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A Note from the Editor

In the ‘cold turkey’ years after subsidies were withdrawn from farmers in the 1980s, belts had to be tightened and farm labour was an unnecessary cost. As a consequence farm work, (whether as employer or employee) lost its gloss. By the end of the 1990s, rural fortunes were improving but a shortage of farm staff rapidly became apparent. That led to the Ministry of Agriculture and Forestry putting out a contract to investigate ‘Skill and labour requirement in the primary sector’, resulting in a report tagged ‘People make the difference’ (Morriss, Tipples, Townshend, Mackay and Eastwood, 2001). Rural fortunes continued to improve into the new millennium and the labour shortages continued to bite due in part to the very low level of unemployment across the economy.

A pan primary Human Resources Workshop in Agriculture was held in Rotorua in July 2002, financed by the Ministry of Agriculture and Forestry’s Sustainable Farming Fund, to help address the issue. The Rotorua Workshop set up a pan industry organisation to address the staff and skills shortages, again with financial help from the Sustainable Farming Fund. Eventually, the organisation was called ‘Human Capability in Agriculture and Horticulture’ as the meeting at Rotorua had been set in the context of the Department of Labour’s Human Capability Framework (Tipples, 2004a and b).

Persistent labour shortages led to a burst in primary industry labour research, some funded by Human Capability in Agriculture and Horticulture, while other research was supported by commodity-levy funded industry bodies such as Dairy InSight. The labour shortages also stimulated student thesis and dissertation work. Human Capability in Agriculture and Horticulture initiated a range of projects, from a foundational initial Research Stocktake of the sector’s human and social research (Tipples and Wilson, 2005) to a range of pragmatic activities, such as the coordinated promotion of rural careers.

Innovative responses to the shortages came from all parts of New Zealand. Some of these initiatives established long lasting practical measures which have continued to address the problems of the long term nature of the staff shortages. One such initiative in the remote Amuri basin of North Canterbury led to the formation of the Amuri Dairy Employers Group (ADEG), which addressed the problems of its locality by developing the first New Zealand employment relations model of its type. It developed its own Code of Employment Practice before the Good Employer code resulting from the Employment Relations Act 2000. Further it established employer training to help recruit and retain quality dairy farm staff for the Amuri. Extensive employee training opportunities were also provided as well as a social programme to help combat the isolated nature of the area. The group established its own logo for members to use, helping to identify them as ‘approved’ employers. To help achieve employer compliance with the approved standards, Investors in People were engaged to audit member employer practices, with a focus on improvement and achievement of the desired standards. The activities of the group radically reduced employee turnover, reduced time to fill vacancies, and provided good numbers of quality applicants for jobs with good skills (Edkins, 2003; Edkins and Tipples, 2003).
The role of training for developing farm staff has also been highlighted by Nicky Murray, whose PhD thesis looked at skill formation as part of the broader employment relations landscape. Good training practices are now seen as essential to maintain the high rates of growth of labour productivity which the sector has experienced, which are essential to maintain international competitive advantage for New Zealand’s agricultural exports. Murray’s case study of agricultural training “Knowledge and skill ‘down on the farm’: Skill formation in New Zealand’s agricultural sector” is the first article in this Australasian issue on the primary sector.

The second article is by Ruth Nettle, whose article with Mark Paine and John Petheram “The Employment Relationship – a conceptual model developed from farming case studies” appeared in this journal last year. Nettle has been involved in ‘in-depth’ qualitative research on dairy farm employment relations in rural Victoria, work which aligns with Edkins’ research described above. Essentially, both have demonstrated that little changes until dairy farmers undergo a real change of values, which enables them to avoid the recruitment and retention problems previously described. Nettle reports how learning interventions can improve farm employment relationships. She suggests that traditional approaches, such as improving HRM procedures to reduce recruitment and retention problems, are not particularly effective and that a significant cultural change is necessary. Then she reports on two ‘learning interventions – the first involves only the employer while the second intervention involves both employers and employees – and concludes that appropriate learning interventions can catalyse employment change. If dairy farms are considered to be a specialist form of small business, then these conclusions have significant ramifications for improving employment relations in all forms of small business.

The third article addresses the downstream processing sectors for meat products. Marjorie Jerrard looks at the meat industry in Australia and New Zealand, which she also covered in her PhD. As she points out, change is an on-going process on both sides of the Tasman. Collective activity, which was not apparent in the primary production sector, is very evident but often strongly opposed. Consequently, the meat industry, which is a form of production-line technology, has experienced its share of industrial strife. However, that has been less apparent in recent times and Jerrard concludes by describing the unions as survivors of various restructuring processes, and the employers as the winners.

The fourth article addresses a different type of problem, the employment relations of the supply chain from New Zealand to markets in the northern antipodes, typically in Europe, but most particularly in this case in the United Kingdom. Although research on waterfront conflicts has occurred (e.g. Green, 2001) no previous account seems to have addressed this particular issue, the employment relations of what must be, in geographical terms, some of the world’s longest supply chains. The article focuses on a major problem for most of New Zealand’ agricultural export industries: how to get seasonal produce from the New Zealand paddock to the British plate in best and most marketable condition. To highlight the employment relations concerns of the supply chain a case study is made of New Zealand apples. This case study was facilitated by excellent
cooperation from World Wide Fruit Ltd., the largest importer of fruit into the UK market, who provided critical information.

With primary sector exports forming such a significant part of the New Zealand economy, a detailed consideration of the employment relations of the sector seemed much overdue. It is hoped that readers will find the papers both informative and thought provoking.

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6 May 2006.

References


Knowledge and skill ‘down on the farm’: Skill formation in New Zealand’s agriculture sector

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Abstract
Skill formation is a crucial feature of the broader employment relations landscape. There is a growing recognition within the agriculture sector that good education and training practices are an important part of the solutions to many of the challenges facing farming. The New Zealand agriculture sector is defined by particular labour market and employment relations issues, which must be understood in an historical context. These factors have implications for skill formation in agriculture. This paper provides a brief history of labour market issues within the agricultural sector, before discussing the current agricultural training situation. Canterbury dairy-farming is used as a case study.

Introduction

“Agriculture and forestry continue to play a critical part in the New Zealand economy. Attracting, training and retaining the right people will be vital for the primary industries to continue to grow their contribution to New Zealand and its economic revival.” (Morriss, Tipples, Townshend, MacKay & Eastwood, 2001: 3)

Not only is agriculture the archetypal New Zealand industry, agricultural products remain the mainstay of New Zealand’s exports, earning 53% of New Zealand’s total merchandise export value in the year to June 2004 (Ministry of Agriculture and Forestry, 2004). The shape of the agriculture sector in New Zealand can be characterised by three main components. First, its prosperity is largely dependent upon international markets. Second, productivity is comparatively high, fuelled by technology and innovation. Finally, many New Zealand farms are small, family enterprises. The sector is also defined by particular labour market and industrial relations issues, which must be understood in an historical context. These factors all have implications for agriculture industry training policies. This article, which is based upon a case study from my PhD thesis (Murray, 2005), gives a history of the agricultural sector and its labour market issues, before discussing the current agricultural industry training situation.

Agriculture in New Zealand has changed significantly over the past decade, with less emphasis on sheep-farming and strong growth in dairying and horticulture. Since 1992, the number of agriculture and fisheries workers has fluctuated, mirroring the changing strength of farm exports: “Export conditions are the main influence on employment trends in the primary sector” (Department of Labour, 2003: 1). From 1992 to 2004, the number of agriculture and fisheries workers declined by 3.6%, compared with a 29.7% growth in the total number of people employed, and their proportion of the workforce has also declined, from 11% in 1992 to 8% in 2004 (Statistics New Zealand, 2005). Nevertheless, the primary sector has experienced a significant increase in labour productivity over the last 15 years: “…real output per worker has increased by a third,

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1 Meat, dairy products, fish, fruit and vegetables and other primary products (Canterbury Development Corporation, 2003)
2 This paper focuses on farming, as opposed to forestry and horticulture.
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from $33,000 in 1988 to $44,000 in 2002, one of the highest increases in labour productivity across the different industries” (Department of Labour, 2003: 4).

History

While the early pattern of farming in New Zealand was dominated (economically, if not numerically) by large-scale pastoralism, the introduction of refrigeration in 1882 changed the nature of the export market. By the 1890s, meat and dairy products joined wool as the staple exports, making smaller-scale family farms viable. The establishment of these farms was encouraged by bush clearance and the acquisition of Maori land in the North Island, and by the gradual breaking up of many of the large estates in the South Island (Martin, 1990). This new model of farming was heavily reliant on the farmers’ labour, and that of their families. In the 1926 census, for example, 60 per cent of farmers reported hiring no labour, and farmers outnumbered rural labourers (Brooking, 1996).

The intensive nature of farming and the imperatives of producing for refrigerated export led to a ready acceptance of mechanisation and scientific and technological advances. Thus, between 1896 and 1926, the percentage of the workforce engaged in the primary sector had dropped from approximately 42 per cent to 30 per cent; “…mechanization of farming, which proceeded steadily from the later nineteenth century on, not only substituted capital for labour but also, with help of new scientific procedures, increased productivity” (Brooking, 1996: 236).

Productivity growth accelerated after 1938, while the percentage of the labour force engaged in agriculture continued to decline. The proportion of the active working population engaged in agriculture has now stabilised at around eight per cent, still one of the highest rates in the OECD (Morriss et al., 2001). The ‘dramatic’ increase in output per employee was the result of ongoing mechanisation, and greatly improved farm management practices, such as fertilisation, and crop and animal husbandry (Hawke, 1996). These changes required a more skilled work force, and an increasing degree of business acumen on the farmer’s part.

The post-war years were the hey-day of the family farm, with the number of farm holdings rising from 86,239 in 1946 to a peak of 92,395 in 1955. As land prices increased, however, and the size of an economic unit rose, the numbers involved in farming began to decrease, and by 1972 the number of farm holdings had fallen by nearly a third. The composition of the labour force also altered as the number of small farms decreased, so by 1971 farm labourers comprised 41 per cent of the farming labour force (Dunstall, 1996).

The Agricultural Labour Market

Greater reliance on hired labour engendered a vulnerability to shortages in that labour supply. This was not a new issue in New Zealand; the mismatch of the rural labour force with the needs of farmers had been a major theme during New Zealand’s colonisation phase. The situation was volatile, with dire shortages of labour through the 1850s, which continued into the 1860s as agricultural workers flocked to the goldfields. During Vogel’s expansionist phase, the government intensified the ongoing effort to attract “…that very desirable class of emigrants, agricultural labourers and country
mechanics” (Vogel, 1874; cited in Martin, 1990: 19). The success of this immigration policy, however, became problematic as the ‘long depression’ that began in 1879 caused a contraction in the rural economy. Wage rates dropped and unemployment increased, exposing the predominantly seasonal nature of much rural work, and increasing the number of itinerant ‘swaggers’ (Martin, 1990).

As the depression ended, and the twentieth century began, the rural economy entered a prosperous period. The nature of the sector had changed dramatically, however, as family farms and mechanisation “…undercut the role of rural wage earners...[and] simultaneously diminished the need for seasonal workers and increased local sources of labour” (Martin, 1990: 197). The development of contracting systems for harvesting and shearing smoothed out seasonal labour demand, contributing to a relatively stable agricultural labour market.

Nevertheless, debate about the extent and nature of labour supply issues has remained a common theme. Concerns expressed at the 1963 Agricultural Development Conference, for example, have been echoed in reports and conferences through to the present day. Many of the recommendations ensuing from the 1963 conference are also current concerns, such as the need to provide positive publicity about farming to school leavers (for a recent example, see Tipples et al., 2004: 5). The requirement for responsiveness to international trends and economic fluctuations by New Zealand’s agricultural sector means that labour shortages can often be unpredictable; based upon capricious seasonal, regional or product-specific changes (Morriss et al., 2001).

Employment Relations in the Agricultural Sector

The predominance of smaller, family farms may help account for the particular nature of employment relations in the agricultural sector. Despite often poor wages and conditions, farm labourers had generally a less adversarial relationship with their employers than workers in the secondary sector. There was some militancy in the early twentieth century, as the Canterbury Agricultural and Pastoral Labourers’ Union applied, in August 1907, to the Court of Arbitration for minimal standards of protection. This was viewed by farmers as a test case to ascertain if farming could be brought under the arbitration system. The Court’s recommendations conceded some of the union’s demands, but refused to grant any award, farming being considered too important to the country to be unionised (Martin, 1990). Industrial matters in agriculture continued to be dealt with separately “…because of a perceived need for special arrangements and because of the power of farmer organisations to influence political decisions” (Angove, 1994: 155). Thus, from 1936 farm workers’ wages and conditions were set by Orders in Council made under the Agricultural Workers Act 1936.

Although some categories of farm workers were union members, over 30,000 stock, station and dairy farm workers had little or no statutory protection. An attempt was made in 1973, via the Agricultural Workers Amendment Bill, to give these workers
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union representation under the New Zealand Workers’ Union. The resultant outcry from
farm workers, however, resulted in the formation of the Farm Workers Association
FWA):

“Farm worker antagonism to the threat of blanket union coverage was
based on the perception of a shared community of interests with farmers,
and a negative attitude to unions that had been hardened over time...Even
though redress of wages and conditions was needed, it was widely
believed that union activity would destroy the special relationship
between worker and boss and damage prospects of upward social
mobility through land ownership.” (Angove, 1994:157)

The FWA avoided the taint of unionism by being voluntary and non-militant. The
organisation achieved some successes through the mid to late 1970s, including
encouraging training. The FWA advocated a career structure in agriculture and had
representation on the Telford Training Board, the Agricultural Training Council and at
Lincoln College. However, the organisation was never well supported by the bulk of
farm workers, many of whom were ‘free-riders’ under voluntary membership. Given
that the catchment of members was characterised as “…mobile, dispersed, conservative
and influenced by the attitudes of employers [and] ambivalent in their own attitudes
because of their self-perception as future farmers…” it is hardly surprising that the

Industry Training in Agriculture

Clearly, then, the agricultural labour market has several significant characteristics that
have implications for the way in which industry training is organised. Farmers’ attitudes
to training, and the response of the formal education sector, have also been the subject
of debate:

“Agricultural education over the past century has been characterised by a
general reluctance on the part of farmers to train in any formal sense of
the word, and by the apparent failure of agricultural training institutions
to communicate effectively with farmers who have learnt farming by
farming.” (Moore, 1990: 23)

While agricultural degrees were available at Lincoln College (established in 1878) and
Massey University (established in 1927), trade courses in farming were not offered until
the formation in the late 1940s of the New Zealand Technical Correspondence Institute
(Moore, 1990; Morriss et al., 2001). Pressure for some form of farm cadet scheme
mounted throughout the 1950s and early 1960s and the first Farm Cadet Scheme annual
conference was held in 1966 (Morriss et al., 2001). The scheme was run by Federated
Farmers, with funding from the Ministry of Agriculture and Fisheries (MAF), and
cadets studied for trade certification while completing a minimum of three years
practical farming. There were 1600 farm cadets in 1985, but this number had dropped
to just over 1000 by 1988, representing only approximately one per cent of the farming
workforce (Moore, 1990).

5 Trade Certificate in farming was introduced in 1971, with Advanced Trade Certificate following in 1974
(Morriss et al., 2001)
Despite fluctuations in industry involvement with the cadet scheme, depending on economic cycles, the cadetship model enjoyed strong industry support, with a Horticultural Cadet Scheme established in 1976, an Equine scheme in 1982 and a Pork scheme in 1985 (Robertson, 1990; Morriss et al., 2001; Riddell, 1992). These were collectively known as the Primary Industry Cadet Schemes (PICS). Riddell (1992: 17) argued that “farmers prefer[ed] cadets to young people trained in most of the institutions…”, and spoke of the importance of the ‘investment in kind’ from industry, in the form of voluntary administrators and farm trainers.

Farm training institutes were mooted in 1958 by the Consultative Committee on Agricultural Education. Two of these were established at Telford and Flock House, providing one-year practical and academic course for school leavers. Another institute, Taratahi, had been set up in 1919 as a training farm for men returning from the First World War. In the early 1950s, the focus of this institute moved to training young people aged 16 to 20 years (Taratahi Agricultural Training Centre, 2004). From 1974, the training institutes also ran block courses for those entering farming via the Land Settlement Scheme farm ballots. Once this scheme was scrapped in 1984, however, numbers in training at the institutes dropped dramatically,7 compounded by the fee increase engendered by the ‘full cost recovery’ required (Moore, 1990).

Morriss et al. (2001) set out the recent history of primary industry education and training, highlighting five distinctive eras. The Agriculture Development Conference of 1963 marked the beginning of the first era, (that of agricultural production), during which the main focus of agriculture, and of agricultural training, was maximising production, mainly for export to Britain. The 1970 Training in Agriculture conference recommended the formation of an Agricultural Training Council (ATC), which was duly established in 1971. One of the main contributions of the ATC was the production of training guides for farm tasks, which allowed some examinations to be replaced with internal assessment, a precursor of competency-based training (Moore, 1990). This ‘production’ era ended when Britain joined the European Economic Community in 1972.

The need to find new markets heralded the next era, the ‘marketing’ era. No longer was it sufficient merely to learn to produce a commodity; business and marketing skills also became essential. The agriculture industry was still heavily subsidised, with government-supported agricultural extension, education and training services. In the early 1980s, the Prime Minister, RD Muldoon had looked to the farming industry to salvage an economy under siege. Billions of dollars, acquired through overseas borrowing, were poured into the pastoral industry; directly, through subsidies and indirectly, through an overvalued exchange rate (Jesson, 1987). During this era, the Ministry of Agriculture and Fisheries was responsible for vocational level training through the primary industry cadet scheme and farm training institutions. The Cameron Report of 1984/1985 indicated that “…Government was looked to as the provider of funds and significant leadership in Agricultural Training” (Riddell, 1992: 1).

Government subsidy, however, became an anathema after the election of the fourth Labour government in 1984. This era is characterised as the ‘cold-turkey’ era, as farmers bore the brunt of the reform process (Morriss et al., 2001). Agricultural subsidies were removed wholesale in 1985 and government funding for the Agricultural Training Council was also reduced (Moore, 1990; Morriss et al., 2001). In light of this,

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6 Forestry and Fishing cadet schemes were established during 1991.
7 The training of young people at Flock House stopped in 1987 (Robertson, 1990).
Federated Farmers, after much debate, removed its financial support from the Council in March 1986, believing that it “…could operate agricultural training more efficiently than the current system” (“The mood of farming: state of shock!” 1986: 5). The Agricultural Training Council was disbanded later that year (Moore, 1990).

