scott  
General Secretary  
N Z Meat Workers Union  
Fax: 03 797-763

Mr K Douglas  
President  
Combined Trade Unions  
Fax: 04 856-051

FROM: Staff of Otaki Abattoir

DATE: 5/4/89

On behalf of the majority of workers employed at the Otaki Abattoir we wish to advise that we are all members of the West Coast Branch of the NZ Meat Workers & Related Trades Union and that we are completely dissatisfied with the way Union officials, in particular Mr Paul Wintringham, are representing our interests.

We felt compelled to institute legal action against the Union following an off-site meeting on 12 December 1988.

On Thursday 30 April Union officials called a strike at the Otaki Abattoir plant to commence at 9am on 3/4/89 without consulting us. They also organised yet another off-site meeting to commence at the same time as the strike.

Of the 26 men at the plant on the morning of the 3rd of April only three left to attend the Union meeting. The remaining 23 workers did not support the Union strike action and returned to work.

Nor do those men support other Union action, such as writing to the MAF requesting the Ministry to decline the Company's application for a meat export licence.

The owners of the Otaki plant are just completing a big upgrade to enable it to produce for export and we believe this is very much in the interests of the workers. The actions the Union are taking are working against our interests.

  
.....

  
.....

On behalf of the majority of  
workers at Otaki Abattoir

c.c. Messrs C G Ditchfield  
J Hodder

Levin Chronicle 29.05.89

# Meatworkers win victory against union

by Queenie Hyland

Six Otaki abattoir meatworkers have won a victory against their union — the West Coast branch of the Meatworkers Union — without having to take their case to the Labour Court.

The Otaki workers had taken the union to court over alleged discrepancies during a ballot to elect a delegate at the plant on December 12, 1988.

The men claim that non-union members had been able to vote during the ballot and that a proxy vote had been taken for someone not entitled to vote.

But in an out-of court deal thrashed out last week between the lawyers of the men and the union there has now been agreement that there will be an election for a delegate and deputy delegate held in accordance with the rules of the NZ Meat Workers Union before July 28.

Those eligible to vote will have to be financial members of the union employed at the plant and the financial members who had been dismissed from the plant before May 19, 1989 and who had gone through the correct grievance procedures and had been reinstated at the plant.

In April, vice-president

of the West Coast branch of the union, Paul Wintringham, claimed that 14 former workers were to file a \$300,000 claim before the Labour Court against the management for wrongful dismissal.

The workers said on Friday, however, that the union has since admitted that of the 14, only former delegate Ross Wallis and one other were financial members of the union.

This appears to have stopped the union from proceeding with its \$300,000 claim.

Under the Labour Relations act, any member of the union is entitled to make an application for an enquiry into the running of a ballot.

The six men, Patrick Hakaraia, Shane Mathews, Tana Carkeek, Steve Farrier and Colin Hill employed the services of solicitor Jack Hodder to take their case.

Spokesman for them, Mr Hakaraia said: "We were warned by the ex-union delegate Mr Ross Wallis that we had better get legal counsel because the union was going to take some of us to court.

"Following investigations by our lawyer he found that only two of the meatworkers who have been dismissed or left the works have been

fully paid up union workers.

"This is what we have said all along — some of those that voted on December 12, were not fully fledged members of the union," Mr Hakaraia said.

He said he had addressed the 30 staff at the works and told them about the ballot which was to be held in July and "about the stress and strain we have had since this whole business began".

The financial cost to Mr Hakaraia and the others had been \$2800 in legal fees plus about a week lost in wages.



# Otaki Abattoirs Limited

P.O. Box 135, Otaki Railway  
Riverbank Road, Otaki  
Telephone: 45-761

Fax: 069 45368

FAX TO: THE CHRONICLE

FROM: PETER HAMILTON, PLANT MANAGER

Number of pages including this page: 1

ATTENTION SEAN DALY

At approximately 2pm Thursday 30/3/89, the Company received a facsimile from I P Wintringham, West Coast Freezing Workers & Related Trades Union - West Coast Branch, stating that the Union members employed by Otaki Abattoir and West Coast Wholesale Meats would be on strike as from 9am until midnight on Monday 3 April 1989.

The Company informed the employees of the receipt of this fax.

The employees, after having a meeting, informed the Company that the majority had voted not to strike and that they had faxed the same advice to Wintringham.

This morning at 9am three of the approximately 30 staff present at work, left to go to the meeting and the rest returned to work.

## Defying strike

Otaki Abattoir meatworkers today defied a strike called by their union, according to plant manager Peter Hamilton.

Mr Hamilton said the company received official notification on Thursday of a 15 hour strike to start at 9am today but had been told by their workers that they had voted not to strike after a union meeting on Friday and had told their union management.

Three of about 30 staff had left the abattoir this morning to go to a union meeting but the rest had returned to work, Mr Hamilton said.

The strike notice was sent by the West Coast branch of the West Coast Freezing Workers and Related Trades Union vice president, Paul Wintringham.