

**IN THE EMPLOYMENT RELATIONS AUTHORITY
WELLINGTON**

Determination Number:
WA 170/07
File Number: 5092201

BETWEEN New Zealand Meat Workers and
 Related Trades Union Inc Aotearoa
 Branch
 (Applicant)

AND Whakatu Wool Scour Limited
 (Respondent)

Member of Authority: P R Stapp

Representatives: Simon Mitchell for Applicant
 David McLeod for Respondent

Investigation Meeting: Napier, 26 November 2007

Determination: 17 December 2007

DETERMINATION OF THE AUTHORITY

Employment Relationship Problem

[1] This is a dispute about the interpretation of an incentive clause in the parties' collective agreement and how the clause is being operated and applied by the employer.

[2] The employees claim that they have been disadvantaged by the use of the employer's calculation and say they should receive back pay. However these are not the issues in the matter. Indeed the Union has not provided any details to support any cause of action for any disadvantage or back pay claims.

The Issue

[3] Is the employer's calculation of the incentive consistent with the meaning of the clause in the collective agreement?

The facts

[4] Whakatu Wool Scour Limited (the Company) operates a wool scour at Whakatu in the Hawkes Bay outside of Napier. The scour's operation involves greasy bales arriving at the plant. They are stock piled until they are needed for the scour (cleaning). They are then moved to a point where they are broken down and fed into the accumulator for blending. The wool then moves through a cycle of combing cleaning pressing and drying until it ends up in High Density bales (HD bales) weighing more than the greasy bales that were received in the first place.

[5] The Union has members employed at the scour.

[6] The terms and conditions of employment currently are provided in a 2006-2008 collective agreement. Prior to that there was a collective agreement in force from 2005 until 2006.

[7] The 2005 document contained the following provision:

“If production exceeds one thousand bales in any week an incentive payment of \$0.02 per greasy bale produced per man (based on hours worked) will apply”.

[8] During negotiations for the renewal of the collective agreement the above words were changed by agreement and ratified. The 2006-2008 collective agreement states the following:

“If production exceeds five hundred bales in any day (twenty four hours from 6am to 6am), an incentive payment of \$20 per employee shall be paid. Employees working less than a full shift shall be paid pro rata”.

[9] The Company has used a method of calculation for establishing the incentive payments at least since mid 2005. The current managers, Mr Andy Gifford, the administration manager, and Mr Bruce Lewis, the operations manager, say that the calculation used was in place when they arrived at the scour. They say the 2006-2008 change of words in the employment agreement was needed to reflect the reality of the situation on the number of bales produced in a day.

[10] Mr Lewis says that \$20 per person per day is paid when 500 equivalent greasy bales are processed in the day (6am to 6am). The total weight of wool in the 24 hour period is recorded at the press (end of the scour process). The weight is averaged across all wool types and is equivalent to a 20% loss that yields an 80% recovery of the greasy wool going into the scour. The Company uses a standard weight of a greasy bale of 166kgs.

[11] The Company's calculation was explained to me as a 20% loss representing a 25% increase. In other words $80\% \times 1.25 = 100\%$. The weight of the HD bales produced times $1.25 / 166\text{kgs} = \text{bales consumed (greasy bales)}$. The Company says the point of weighing the bales at the press is the only way of accurately counting the throughput of greasy bales.

[12] The Union says the count should be done much earlier when the greasy bales are delivered to the accumulator, and put in to be blended. The Company says such a count would be affected by not knowing how much is actually processed in the scour when some wool may have been delivered but not processed on that shift.

[13] The company says that the most accurate and reliable measure of production occurs when the finished product is pressed into HD bales, when both bale weight and time or production are captured by the computer at the very end of the process.

[14] The Union says that the bales that should be counted for the application of the incentive are the greasy bales meaning the bales that enter the scour and are broken down at the point of the blending process in the scour.

Determination

[15] The dispute turns on the words "*bale*" and "*production*". The calculation used by the Company has been consistently used during the period of the enforcement of both agreements.

[16] The calculation incorporating the time, average weight of the HD bales and the average weight of the greasy bale and measurement of the recovery and loss of the greasy bales is consistent with the meaning of the clause with regard to production and bales. The word "production" means: "the act of producing", "anything that is produced" "the amount produced or the rate at which it is produced" [Collins English Dictionary, Collins Reprint 1983]. The result determines the bales in the production.

[17] I am further supported by:

- The definition of the word “production”.
- The word “bale” is not defined and open to argument in regard to greasy and HD bales.
- The Company attempting to accurately count the throughput of greasy bales.
- The word “bale” does not express production being hinged on a greasy bale equivalent count.
- The Union’s contention-that the bales that should be counted for the application of the incentive should be the greasy bales (meaning the bales that enter the scour and are broken down at the point of the blending process in the scour)-is also valid for a count, but does not take into account the production of the bales.
- The fact that “greasy bale” is referred to in the 2005 employment agreement is not of assistance because that word is further qualified as “greasy bale production” and is open to an ambiguous interpretation.
- Production is synonymous with a process that consumes greasy bales of wool, scours the wool (blends and cleaning) and produces high density scoured wool bales.

[18] I therefore dismiss the Union’s claim.

Orders of the Authority

[19] The Company’s use of the calculation is consistent with the meaning of the clause in the 2006-2008 collective agreement.

[20] Costs are reserved.

P R Stapp

Member of the Employment Relations Authority