As the ‘user pays’ mantra took hold, “…MAF services became less of a responsibility for Government to provide, and more of a responsibility for the industry to buy” (Riddell, 1992: 7). At the same time, vocational training in general came to be seen as much more an education matter than a labour market issue (Murray, 2001). In agricultural training, this meant that the responsibility for both the farm training institutes and the primary industry cadet scheme was transferred to the Ministry of Education. There was a rapid expansion of polytechnic-based agricultural training, despite the relative cost-effectiveness of the industry-based schemes (Riddell, 1992).

The years 1989 to 1999 are described as the ‘free market’ era, in light of the increasing role for market forces in determining education and training outcomes (Morriss et al., 2001). The competitive model encouraged a proliferation of agricultural courses, which were offered at many dispersed sites, with little co-ordination between parent polytechnics (Riddell, 1992). The expansion was short-lived, however, as industry reverses in the mid 1990s saw training reduced and in some cases no longer offered at all. Private training establishments (PTEs), often staffed by former polytechnic tutors, moved to take up the slack (Morriss et al., 2001).

Industry-based training continued under the primary industry cadet scheme. Despite the government’s preference for polytechnic-based training, support remained relatively stable for the cadet scheme, which attracted around 1,900 to 2,500 participants each year from 1983 to 1992 (Riddell, 1992: 17). The scheme, along with other industry training, came under the umbrella of the Education and Training Support Agency (ETSA). Riddell (1992) argued that the equity in funding and policy offered as the rationale for the transfer to ETSA had not occurred, and that the future of the primary industry cadet scheme was dependent on increased industry funding.

Increasing the contribution industry made to training was one of the main drivers of the National government’s Industry Training Strategy, enacted in part via the Industry Training Act 1992. The agricultural sector was cautious, however:

“An impediment to increased Industry contributions to funding its own organisations is their suspicion of Government’s longer term intentions. They fear that any increased funding will be matched by a decline in the Government share and with no gain in training effectiveness being achieved.” (Riddell, 1992: 2)

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8 In 1992, for example, the primary industry cadet scheme received $714 per trainee per year, while the EFTS funding for a polytechnic student was $9700. In total, the primary industry cadet scheme received 2.7 per cent of the government’s agricultural education for 30 per cent of the total students (Riddell, 1992).

9 For example, Christchurch Polytechnic ceased to teach agricultural courses in 1999 (Morriss et al., 2001).

10 Fears of withdrawal of government funding proved largely groundless, with 66 per cent of the AgITO’s 1999 income coming from government grants, and only 20 per cent from industry grants (Agriculture Industry Training Organisation, 2000). The figures were similar for 2000 (Agriculture Industry Training Organisation, 2001).
Nevertheless, the industry embraced the new strategy, with the farming and pork industries forming the Farm Education and Training Association of New Zealand (FETA) in the early 1990s. This organisation was charged with facilitating training for both new entrants and existing agricultural workers, and evolved into the Agricultural Industry Training Organisation (AgITO) in 1997 (Morriss et al., 2001; Riddell, 1992). The horticultural industry also formed the New Zealand Horticulture Industry Training Organisation (NZHITO) in 1992 (NZHITO, 2002).

The current era, which began with the election of the Labour/Alliance coalition government in 1999, is characterised by Morriss et al (2001) as the ‘knowledge economy’ era. The intellectual capital of the country is seen as the driving force behind competitiveness and growth. ‘Marketing’ has been replaced by an emphasis on quality assurance and supply-chain management. Increasingly, large supermarket chains are the export focus, with requirements for niche products and extensive trace-back systems: “…to meet these requirements the standards of agricultural education, training and development will inevitably have to rise in the new millennium” (Morriss et al., 2001, 7). Indeed, in 2003 there were nearly 10,000 trainees participating in some form of agriculture or horticulture education or training (Department of Labour, 2003).

Case study: The Dairy Industry in Canterbury

The primary sector is of vital importance to the Canterbury region, with agricultural goods contributing over half of the region’s total exports. The trend towards diversification identified in New Zealand agriculture has also been noted in Canterbury, with increased irrigation allowing more intensive farming, such as horticulture, viticulture and, in particular, dairying (Canterbury Development Corporation, 2003). The size of the dairy industry in the region increased approximately ten-fold from 1993 to 2002, as high export prices led many sheep and beef farmers to convert to dairying (Career Services, 2002). The region is notable for above-average herd sizes; 600 cows compared to the national average of 300 (Department of Labour, 2003).

The field work for this case study was comprised of interviews, which were carried out in 2002 and 2003, and the monitoring over the same period of various initiatives focused on labour issues related to dairying. The dairy industry encapsulates many of the issues that impact on industry training in agriculture as a whole. While conditions for dairy farm workers have improved “vastly” over the past decade, it remains a mobile workforce, with shortages of skilled labour (Department of Labour, 2003: 8). The labour intensive nature of dairying, coupled with increasing farm sizes, has meant that the family-based farm is often no longer viable; “…employing staff has become a fact of life for dairy farmers” (Verwoerd & Tipples, 2004). Employment relations, within which training is set, have been somewhat problematic in dairying, and industry training may have a wider role to play than merely the acquisition of specific farm-related skills.

Recruitment

As training in agriculture has developed from the farm cadet scheme, trainees are not defined as apprentices as such. Since the inception of Modern Apprenticeships in 1999, however, a number of industry trainees have moved onto this scheme. The Agricultural Industry Training Organisation (AgITO) has a pro-active role in recruiting trainees and apprentices: “…our role is to go out on the farms and find people who are already in...
Knowledge and skill ‘down on the farm - 9-employment, and encourage them into training’” (Interview with AgITO training advisor). There are also four pre-employment training groups in the region: the National Trade Academy; the Rangiora Academy, attached to Rangiora High School, Hurunui Academy attached to Amuri Area School; and a course run by Agriculture New Zealand (AgNZ).\footnote{AgNZ is a subsidiary of Wrightson (a major agriculture business). It was formed when, after more than 100 years, the farm and horticultural advisory services of the Ministry of Agriculture and Fisheries ended. AgNZ had three strands: marketing and business consulting; on-farm consultancy; and the training group, which is a NZQA accredited private training provider (AgNZ, 2001).}

**Organisation of training**

AgITO trainees begin with an entry-level Level 2 course, the National Certificate in Agriculture: Introductory Farming Skills. This is a generic farming course, with an emphasis on basic farm skills and safety, and usually takes one year to complete. Some of the Level 2 course may have been delivered by a pre-employment training provider. Trainees may then move onto the Level 3 and 4 course, where they are able to choose a specialist farming option. The Level 4 qualification requires around three years of part-time study. It is at this point that some trainees are identified as potential Modern Apprentices and offered the opportunity to move onto that scheme. The funding tied to Modern Apprentices obligates the training co-ordinator to carry out four visits to the apprentice per year. The distances involved and lack of ITO funding, however, precludes such close attention being given to ordinary AgITO trainees:

“It’s not too dissimilar to what the AgITO is doing already, we’re training advisors, we’re out visiting our trainees anyway, and (in theory) we visit our trainees twice a year. That’s regardless of the apprenticeship scheme, and so they already were getting that contact with us. But the apprenticeship scheme...puts it into a tighter framework...Physically it wouldn’t be possible [to have all trainees as Modern Apprentices] because of the extra work required to maintain a Modern Apprentice, like four visits a year...We’re struggling to, my region we’re struggling to do one visit, not for the Modern Apprentices, for the people who are non-apprentices. Like I certainly get my Modern Apprenticeship visits done, but for the non-Modern Apprentices, I’d be struggling to get one visit done a year, and, as you increase the number of Modern Apprentices, for a training adviser, their work increases...But there is a ceiling though, you couldn’t have all Level 4 [trainees] doing it, unless you put more labour on the ground, and that’s potentially possible I suppose.” (Interview with regional agriculture ITO official).

The isolation of many trainees is not the only distinctive feature of training in the agricultural sector. Dairying, in particular, has high rates of both internal migration and staff turn-over (Tipples, Wilson & Edkins, 2004). This movement traditionally occurs on ‘Gypsy Day’ (1 June), which marks the beginning of a six-to-eight week period (on factory-supply farms) when cows are not milked and calving occurs. It is on this day that farmers, sharemilkers, workers and herds may shift farms (Tipples & Lucock, 2004). Clearly, the reality of such a mobile workforce has ramifications for the both the motivation to train, as the farmer may be unable to capture directly the benefit of the training investment, and the organisation of the training:
“Yeah, they do move around a lot...I’ve got around 25 to 30 per cent of my trainees moved this quarter. Yes, so I terminate (nasty term) them when they leave my area...There is a large movement of trainees between regions, and probably 30 per cent is getting on the high side. I have heard farmers say that it’s healthy that there is some movement, they all agree they don’t want too much movement, but some movement is good, because some of that is employees going on to better things, going up the ladder and becoming more skilled, and they want to take on herd manager’s positions so they move to do that because they can’t do it with the existing farm they’re on. Also a couple or two years on a farm, it’s good to get a new employer and get fresh ideas and a different way of doing things.” (Interview with regional agriculture ITO official)

Assessment

Because of the particular nature of the agriculture industry, the main emphasis of assessment is on-farm assessment. Formalising the assessment of training may prove a challenge for some farmers, requiring good support systems. For example, Verwoerd and Tipples’ (2004) study of the staff management practices of 20 Canterbury dairy farmers found that, while the farmers generally enjoyed training, “…the pressure of work tended to limit that training to practical, here-and-now tasks with little opportunity for theoretical or wider extension” (Verwoerd & Tipples, 2004, 34). In recognition of the need for support, when they take on an AgITO trainee or apprentice, farmers are signed up as registered assessors. While this system is generally regarded as working well, moderation is an issue because farmers are in the main working on their own, and are often geographically isolated. In the Canterbury region, AgITO has recognised the difficulties that may arise with assessment by appointing a ‘roving’ moderator, who will visit each contracted farm and advise the farmer on assessment.

Off-farm assessment is carried out at classes held approximately once a fortnight in varying locations. These classes provide around 72 hours of tuition a year. In the Canterbury region, which has a predominance of dairy farms, the classes are held between 9.30am and 2.30pm, to cause the least interference to the farming day. AgITO contracts training providers, one of which is Agribusiness Training, to run the courses. This company was formed as the region’s polytechnics closed down their agricultural departments. As well as providing technical tuition and assessment opportunities, the classes also provide social contact for trainees and another contact point for the AgITO training advisor.

Industry issues

Recruitment and Retention of Skilled Workers

An over-riding issue for the agriculture industry currently is the recruitment and retention of skilled workers. This is hardly a new phenomenon, yet the current buoyancy of the sector and the increasing demand for higher skilled workers have brought the issue to prominence. The changing nature of the industry has also contributed to the problem of attracting skilled workers. The trend away from family or owner-operated farms to larger, corporate-style businesses has meant that for many people the dream of eventual farm-ownership is no longer attainable. Thus, a recognised
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career path becomes crucial to providing motivation for those entering the industry (‘Agriculture ‘unattractive to youth’,” 1998). This career progression may be from farm worker to herd manager to farm manager or sharemilker. Sharemilking may be a step towards farm ownership or a career in itself. As land prices rise, however, and farmers’ financial commitment to the dairy companies increase, there is a trend towards employing salaried farm managers, rather than sharemilkers.

An ‘environmental scan’, conducted as part of a pan-industry Human Capability Strategy (launched in February 2003), provided a background of the labour and skill issues. Several challenges were identified: the largely urban nature of New Zealand, which divorces many people from any ‘agricultural’ experience; the perception of the sector as low-skilled; many small-scale, isolated employers; perceptions of low pay and poor conditions; intensification of farming practices, requiring improved people management skills; a poor health and safety record; seasonal work; and poor promotion of farming as a career option (Department of Labour, 2003).

Many of these factors are in evidence in the Canterbury dairy industry, which formed the basis for much of my field work. One interview I conducted with a dairy farmer encapsulated the paradoxes surrounding training. The farm, a large dairy conversion milking approximately 670 cows for factory supply, employed four full-time staff who worked on a rotating roster, with three staff on at any one time. While the farmer was happy to have pre-employment trainees from the National Trade Academy for one to two-week work experience placements, the farm had not had an AgITO trainee or apprentice in the previous four or five years. The farmer explained that there was a concern that the trainees would leave the farm or the industry after the (expensive) training was completed and that some aspects of the AgITO support and training were not to her liking. Another major contributor to the reluctance to take on a trainee was the time required to train; as the farm expanded there simply was not enough time to train a less skilled employee. The farmer also felt that ‘soft’ skills, such as attitude, organisational skills and people management skills (clearly perceived by her as not delivered by formal training), were more important than technical skills, especially given the close nature of farm working relationships.

The farm had a high level of staff-turnover (not uncommon, as discussed above), however, and the farmer reported that it was extremely difficult to source staff with the required experience and skills. One response to these difficulties was to use a farm employment agency, Marvin Farm Services, which organises overseas farm labour for short or long-term placements. At the time of the interview, all four of the farm’s staff had come from overseas. This farmer was impressed with the training these employees had received overseas, especially from Britain and Ireland, arguing that they had a better grasp of general farming techniques than their New Zealand counterparts.

One point on which the farmer was most emphatic was the need for a change of attitude, especially on the part of secondary schools. It was felt that farming needed to be promoted as a skilled occupation, with a formal career path available. Clearly, this farmer felt that the low status accorded to farming, discussed in greater detail below, was a major contributor to recruitment and retention problems. Yet, paradoxically, the desire to train, recognition of the benefits of training, and a call for a formal career

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12 Sharemilkers operate a farm on behalf of the farm owner for an agreed share of the farm profits. In 2000/2001 37.3 per cent of New Zealand dairy farms were sharemilked (Verwoerd & Tipples, 2004).
13 www.marvinfarms.co.nz
progression (presumably reliant on formal qualifications) did not translate to participation in AgITO training by the farm.

Responses to Recruitment and Retention Issues

There has been a wide range of responses to labour and skill issues in the agriculture sector. Several government departments are involved in a number of initiatives at both national and regional levels “…around issues concerning matching labour supply with demand, skill development of employees and growers, and improving employment practices and conditions” (Department of Labour, 2003: 2). These include the development of the human capability strategy mentioned above; initiatives focusing on seasonal workers;\(^{14}\) and health and safety programmes.

There are also industry-level initiatives. For example, the dairy industry ‘industry good’ organisation, Dairy InSight,\(^{15}\) committed around $2 million of its approximately $36 million 2003/2004 budget to education and training. Of this, over $1 million was used, in collaboration between Dexcel\(^{16}\) and the AgITO, to “…improve the knowledge and skills of people from the dairy industry who enter AgITO training programmes…leveraging government funds using dairy industry investment” (Dairy InSight, 2004b). Similar investment in 2002 meant that over 3000 dairy farm employees (17 per cent of those available) were trained during the year (Dexcel, 2003: 11). Another nearly $900,000 was granted to Dexcel to:

“…continue to strengthen the education framework within and available to dairying to meet changing industry and farm business needs and to assist in raising the perception of dairying as the career choice of intelligent people.” (Dairy InSight, 2004b: 1, emphasis added)

Dairy InSight also funded a Lincoln University report that aimed “…to evaluate the future employment situation of the New Zealand dairy farming industry” (Tipple et al., 2004: 1). This report provided a statistical profile of the industry and inter-census changes to that profile. While acknowledging the initiatives outlined above, the report found that:

“The dairy industry’s image continues to be unattractive to potential entrants and is resulting in too few people entering the industry. The low levels of qualification of the existing labour force and the problems of retaining the 20-29 age group is depriving the industry of the skill it requires.” (Tipple et al., 2004: 95)

\(^{14}\) It is important to distinguish between the seasonal nature of, for example, dairy farming, where there tends to be an annual movement of workers, and the seasonal needs of growers, where a large number of workers are required for a short time span.

\(^{15}\) Dairy InSight is a funding organisation only; services are provided by organisations such as Dexcel. Dairy InSight is funded by a levy of 3.4 cents per kilogram of milk solids on all New Zealand dairy farmers and sharemilkers (Dairy InSight, 2004a). According to the dairy farmer respondent, this translated to an average yearly payment of around $2700 per farm, but would be nearer $7000 on her farm.

\(^{16}\) Dexcel is the research and extension arm of New Zealand's dairy industry, incorporating the former Dairying Research Corporation and the Consulting Officer Service of Livestock Improvement. Initially set up by the New Zealand Dairy Board (NZDB), Dexcel is now 100 per cent owned and funded by dairy farmers (Dexcel, 2004).
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There is an increased level of awareness of the need to rectify such image issues and to invest in training at the regional level. For example, in 2000 a group of dairy farmers in North Canterbury banded together to form the Amuri Dairy Employers Group, in response to difficulties in attracting and retaining staff (Edkins, 2002). While such problems were endemic to dairying in Canterbury as a whole, they were particularly severe in the Amuri area, for three reasons. First, dairying was comparatively new to the area, meaning that the Amuri was not well-known for dairy employment. Second, many of the farmers were relatively inexperienced, resulting in some cases in unhappy staff, poor employment relations and high staff turnover. Third, the area is quite isolated, presenting social problems for staff, many of whom are young, single males. Thus, “…the entire region developed a bad reputation as somewhere to live and work” (Edkins, 2002: 225). The response to these issues from the employers’ group was to develop a code of practice, covering such things as hours of work, employment conditions and training. The group also aims to promote the dairy industry as a positive career choice (Mathais, 2002: 16).

Status of agriculture

The low status of agricultural work was of great concern:

“Agriculture is not, probably never has been, a favourite occupation/profession for capable young people. The unfavourable perceptions of agriculture were made worse by dramatic, often disastrous, events in New Zealand agriculture in the 1980s.” (Holmes; cited in “Code key to building skilled labour force”, 2002)

Many of the perceptions plaguing the trades as a whole have also been cited as reasons for difficulties with recruitment and retention in agriculture: low pay, poor working conditions and a predominance of ‘dirty’ or manual tasks. Over-riding these commonalities, however, was a feeling that agriculture, in particular, was the epitome of an unfashionable, ‘un-sexy’ industry. Contributing to this is the broader repudiation of the importance of agriculture to New Zealand. Baragwanath (2003) described this as “… the (agric)cultural cringe – embarrassment at New Zealand’s ‘unsophisticated’ pastoral heritage” (Baragwanath, 2003: 3). Thus, despite the fact that the primary sector is the single largest contributor to New Zealand’s export earnings, and the fact that productivity levels in the sector are amongst the best in the world, the government’s attempt to insert New Zealand into the global ‘knowledge economy’ via biotechnology, information technology and the ‘creative’ industries virtually ignores New Zealand’s traditional area of expertise. It is little wonder that this message filters down to many school-leavers to brand agriculture as a ‘no-go zone’.

