



Submission of the

**New Zealand Dairy Workers Union
Te Runanga Wai U**

to the

Independent Taskforce on Workplace Health and Safety

**PO Box 9046
Hamilton**

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SUMMARY OF KEY POINTS

- The New Zealand Dairy Workers Union is a significant, private sector union representing workers employed in dairy manufacturing and further processing. Approximately 90% of eligible workers are union members.
- The DWU endorses the CTU's submission to the Taskforce.
- The purpose of the DWU's submission is to provide research-based evidence that supports the broad thrust of the CTU submission.
- The DWU submission focuses on the core issue of effective employer/employee consultation and worker participation in health and safety.
- The DWU has extensive experience with initiatives designed to enhance consultation and worker participation.
- The DWU is a strong advocate of high performance work. Its experience with particular types of high performance workplace systems (hpws), such as those implemented by Fonterra, and the evidence gathered from Union commissioned research have convinced the DWU that worker-centred hpws can have a positive impact on health and safety.
- Accidents often happen in response to an emergency or some non-regular, unexpected happening in production. In such situations, workers often respond in desperation in order to "put things right" and prevent further problems. Emergencies and non-regular happenings often indicate that the work process or plant is not going to expectation or standard. This in turn creates intense pressure on individuals.
- The great merit of hpws with respect to health and safety is that they standardise procedures and identify and anticipate risk. In effect, they regulate the workplace.

- Worker-centred hpws drive reliability, quality, and best practice. Reliability and predictability help avoid or at least minimise unexpected events and ‘emergencies.’
- Hpws emphasise comprehensive, holistic worker education and training. This ensures that workers acquire a deep understanding of their work, their workplace, and the wider context within which their employer is operating. The DWU has gathered considerable evidence to show that hpws education and training has provided union members with a wide range of skills, including health and safety skills, that have been applied not only at work but also in their homes and in their communities.
- The DWU has also found that the acquisition of knowledge and skills and genuine opportunities for consultation and participation have given its members an enormous confidence lift. This is particularly significant with respect to workplace health and safety; for in order to be effective participants, workers have to have the confidence to speak up.
- Consistent with the international research literature, the successful introduction of hpws in dairy manufacturing has been indebted to not only the DWU’s strong support for high performance work but also the Union’s strong presence at the workplace.
- The Union supports hpws through its extensive system of workplace delegates who receive thorough union education and training. DWU workplace representatives are supported by regionally based organisers who have a significant background in the industry. The Union also promotes high performance work through its in-person (eg on-site visits and meetings) and written communications.
- In summary, the DWU’s experience and commissioned research show that in highly unionised workplaces, worker-centred hpws can contribute significantly to effective consultation and worker participation in health and safety.
- In addition to endorsing the recommendations in the CTU’s submission, the DWU makes specific recommendations with respect to the enhancement of

effective consultation and worker participation. These focus on the contribution of hpws, the role of effective unions, and the need for a holistic approach to worker education and training.

1. Introduction

- 1.1. This submission is made on behalf of the the New Zealand Dairy Workers Union - Te Runanga Wai U (DWU). The Union represents just over 7,000 members employed in the collection, transport, processing, manufacturing, testing, and distribution of dairy products throughout New Zealand. The Union's membership represents approximately 90% of the eligible workers employed in dairy processing.
- 1.2. Approximately 6,000 of the Union's members work for Fonterra, the industry's dominant employer. The remaining 1,000 are employed across the industry by other processing and exporting companies including Goodman Fielder and the two other co-operatives, Tatua and Westland.¹
- 1.3. Unlike the membership of most unions, most DWU members live and work in provincial and rural areas of New Zealand.²
- 1.4. The DWU welcomes the opportunity to make a submission to the Independent Taskforce on this extremely important topic.
- 1.5. Workplace health and safety is central to our members' working lives. The DWU, together with all other unions and the New Zealand Council of Trade Unions (CTU), has a longstanding interest in occupational safety and health.
- 1.6. This submission is based on research evidence. Since 1993, the DWU has conducted three comprehensive membership surveys on a wide range of issues as well as a comprehensive, site-specific survey on a high

¹ Source: DWU membership records.

² Source: DWU membership records.

Also see: 'Dairy Processing Industry employment statistics (Appendix E)' in NZIER (December, 2010) [Dairy's role in sustaining New Zealand- the sector's contribution to the economy](#). A report to Fonterra and Dairy NZ.

performance workplace scheme.³ The Union also supported and co-operated with two relevant, highly regarded, MSocSc thesis studies.⁴ Findings from this research are discussed throughout this submission.

