

INDUSTRIAL RELATIONS - LOGGING INDUSTRY PATTERNS

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Although my direct involvement with logging activities over the past thirty years has been sporadic, I have for most of that time been associated with the logging industry. I have been in a position to influence or modify in a small way the changes which have taken place. The changes can be grouped broadly in two categories - firstly the replacement of indigenous species with exotic and secondly the growth in volumes logged. Each brought its own technology switches, from the handling of relatively few very large pieces in indigenous operations to the higher volume, higher numbers of smaller pieces and higher stand densities of the exotic species. These developments had a significant influence on people relationships and attitudes - on industrial relations.

Therefore while the industry patterns I shall describe reflect a personal view, I believe that view may be typical of general experience in New Zealand.

In the mid fifties Hutt Timber & Hardware had indigenous logging operations near Taumarunui, and also logged a somewhat larger volume of radiata from the company's Tokoroa forests. Although much of the equipment was different, the techniques in exotic logging were developed from indigenous practices. The work was organised on a similar basis in both areas. The company owned all the gear, and all crews except the logging boss in each area were on award wages.

Jack Murray who supervised logging and milling activities in both areas knew personally every man on the payroll. His leadership and his legendary prowess as an axeman and bushman resulted in two cohesive productive units in which the men frequently worked in conditions appalling by today's standards and in which time of day or night was secondary to getting the job done. Each group took some pride in its performance and they were happy to gossip disparagingly about other operations whose output and work standards were seen as inferior. There was a lot of give and take, and in an informal way Jack ensured that at the end of the year the sacrifices were balanced.

All were Union members of course, but the Union was not a factor in the internal relationships. The National President and Secretary of the Union at that time were held in affectionate regard by both the workforce and management, but from both sides the Union was seen as largely irrelevant.

Log transport was at first a company owned activity, but early on contractors (mainly owner-drivers) became the standard.

Fletcher Timber had the same historic mix of logging activities - mainly in widely dispersed fragmented operations using wage crews and company gear. Logging by Fletchers in Tauhara Forest commenced in the mid sixties as an evolution of indigenous experience. Many of the foremen and crews had never worked radiata pine before. An early descision was made to operate through a head contractor who employed subcontractors. Most of the old immediacy of contact was therefore lost but this presented no difficulty given the limited scale of activity at the time.

Volume increased sharply with the need to supply the Taupo sawmill (completed 1966) and new log export contracts which began in 1977. To cater for this increase, the previous system was replaced by one consisting of a series of individual contractors, each of whom engaged one logging crew. The key features of this setup were:

1. Each prime contractor was selected on the basis of his competence as a bushman/logger, and for his ability to develop and motivate his employees as a team - rather than for his inherent business ability. He was required to work full time as part of the team.
2. The company assisted the contractor through:
 - assistance with putting a case together for finance and presenting it to a bank or finance company.
 - advice on machinery and equipment; for example the company (rather than the contractors) dealt directly with equipment salesmen - reducing the risk of over-capitalisation.
 - TWI and training courses.
 - Provision of safety standards and staff training.
3. The relationship between the company and contractor was informal and based on trust and strong personal relationships. Written contracts were provided only where required by a lending agency.
4. There was no formal tendering for work. Contract rates were negotiated on a block-by-block basis between company and contractor. A very stable, long-term relationship was thus developed with most prime contractors.
5. During recessions or downturns, the company took every possible step to find alternative work for contractors.
6. The prime contractors - and in many cases, their employees - were involved in many facets of the company's day-to-day activities, including safety meetings, staff functions, social club activities and the Credit Union. The company assumed a paternal role, and a strong bond of loyalty was developed between the company, contractors and employees.
7. The Union supported the contracting principle, seeing its main responsibility in ensuring that all qualifying

employees were covered by the Award, and that all Award conditions were met in arrangements made by the contractors with their employees.

KAINGAROA LOGGING COMPANY

HISTORY

In the early years of its operation, KLC built a reputation as a fine logging company - and very innovative by world standards. Formed with a 50/50 Tasman/New Zealand Forest Service shareholding, the company nonetheless had a tremendous individual identity. The relationship between management and men was personal and very strong. The company was more than a provider of employment - it was heavily involved in the formation of the Murupara community, and played an important role in the economic and social development of the town.

DEVELOPMENT AND IMPACT OF UNION INFLUENCE

For the first 10 years of the company's operation, the work force was employed solely on a wages basis. Employees were almost exclusively members of the Timber Workers Union, except for several employees in the tyre shop (members of the Engineers Union). By nature, loggers were not "stirrers", but the mechanics employed in KLC's large workshops were more union oriented.

The local KLC branch of the Timber Workers Union was organised under a Site Chairman and Secretary. It reported to the South Auckland Branch, which came under the auspices of the National Office and National Secretary - Ray Hamilton).

The KLC site union was overshadowed by the Tasman site unions (and to some extent by Kinleith), and rightly or wrongly felt ignored by national union officials. The terms and conditions of work were based on the national award but with a locally negotiated wage scale. Nonetheless they were dominated by Tasman site considerations.