Conclusion

As the historical sections of this article illustrated, the nature of industrial relations within the agriculture sector, together with a deep suspicion on the part of many farmers about the ‘theoretical’ (as opposed to the practical or hands-on) and the fact that many farms are small or family-based businesses, have been barriers to formal training. But as farming was exposed to the rigours of international competition without the safety net of guaranteed markets, three factors exacerbated over time both the ability of farmers to offer training and lessened the likelihood of people wishing to take part in that training.
First, the removal of subsidies in the mid-1980s severely impacted on agriculture. Many farmers were forced off the land, or into survival mode; training was clearly not a priority in that environment. Secondly, in the same neo-liberal vein, training itself was exposed to market forces during the 1990s. Finally, although agriculture may have survived the harsh medicine meted out in the 1980s and is now relatively thriving, the ‘knowledge society’, may only have limited tolerance for a (supposedly) old-fashioned, commodity-based industry.

Nevertheless, there is a clear enthusiasm for training on many farms and a growing recognition within the industry that good training practices are an important part of the solutions to many of the challenges facing farming. The immediate benefits of training, a better skilled workforce and improved productivity, are obvious, but training may also help with worker retention, play a role in developing surer career paths in the industry, ease the adoption of new technology and assist in raising the image of the industry. Formal training may also encourage a more diverse workforce; not coming themselves from a farming background is less of a barrier if recruits know they will be well-trained and supported. In the long term, an employer who has received formal training is likely to feel obliged to ensure his or her workers are also trained; therefore as formal training becomes more the norm in agriculture, it may become a self-perpetuating ethos.

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Improving Employment Relationships: findings from learning interventions in farm employment

Ruth Nettle*, Mark Paine* & John Petheram*

Abstract
This article reports on research investigating the extent to which “learning interventions” can improve farm employment relationships. A learning intervention is a designed social process to support a relatively permanent change in behaviour, with the emphasis being on change rather than acquiring new skills alone. Industry, government or small business agencies often invest in interventions to minimise employment turnover and improve employment relations. This investment often involves employer training in HRM procedures, employee skills training, or an industrial relations focus involving information and advocacy. In this article, such interventions in the farm sector are seen to fall short in addressing and supporting the significant cultural change required on the part of farm employment participants for effective employment relationships (eg. embedded attitudes and customs about farm work and employment conditions that work against effective working relationships). This signals the need for different approaches to support change in farm employment. The article outlines the design, implementation and results from two case studies of learning interventions to support dairy farm employment in Victoria, Australia. The first case involved a group of farm employers; the second case involved three groups of farm employers and their employees. Both cases involved participants working on improving farm employment outcomes over a period of 9-15 months. Findings from the case studies suggest that learning interventions foster critical reflection on employment expectations, and highlight how current behaviour in employment situations impacts employment outcomes. Further, learning interventions support different action in employment (changed behaviour). These findings support earlier research that identified the important role attitudes and values played in hindering improved employment. Learning interventions therefore represent a breakthrough for catalysing employment change. However, they also require appropriate facilitation as well as ongoing support to ensure the change is embedded in workplace practice. There are also limits to the extent to which learning interventions can effectively support improvement in employment and these are discussed.

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The authors would like to acknowledge the funding provided for this research by Dairy Australia (formerly known as the Dairy Research and Development Corporation) through their research scholarship program (Case study 1) and Industrial Relations Victoria “Partners at work” program that provided funding for the employer-employee groups in Case study 2.
Introduction
A previous article (Nettle et al., 2005) has reported on research to understand change processes in farm employment relationships, with a focus on the Australian Dairy Industry. This understanding was encapsulated in a conceptual model that linked four main process categories: “Core principles guiding employment”, “Mediating processes” in employment relationships, “Change Processes”, and “Relationship outcomes” (Refer Figure 3.). The research addressed a gap in understanding of the employment relationship and the changes that influence the relationship within a rural setting. However, for employers, employees and third parties (i.e. industry groups, advisers, government agencies), improving employment relationships is a key issue. Little previous research has addressed the nature of interventions and support required to improve employment relationships. This issue is of particular importance in the dairy industry in which turnover and attractiveness of the industry are seen as explanatory factors in labour shortages (ACIRRT, 2004b; Bodi et al., 1999) and are areas in which effective employment relationships play a central role. In general, the focus of the Australian dairy industry in improving human resources and employment has been toward increasing farm labour supply and skills or improving the ability of employers in business and people “management” through training (Murray Dairy, 1999; Bodi and Maggs, 2001). There have also been efforts to improve the image of dairying as a career of choice, and to attract young people to the industry via apprenticeship schemes. There has been little evaluation of the impact or role of such approaches on improving employment issues for the industry, and a recent industry strategy has suggested major investment in interventions to improve employment issues (Dairy Australia, 2005; ACIRRT, 2004a). However Nettle et al., (2005) have argued that it is a lack of an employment relationship perspective in employment interventions that has hindered their impact.

This article reports on empirical research investigating the extent to which “learning interventions” can improve farm employment relationships. A learning intervention is a designed social process to support a relatively permanent change in behaviour, with the emphasis being on change rather than acquiring new skills alone. Focusing on the Australian Dairy industry, the article begins with a review of intervention approaches to improve employment and introduces learning theories as a foundation for the design of interventions. The remaining discussion focuses on empirical research involving an analysis of two learning interventions with employers and employees and includes the research methodology, the results and their implications. In particular, the research is used to develop a framework for successful learning interventions that support improvement in employment relationships.

Intervention in improving employment
Intervention, according to economists, is normally considered necessary when there is “market failure” (i.e., when the operation of normative processes of supply and demand is either erratic or lags, or causes imbalance, or the market is operating imperfectly). In these cases, intervention often takes the form of regulation or fiscal policy. In line with such economic approaches, intervention in employment generally serves four purposes; (1) to improve the total supply of people to businesses (in this case farm businesses); (2) to improve the demand for people (particularly youth and the long term unemployed) by businesses; (3) to improve the skill of people entering
and in employment; and (4) to help employees and employers find each other in a
diverse, difficult and changing market environment (DETYA, 2001).

It is the nature of these interventions that is important in understanding to what extent
these purposes are being met. For instance successful training schemes to enhance the
skills of employees for an industry are dependent on attraction strategies for
maintaining or improving the supply of people to an industry. The contribution of
employer training schemes is dependent on how the skills and knowledge is applied
and also the employee's ability to participate in employment relationships. The
success of job matching interventions is dependent on the longevity of the match,
which is most often not formally supported.

In a study investigating the role of employer “best-employment practice” groups to
improve labour attraction and retention (Edkins, 2004) the development of a code of
practice for employers in employment was found to explain only part of the change in
employer practices. The assessment/auditing process, the employee training
standards, the collective discussion and action of participants were seen as critical
components for change. This suggests an equal, if not greater, importance on the
change process involved with interventions as the tools or content of the intervention.

Further, three reasons have been proposed for alternative approaches to interventions
relationships have different outcomes other than retention and turnover and achieving
outcomes of balance, resilience or synergy require mutual action on the part of
employers and employees (see Nettle, et al 2005 for explanation). Secondly,
employment relationships require a “working through” of issues and actions rather
than an adherence to standard human resource management practices alone. Thirdly,
it is the core principles of employment (or “guiding rules” of employment) that guide
an employer’s willingness and capability to work on the employment relationship and
this affects how human resource procedures are used (limit or support the
effectiveness of HR tools). These guiding rules are based in beliefs, attitudes and
values and are difficult to change, but can directly impact employment outcomes.

The preceding brief review of intervention approaches would indicate little attention
on change processes for improving employment. The next section reviews the
contribution that learning approaches could make to improving interventions in
employment. Learning can be viewed as a fundamental process for managing change
(Beckhard & Pritchard, 1992) and in this way is seen to offer insight into improving
interventions.

**Social theoretical foundations for learning interventions**

Habermas (1984) argues that all human activity can be differentiated into work
(purposive rational action) and communicative action (social and cultural life
governed by socially constructed norms). In his theory of communicative action
Habermas advocates that communicative practices need to be cognisant of not only
the external or empirical world, but also the social world of norms and values and the
subjective world of personal feelings, desires and intentions. The primary goal of
communicative action is not the achievement of efficiency and successful outcomes,
but reaching a mutual understanding in a shared situation (eg. employment). Alvesson
and Wilmot (1992) argue that it is too simplistic to suggest that conflicting
matters can be brought into the open and resolved through dialogue. They counter that it is language that produces and reproduces the world-taken-for-granted, thereby giving priority to certain (unrecognised) interests. This presents a dilemma for employment relationships and change in employment – given the centrality of dialogue in relationships and the need for equal participation often thwarted by issues of hegemony.

Yet, social interaction leading to action and change and the importance of discourse for individual and collective learning provides a useful framework for intervention in the farm employment arena. Röling and Wagemakers (1998: 12) suggest that transformation in agriculture requires a fundamental change in learning processes (in contrast with the processes of adoption of add-on innovations or practices). Such learning, they suggest, can be facilitated (fostering voluntary change in behaviour through communication) and can be seen as a mechanism for change – at the individual level (eg. learning by employee and employer), at the group level (eg. employers and employees) and at the level of industry (eg. farmers, employees and interveners).

**Individual learning**

Learning research has typically focused on the cognitive processes that individuals use to acquire and manipulate information. Individual learning is characterised as a grasping of information and the transformation of this information by experimentation or reflection. Kolb (1984) proposed a typology for categorising learners, based on the choices that they made about their preferences for acquiring and using information. Experiential learning, however, tends to treat knowledge like a commodity, and the individual is depicted in static terms. Therefore, for individual employers and employees, learning about employment and their actions within the employment realm may be facilitated through intervention. However, it can be seen that unless this is placed within the context of their employment relationship and involves the perspective of others in the relationship, limited learning and change may result.

Currently, the “learning” emphasis by the dairy industry appears to have been on “packaging” HRM practices from the business world into employer training programs. From the learning and intervention literature, it would appear that this approach does not help explain how those skills are put into action on farms. It is at the level of the relationship (interface of employee and employer) that skills are enacted, so to be effective research and intervention would appear to need to operate beyond the individual.

**Group learning**

Situated learning theory (SLT) offers an alternative approach to the study of individual learning (Lave and Wenger, 1990). Lave and Wenger argue that learning as it normally occurs is a function of the activity, context and culture in which it is situated. Social interaction is a critical component of situated learning; learners become involved in a "community of practice" which embodies certain beliefs and behaviours to be acquired. According to SLT the activity (not the individual) is the unit of analysis. This constructivist1 theory stresses the collaborative efforts of

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1 Constructionism is a social theoretical position that suggests reality is created in the discourse of, and negotiations among, people as social actors (Crotty, 1998; Charmaz, 2000)
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groups of learners, as sources of learning. In recent years, learning within groups as well as learning by groups, is stressed (Argyris, 1990, Boonstra and Vink, 1996). The significance of social learning fosters the conceptualisation of groups of learners as "critical learning systems".

This literature hints at the importance of group-based learning interventions. This would suggest that groups of employers and employees working in the context of their employment relationships might collaboratively help each other’s practice. However, in line with the arguments of critical thinkers such as Alvesson and Wilmot (1992), such group learning would require a critical review of tightly held beliefs and values that may limit learning or further reinforce negative behaviours or outcomes in the employment context (eg. Challenge to the guiding rules of employment that may be hindering employment change). Boonstra and Vink (1996) concur, suggesting that the study of innovation often neglects the development of learning capacities. They argue that learning capacities are needed for successful innovation and, while participatory development approaches give way to learning, they argue that this often allows participants to fall back to conventional and fragmented solutions in their thoughts and deeds – when innovation and completely new ideas are needed. It could be suggested that this is the very issue at the heart of employment change.

Social learning – learning as an industry

Pretty (1998) suggests that effective policy should seek to bring together a range of actors and institutions for creative interaction and joint learning, and Woodhill and Röling (1998: 47) call for "…more creative, forward thinking and socially engaging processes of change (in environmental management)". They refer to the process of social change, cultural transformation and institutional development necessary (to achieve the integrating of creative capacities of people) as "social learning". They call for new platforms and processes for facilitating social learning because it allows for change to emerge as actors "change their minds" through interaction and dialogue with others. Social learning pays particular attention to how learning processes can be facilitated and enhanced through appropriate institutional and policy contexts (op cit: 53-54). Groups of practitioners are particularly important, for it is only within groups that social interaction and conversation can take place.

Employment relationships at the farm level occur in a continuum of change and uncertainty. The perspective provided by social learning is that it is the social group that “learns” their way out of problematic situations (Röling and Wagemakers, 1998). In the employment change arena, third parties (advisers, industries, governments) are seen as necessary participants in the change process. This suggests that for issues of employment relationships, although there are economic imperatives influencing labour markets and employment decisions, there are still processes of agency of social actors that mean learning can occur for improvement. Learning approaches would appear to offer much promise for change in employment issues, but how they might be used and supported is a new field, that potentially holds the key for broadening the boundaries of intervention in the employment domain.

This literature hints at the possibilities for improvement through the interaction between people in the organisations that intervene in employment and the farm employers and employees learning together to improve employment. Such “learning interventions” are designed to support a relatively permanent change in behaviour
amongst a social group. However the extent to which such interventions offer a breakthrough in improving employment is not well understood and this presents a serious gap in knowledge.

The remainder of the article reports on research into two different forms of learning interventions and their contribution to improvement in employment relationships.

**Research method and data analysis**

The need to evaluate the role of learning interventions in supporting improved employment requires a methodology that permits the study of the learning interventions in real time and is able to capture change in employment practice, employment relationships and employment attitudes and beliefs.

Qualitative methods offer the best way to research change. Two main approaches were used in this research: action research and participant observation. Action research is a methodology in the social sciences whereby action (change) and research (explanation, understanding) are integrated within a planned intervention (Whyte, 1991; Kemmis and McTaggart, 2000). The parallel effort of action to improve employment and documented research to understand change was the approach used. Participant observation is research in which the researcher immerses themselves in a social setting for an extended period of time, observing behaviour, listening to what is said in conversation and asking questions. The method is strongly linked to ethnography (Bryman, 2001). In this research, the researcher observed, documented and participated in discussions and activities of the group members as they learnt about and took action in employment.

Two case studies of learning interventions are analysed for this article. The case studies were located in Gippsland, Victoria, Australia, east of the state capital city, Melbourne. This region contains over 2300 dairy farms employing an estimated 350 employees (not including sharefarmers) (ACIRRT, 2004a). Each case study is described outlining the background to the particular learning intervention, the activities involved, the role of the group facilitators and researcher, the changes that occurred and general findings in relation to the learning interventions contribution to employment change. These findings were generated from the analysis of the content and processes involved in group discussions and changes reported on individual farms. The data from participant observation was text based (researcher notes) and was analysed by coding of the text into themes derived from the research questions:

1. How did the learning intervention contribute to individual, group and industry change in employment (The questions are diagrammatically represented in Figure 1)
2. Can learning interventions close the gap between “intention” to improve employment and “action” (Employment relationship level)
3. What is the role of support services in supporting change from intention to action amongst employers and employees (Dairy industry level).
Figure 1: Hierarchy of purposes for group learning interventions (and key research questions).

Results

Case 1: Employer learning group

Background and description of the learning intervention

A local rural services manager recruited twelve farm employers (representing 8 farms) on behalf of the researcher. The farmers were interested in being part of a group to address their employment issues. The group provided an environment in which employers could closely examine their employment issues, reflect on them and enact change. A verbal agreement between the group and the researcher on group functioning and activities was established. The farmers wanted to address practical improvement of labour issues for their own situations, and to gain ideas from one another. The participants understood the purpose of the research was to explore the processes of improvement and for the researcher to observe, question and document group members discussions, actions in trying to improve, and reflections on results. Participants received a copy of the research statement and ethics procedures. Details relating to confidentiality and use of the data were discussed with participants, including use of pseudonyms to describe participants in any documentation of the research. Characteristics of farm employer participants and their farms and employment situation are described in Table 1 (using pseudonyms).
Table 1: Characteristics of participants involved in the action research group

<table>
<thead>
<tr>
<th>Membership of the employer action research group</th>
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<tbody>
<tr>
<td><strong>Jason and Rachael</strong> milk 350 cows and have two full time employees</td>
</tr>
<tr>
<td><strong>Ben and Andrea</strong> milk 550 cows and have three full time employees and some casuals</td>
</tr>
<tr>
<td><strong>Tom and Maureen</strong> milk 500 cows and have two full time employees</td>
</tr>
<tr>
<td><strong>Mathew</strong> milks 300 cows and has changed from a sharefarming couple to two full time employees</td>
</tr>
<tr>
<td><strong>Andrew</strong> milks 950 cows and has just changed from multiple sharefarmers to employees</td>
</tr>
<tr>
<td><strong>Don</strong> milks 1300 cows on two farms and has nine employees across the farms</td>
</tr>
<tr>
<td><strong>Bob</strong> milks 620 cows and has three full time employees</td>
</tr>
<tr>
<td><strong>Mick and Elaine</strong> milk 1100 cows on three farms and have 5 full time employees</td>
</tr>
</tbody>
</table>

**Activities of the group**

The group met nine times over 16 months from November 1999-March 2001. Group participants planned their focus and activities for employment improvement, facilitated by the researcher. The group decided to use one of its members going through employment change as a focus for their efforts. Topics included: Labour structures, job descriptions, advertising, interviewing, induction, reviews. At times the group used outside expertise (employment consultants) to help in particular topic areas. Between the meetings, they enacted particular learning’s or ideas generated from the group at the previous meeting. At the following meeting they reported back on what had happened and on reflections or generalisations they had made about their actions. In this way, the learning intervention involved not just “standard” human resource management techniques but group process activities (i.e. questioning and challenging each other, learning from members about their employment relationships and supporting each others ideas and actions for change).

Each group member planned, applied and reflected on aspects of their own employment situation and reported improvement in employment outcomes (reduced incidence of turnover, greater understanding of employees needs, greater willingness to value employment relationships and different outcomes that employment relationships offer, and, in some instances, changed the employers “guiding rules” of employment:

Ben: ‘I wonder if we look at last year – we weren’t prepared to ask them (employees) ’why are you leaving’ we said: ‘just go’. Now we are saying to ourselves well we want you to stay - how can we make you stay – or how can we offer you to stay…Our perceptions as employers today …all of us has gone around that corner – we were confronted with major movement (of employees) and even though we probably didn’t want to talk about it then – we are now seeing we don’t want that to happen this year – so lets try and make it sweet…”
Role of the facilitator/researcher

The researcher encouraged reflection on action and acted as a critical observer. Despite this 'facilitation role', group participants themselves directed the group process and content of sessions. The researcher encouraged decisions that led to individual action in employment - rather than group participants just talking about improvement or problems, without action. Further, the researcher was concurrently involved in research to understand more about employment relationships in their own right. Findings from this work were used within the group activities to encourage reflection on employment relationship processes of relevance to their own employment issues (see Nettle, et al 2005).