- 1.7. The DWU endorses without qualification the CTU's submission that "ensuring effective protection for workers has formed a core part of unions' work" and that "it is fundamental that employees and their unions work collectively on this issue and that unions are able to participate in the determination and implementation of health and safety standards."

2. Purpose and central argument

- 2.1. The primary purpose of the DWU submission is to provide the Taskforce with research-based evidence from the Dairy Manufacturing Industry that supports the principal points made by the CTU in its submission.
- 2.2. Specifically, this submission focuses on the issue of effective worker participation.
- 2.3. The DWU is aware from the Taskforce's own documents and from the comments made by Taskforce member, Mr Paul Mackay, at last week's Labour, Employment and Work in New Zealand Conference that worker participation is emerging as a major issue for the Taskforce.
- 2.4. The DWU has a very longstanding commitment to the development of high performance work⁵ and, as part of that commitment, considerable experience in worker participation and employer/employee consultation.

³ Law, Michael (1994). Final report: Membership Survey, New Zealand Dairy Workers Union. Hamilton: Centre for Labour and Trade Union Studies, University of Waikato.
Law, Michael (2001). Final report: New Zealand Dairy Workers Union Membership Survey 2000. Hamilton: Centre for Labour and Trade Union Studies, University of Waikato.
Law, Michael and Cochrane, Bill (2004). Manufacturing Excellence Survey 2003: Summary Report. Hamilton: Centre for Labour and Trade Union Studies, University of Waikato.
Law, Michael, Cochrane, Bill, and Piercy, Gemma (2012). New Zealand Dairy Workers Union: Membership Survey 2011. Hamilton: NZDWU.

⁴ Gibson, Jocelyn L. (1994). Award restructuring in the New Zealand Dairy Manufacturing Industry: An experiment in industry-wide workplace reform. Unpublished MSocSc thesis, University of Waikato.
Matangi, Caroline N. (1999). Occupational health and safety in a permissive environment. Insights from within the New Zealand Dairy Industry. Unpublished MSocSc thesis, University of Waikato.

⁵ See: Harvey, Owen (2009). Unions, partnership and productivity. Wellington/Hamilton: CTU and DWU.

- 2.5. There are three dimensions to the central argument presented in this submission.
- 2.6. First, the DWU concurs emphatically with the view expressed by the Royal Commission on the Pike River Coal Mine tragedy which stated (p.332) that “Worker participation is essential to keeping workplaces healthy and safe. Workers have practical experience in daily hazards that arise and employers **need** their contribution to manage such hazards” (our emphasis).
- 2.7. Second, as the report of the Royal Commission and other bodies have noted, *effective* worker participation requires commitment on the part of all concerned. Specifically, we argue, that commitment must include a strong regulatory environment, sound structures, a climate of trust, and the dedication of significant resources, including significant resources to educate and develop workplace representatives.
- 2.8. Third, we hold that worker participation is most effective and, often, only really effective in a unionised workplace.
- 2.9. The next three sections of this submission can be viewed as a two decade ‘case study’ viewed from the perspective of the DWU and its members. They are followed by a discussion and conclusion section that draws on the experience of the DWU and its members since the early 1990s. The final section includes recommendations.

3. The DWU and high performance workplace systems (hpws) 1990-2012

- 3.1. The DWU has had a strong presence on dairy manufacturing worksites for many decades. Prior to the late 1980s, workplace consultation and worker input was channelled primarily through union delegates and, on larger worksites, through formal or informal delegates’ committees.

Julian, Murray (2010). High performance work: Lifting productivity together. Wellington/Hamilton: EPMU and NZDWU.

Centre for High Performance Work (Undated). Building high performance workplaces: A union approach.