In 1961/62 the Boilermakers' and Engineers' Unions moved in the Arbitration Court to bring KLC welders and mechanics within their Award. This was successfully opposed by the National Office of the Timber Workers Union. From 1963 the KLC award was brought within the ambit of the Tasman Timber Workers award. This move disadvantaged KLC workers, as conditions and requirements particular to their job were often ignored.

Also in 1963, KLC became a department of the Tasman Pulp & Paper Company Limited. As part of this restructuring, the top leadership of KLC was transferred to Kawerau.

As a consequence of all these factors the local union became more organised and closely knit. A strong chairman (an avowed Communist) with militant attitudes emerged. In September 1963 KLC timber workers went on strike. Ostensibly this was to protest against wet weather standby arrangements. However, in

effect it was seen by many as a muscle flexing exercise - both by the new local union chairman, and by the National Secretary (attempting to restore a National union influence on the KLC site).

Local union officials began to take a more militant line with management and ignored channels to their branch and national offices. The main thrust was to threaten strike action to obtain demands related mainly to local conditions and special pay rates. Restrictive practices began to be imposed.

The KLC management were, however, under pressure from Tasman not to disrupt supply to the mill. So many unreasonable requests were acceded to. For example, the union insisted that if one man in the workshops was required to work overtime then everyone else should also be entitled to overtime.

Relations between the local site union officials and the national office of the Timber Workers Union also deteriorated during this period. The local chairman (also the area union officer) disregarded the union's national office and won the support of the Kaingaroa/Waipā Forest Service workers in a move to oust Ray Hamilton as National Secretary. This campaign culminated in several stoppages and a march by members on the Secretary's office in Rotorua. In 1977, KLC members voted to ban Ray Hamilton and his deputy (W. Gray) from the KLC site. Industrial relations were conducted without the availability of the union's National Secretary. Site agreements were negotiated, but agreements which required arbitration court ratification had to be negotiated off-site (with national officers) until 1982, when once again the KLC union branch recognised its National Secretary.

So that from 1972, KLC conditions and wage rates were based both on the common claims negotiated with combined Tasman site unions and on local agreed claims. The main pressure has been on the total wage rate, arising from relativities with other unions especially those represented on the Kawerau site.

CONTRACTORS

From 1966 on, the first contractors were introduced into KLC logging operations. These contractors have worked under a similar style of operation to those at Fletcher Forests, but there have been some differences, for example in manning scales, gangs per contractor, work targets.

CO-OPERATIVE LABOUR CONTRACT

In recent weeks, a new form of logging contract has been negotiated and implemented at KLC. This agreement, known as the Co-operative Labour Contract, has been negotiated under clause 22 of the Combined Kaingaroa/Kawerau Site Agreement.

Under the new contract, hourly paid gangs can be converted to payment by piece rates. The piece rates are calculated on a per tonne basis, and apportioned to individual gang employees in

relation to the hours worked by each employee over the period in question (usually a fortnight). The money available for piece rate payments is paid into a pool each fortnight, and is distributed from that pool.

The formula on which the overall remuneration is based is calculated according to work study and standard costing techniques. Basically, the company calculates the cost of labour for each gang, incorporating the specific allowances and travel payments applicable to the employees in that gang prior to conversion to labour contract. The company also estimates work targets (tonnes per day) for each setting.

To date, five gangs have been converted voluntarily to the Co-operative Labour Contract system. The response has been positive, and other gangs are expected to apply for conversion to the new system.

The overall contract is administered by a Joint Operations Committee, consisting of three company and three union representatives. Agreement to the new system has been obtained during negotiations conducted during the last 2 to 3 years.

Interestingly, Crown Forest Industries operates a similar system for its own logging activities in Canada.

TRANSPORT

The bulk of KLC's trucking operations are undertaken by hourly paid drivers. However, in late 1983 4 truck drivers were converted to an owner/operator basis. KLC also engages a number of owner/operator truck drivers on a temporary basis, depending on its requirements.

The conversion of the 4 permanent owner/operators (who have a contractual arrangement with the company of between 3 and 5 years in length) came only after strong opposition within the KLC workforce was overcome. The union voted initially against conversion, and the matter then proceeded to mediation. The mediator found in KLC's favour, and the union accepted his decision.

To date, the owner/operator system has worked effectively.

THE FUTURE

New Zealand has a comparative advantage in the cost of growing wood. This advantage can and must be enhanced by the use of harvesting equipment and techniques best suited to our conditions, and by the performance of highly motivated and productive people - from field operators through to top managers.

It appears that motivation is best achieved by structuring even large activities in relatively small and autonomous groups of people who see their interests as those of the group, and the

group's activities contributing to the goals of the organisation. This structural principle will apply even when the forecast trebling of log volumes occurs in 15-20 years time.

I am sure the New Zealand timber workers Union sees itself as a very important part of this structure and growth. High personal commitment and high productivity are fully consistent with Union attitude and policies. Small autonomous work groups give both Union and management the best chance of achieving this.

Frank, direct communication between all three parties is necessary to develop the mutual trust and commitment without which sustained productivity and job satisfaction will not be possible.

I believe we can do it.