Change in employment

Change in employment practice (action on farm) and in employment culture questioning and learning (within the group) about employment practice were observed. There were three main areas of change:

1. Change in the level of questioning toward the performance of the employment relationship:

   Ben: “...define for me [what you meant by] more responsibility [for your employees]. Does it mean [them being able to] make decisions or was it to increase [their] workload?”

   Tom: “...[and] what do you think they thought responsibility was? They said they wanted more responsibility – do you think they got what they wanted?”

   Andrew: “I don’t know – I’ll be interested to sit down and talk with them about it.”

   Here, employers indicate their need to understand how their actions are being interpreted by employees and are being held accountable for how their actions are being interpreted.

2. Change in expectations of one another’s performance as employers:

   Ben (discussing Mick and Elaine’s choices): “... wouldn’t you be better at doing that [managing the new employees]?”

   Mathew: "...you’ve taken the easy way out by [giving someone else that responsibility]."

   Andrew: “...I think you are at a point where you’ve probably got to plan what you are going to do for next year – because you just can’t keep on keeping on like you are going.”

   Here, employers reveal their thinking through the implications for employers and employees of different employer responses and encourage one another to change.

3. Change in understanding of how to build employment relationships through communication and “watching” employment relationships
Rachael: “...what we learnt out of going through this (a review of employment with their employees) was that we have to learn to explain things clearer...”

Mathew: “...we are very happy with the way things have gone...to try and make sure that the honeymoon didn't run out too quickly, even though in the job description we had said that they were in charge of the cows seven days a week, ...we have tried to go out and do...Friday and Saturday morning milking...so I think we've built up a bit of credit in the bank...”

Group members learnt that communication requires more than just talking. They learnt that taking communication beyond "talk" is about developing a communicative competence for employment.

Mathew: “...and from watching the employment arrangement it seemed to be working very well and the jobs seemed to be falling apart separately - there didn't seem to be any friction...”

Group members focussed on "watching" (observing and reflecting on) each other’s relationships. They admit that little "watching" of employment relationship “health” was going on previous to the group formation. In this way the learning intervention supported a focus on “watching” to assist groups and individuals in understanding and taking action in their employment relationships.

4. Change to a relationship focus: Through reflection and self-analysis of attitudes to employment and their performance as employers, shifting attitudes in employment away from labour as just a “factor of production” were recorded. This indicates a shift in “guiding rules” of employment (changing the way an employer thinks and interacts with employees, see Nettle et al, 2005). Such guiding rules are considered to be hard to change, but have the greatest scope for impacting positively on relationship outcomes. This represents a significant breakthrough for employment interventions.

**Processes supporting employment change**

Specific group processes were found to be operating within the learning intervention to support change and improvement in employment practice. These were:

1. Mutual identification: group members identified with each others employment situation. Despite having different employment arrangement and situations, working on employment improvement together and strongly identifying with each others issues supported the engagement of employers in helping each other improve.

2. Accelerated learning: The action taken by group members in improving employment and then having a forum to reflect on those actions (impacts) meant a quicker response to employment issues for participants.

3. Validation of learning: the group plays a mentoring role, either validating and confirming conclusions drawn from experience, or suggesting alternative explanations. The challenge to each other (rather than validation) was important for confronting strongly held beliefs about employees, for instance, yet in a supportive environment.
4. Coping with change: the group developed capacity to identify key points in transition involved in employment relationships and early warning signals for employment change.

Discussion – Case 1

Employer group learning interventions that place central importance on the learning process for supporting change appears central to effective intervention in employment. This is because such approaches support:

- Understanding of employment relationships and give meaning to employers actions in employment - rather than 'going through the motions' of human resource management procedures.
- New action (change) and reflection on outcomes from this action inspires continued improvement.
- Provide synergy between group learning and individual learning: the group learns as does the individual in the group in improving employment performance.

However, successful learning interventions require challenging facilitation not just passive support to a group process, further, this is made difficult by employers often not able to articulate what improvement they are seeking for employment (where to start? questions). This is important as a commitment to new action (and to the group learning process through time) is important for successful learning interventions. The learning process is repeatable and further reinforces the importance of supporting roles in employment relationships. The third party intervention that members had experienced through the group included advice and training. This intervention was placed in the context of the groups’ focus and activities. So the interveners, who assisted the group on employment topics, supported change, but it was the group action and reflection that instigated change.

Case 2: Employer-employee learning groups

Background and description of the learning intervention

Three groups, each of 5 to 6 farm employer-employee units met six times between October 2003 and May 2004. Overall, 32 employers and their employees (representing 15 businesses) were involved. The groups met as part of a regional employment project2. The project was designed to support dairy employers and their employees in their current working relationship and develop their own guidelines for future working relationships and careers. The project sought to improve dairy farm employment relationship performance.

The groups were supported by a professional facilitator and an employment researcher. Group members established a group “contract” at the start that provided the guidelines for group work. Group members were provided with a workbook that offered resource material and action planning guides to support change in

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2 The “Innovation in employment” project was initiated by GippsDairy, an Australian dairy industry regional development program.
employment. The groups began by mapping out the employment process from both employer and employee perspectives and then choosing elements of the process that they wanted to focus on for improvement. Group members were recruited through advertising (brochures about the project and press releases), word of mouth and personal contact between the local regional industry development body and their constituent farmers. Target participants included employers seeking improvement in employment outcomes and those who were able to have their employee with them throughout the project.

Participants tended to include those employers that were confident in the strength of their current employment relationships to involve their employees and also saw value for their employee in being involved. The participants understood the purpose of the research was to explore the processes of improvement in employment relationships and for the researcher to observe, question and document group members discussions, actions in trying to improve, and reflections on results. Participants received a copy of the research statement and ethics procedures. Details relating to confidentiality and use of the data were discussed with participants, including use of pseudonyms to describe participants in any documentation of the research. General characteristics of participants involved in the project are described in Table 2.

Table 2: Characteristics of employer and employee participants in the “partnership” group learning intervention

| Characteristics of members of the employer-employee “partnership” groups |
|--------------------------|--------------------------|
| **Employers:**           |                          |
| Years as an employer:    | 12 years (range 5-22)    |
| Average herd size:       | 450 cows (range: 140-870) |
| Main selection criteria  | attitude to work, personality, willingness to work, skills. |
| **Their employees:**     |                          |
| Years in current position| 5.7 (2-15 years)         |
| Main factors looked for  | good people to work with, good boss who considers needs of employee, pay above award, pay increases offered through time. |

Activities of the group

All group members involved in the partnership groups worked on aspects of the employment process and covered topics on the employment process including: communication, team environment, farm meetings and performance reviews, job descriptions, career planning, and OH&S.

Participants developed their own “action plans” for improving performance of current (and future) employment relationships. Throughout the group activities, employers and employees discussed and documented their own “guide” to how to better meet the needs of everyone in the employment process. These were collated into “Better employment - Guidelines for dairy farm employers and employees – from employers and employees”. Seven important areas of employment were identified:
1. Pre-employment
2. Selecting / choosing each other
3. Working together
4. Communication
5. Business approach
6. Work team environment
7. Ongoing review and feedback

The groups developed guidelines that encompassed the lessons learnt as they worked through employment issues as part of the learning group. These guidelines were built around these seven areas of employment and included things employers and employees thought should be done, what should be avoided and ideas to try. These included lessons under the following elements of the employment process.

**Role of the facilitators and researcher**
Each group of employer-employee units were facilitated by an experienced rural change professional, not with specific expertise in human resources. The researcher attended most meetings. Guidelines and ethics for the groups working together were a major feature of group establishment given the sensitivities of employer-employee relations. This included an established process for employers and employees to use if change in employment occurred whilst being involved in the project. Employer and employee discussions, actions and reflections were documented and analysed during the project. This provided insight into processes of improving employment and barriers to employment improvement.

**Change in employment**
Changes in employment observed and documented by participants included:

1. Changes to the way prospective employees/employers are found
2. Changes in what people look for in an employee/employer
3. Change in roles on the farm
4. Change in work conditions, pay or employment status
5. Change in employee responsibilities
6. Better job descriptions
7. Improvement in workplace safety management
8. New approaches to day-to-day working relationships
9. Establishment of farm meetings
10. Increased participation of employees in decision making
11. Improved communication
12. Introduction of work contract reviews
13. Introduction of discussions about career progression or promotion.

Overall, the majority of employers were more confident in employing at the end of the project, had increased satisfaction with working relationships and farm team performance despite no overall change in satisfaction amongst employers in their employees work performance (O’Sullivan and Nettle, 2005). Further, employees showed reduced satisfaction levels with their job, their relationship with their employer and relationship with others in the farm team. It is hypothesized that employees participating in the project had quite low awareness of employment
relationship processes. The reduced satisfaction indicates a shift in the way they were evaluating the relationship and the job, suggesting their appreciation of what is important to them and being exposed to more tools and employer issues had an impact on how they assessed employment.

Processes supporting (and hindering) employment change
Despite the employer-employee group learning intervention supporting change and improvement in employment practice, greater insight came from observing factors hindering employers and employees from improving employment relationships. These included:

1. Job factors and relationship factors viewed separately in employment outcomes: Despite participants in the groups being aware of and comfortable with the “relationship” focus of the employment project, “job-factors” (pay, work hours, work conditions, type of work) were viewed (or framed) separately from “relationship-factors” (communication, expectations, performance, contracts, support, personal relating) by employers and employees. For example, an employee who decided to leave their position through the course of the group cited work hours, pay and responsibility issues (job factors) as being part of their decision to leave whilst praising the “good relationship” they had with their employer (relationship factors). In other cases, employers cited satisfaction with employees work performance whilst expressing dissatisfaction with the quality of the team work on the farm. Yet “job factors” and “relationship” factors are equally important for employment outcomes and are interdependent. Framing employment in this way could be envisaged to impact directly on the ability of a relationship to adapt through change and time (resilience). Group learning processes like that used in this project provide an opportunity to explicitly address job and relationship factor interaction.

2. The gap between intention and action in improving employment: Employment issues are known to be a concern to many farmers. When asked what they expected from the group involvement employers mainly wanted to improve their employment abilities and have better working relationships. Employees wanted to learn more about dairying and improving work relationships. Despite this drive, some employers and many employees found it difficult to take action, despite good intent (action plans). Overall, employers brought more of a sense of responsibility for an outcome from their group involvement compared with employees. This gap between intention and action appears to be driven by three factors:

a) Specific and identifiable barriers to taking action. For example: a lack of time to implement management processes; a reinforced negative attitude toward employers/employees and employing; powerlessness to improve (family social structures thwart attempts at change); a lack of desire to appraise self-performance; and, separating “relationship” and “job-factors” (after point 1 above) when viewing employment success.
b) Tools and processes readily available but not easily implemented on-farm: Employment tools such as job descriptions, interview procedures, farm meeting guides as well as human resource management techniques are relatively readily available to farm employers and employees. Group participants found it difficult to adapt these resources for their own situation and farm and then use processes as a regular part of day-to-day farming practice or as a standard part of the farm management and farm system “calendar”. Employers involved with the groups indicated limited use or intended use of consultants or support people in employment related matters. Further, there was little appreciation of the extent of resources and reference points (information and tools) available to both employers and employees regarding employment.

c) Size of workplace: The demands on an employer and employee change with workplace size. For an employer with numerous employees, demands include issues to do with employee inter-relationships, job delineation/specialisation, rostering, work-place hierarchies, and changes to their own job role. In a smaller workplace (eg. single employee) the issues centre around the intensity of one-on-one work and the mix of on-farm roles and jobs. Also, how employees position themselves and negotiate their role and place differs with workforce size. Workplace size impacts the assessment of a need to change (eg “why have a meeting when there is only one employee and we talk all the time?”) and also the perception of the scale of change (eg. “how can I get systems in place and feel in control when I have 8 employees?”).

3. Capacity of employers and employees to work on “the relationship”: Employment management is increasingly becoming one of the prime competencies for sustainable dairy farming. Yet without an increased capacity of both employer and employee to manage through employment these outcomes will not be attained. For instance, an employer with a good track record of employment and a keen interest in establishing standard and effective employment processes would still prefer not to employ or be involved with employing. In addition, many employees had high expectations of change in the workplace during the project – sometimes not appreciating the employer difficulties.

Discussion-Case 2

Employer-employee group learning interventions that place central importance on a joint learning process for employers and employees has been shown to support changed practices in employment but potentially is too threatening a learning environment for significant change in beliefs and attitudes toward employment. Such interventions appear most suited to employers and employees ready to change employment practices, and for employers and their employees looking for new opportunities for growth and development. However, such interventions do support the development of a joint appreciation of employment needs and expectations and an awareness of “the other side” for both employers and employees. As such, some joint interaction (rather than separate learning interventions for employers and employees) is warranted.

Based on the findings from this case study a framework to assess an employer or employees “readiness to change” employment action was developed. Such a
framework could help identify those farm employers and employees most likely to benefit from such interventions.

**Readiness to change employment**

For employers, an increased readiness to change employment practice includes; willingness to appraise employment performance; a large current workforce – or expanding workforce; looking for tools and systems to put in place for their farm; views employment issues as “within their control”; has a desire to seek out or modify tools available to support their employment practices. A reduced readiness to change employment practice by employers may be indicated by; a small current workforce; multiple generations of family involved in employing; suggest that “good personal relationships with employees” are enough for employment success; have large time and financial pressures (desperation), and see employment issues as an industry problem – outside their control.

For employees, an increased readiness to change employment practice includes; a willingness to appraise performance and see their own role in employment outcomes and have a sense of where they would like to progress in their employment. A decreased readiness to change employment practice is indicated by a lack of willingness to appraise performance as an employee – placing all responsibility on employer.

**Cross-case analysis**

Learning interventions such as described through the case studies appear to improve employment relationships by supporting change in guiding rules of employment, supporting understanding and use of key mediating practices, providing support to cope with change and providing a forum for exploring desired employment outcomes. This is demonstrated diagrammatically in Figure 2.

**Figure 2**: Processes in employment relationships (developed from previous research (see Nettle, et al, 2005) and the role of learning interventions in improvement


Learning group role in changing employer guiding rules

Learning group role in understanding and practicing relationship mediating practices

Learning group role in awareness of the need for change and impact of time and phases in employment relationships

Group role in watching each others relationship outcomes

|--------------------------------------|------------------------|-----------------------------|-------------------------|

Learning group supports understanding of critical transition points in employment relationships, identifies early warning signals and offers ideas for traversing them.
In this way, such learning interventions contribute to improvement in employment relationships at the individual level (for employers and employee’s) and the group level (collective improvement). Further, the learning process itself holds promise for industry level improvement if such interventions were developed with a critical mass of employers and employees.

Although these learning interventions have produced promising results and pointers for future interventions, some limitations of the process should be noted:

The group process in the project went only part of the way in addressing the gap between intention and action. It demonstrates why change is so difficult for an industry to achieve. Although action planning and a suitable learning environment can help employment participants prioritise what needs to be done and support change in beliefs and attitudes, implementing action plans requires a different form of support. The barriers identified through the research need to be understood in the context of intervention and support approaches.

Third parties (advisers, industry groups and government) need to develop tools and support approaches to reduce the gap between intent and action. These need to be at two levels: 1. Employer and employee tools (eg. key employment concepts that adequately describe and explain their farm’s employment relationships and allow understanding of the form of action they need to take to improve current and future relationships), and 2. Intervention tools (eg. third party awareness of key concepts and group processes that support learning, tools for integrating job and relationship factors, mentoring tools for employers and employees to assess their employment performance). Identified in this research is a framework to assess readiness to change, this provides one step toward understanding the heterogeneity in employers and employees for the tailoring of intervention approaches. The research suggests that the learning interventions provide a link between such farmer tools and intervention tools. Further it provides a way for supporting organisations, employers and employees to align their needs and activities for improvement in farm employment.

Conclusion
This article has reported on research into learning interventions as catalysts for improvement in employment. The research suggests that the needs of farm employers and employees can be managed as a learning process and that learning interventions represent a significant step forward for change at individual, group and industry levels as well as offering a platform for alignment of third party support for improvement.

Although this research was conducted in the context of employment relationships in farm businesses, it is conceivable that such learning interventions are appropriate across the small business sector.

Further research focusing on interventions in employment is warranted. This research would need to examine the role of advisers and other third parties in supporting employment change and the sustainability of improvement or the long-term impacts on employment relationships arising from involvement in learning interventions and third party input.
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Meat Industry Unions, Industry Restructuring, and Employment Relations Change in New Zealand and Australia

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Abstract

Change has been an ongoing process in the meat processing industries of New Zealand and Australia. It has been driven by a number of external and internal factors such as market demand, seasonality, and competitiveness which require industry parties to strategically respond in order to remain viable. Arguably, in both countries, the meat industry trade unions have faced greater challenges because their situation was compounded by rounds of legislative change. Consequently, after two decades of industry restructuring and employment relations change, the unions can be seen as survivors in the industry and the employers as the winners.

Introduction

The New Zealand and Australian red meat processing industries have experienced considerable change during the last two decades. This has been driven by government policy, employment relations legislation, and industry rationalisation and restructuring aimed at improving international competitiveness via cost savings. From the perspective of the trade unions in the industry – the NZ Meatworkers’ Union, Meat Union Aotearoa, the Australasian Meat Industry Employees’ Union (AMIEU) – a number of challenges have arisen that have consequently resulted in significant modifications in their strategy.

This article, while offering an assessment of union strategy in the meat processing industries over the last two decades, also identifies key strategic responses of the other main parties in the industry. This is done by providing a brief history and overview of each country’s meat processing industry, including industry structural and ownership changes. Employment relations changes are then considered and an assessment of the strategic responses of the unions in each country is provided. The purpose is not to simply offer a similar case comparison of the industry in the two countries but to assess how parties involved in a major international export industry fare in the face of domestic and international forces driving changes. However, it is important to note that these changes do not necessarily occur because of similar circumstances. This approach accords with the comments made by Wailes (1999), who warns that the act of comparison does not guarantee insights into the causes of employment relations change and that similarity between New Zealand and Australia is not an adequate starting point to justify such comparative research.

While there are some similarities in terms of industry structure and even employment relations legislative changes between the two countries that can be noted, there is probably greater difference between the North and South Islands of New Zealand when it comes to meat industry structure and rationalisation. Intra-country differences

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are predicted, therefore, to be an important factor in explaining the strategies of the parties in the New Zealand industry, particularly the unions.

The development of the modern meat processing industry in New Zealand and Australia

For the purposes of this article, the generic terms ‘meat processing industry’ and ‘meat industry’ will be used interchangeably to refer to both domestic and export-licensed abattoirs. In New Zealand and Australia, the meat industry is referred to as the “meat processing industry” (IBISWorld Pty Ltd 2000-2002; IBISWorld Australia 2005) which encompasses the domestic-market industry, or the ‘meat processing and exporting industry’, encompassing the export-licensed section of the industry. These definitions are developed from the red meat industry which covers all work carried out in an abattoir, from the slaughtering through to the packaging of the meat for export or domestic consumption, including the manufacture of smallgoods. The meat industry remains labour intensive and heavily reliant upon worker skills, despite the introduction of new technologies over the last two decades.

The work itself is heavy and physical. The work atmosphere is dirty, noisy, and smells, and a range of temperature extremes exists. Accidents in the meat industry are common (Worksafe Australia, 1994), making work cover costs high for employers. The pace of the work is set by the mechanised chain system of disassembly, revolving around groups or gangs of workers. Each group member has responsibility for a part of the disassembly of the carcass as it moves, suspended, along the conveyor belt chain. In the boning room, carcasses are placed on an overhead chain conveyor system, after which they pass through a series of processing operations. Operating in conjunction with the carcass conveyor are waste conveyors, all of which must be thoroughly cleaned every day. From the boning room, the meat is packed into cardboard cartons and transported by conveyor to an in-line weighing and labelling station. The conveyor system sorts the cartons into chilled and frozen streams and stages them for loading into freezers or carton chillers. Full pallets are conveyed to a pallet pick-up station where forklifts deliver the pallets to despatch. Any change in technology adopted by a competitor will soon flow across the industry, necessitating changes in work practices and conditions.

One of the key issues facing the meat industry in both New Zealand and Australia is the retention of international market share of the export industry through making productivity gains and cutting costs in export-licensed abattoirs. This is hampered by the cycles of high throughput and high profits followed by periods of low activity and low profits, often tied to climate conditions, seasonal changes, and availability of livestock. As the industry is highly competitive and profit margins are low compared with other manufacturing industries, profit is made on volume (IBISWorld Australia, 2005). Profits are made when plant operation is between 70 and 100 per cent capacity (Taylor, 1998) and when labour patterns are made more flexible.

Plant throughput and employee output are key issues for companies in both countries. It has been estimated that from 1985 to 1997, a 60 per cent improvement has been achieved in output per employee on beef slaughter boards with comparable increases in lamb and mutton slaughter (Sinclair, 1997). The improvement is largely due to changes in technology, slaughter floor design, and workforce reforms. However, in
terms of production cost per unit, the slaughter component remains approximately one third to one half of the total cost with labour costs even less, at just over four per cent of meat export production costs (Hayes, Malcolm, Watson, O’Keefe and Thatcher, 1999; Hall, 2001). Improvements or changes made by a competitor at the international level drive subsequent changes across the industry as a whole, resulting in a flow-on of changes in technology, plant design, supply chain management, and workforce management. When competitors are also geographically close, such as New Zealand and Australia in lamb meat production and export, but geographically separated from their buyers, the retention of competitive advantage is crucial and replication is expected. Despite this, the industries in New Zealand and Australia retain a number of differences in structure and approaches to workforce management that subsequently shape trade union strategy.

Another important factor in determining productivity, competitiveness, and industry structure is the pattern of ownership. Findings from international research (McGuckin and Nguyen, 1995; Nguyen and Ollinger, 2002; Celikkol and Stefanou, 2004) have identified changes in productivity related to changes in meat industry ownership; namely, that in large plants ownership changes result in an initial drop in productivity but in small plants, there is an increase. Further, plants targeted for mergers and acquisitions are highly productive. This research also identified a concentration of meat industry ownership (81 per cent) between three firms in the United States (Celikkol and Stefanou, 2004), a pattern that is replicated in both New Zealand and Australia and discussed below.

New Zealand meat processing industry: background and current situation

The New Zealand meat export industry traces its origins to the early 1880s (New Zealand Meat and Related Trades Union, n.d.; NZ Meatworkers’ Information Booklet, 2002). The industry ownership was formerly dominated by British companies such as Vestey, Borthwicks, Weddell, and Co-operative Wholesale (Curtis and Reveley, 2001; New Zealand Meatworker Newsletter, April 2002). These large companies traditionally concentrated on maximising throughput rather than on minimising costs. Historically, the seasonal nature of meat processing provided the industry unions with considerable strength during peak season so that “… the meat industry was responsible for one in every four strikes in New Zealand” (MIA media release, 2000, 21 May).

There are over 150 New Zealand meat companies licensed to operate, with most exporting primarily red meat, with the range of products including mutton, lamb, beef, veal, venison, and goat meat cuts as well as by-products such as offal and sausage casings (Trade New Zealand, 2005). Ninety per cent of meat processed in New Zealand is exported (MIA media release, 21 May 2000) and meat exports account for about 15 per cent of New Zealand’s export income (Trade New Zealand, 2005). More than 90 per cent of New Zealand sheep meat production is exported, accounting for 53 per cent of the world export trade (Trade New Zealand, 2005). New Zealand also exports 85 per cent of its beef production, and is the fourth largest beef exporter (Trade New Zealand, 2005). The Meat Industry Association of New Zealand (MIA) is the main employer association and represents companies supplying 99 per cent of New Zealand sheep meat exports and 100 per cent of beef exports (Trade New
Zealand, 2005), including processors, marketers, and exporters (MIA, 2005). It is an effective lobbying body for its members but has not always achieved the outcomes its members desired, notably changes to New Zealand economic policy in the 1980s which saw protection for the industry dropped to force it to be more internationally competitive.

The ownership of the processing plants is currently dominated by three large New Zealand companies – PPCS, AFFCO, Alliance – as a result of restructuring and rationalisation. In 1991, the remaining British company, Vestey, went into receivership and three large Auckland plants closed (Cooke interview, 2002). This allowed the livestock producers and the MIA to implement plans for restructuring the North Island industry. In the North Island, there are a number of boutique slaughter plants for lamb and beef and the majority of plants, large and small, are located in rural regions. This is part of a farmer-driven strategy to retain tight managerial and supplier control over the industry (Cooke interview, 2002) and to make union organising more geographically difficult.

In the North Island, a series of mergers and acquisitions in the late 1990s saw Richmond become New Zealand’s largest red meat processor (Richmond, 2003), with an annual turnover of $1.1 billion, and 90 per cent of its total sales coming from exports (Trade New Zealand, 2003). However, Richmond’s fourteen plants processing high quality beef, lamb, venison, veal, goats, leather, and associated products have since been bought out by PPCS. PPCS is a vertically integrated company established in 1947 by a group of farmers for direct marketing purposes (PPCS, 2005) and has over 1200 supplier shareholders (New Zealand Trade, 2003).

Also operating in the North Island is AFFCO, a publicly listed company with about 70 per cent of its shareholders being farmers who supply the company’s lamb and beef. AFFCO operates eight plants (AFFCO, 2003) and exports 150,000 tonnes of beef and lamb products annually (AFFCO, 2003). The Alliance Group began in the 1950s and is also a vertically integrated farmer-owned producer co-operative (Alliance, 2003) with seven processing plants for lamb, sheep, beef, venison, and pork products. A relative newcomer to the industry is CMP which began operations in 1994 and processes beef and lamb (CMP, 2005). The concentration of the meat processing industry in the hands of only a few companies is reflective of the pattern of ownership in the American industry (Andreas, 1994).

The red meat plants in the South Island are generally larger than those in the North Island (Eastlake interview, 2002; Cooke interview, 2002). The consequence of this - from the unions’ perspective - is that organising boutique plants with less than twenty employees is resource intensive and time consuming, especially for the North Island Meat Union Aotearoa which had suffered considerably under the ECA. During the slaughter season, the red meat industry employs between 20,000 and 23,000 workers (NZ Meatworkers’ Union, 2005; Cooke interview, 2002; Eastlake interview, 2002; MIA media release, 2000, 21 May).

The New Zealand red meat industry remains the most seasonal of all international meat industries (Curtis and Reveley, 2001), despite an overall lengthening of the season driven by the export market (MIA media release, 2000, 21st May). There remains peak slaughtering periods when the labour market is subsequently tight and
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‘off seasons’, usually from July to October inclusive. The peak season may vary across segments of the industry; for example, a small number of plants process calves during July-September because this is the peak of the calf season when they are culled from the dairy and beef herds. However, “there is no single factor more important to the processor than throughput” (NZFCA, 1980: 28 cited in Curtis and Reveley, 2001: 143) and this ultimately determines the union and employer strategy in the meat industry at any given time because any interruption to throughput because of industrial action is “problematical” (Curtis and Reveley, 2001: 143). Seasonality specifically grants employers a position of strength during unpredicted season down time due to climatic factors or export market changes or at the end of a season when early closure is necessitated by low livestock numbers. This industry cycle combined with vertical integration sees New Zealand employers retain the ability to close plants where industrial problems occur and stream livestock to plants where workers would agree to accept lower terms and conditions of work. While seasonality can grant meat industry unions strategic industrial strength (Jerrard, 2000; Stewart, 1998), the downside has been the “discriminatory preferential hiring and firing by employers from one season to another” (Curtis and Reveley, 2001: 144). This weakens union strength when elected representatives are excluded from jobs by employers and also discourages workers from taking on delegate roles because of the greater threat to their job security and ongoing income.

The wages across the industry have not compensated for the poor working conditions. During the 1970s-1980s, wages were underpinned by a national minimum with agreements on additional payments and conditions negotiated with individual employers. Between 1971 and 1985, meat industry wages appeared comparatively high with the mean being 23.6 per cent above the manufacturing sector mean (Dixon, 1995). However, the manufacturing sector lagged behind the wages mean for all sectors with the result that “a Union survey in 1985 found that meat workers’ wage increases were 40 per cent behind the Department of Labour statistics for average wage increases, and 43.2 per cent behind inflation from 1975-1985” (Hall, 2001). Mean wage figures also hid disparities between different sections of the industry and between the larger employers who paid higher wages and the smaller employers who paid lower (Brown, Medoff and Hamilton, 1990). Wages in the industry have continued to be perceived as unnecessarily high. During the 1970s-1980s, the employers compensated for wages costs through the ‘protection’ of the industry licensing scheme operated by the Meat Industry Authority (MIA), from the price supports provided to farmers by the Meat Board (Dixon, 1995; Savage, 1990), and by wages freezes across sections of the industry (Hall, 2001).

However, in 1984, Prime Minister Lange announced a fundamental change in New Zealand economic policy with the proposed elimination of export subsidies and other forms of protection. In 1985, the Supplementary Minimum Price Scheme and Meat Board price were removed (Dixon, 1995) resulting in a decline in the meat processing industry’s returns (Savage, 1990) and leaving producers and exporters entirely reliant on export market returns (Trade New Zealand, 2003). This decision was the catalyst for the final withdrawal of the foreign-owned companies from the New Zealand industry. From the unions’ perspective, the outcome was a continuation of the relatively low wage settlements negotiated in previous wages rounds so that the real hourly earnings of members fell to approximately 110 per cent of the manufacturing industry mean by 1988 (Dixon, 1995: 25) and were two to three per cent below the
national average wage (Hall, 2001). Real wages for New Zealand meatworkers continued to fall throughout the remainder of the 1980s into the 1990s.

The 1990s saw the rationalisation of the North Island industry with the withdrawal of foreign ownership and the trend towards farmer co-operatives and smaller, boutique abattoirs, the move to being an export-driven industry, and the introduction of the Employment Contracts Act (ECA) with its increased flexibility for employers. These changes “meant that [some] companies no longer operate[d] on a seasonal basis but ha[d] twelve-months contracts to complete” (MIA media release, 2000, 21 May). This meant increased job security for meatworkers and the change reflected similar shifts in the export section of the Australian meat processing industry where seasonality was no longer a major factor in union-employer negotiations.

Australian meat processing industry: background and current situation

The ownership and regulation of the Australian industry has changed considerably since the industry began in the 1860s. Australian-based pastoralists owned and developed the Australian industry in its formative years. The pattern changed to British ownership with the entry of companies such as Borthwicks (Harrison, 1963) and Vestey’s (d’Abbs, 1970) into the industry at the turn of the twentieth century. The American-owned Swifts followed. The other main player was the Australian company, William Angliss. The foreign-owned companies operated for six to seven decades before withdrawing; export ownership again returned to Australian control in the 1970s and 1980s.

In 1984, Australia Meat Holdings (AMH) was formed as a consortium through the merger of four Australian-owned meat processing companies: Walkers, Smorgons, Tancreds, and Metro Meats. In 1988, Elders bought out the other partners but then sold AMH to the large American meat processor, ConAgra, over the period 1993-1996 (Rolfe and Reynolds, 1999), with only a ten per cent Australian equity retained (Taylor, 1998). Between 1984 and 1988, a far-reaching rationalisation of the industry followed and five of eleven AMH plants were closed, mostly in north Queensland (Rolfe, 1988; Taylor, 1998; Rolfe and Reynolds, 1999). Over 50 plants across Australia were closed in the late 1980s into the 1990s, especially in the eastern states.

In 1986, AMH purchased the British-owned Borthwicks plants in Mackay and Bowen. This gave AMH the dominant section of the north Queensland market with 56 per cent of the total processing capacity for that year and ten per cent of the export industry (Taylor, 1998). However, in 1988, the Trade Practices Commission (TPC) forced AMH to divest ownership of the Borthwicks plants and these were sold to the Japanese company, Nippon Meat Packers, which had already purchased a Queensland plant in Oakey (Taylor, 1998; Rolfe and Reynolds, 1999). Japanese business interests had begun investing in vertical integration in the industry – grazing, feedlots, abattoirs (Meat Research Corporation, 1997; Hayes et al., 1999) in the mid 1980s. Kerry Packer also began increasing his interests in the meat industry with a 55 per cent interest in Teys Bros (The Meatworker, 1988, 3) and ownership of Consolidated Meat Group (CMG). In August 2002, CMG merged fully with Teys Bros, under the latter company name. From the 1990s, AMH, the Australian-owned Consolidated Meat Group (CMG), and the Japanese-owned Nippon Meat Packers (MLIR, 1996: 26) had
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become the dominant industry players with Victorian-owned beef producer, G & K O'Connor ranking fourth. The current industry ownership remains split between the largely foreign-owned beef export industry centred in Queensland and the Australian-owned domestic beef and lamb processing industry based in New South Wales and Victoria.

It was estimated that in 1996 at least 35 per cent of all processing output in Australia was foreign-owned (MLIR, 1996), with the level of ownership in the export section of the industry now being considerably higher, exceeding 75 per cent (IBISWorld Australia, 2006). AMH remains the key player in the industry with four export abattoirs in Queensland. Since its parent company, ConAgra, entered into a 2002 joint venture resulting in ownership being transferred to the American food company Swift & Co, Swifts again has a presence in the Australian meat industry (IBISWorld, Pty Ltd 2000-2002: 18; *Australian Financial Review*, 23 May 2002).

During the 1990s and early 2000s, the Australian meat industry experienced market fluctuation as initially stock prices increased because of drought conditions and then international demand for red meat shrank with the various health scares overseas (Bovine Spongiform Encephalopathy and foot and mouth disease). The 1990s also saw deterioration in the market as consumer tastes changed from red meat to white meat (IRM, 1991). Pressure was placed on all parts of the industry, including the union and the employer bodies.

The Australian Meat Industry Council (AMIC) is the industry peak representative body for Australian-based companies involved with the processing and marketing of red meat to domestic and export markets (AMIC, 2005). AMIC was formed in 2003 as a result of the merger between the National Meat Association of Australia (NMAA) and the Australian Meat Council (AMC). The NMAA had been the employer body for the industry and was formerly known as the Meat and Allied Trades Federation (MAFTA). MAFTA was formed in 1928 but changed its name in May 1996. The employer association was also represented on the Meat Industry Consultative Committee (MICC) that was formed to promote employment relations change in the industry in the 1990s. Its current industrial relations agenda involves furthering changes aimed at making efficiency gains within the industry by utilising opportunities provided by the 2005 *WorkChoices* changes to build on the 1999 removal of the tally system from the Federal meat industry processing award by the Australian Industrial Relations Commission (AIRC) and subsequent removal from all meat industry awards (*Workplace Relations Amendment (Tallies) Act 2001*; Riley, 2002; Stewart, 2002). The tally had previously set the daily throughput in an abattoir and was a key source of AMIEU industrial strength (Jerrard, 2000).

In 2002, there was a Federal Senate investigation into the advisory and regulatory structures of the Australian meat industry. Its aim was to achieve the most effective arrangements for the allocation of export quotas of meat to both the USA and Europe, especially leading up to the finalisation of the Free Trade Agreement (FTA) between Australia and the United States in 2004. Australian based livestock producers, meat export processors, and industry representative bodies had hoped that the FTA would open more of the American red meat market to Australian producers. However, an 18 year delay before any increase in export quotas to the USA has effectively eliminated Australian expectations. Such agreements with Australia’s southeast Asian trading
partners, particularly China, hold promise for Australian meat exporters but there remains the threat that these countries may prefer to import live animals, rather than the processed meat, to avoid the high tariffs on processed meat (Jerrard, 2005). The New Zealand industry does not face the threat of live animal exports at this stage.

**Comparative indicators between the industries regarding ownership**

To date, it can be seen that rationalisation in the face of competitive pressures and ownership changes has seen a restructuring of both the New Zealand and the Australian meat processing industries. In New Zealand, ownership has remained in the hands of domestic producers, with two of them being cooperatives, while in Australia, foreign ownership again dominates after a brief respite in the 1970s and early 1980s. Both industries have followed the American path towards an oligopoly of large producers (Andreas, 1994), using sophisticated human resource management practices and strategies to manage their workforces and begin decollectivising the workplace. In this, the companies have certainly been assisted by favourable employment relations legislation in both countries.

**Two decades of industrial relations changes in New Zealand**

The compulsory arbitration years that began in 1891 offered New Zealand unions a raft of legal protections and rights which resulted in a number of them developing highly centralised structures and becoming dependent upon the system rather than relying upon workplace organising (Barry and May, 2003). These unions, including the Meat Union Aotearoa and its industry predecessors, were to feel the impact of this structure and strategy under the ECA.


Under the ECA, state support for unions was removed with the dismantling of the national award-system of multi-employer bargaining (Harbridge, Walsh and Wilkinson, 2002), the withdrawal of all exclusive rights of unions (Geare, 1991; Hince and Vranken, 1991), the reduced role for unions in workplace employment relations (Cullinane, 2001), and the changes to freedom of association that reversed half a century of union membership (Geare, 2001). Unions became incorporated societies and registered under the *Incorporated Societies Act 1908*, which covered “societies not established for economic gain” (Hince and Vranken, 2001: 478). In this way, there was no need for the ECA to even mention unions, thus effectively sidelining them.
These legislative changes were directly responsible for the decline in union membership in the private sector (Harbridge et al., 2002) as employers moved to individual contracts instead of collective bargaining and free-riding “substantially increased” (Harbridge et al., 2002: 65). During the 1990s, union density subsequently fell to around 17 per cent of the workforce and membership fell by 50 per cent (Harbridge et al., 2002), with the private sector suffering worst (Harbridge et al., 2002). However, union decline was not even across all sectors and depended upon a number of factors, including the industry, the size of the union and union concentration within the industry, and the union’s success in recruiting and reducing free-riders (Harbridge et al., 2002). Small unions were forced to amalgamate to survive; for example, the Meat Union Aotearoa was formed on 1 August 1994 by the amalgamation of the Auckland and Tomoana Freezing Workers Union and the West and East Coast Branches of the New Zealand Meat and Related Trades Workers Union (Cooke interview, 2002; www.meatunion.org.nz, 2005).

Collective bargaining halved between 1989-1990 and 1999-2000 and employees not covered under collective bargaining moved to individual employer contracts (Harbridge and Walsh, 2002). The decentralised system of employment relations was accompanied by significant changes to employment conditions that meant a reduction for many employees: “Even where collective bargaining has continued, a weakened union movement operating under conditions of economic recession has not been able to guarantee the protection of employment conditions” (Harbridge and Walsh 2002: 426). This has been particularly true in less skilled sectors of the economy where an excess of labour has further strengthened the employers’ position. Further, unions which had depended upon state protection to any degree faced financial hardship and reduced numbers of officials who had greater difficulty accessing workplaces (Boxall and Haynes, 1997).

The Labour-Alliance Government’s ERA, effective since October 2000, has encouraged collective bargaining, reinstated union registration, and supported the roles of trade unions but without restoring the historical forms of state protection (Harbridge and Walsh, 2002; Walsh and Harbridge 2001; Wilson, 2001). In this sense, Anderson’s (2004: 19) claim that the ERA “has returned trade unions to the centre stage of industrial relations” may be overly positive, especially as union membership figures have not increased accordingly (Anderson, 2004; Department of Labour, 2001-2005). The ERA focuses on the relationships between employers and trade unions and promotes good faith procedural requirements (Boxall, 2001). Under the ERA, bargaining still remains decentralised (Boxall, 2001), although it is now possible for unions that are large enough and industrially strong enough to negotiate multi-enterprise single employer agreements with a view to returning to a multi-employer agreement across an industry (Harbridge et al., 2002; Boxall, 2001). Harbridge and Walsh (2002) predict that the most successful unions under the ERA will be those that can successfully extend enterprise bargaining arrangements to be industry-wide multi-employer agreements. This prediction also has implications for the new competitive unionism promoted under the ERA as it is unlikely that newly established, small unions will be able to bargain on this scale, as has been shown in the meat industry.

In the North Island, the ECA took away collective bargaining rights for the Meat Union Aotearoa and individual contracts were used by employers. The North Island
industry followed the pattern identified by Harbridge and Moulder (1993) where a significant collapse in collective bargaining in agriculture and food manufacturing occurred under the early years of the ECA’s operation. At the time of the legislation’s introduction, a new national award for the meat industry was being negotiated but the MIA advised its members that they would be in a stronger business position if they abandoned the award and the farmers and owners of the plants saw the benefit of individual contracts (Hall, 2001). From the Meat Union Aotearoa’s perspective, “in 1991, industry employers in the North Island [developed] a plan to decimate the meat industry; on the day collective bargaining expired, farmer-driven change caused the take-up of individual contracts by organised employers” (Cooke interview, 2002). This coincided with the rationalisation of the industry as large urban-based plants closed and the Vestey Company withdrew from the New Zealand industry. The large plants were replaced with smaller, dispersed, regional plants at greenfield sites that were non-union and which remained non-union until the end of 2000. Despite the geographical dispersion of the industry, the withdrawal from the industry of the last international player encouraged New Zealand employers to provide a more united front to the smaller North Island industry unions than previously, thus removing from them a key source of external strength in employer fragmentation (Curtis and Reveley, 2001). Their inability to organise new sites and to resource existing union sites forced the smaller unions to amalgamate, forming the Meat Union Aotearoa, in an attempt to gain union access.

However, Aotearoa Secretary, Graham Cooke (2002), stated that

the employees at these new sites were too scared to join and there was no right of access for the union … A worker was dismissed if he [or she] complained to the Union.

At the same time as the fear of dismissal for union membership was increasing across the industry, the New Zealand Government introduced stringent criteria for access to unemployment benefits which would have precluded dismissed unionised meatworkers (Cooke interview, 2002). Therefore, a combination of factors such as the closure of existing unionised plants and the opening of new smaller non-union plants and a more united employer front combined with the ECA and changes to the welfare system, served to de-unionise large sections of the meat industry in the North Island during the 1990s. Members at the unionised plants that continued to operate retained their membership of the Meat Union Aotearoa (Cooke interview, 2002) but the union was in a relatively powerless position and could not retain the conditions that had been won over the years prior to the ECA.

Under the ECA, the North Island meat industry employees’ wages were further reduced by decreases in hourly rates and the loss of the forty hour week, the loss of penalty rates and shift allowances, the loss of extra holiday leave for shift workers, and pressure not to report accidents because this reduced productivity (Cooke interview, 2002; Hall, 2001). This also increased employee turnover, with an estimated 50 per cent turnover in plants on the North Island (Hall, 2001), which made recruiting and organising a more difficult task and negated the union’s ability to engage in effective industrial campaigns. It also affected management’s business strategy and increased hiring costs, thus negating many of the productivity gains being made in other areas.
While strikes and stop work meetings decreased during the 1990s, the South Island officials do not believe that it was necessarily due to the ECA (Eastlake interview, 2002; Niles interview, 2002). Instead, the rationalisation of the industry, the weakened position of the North Island union, and the changes to the national welfare system probably combined to limit industrial unrest. In the South Island, the NZ Meatworkers’ Union was able to keep “hard won conditions in most documents” (Eastlake interview, 2002) because it retained larger numbers of members at the existing plants and large numbers at a workplace grant industrial strength to a union and strengthens its ability to protect its members. The threat of industrial action therefore remained a weapon in such larger trade unions’ armoury.

In the South Island, the voluntary unionism under the ECA did not result in the mass exodus of NZ Meatworkers’ members predicted by Government and industry employers because of the extensive range of services, the union’s ability to continue communicating with the large employers in the ‘usual way’, and the “’proud tradition’ of the Meatworkers” (Eastlake interview, 2002; Niles interview, 2002). The retrospective view of the NZ Meatworkers’ officials, expressed in late 2002, was that the employers:

“… should have stopped payroll deductions [for union membership] under the Act if politicians wanted to attack unions such as meatworkers. Hard won conditions stayed in most documents covering the industry but only with a return to the ‘old ways’…. Small groups of workers are hard to service in some industries, for example, timber with only two to three people per site. Large groups of workers give more muscle and this was meatworkers’ experience [in the South Island].

During the ECA era, membership of the NZ Meatworkers’ Union stayed high – around ninety per cent density (NZ Meatworkers’ Union Annual Figures, 1992-2000; Eastlake interview, 2002) - which enabled it to retain a relatively significant position within the industry. This allowed it to use its industrial strength for the benefit of its members, if needed. There were some South Island plant closures, largely due to receivership and the changing nature of the export market that halved sheep numbers, costing membership jobs and numbers. The South Island experience was vastly different from that of the North Island. Some new boutique plants have opened in Nelson and other locations but, under the ERA, these have been unionised.

The NZ Meatworkers’ Union does not see the potential for new unions to form under the ERA as a threat to its position “due to nature of industry [in the South Island]” (Eastlake interview, 2002). It identified only one small plant in the North Island where a new union - the Te Kuiti Beef Workers Inc - had formed and which the Meat Union Aotearoa unsuccessfully attempted to have deregistered (Barry and May, 2002; May et al., 2002). The Meat Union Aotearoa identified a further two instances where companies set up new unions: one company set up a greenfield site and encouraged workers to join the Engineers’ Union and Wallace Meats set up a union on site in competition with the Meat Union Aotearoa. The latter situation meant that effective negotiations could not occur because employees were split, reducing the outcomes of bargaining for both groups. However, employees in the Meat Union Aotearoa fai
slightly better which encouraged members of the new union to join either the Meat Union Aotearoa (Cooke, 2002) or the NZ Meatworkers’ Union. These two unions formed a joint agreement in 2002 to cover this site. The Meat Union Aotearoa also acknowledged that there was little that could be done about free riders but favoured the approach promoted by the Dairy Workers’ Union requiring non-unionised employees to donate to a union cause if they did not want to join the union for collective agreement coverage.

The ERA has supposedly introduced a fairer employment law framework for all parties (Boxall, 2001; Wilson, 2001), despite the large number of ECA reforms that have been carried over into the ERA (Roth, 2001). Harrison (2001: 86) argues that North Island employers have not acted in good faith because the maintenance of “the reciprocal duties of good faith towards each other” required by the ERA has not occurred. The NZ Meatworkers’ Union believes that “in general, employers [in the South Island] seem to be attempting to conduct their businesses in good faith … but membership density might be responsible [for this]” (Eastlake interview, 2002) as the South Island Union was able to retain a much higher density during the ECA years than its North Island counterpart. The Secretary of the Canterbury Branch of the NZ Meatworkers’ Union believes that:

“…good rapport with employers and a good relationship is needed [for good faith bargaining and] changes in law mean that the good faith of the past should continue and has [done so] before it became part of the law. Some times employers want to set everything down, for example, times and numbers of meetings, agenda, and so on. This is a threat for both parties.” (Niles interview, 2002)

This is because it reduces flexibility for both parties and undermines the trust in the relationship that necessarily underpins good faith.

The return to collective bargaining has had positive union outcomes. Industry seasonality continues to allow employers to use shortage of stock as a threat (Cooke interview, 2002). On the South Island, the union is negotiating agreements across each employer, which takes time but has the benefits of a core agreement across several plants owned by one company (34th Annual Report of the NZ Meatworkers and Related Trades Union, 2005). The long-term objective of the NZ Meatworkers’ Union is for industry wide agreements across each island.

The ERA reinstated union access to workplaces so that all former non-union sites were again accessible to the unions and employees at previously non-unionised sites rejoined the Meat Union Aotearoa (Cooke interview, 2002). The NZ Meatworkers’ Union acknowledged that while there were:

“…more rights now,… previously [the union] used delegates at the workplace [in lieu of Organisers]. Only if there was a nonunionised workplace to enter, was there a problem, and there was only one non-unionised plant in the South Island and this has now changed under the ERA”. (Eastlake interview, 2002)
The NZ Meatworkers’ General Secretary also acknowledged that legislation is not always to blame for difficulties in relations between the union and an employer because there may be occasions when “an Organiser might not get along with an employer and personality differences need to be allowed for” by the union’s executive (Eastlake interview, 2002).

In 2002, Secretary, Graham Cooke, foreshadowed a crisis in succession planning for the Meat Union Aotearoa caused by an ageing membership leading to a dearth of younger union officials and by the union’s restrictive rules as to who could stand for an elected position; namely, only meatworkers engaged in the industry, not union-appointed, were eligible for nomination. He recognised that the changes in the industry in the North Island and in the New Zealand employment relations legislation generally had a greater impact on the union than was the case for the NZ Meatworkers’ Union in the South Island. His long term plan to protect the Meat Union Aotearoa’s membership necessitated working more closely with the NZ Meatworkers’ Union. The culmination is seen in the recent amalgamation of the two New Zealand unions under the auspices of the South Island union (34th Annual Report of the NZ Meatworkers and Related Trades Union, 2005). The decision of the Meat Union Aotearoa to become a branch of the NZ Meatworkers’ Union strengthens the industrial and bargaining strength of the union and achieves “unity among meatworkers” in New Zealand (34th Annual Report of the NZ Meatworkers and Related Trades Union, 2005) with only one industry union, a situation similar to that in Australia.

Two decades of employment relations changes in Australia

Since 1904, the Federal conciliation and arbitration system has had wide-ranging impacts upon the Australian meat industry. Historically, wages and conditions in the industry were by “a multiplicity of award coverage at Federal, State, and enterprise level” (Industries Assistance Commission, 1989: 21) - forty-five Federal awards still covered the meat processing industry as recently as 1994 (Productivity Commission 1998). Initially, the industry was State-regulated with wages boards and State-systems of arbitration operating. From 1965, the industry generally fell under Federal jurisdiction (Productivity Commission, 1998).

During the Prices and Incomes Accord years of the 1980s prior to enterprise bargaining, meatworkers in the export section benefited from the competitive nature of the industry as the market grew (Curran interview, 2003). The Industrial Relations Act 1988, under s112 and s115, permitted parties to establish employment conditions without the requirement that a log of claims or a dispute exist (Hawke and Wooden, 2001). These sections allowed formal negotiations to occur above the existing award conditions. However, above award negotiations had been carried out in strongly unionised industries, such as the meat industry, prior to these provisions and continued without recourse to the Act or the AIRC. These informal agreements had substantive impact on employment conditions in the industry and were aimed at protecting the tally system, job control, working hours, and union preference clauses.

The AMIEU was able to negotiate for higher wages at a workplace level because employers competed for experienced meatworkers to meet productivity targets (Anear
interview, 1997; Curran interview, 2003). This was facilitated by the strong workplace delegate structure within the export section of the industry. The AMIEU effectively bypassed the Australian Council of Trade Union’s (ACTU) policy of wage restraint but could not formalise these agreements under the award system without breaching the Accord. This pattern of informal agreements was underpinned by the AMIEU’s militancy which meant that a threat of interrupting throughput during the peak season further increased the likelihood of gaining higher wages, especially in a tight labour market.

In 1989, the meat processing industry was “characterised by a highly unionised labour force and a high degree of industrial unrest” (Industries Assistance Commission, 1989: 21). This pattern was also identified by the AIRC in 1991 and by the AMIEU itself, which stated that “relations between the Union, workers and employers [were] steadily becoming even more strained” (IRM, 1991: 11). The AMIEU did not identify specific causes beyond the general “system” and “employers” (IRM, 1991: 11). Since the early 1990s, the industry has negotiated wages and conditions at the workplace under Federal and State enterprise bargaining frameworks (Productivity Commission, 1998). However, the pattern of industrial relations prevailing in the Australian meat industry remains adversarial, despite the adoption of enterprise bargaining and the subsequent restrictions of the Workplace Relations Act (Anear interview, 1997; Jerrard, 2000; Stewart, 2002).

The system of enterprise bargaining was introduced for a number of reasons, including the internationalisation of the Australian economy, the push by employers for more flexibility, and the political lobbying and new managerialism of the Business Council of Australia (BCA), as well as the attempt by the ACTU to renew union solidarity after its erosion behind centralised wages fixing (Briggs, 2001). It was accompanied by a continuation of the ACTU-driven policy of union amalgamations (Griffin, 2002; Hose and Rimmer, 2002). AMIEU officials believed that the ACTU-proposed amalgamation with the general Australian Workers’ Union (AWU) would weaken its industry position through loss of identity and militancy, the bases from which its industrial strength derived (Day, interview, 1996; Meicklejohn interview, 1997). The members were convinced of this and voted against amalgamation.

Enterprise bargaining agreements during the initial phase were ‘in addition to’ the existing award system in many industries. In the meat processing and export industry, enterprise bargaining was regarded both warily and opportunistically by the AMIEU because it saw a way to roll awards over into enterprise bargaining agreements and continue over-award direct bargaining. The passing of the Industrial Relations Reform Act 1993 did not impact significantly upon enterprise bargaining arrangements in the meat industry.

As rounds of bargaining progressed, the AMIEU and most of the industry employers, found that enterprise bargaining did not fulfil the promises made in the early 1990s. The outcomes from bargaining were a number of separate enterprise agreements which, apart from the initial AMH agreements (preamble, C No. N1216 of 1996), had few variations in content, despite the time and resources put into the negotiations by the AMIEU and employers’ representatives. Consequently, industry level negotiations throughout the 1990s would have benefited all parties except AMH by using less AMIEU and employer time and resources. The employers operated on different scales
of economy so smaller companies could not afford to invest in the technology required to follow AMH’s lead, meaning these “industry employers saw the bargaining process as a means of cost cutting” (Meicklejohn interview, 1997) rather than workplace reform aimed at increasing productivity.

The industry was still coming to terms with the enterprise bargaining process when further legislative change occurred. The Workplace Relations Act 1996 (WRA), particularly the introduction of Australian Workplace Agreements (AWAs), has promoted a pro-employer agenda that raises the question of the legitimacy of collective bargaining and union involvement in workplace negotiations (Deery and Mitchell, 1999; Lee, 2002). The AMIEU has, on occasion, utilised AWAs for the protection of its members (Jerrard, 2000) when employers have attempted to use individual contracts to undermine industry wages and conditions. Where the union has been vulnerable is in protecting ongoing employment of its members, with a number of smaller, rural abattoirs putting meatworkers on daily and short term contracts. This strategy negates the union’s position at the workplace because the contracts undermine the delegate structure at the workplace. These contracts, when used in conjunction with freedom of association provisions under the WRA, can severely limit union access to workplaces. The freedom of association provisions, while theoretically aimed at providing employees with a choice of union membership, were actually aimed at making union recruitment more difficult (Lee and Peetz, 1998).

The WRA provided for protected industrial action during bargaining periods. However, the use of this provision has operated to the detriment of unions as employers increasingly resorted to lockouts. In the meat industry, a number of Federal Court hearings resulting from this provision have seen the AMIEU utilising a legalistic strategy when dealing with employers. Restricted right of entry and the changes to union security arrangements, particularly closed shops and different forms of union preference in employment, have also provided hurdles for unions to overcome (Weeks, 1997). While the AMIEU has not directly suffered as a result of these provisions, it regards the award simplification process as a direct attack upon it (Richardson interview, 2003). The 2001 amendments to the WRA removed tallies from meat industry awards and undermined the union’s industrial strength and its ability to control throughput.

Although the Australian meat industry has had no single national system for determining wages and conditions (Shaw, 1997), this is set to change with the passing of the Federal Government’s WorkChoices reforms which are aimed at providing a single unified employment relations system that effectively overrides the State systems. WorkChoices also aims to further reduce trade union influence at the workplace and restrict union operations in general both directly and indirectly, through reducing the role and powers of the AIRC.

Assessing the meat industry unions’ strategies

The key meat industry unions in both New Zealand and Australia still retain elements of their traditional militancy which continues to underpin relations with employers. Overall, the strategies adopted have been in response to changes in the external
environment, notably with regard to legislation, but also with regard to industry ownership changes and restructuring over the last two decades.

**Meat Union Aotearoa**

In New Zealand, the changes in the 1990s impacted more upon the Meat Union Aotearoa because a combination of the ECA, industry rationalisation and new employer strategy served to ‘create’ the amalgamated union in 1994 and then to further undermine the new union’s industry coverage and position. Despite the amalgamation, it lost the ability to organise effectively under the ECA when the larger urban-based abattoirs were replaced by the growth of numerous smaller, non-union, greenfield plants across the North Island. Subsequently, the decline in membership and industry position meant that the Secretary was forced to seek new ways of positioning the union, including the long term plan to amalgamate with the NZ Meatworkers’ Union.

The ECA provided minimal opportunity through the legal system (Cooke interview, 2002) and the Meat Union Aotearoa was forced to work directly with employers in partnership arrangements in the few remaining unionised plants in the North Island. Under the ERA, the union attempted to return to the solid organising combined with servicing typical of the ‘classic’ union strategy (Boxall and Haynes, 1997) and experienced some resurgence in membership, but not enough to negate the benefits of amalgamation.

**NZ Meatworkers’ Union**

The NZ Meatworkers’ Union fared better under the ECA because the South Island industry structure remained relatively stable, enabling the union to retain most of its membership and therefore a higher degree of industrial effectiveness. While the union could not make gains on behalf of its members during the 1990s, it “did not lose ground for members” (Eastlake interview, 2002). In hindsight, this is a significant achievement resulting in a stronger position for the union under the ERA. In particular, the retention of membership density meant that it emerged from the ECA era in a relatively strong position and did not need to rely on the ERA to regain membership. The major ERA benefit was probably an increase in industrial strength for the NZ Meatworkers’ Union that enabled a move towards multi-workplace agreements as a result of the return to collective bargaining.

**AMIEU**

While the AMIEU made over-award gains on behalf of its members in the 1980s, the union was unable to have these ratified by the A IRC and included in industry awards. Consequently, under enterprise bargaining, many of the gains were lost when the union’s bargaining position was weakened due to changing industry structure and market demands resulting in plant rationalisation and job losses. Despite this, the union retained the use of industrial action as part of its overall strategy, supplemented under the WRA, with reliance upon legal actions to challenge the employers’ position of strength. The union faces further changes under the WorkChoices changes, pending the outcome of the High Court legal challenges by the State Governments and the AWU to be heard in May 2006.
Overall, the AMIEU and the NZ Meatworkers’ Union have achieved more successful outcomes despite their weakened industry positions resulting from a combination of legislative and economic changes. The Meat Union Aotearoa, however, was unable to retain its industry position and its independence as a stand alone union, preferring a pragmatic amalgamation with the NZ Meatworkers’ Union to ensure ongoing protection of its members.

**Assessing amalgamations**

As Hose and Rimmer (2002) point out, it is the officials who drive amalgamation moves but they cannot force members to vote one way or the other. Members have to want to amalgamate because the outcome will directly benefit them. In the case of the Meat Union Aotearoa members and officials, amalgamation with the NZ Meatworkers’ Union provided unity across the industry and membership. The amalgamation partner was an existing industry union that was not dissimilar in identity and operation to their own union. The amalgamation also provided greater financial reserves and other resources to fund campaigns and membership of a union proven to be fairly successful in retaining its industry position, membership density, and negotiation outcomes during the fairly hostile employment relations climate of the 1990s.

By comparison, the AMIEU response to proposed amalgamation was agreement by officials and membership to oppose amalgamation. The AMIEU membership response may reflect the conservatism of union members who fear change (Hose and Rimmer, 2002; Tomkins, 1999) or, as identified by the AMIEU, it may reflect a strong sense of tradition within the membership and a sense of meatworker identity which the members and officials knew would be lost during an amalgamation with the AWU (Day interview, 1996; Ahear interview, 1997; Luck interview, 1997; Meicklejohn interview, 1997; Curran interview, 2003). Given the history and tradition within the AMIEU, it was likely that the latter was a key driver of the anti-amalgamation vote.

A key difference between the New Zealand situation and the Australian one is found in the ‘choice’ of amalgamation partners. In New Zealand, the initial amalgamation to form the Meat Union Aotearoa involved three small unions within the industry amalgamating as a result of the hostile employment relations climate under the ECA and the need for the smaller unions to merge to ensure long-term viability and at least some degree of protection for members. The second New Zealand amalgamation in 2005 saw two industry unions *choose* to amalgamate. In Australia, an industry union was to amalgamate with a general union with limited meat industry coverage and the amalgamation was not initiated by the partners but was driven by the ACTU. Given the differences in circumstances surrounding amalgamations in the two countries, the different outcomes are explained.

**Winners and survivors**

From the discussion and analysis of the strategies adopted by the unions covering the New Zealand and Australian meat processing industries, it can be concluded that
while they may not be winners, the unions are definitely survivors. The industry winners in each country are the companies who control the respective export markets. They have used their industry dominance to maintain profitability through industry rationalisation and by introducing new work practices and technologies to cut costs.

The role of legislation in promoting employment relations changes favourable to employers has been an important factor in shaping the industry in each country, but the impact of such legislation on the industry’s unions has been shown to be quite different between the two Islands of New Zealand. The essentially different experience has resulted in the amalgamation of the two New Zealand unions to offer unified industry coverage across the whole country. In Australia, the experience of the AMIEU shows some similarity with that of the NZ Meatworkers’ Union in that both were relatively successful in retaining industry coverage and density and both were able to adapt to changing legislation and bargaining conditions.

Finally, the issue of foreign versus domestic ownership was discussed in the article to highlight industry differences between the two countries. However, it appears that the issue may be better framed as ‘who is a good employer’ rather than ‘is the employer a foreign-owned company”? This is particularly important as bargaining in good faith to achieve mutually satisfactory outcomes for the employer and for the union and its members remains central to determining wages and conditions in both New Zealand and Australia.

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*Workplace Relations Amendment (Tallies) Act (2001)*


Abstract
This article explores the employment relations of the primary industry supply chain from the New Zealand paddock to the European plate. Primary sector produce has been a major component of New Zealand exports for a long time and has been the focus of major port conflicts in 1890, 1913 and 1951, with many other less public disputes. Supply chain concepts have been integrated with potential employment relations flash points, and this has lead to the development of a focus on, what is described in this article, as the management of employment relations critical control points. These are points which managers should focus on if they wish to avoid conflict which has the potential to disrupt primary industry supply chains to northern hemisphere consumers.

Introduction
New Zealand is so remote from the rest of the world that transport has always played a central role. Europe is exactly on the opposite side of the world to New Zealand. It could not be further away. In New Zealand, the main cities were built around ports, or their port suburbs. The *New Zealand Official Yearbook* (2004: 387) sums up the situation:

“While international air and telecommunications links are helping to overcome New Zealand’s isolation as a trading nation, there remains a heavy reliance on sea transport for movement of the bulk of the country’s exports and imports.

The period from the late 1970s has been marked by ongoing and continuing change in the New Zealand transport sector. Major regulatory changes have encouraged competition within the industry and allowed the ongoing introduction of a wide range of new technologies. Organisational changes have seen a greater use of commercial structures for publicly owned transport systems, with some being transferred to the private sector.”

When measured by weight, nearly all exports and imports are carried by sea (99 percent of each, or 25 and 16 million tonnes respectively). Measured by value, the figures are 83 percent of exports and 75 percent of imports (*Yearbook*, 2004: 387). National shipping policy since the 1990s has reflected the view that the country’s best interests are met by New Zealand being a ship-using rather than a ship-operating nation. Thus, exporters and

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importers have unrestricted access to carriers of their choice in a free market with high levels of competition. Consequently, New Zealand is now served by more independent carriers than previously (ibid.: 388).

Sea transport has been the scene of major industrial upheavals since the Maritime Strike of 1890. Major wharf confrontations also occurred in 1913 and 1951. In both cases, the government of the day won the dispute, with the strong support of the farming community. This fertile ground for unrest has not gone away in the new millennium for Green concludes her study of the waterfront from 1915 to 1951:

“The history of labour relations on the waterfront has relevance for contemporary developments in the ports. Increasingly casualised over the past decade, port workers are once again facing many familiar problems, including insecurity of employment and intensified hours of work.” (Green, 2001: 15)

Further, she suggests that those who have not learnt from the history of the waterfront and understood it may well repeat it.

This is important today because exports still represent almost a quarter of the gross supply of goods and services in the economy and primary exports together with secondary sector processed goods from the primary sector make up about two-thirds of all merchandise exports, almost all of which pass through one or more of New Zealand’s sea ports (Encyclopedia of NZ, 2005). Thus any port disruption interrupts New Zealand’s supply chains to distant consumers with potentially disastrous economic consequences.

Transport and logistics issues form part of the wider management of agribusiness supply chains. In recent years, the emphasis on the wider supply chain has become more dominant. This is because consumers of agricultural products have become much more demanding with respect to food quality and safety, variety of product offerings and information on products purchased (Saxowsky and Duncan, 1998). Partly in response to these demands, the regulatory environment has changed, and not only businesses, but also the supply chains within which they operate, are being forced to comply with these regulations. Competition between agribusiness firms has also become more intense, and as a result of all of these forces, firms, and the chains within which they operate, are placing far greater attention on how to most effectively meet consumer demands in the most efficient way possible. Increasing chain co-ordination is one way in which this is being done (Boehlje, 1999).

How these issues present themselves today is the reason for this paper. Following this introduction, the paper is divided in five parts. First, the role of supply chains in agribusiness in the new millennium is discussed in relation to the changing pattern of regulation and globalization. Secondly, the key concepts underlying the agribusiness supply chain and the roles of human resource management and changing technology are reviewed. Thirdly, a case study of the supply chain for New Zealand apples is discussed, while fourthly attention is paid to the identification and nature of what are described as
‘Employment Relations Critical Control Points’. Finally, suggestions are made as to how participants in New Zealand’s agribusiness supply chains might manage these points of vulnerability to minimize their risks and maximize the wellbeing to New Zealand.

**Agribusiness Supply Chains**

In order to appreciate more fully the current situation with respect to agribusiness supply chains, it is useful to trace their development. In the past, and more so prior to deregulation in 1984, a large volume of New Zealand’s agricultural products were sold in bulk as commodities in a system dominated by statutory marketing boards (Martin, 1986; Le Heron, 2005). That regime was turned around by the neo-liberal reforms of the mid 1980s, which promoted marketization, privatization and trade liberalization. These deregulatory changes have enhanced the role of private companies and producer marketing boards have decreased markedly in influence. At the same time, the commodity chains that were a feature of the pre-deregulatory era started to transform into supply chains that stress the alignment of businesses along the chain with the purpose of meeting the needs of the end consumer. In addition, there has been substantial concentration in the retail sector, and a shift from government regulation of cross border transactions to regulation by private contract through corporate or supermarket intermediaries.

The meat industry, in particular, has been subject to many changes over this period, with the processing industry now being dominated by domestic firms rather than foreign investors, and meat processors competing vigorously through product development to meet the needs of their overseas consumers (Martin, 2004). Through these changes producers are now coming into more direct contact with overseas purchasers, with a greater emphasis by all chain participants on “…adding value, maximizing profits, assuring quality, defining standards, bench marking, and growing brands.” (Le Heron, 2005: 54). Hence, the move from commodity to more differentiated and customer-focused production has been associated with a tightening of relationships and interdependence of all actors along the supply chain (Le Heron, 2005: 54).

In addition to the changes in overseas markets and the greater responsiveness of supply chains to their customers’ needs, the New Zealand end of the supply chain has been experiencing changes in the employment relations regime as well. Essentially, the employment relations context of the supply chain has been through two major changes since deregulation and the move away from commodity chains. Prior to 1991 New Zealand operated under an arbitration based system (Tipples, 1987). Then in 1991 deregulation hit employment in the form of the Employment Contracts Act. That has been described as re-regulation (Tipples, 1995), because it did not remove all regulation of employment. Then a change of government resulted in the Employment Relations Act 2000, which was further re-regulation (Tipples, 2006), but not as extreme as the Labour movement expected, in that it did not restore collective union powers as fully as it might have done. However, while the level of regulation has varied, the level of enforcement has also been variable. While the arbitration system functioned largely at the state’s expense, that of the Employment Contracts Act was ‘user-pays’, but the real difference
was that the Department of Labour was not resourced to enforce the regulations that remained. The change to the Employment Relations Act regime was accompanied by the creation of the Employment Relations Service, which was to help establish the new system with a focus on building lasting employment relationships, provide information, and help those being short changed by employers to obtain redress. This has particularly aided those working in rural occupations, which had never received much attention from the enforcement side of the Department of Labour. They have been helped in quest for better conditions by the shortage of workers in the rural labour market.

More demanding consumer requirements and the greater responsiveness of supply chains to these demands has prompted an increasing emphasis on the provision of quality products, food safety, and production methods that pay greater attention to the environment and sustainability. This has led to the increasing use of Quality Assurance schemes, which are beginning to specify not only worker health and safety requirements, but also employment features (EUREPGAP, 2004). The implication of such schemes is that failure to comply with the conditions required will not just result in a slap on the hand and a small fine, but possibly the loss of the whole sale and succeeding sales, and potentially the farmer or grower investment. Such schemes are required to be audited by approved independent auditors at the supplier’s expense, so a much more powerful sanction hovers over the recalcitrant employer.

However, in the deregulatory era which swept the world from the mid 1980s, the employment relations context also changed at the receiving end of the supply chain. British ports had been traditional trade union strongholds for dock workers. In 1989 the Thatcher led government passed legislation that was aimed at the privatization, deregulation and de-unionization of most of Britain’s ports. It prohibited secondary strikes, and was not repealed by the subsequent Labour administration. Allen has argued that British dock owners, including the government itself, were adopting a global strategy aimed:

“…to employ workforces that would be fully utilized, low cost and available on a ‘just-in-time’ or ‘as needed’ basis. They wanted to employ only atomized workers who were isolated from each other, competed with each other for work and could be called to the docks on short notice at the employers’ discretion to load or unload a ship that was still on route” (Allen, 1997: 1).

Turnbull, Woolfson and Kelly (1992) described the consequent national dock strike as a historic defeat for labour, which could be best understood as a “process of class restructuring in which the relations between labour and capital are transformed” (cited in Arnold and Cooper, 1999: 137). The previous Dock Labour Scheme was, for right-wing opponents, an inflexibility affecting the free functioning of the market, but for the ‘political left’, it had provided security and protection against formerly capricious dock hiring practices for casual workers.
Supply Chain Concepts

The transformation of commodity chains into more integrated supply chains has led to a change in the way in which business is conducted between firms and countries. To gain some understanding of these changes and their impact, it is necessary to explain the key concepts relating to supply chains. First and foremost, supply chains are driven by the final consumer and all chain participants align themselves in order to play their part in creating value for the final consumer. A supply chain must not only create value for the final consumer, but must do this better than competing supply chains.

The value creation process occurs right along the chain from input suppliers, producers, processors and distributors, and each of these businesses can be considered as intermediate customers in this value creation process:

“While driven by the ultimate consumer, chains are made up of many intermediate customers, each of which must meet the needs of the customer above them in the chain. When they do this, they create value for their customer, and in turn, they expect their suppliers to create value for them. Thus, a value creation process occurs along the entire chain with the objective of meeting the needs of the final consumer.” (Martin and Jagadish, 2005: 3)

As noted by Martin and Jagadish (2005), each business along an agribusiness chain will use their physical, natural, financial, and human resources, and their innovative capability, to create value for their intermediate customer by transforming or enhancing their inputs. Product transformation usually involves some kind of processing, while product enhancement includes cleaning, grading, packaging or presentation. A business can also create value through the integration of its processes with those of its suppliers and customers. These processes will centre around purchasing and selling, logistics and product maintenance (or quality control).

Hence, supply chains create value through the operations of the businesses within the chain and the integration of processes, such as logistics and quality control, between businesses in the chain. This value creation is supported by information flows up and down the chain and achieved through vertical integration of activities within key businesses and/or the management of relationships between businesses. Relationship management is usually associated with changes of ownership of the product, and can take forms along a continuum from open market transactions at one end to very close strategic alliances or joint ventures at the other. Chains are usually controlled by one or more chain leaders, who match the needs of the market with the resources of the chain. In doing this, they tend to set standards, manage chain-wide processes and facilitate information flows along the chain (Martin and Jagadish, 2005).

From the above conceptualization of an agribusiness supply chain, Martin and Jagadish (2005) derive a set of performance standards for such chains. They claim that sustainable competitive advantage in an agribusiness supply chain is obtained when it achieves particular macro and micro level performance standards. At a macro level, they argue that
such performance requires: that a chain have a chain focus and be consumer driven (effective), that it be cost-efficient in its operation (efficient), that it does this better than competing supply chains (superior benchmark performance), and that it can continue to do this over time (chain stability). They also postulate a set of micro-level performance criteria that focus on effective and efficient value creation along the chain, efficient logistics and effective quality control, effective and efficient information transmission up and down the chain, and the effective vertical integration of processes within key firms and effective relationship management (Martin and Jagadish, 2005).

The authors then argue that chains may not perform well for a number of reasons. The reasons are: the lack of a supply chain orientation, lack of chain resources, inadequate information flows, and inadequate infrastructure to support logistics (Martin and Jagadish, 2005). Employment relations issues can impact or interrelate with each of these performance impediments. If different members of a chain behave opportunistically towards each other and are not working in unison to meet the consumer needs (lack of a supply chain orientation), then the chain will not perform well. For example, an external inspecting organization may be more concerned with its own internal staffing budget than maintaining good employment relations and the integrity of the chain. Likewise, lack of chain resources could include the inspecting organization lacking appropriately qualified staff such as veterinarians to facilitate optimal chain operation. Employment relations concerns can derail the best organized businesses if their staff are taken for granted. The likelihood of this happening will vary depending on the structural characteristics of the point in the chain where the sensitivity occurs (as discussed below). Similarly, inadequate information flows up and down the chain can mean that important intermediary personnel at some point of transshipment can break a ‘cool chain’ if they do not realize the significance of keeping the chain intact for maintaining produce condition. For example, Nadi airport in Fiji used to be notorious for flowers in transit to the USA being left on the runway unprotected in the tropical sun. Finally, inadequate roads, shipping or air links can cause great difficulties, especially if a lot of transshipment between transport modes is required. Each point of transshipment then becomes a point of vulnerability. These are also points at which employment relations issues may come to a head.

**Human Resource Management and the supply chain**

There has been little research on how the movement to more managed supply chains has impacted on participants’ human resource management (HRM) policies and employment relations, or on the importance of these on the smooth management of these chains. For example, there has been a failure to consider the employment relations implications of polices such as outsourcing, casualization, work intensification and their impact on employer – union dynamics. There are both opportunities and threats to employers, workers and trade unions operating in ‘integrated work settings’ (Lund and Wright, 2003: 102). The technical innovations in the chain have promoted productivity and customer responsiveness, which have led to greater integration and consequently more cross enterprise interdependence, which is where the greater vulnerabilities may exist. Significant literature had developed around three subjects:
1. The need for new HRM policies and practices to promote new employee skills and behaviour.
2. How the adoption of ‘lean production’ strategies leads to intensified work effort and increased managerial control over the labour process.
3. The human resource and other organizational implications of closer relations between enterprises within supply chains. (Lund and Wright, 2003: 103)

In contrast, little attention had been given to the macro employment relations implications of ever ‘leaner’ production, where there were concerns about issues of cross-enterprise integration, dependence and vulnerability to industrial disputes. These have implications for the industrial bargaining power of strategically located groups of workers and their trade unions, which could shut down an entire supply chain causing industry wide havoc. So strategic location within the distribution and transportation parts of the chain becomes even more critical with increasing integration and the need for timely responses. The most vulnerable points of the supply chain expose management’s greatest weaknesses.

Lund and Wright (2003) provide case studies of successful campaigns by the Teamsters Union. In the Associated Wholesale Grocers (AWG) case, 1300 members were locked out. Two months redundancy notice was given with the information that AWG were planning to contract out two distribution centres. The Teamsters did not call an illegal strike and thus breach their labour agreement, but began a campaign of lobbying through the media, store drops of flyers asking buyers not to buy from stores that AWG supplied, picketed specific stores, ran an effective community campaign, and alleged that AWG had not negotiated ‘in good faith’. The combined actions, some intermediate customer defections and the ‘good faith’ threat led to a quick settlement with the third party provider of logistics. The latter had good relations with the Teamsters and about half of its US operations were unionized. The settlement recognized AWG’s right to outsource its operations, but reduced such providers from four to one. Back pay was agreed for reinstated strikers, but AWG still achieved multi-million dollar savings. Clearly, the third party logistics provider had a very good relationship with the Teamsters, which reciprocated with positive views of their management. A win-win outcome was achieved. Another case featured a similar win against Kroger Company, the second largest grocery company in the USA. Wal-Mart, however, is a vigourous user of SCM techniques and vehemently anti-union. While a target for union organization it has a lower cost structure from its un-unionized labour force and is a competitive threat to other supermarket chains. Its low cost non-union operations may provide both stiff competition and a model for other employers to follow.

Overall, Lund and Wright conclude that effective union bargaining power will be defined by: the extent of unionization throughout the supply chain, how fragmented bargaining structures are, the nature and shape of inter-union relations, and the degrees of demarcation. Employer responses are likely to include: union avoidance, outsourcing, or building more co-operative relations with other unions (Lund and Wright, 2003: 112).

**Technological change and the supply chain**
Recent technological changes have had a major impact on the management of supply chains. Many of these innovative changes have been digitally based. These include improved systems for product traceability utilizing individual product identification - for example, using bar codes, or Radio Frequency Identification (RFID) (Tang, 2006) - to enable products to be located precisely on their journey from product to plate. Coupled with the ability to record the precise conditions of storage throughout the journey of individual containers and their contents, the risks faced by producers and international customers, whether of imperfect transportation, or chemical or biological contamination are radically reduced and can be precisely located if they occur. New software systems permit obtaining greater efficiencies in loading cargo, whether in terms of the maximum filling of hold space, or locating the cargo so it is relatively easy to retrieve when destination ports are reached. Shipping itself has been undergoing significant changes with containerization and container ships largely replacing the more traditional pallet filled reefer vessels. Reefer ships have themselves undergone significant improvements with pallet loading by lift, lateral cargo doors, no hatch covers and up to 70 percent of hold space refrigerated (Barry Rogliano Salles, 2003). Such changes have had major effects on port labour productivity, with a decline in the UK port labour force from 80,000 in 1948 to less than 10,000 in 1988, when privatization began (Turnbull et al., 1999).

In the UK, new technology has also helped the radicalized dockworkers dismissed as a result of privatization, who were not supported by their traditional union, the Transport and General Workers’ Union, or by the Trades Union Congress. They established a ‘dispute’ website to highlight management manipulations and capitalist strategies. It helped gain international support. For example, through it the Maritime Union of Australia learnt of events at the port of Liverpool, where the privatized employer, the Mersey Docks and Harbour Company, dismissed and replaced striking dock workers. Subsequently, the internet directly facilitated the globalization of the dockworkers’ conflict as it permitted dockworkers across the world to see the similarity of their struggles. January 29, 1997 was designated as a day of international action to back the Liverpool dockworkers. Dockworkers in 27 countries and in 105 ports staged actions of solidarity (Allen, 1997). However, their fight was in vain and a settlement was reached eventually, with 70 percent of those dismissed receiving a financial settlement, while most of the remainder became unemployed in Liverpool’s oversupplied labour market.

By 1999, every port in Britain had become non-union as a result of the union breaking activities begun back in 1989. The process of privatization had succeeded. The trade union movement (e.g. TGWU) never had any intention of supporting the strikers. The strike had been ruled illegal and union involvement would have made union funds liable to sequestration under the Thatcher legislation. The International Transport Worker’s Federation (ITF) would not become involved with an illegal strike either (Bacon, 1999).

The formation of the International Dockworkers’ Council (IDC) in Tenerife in 2000 followed. It was seen as the creation of a rival organization by the ITF, which had been founded in London in 1886 (ILA Newsletter, Summer 2002). Inter-union rivalry is not a new phenomenon, but the IDC has tried to occupy the more radical ground.
Subsequently, it claimed it had led the opposition to the draft European Union (EU) Port Services Directive in 2003, by calling for international protest strikes against it (IDC, 17 November 2003). The international action was effective because when the Directive was debated by the European Parliament, it was rejected by 229 votes to 209 (IDC news, 20 November 2003). The ITF called it “A major step forward”, but the UK based shippers’ body, the Freight Transport Association (FTA) said it was a major mistake and:

“…robbed ports of a vital opportunity to modernize and increase cargo handling efficiency with all of the productivity and competitive advantages which would have flowed. The current restrictions on pilotage and handling do not well serve the European supply chain. (PortServicemag.com 13.03.03)

A similar piece of legislation promoted by the EU Commission was voted down by a substantial majority (532 to 120, 25 abstentions) early in 2006. European ports account for 70 percent of the 25 country EU’s trade with other countries (“Strasbourg rejects bill that would de-regulate EU ports”, Bloomberg-Reuters, quoted in The Press, 20 January 2004). That point takes the argument full circle to the key issue of where or when employment relations issues can interrupt supply chains.

**Agribusiness Supply Chain Configuration**

Each supply chain will have its own configuration, and its design will be driven by a number of factors. One of these factors is the logistics of getting produce from the New Zealand paddock to the European plate, as can be illustrated by this basic ‘chain’: producer/road/port/ship/port/road/rail/distribution-centre/road/supermarket. Depending on the product, the nature of the supply contract, the nature of New Zealand food regulations and the nature of the importing country’s quarantine and endpoint customer requirements, this basic ‘chain’ may be more or less complicated by contractual or regulatory terms and/or stages.

In Figure 1, the Apple supply chain from the New Zealand orchard to the English plate is portrayed (Beeching, 2006; Russell, 2005). As has already been explained this chain has continuously evolved. Orchard employment relations have rarely been the subject of collective employee action, with no union representing orchard workers. Recently, employees unhappy with their pay or conditions have been able to resolve their problems by moving to a more congenial employer because of the prolonged labour shortage that horticulture has experienced (Tipples, 1995 and 2006).

Deregulation of the apple industry’s export procedures accelerated the move to containers for which the specific environment can be individually controlled. Up to 1997, all apples were exported in reefer ships, but by 2003 one third of exports were transported in containers. By then, the Nelson and Napier service could reach Sheerness for Britain or Antwerp for Europe in just 26 days (InforMARE, 2003). There are far more channels than were initially expected, depending on the initial packing of the product and whether or not it is put in storage when it gets to the UK.
At Sheerness, Worldwide Fruit (WWF) is the chain partner of Turners and Growers (Enza). WWF is a leader in fruit procurement, sourcing, marketing and category management so it can supply the best ranges of ready to eat fruit in the UK (Worldwide Fruit, 2006). Sheerness is a non Union Port as a result of the privatization policy and manipulations of the Thatcher government (see Arnold and Cooper, 1999), so employment relations problems are not a frequent issue. Medway Ports are now owned by the Mersey Docks and Harbour Company, which introduces its currently flourishing business with the following statement: “A commitment to excellent service, delivered by responsible employees and always underpinned by a strong culture of health and safety – Medway Ports sets itself the highest standards...”. That is reinforced by a commitment to meet the increasingly exacting standards of supermarkets for fresh fruit and vegetables, for which they have obtained ISO 9001 2000 certification for accreditation (Medway Ports, 2006).

Antwerp, on the other hand, has a very strong union influence. Costs tend to be pushed up at non-standard times, e.g. weekends, and there have been strikes in the past at this port. Worldwide Fruit itself has very little usage of Antwerp as most of its cargo comes
via Sheerness or the principal container ports of Felixstowe or Tilbury. While the latter are union free, major problems flow for product sourced from France, Spain or Italy, which has to pass through the Port of Calais. The latter is frequently ‘blockaded’, whether by disgruntled fishermen, farmers, truck drivers, dockers or sailors. They have interrupted cross-Channel ferries and caused major truck and car traffic congestion in Kent from the accumulation of vehicles awaiting ferries across the Channel (e.g. Latest Ferry News, 2005).

Upon arrival at Sheerness Port, agriculture checks are undertaken by staff of the Department of Environment, Food and Rural Affairs (DEFRA), a UK Government department. They take a sample for inspection to ensure consistency with EU Class guidelines. WWF have to advise DEFRA of all imports into the UK (by maintaining a web page for them), and DEFRA then advise which consignments (a container or specific parcel of fruit) they wish to inspect. All such inspections are effectively quarantined until cleared for further distribution by DEFRA. Any contraventions have to be rectified in a bonded location and re-inspected before they can be released, and all costs are attributed to the importer’s account. In 2005, the cost of DEFRA inspections equated to about £4 per container, or £0.20 per pallet over the entire crop.

After unloading, cargoes go in a variety of directions. WWF often feed to production units (to convert to Supermarket packs) or to long term controlled atmosphere (CA) stores. From these points, WWF deliver on a daily order basis to retailer distribution centres, which then feed the individual stores. Road transport is always an issue in the UK, with overcrowded roads and ever increasing fuel costs. Retailer distribution centres are in the main unionised. The centres are owned (or leased) by the retailers, and either directly run by themselves or run by specialist logistical subcontractors (eg Hays / Wincanton / Christian Salveson / Tibbett and Britten ). There is regularly discussion in the trade press about possible union action as a result of changes in such factors as working conditions. The most vulnerable points for WWF are, in their opinion, the supermarket depots as interruptions could have severe implications on sales rates and long term quality. Once fruit has cleared the ports it is effectively under WWF control, and the facilities WWF use are privately owned by members of the WWF group and so there is little impact there. There is always the remote possibility of a port blockade or fuel strike which could impact WWF severely; although, in terms of containers, WWF do have the option of changing destinations. For example, WWF could land containers in Antwerp, if required, and then bring fruit back from Europe.

Quality Assurance (QA) procedures do not just take place as apples are grown, picked and packed from the orchard, but at all stages through to the ultimate point of sale in England. Taking New Zealand as the starting point, there will be an element of QA before packing in order to ascertain whether the raw material meets specification for the specific customer or Enza grade standards. It will then be quality controlled online, and again before being shipped to a market. Agriquality New Zealand will invariably act as the final arbiter at this point. Once fruit reaches the UK port, WWF will take a sample upon arrival in Sheerness, and a further one before putting into store or re-packing. This is to ensure that the fruit WWF is putting before the packers is in the correct specification.
for the retail customer they are packing for. Fruit will also be quality assured at any point prior to delivery to the supermarket depot (eg ex Sheerness, ex UK Storage, ex Packer). Finally, the supermarkets themselves will do an intake QA to ensure that WWF have done their job and fruit meets their specific requirements. It is a fairly complex process and WWF perform the extra checks in order to minimise on costs of additional transport and the issues surrounding supermarket rejections (which can lead to loss of business).

**Employment Relations Critical Control Points (ERCCP)**

Food quality assurance programmes often have to meet HACCP standards (Food Act 1996). HACCP stands for Hazard Analysis Critical Control Points and are used to identify points of maximum risk for producers, suppliers and retailers. Inventing a similar phrase to describe hazardous high risk points for employers in the agri-food supply chain may be useful, when appropriately illustrated, to highlight what Lund and Wright (2003) have described as an un-researched topic. Therefore, the phrase *Employment Relations Critical Control Points* (ERCCP) is coined to draw attention to areas which should be attended to by supply chain intermediate and final customers to avoid or control high risk employment relations events.

New Zealand farmers and growers have long been aware of their vulnerability to disruption of sea transport to ultimate markets. Today those pressures are more acute because a more perishable range of produce has to be transported more quickly. There is nothing to suggest that their dislike of dock workers has diminished with the passage of time. The changed employment relations legislation in New Zealand has probably strengthened their position:

> “On the New Zealand waterfront, the ERA has enabled new unions to emerge, as representatives of employees working for companies that have been at the forefront of efforts to casualize and de-unionize employment….vehemently anti-union employers seeking the legitimacy of employing unionized workers, so as to challenge further an established union.” (Barry and Reveley, 2001: 15)

The so-called Mainland Stevedoring/Carter Holt dispute of 2001 fits this pattern exactly (McAndrew, 2001: Software Associates, 2006). A new stevedoring firm, based in Mount Maunganui in the North Island, started to shift its ‘casual’ staff around South Island ports to help load logs ‘more efficiently’. This sparked major confrontations in the South Island ports which caused considerable media interest (Rasmussen and Ross, 2004).

While quieter than formerly, the wharf has not ceased to be a contentious area, particularly at contract renewal time, when there have been a series of heated disputes. One, at Lyttelton, led to only the second death in an industrial dispute in one hundred years of New Zealand’s employment history. Most recently, there has been ongoing industrial action in support of negotiations for a new collective agreement where the Lyttelton Port Company has only settled after staunchly resisting for nearly two years (*NZIER*, 30(2): 89).
Besides the direct confrontations between members of the supply chain and their employees, there are those more indirect disputes which can disrupt the chain and over which the parties involved in the chain have no direct control. Three recent examples are of the dispute of the MAF/Asure New Zealand meat inspection veterinarians in 2001, which lasted one week and resulted in about 9,000 meat workers being stood down (NZJIR, 26(2): 243), while contract renegotiation difficulties were resolved. The second in 2002 concerned Customs Officers also seeking collective agreement renewal. This was complicated by a restructuring of pay rates so that base wage rates were lifted but allowances and overtime payments cut back, and by there being three unions involved: The Customs Officers Association, the Public Service Association, and the National Union of Public Employees (NZJIR, 27(3): 367). The third is the 2005 dispute between MAF and its Quarantine Service staff affecting Biosecurity. This had a much less direct linkage but if an exotic disease were to enter New Zealand during such a dispute the potential impact across the agricultural sector would be huge from lost overseas sales. As Federated Farmers described them, they are the country’s ‘Gatekeepers’ and to have no front line of protection was worrying. The employers did not propose lowering any standards, just delays to cargoes and passengers (NZ Herald, 24 November 2005). In two of the cases, the Ministry of Agriculture and Forestry was either the employer directly or the ‘owner’ of the contracting State-Owned Enterprise (SOE). It was confronted by the competing claims of employees and the state (as the central government’s wages policy limits the Ministry’s budget flexibility).

While third party employment relations disputes have periodically disrupted supply chains from New Zealand, they have not been, for at least the last fifteen years, a problem at the British end. Weather factors such as high winds or rain, and computer problems at DEFRA have been far more disruptive. For example, in 2005, when high winds prevented docking at Felixstowe, containers were unloaded at Rotterdam, and then fed back to Britain a week later (Beeching, 2006).

**Managing Vulnerability**

Based on the New Zealand apple case study, the most serious employment relations critical control points were: in highly unionized sites such as the Port of Antwerp, any part of the chain subject to collective employment negotiations in third party organizations which have to grant permissions for produce to pass from one chain member to the next (such as MAF, AgriQuality and Customs for New Zealand), and sites where the state of inter-union relations is poor. To these may be added any points of transshipment, for example where ‘cool chain’ integrity is compromised; or any points where there are issues of demarcation, whether current, latent or potential. Disruptions may not only lead to losing sales but, in a worst case scenario, for companies losing the chance to do any further business with the affected endpoint customers.

Managers can carry out risk identification processes to identify where they may be most vulnerable to chain disruption. As unions, and their members, are one of the groups which may be affected by such disruptions to a supply chain, employers may then have a
Getting Produce from the New Zealand Paddock to the European Plate - 73 -

proactive relationship with their unions to ensure their members are not adversely affected by other disputes outside of their control. In effect a win-win outcome is aimed for and should be achieved (Gilbert and Gips, 2000; Sheffi, 2003). They should concern themselves to identify where they would be most inclined to focus to maximize their negotiating power. Where high risks are then identified they have to decide whether to avoid the problem by going round it, perhaps by a less convenient route with possible adverse side effects, or whether they can afford to wait for it to be resolved; or whether they decide to confront it. Direct confrontation was clearly the dominant policy in the 1980s and 1990s, with the result that many parts of the supply chain are now free of unions and operate with a fraction of the staff they did before. That is clearly not an acceptable policy in Continental Europe and probably less feasible in New Zealand under the Employment Relations Act. So it is likely that more cooperative rather than conflict-based solutions must be found, one of which may be avoidance.

Acknowledgements

This paper was only possible with of the great help of Andy Beeching and Andrew Russell of Worldwide Fruit for which we thank them. Professor Chris Kissling, Professor of Transport Studies, Lincoln University, made helpful suggestions on this topic, and read and commented on an early draft of our paper. His contribution is gratefully acknowledged.

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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 loose 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 Burrow 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.

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