- 3.2. By the late 1980s, the Union recognised that technological developments and workplace modernisation required it to work more closely with employers on a sustained basis in order to manage change through structured processes in the context of a climate of trust.
- 3.3. As a result, the DWU now has substantial experience with schemes designed to enhance employer/employee consultation and worker participation.
- 3.4. In December 1990, the DWU⁶, together with the NZ Engineers Union and the and the NZ Electrical Workers Union, signed a Memorandum of Understanding with the Dairy Industry Employers.⁷
- 3.5. The MoU reflected a shared commitment “to increasing the international competitiveness and improving the working environment” in the industry. Central to the MoU framework was the establishment of effective consultative mechanisms at both plant and national levels.
- 3.6. While the primary focus of the MoU process was on workplace reform and skills development, consultation on health and safety was specifically mentioned as one of the responsibilities of site consultative committees.
- 3.7. Although the MoU process did provide a framework for the dairy manufacturing industry to move forward, its achievements fell short of all the parties’ aspirations. There were a number of reasons, two of which are worth mentioning here. The first was the overarching industrial relations environment under the Employment Contracts Act (1991). The second was the disestablishment of the Trade Union Education Authority (TUEA). TUEA had considerable expertise in the area of workplace reform and was expected to provide strong educational support for the MoU process.
- 3.8. The DWU continued to promote workplace reform and in the late 1990s came upon the TRACC programme. Although TRACC shared many of the standard features of lean production (high performance) schemes, it differed

⁶ Technically, the MoU was signed by then amalgamated NZ Dairy Food and Textile Workers Union.

⁷ See Gibson (1994) and Perry, M. , Davidson, C., and Hill, R. (1995). Reform at work. Auckland: Longman Paul.

from most in the extent to which it sought to involve the workforce in the transformation process.⁸ Indeed, TRACC's shop-floor based, improvement methodology was designed to be most effective when implemented in unionised workplaces and with very active union involvement.

- 3.9. TRACC also differed from the MoU in that it implicitly and explicitly placed considerable emphasis on well organised, tidy, safe workplaces and procedures.
- 3.10. In 1999, the DWU approached Kiwi Dairies (now part of Fonterra); that company bought a license for the programme (later renamed Manufacturing Excellence) which it trialled in its large, Whareroa plant near Hawera. ME was eventually extended to all of Fonterra's major manufacturing sites.
- 3.11. Although the role of DWU nationally has changed over the past decade, union delegates and members have remained very actively involved at the departmental and plant levels.
- 3.12. The DWU has closely monitored the implementation and run-out of ME throughout the 2000s and, through its commissioned research, is well positioned to offer evidence-based insights into workers' views of their experience as it relates to occupational health and safety.

4. DWU members' experience with consultation and worker participation: The MoU experience (1990s)

- 4.1. This section is based primarily on the research referred to above (1.6).
- 4.2. Two major findings from the Union's membership surveys help frame this discussion. First, DWU members have consistently identified health and safety as one of the top four union services that are most important to them. Second, they have consistently expressed a preference for dealing with the employer through the union (including the union delegate) on issues related

⁸ Cochrane, Bill; Law, Michael; and Piercy, Gemma (2004). The knowledge society and high performance workplace systems: Enhancing 'worker voice'. Published LEW paper.

Cochrane, Bill; Law, Michael; and Piercy, Gemma (2005). Lean but is it mean? Union members' views on a high performance workplace system. Published AIRAANZ paper.

to wages and working conditions. Thus for the DWU and its members, effective worker participation and involvement in consultative processes has to be seen as an extension of the traditional union/employer relationship and not a substitute.

- 4.3. Overall, the MoU experience in the early to mid-1990s was disappointing. Gibson (1994) found that while experiences varied from plant to plant, the success of site consultative committees and enhanced worker participation was very dependent on several variables including: the goals of the respective parties; the extent to which a climate of trust had been established; and the willingness of key players, in particular middle management, to encourage workers to offer their views and accept what they said.
- 4.4. The 1993 survey found that over half the DWU members on MoU sites supported the Union's consultative/participation strategy. But it also picked up quite a high degree of skepticism about the MoU experience to date with relatively few respondents (17%) reporting an encouraging change in their managers' willingness to consult. Indeed, a higher percentage (24%) reported that behaviours had changed for the worse.
- 4.5. With respect to health and safety, Matangi's (1999) thesis was also disappointing.
- 4.6. On a positive note, she found that "there had long been a growing awareness, driven in part by productivity arguments as well as continuing pressure from unions, that accidents were expensive for both employers and society" (p. 51). One manager noted a 70% drop in lost time work accidents since the establishment of a health and safety committee in 1987.
- 4.7. Matangi also found some evidence to suggest that the Health and Safety In Employment Act (HASIEA) (1992) had acted as a catalyst for improvement, although a number of her interviewees felt that progress was being made before its enactment.

- 4.8. But the union delegates she interviewed were skeptical of the extent of management's commitment. One said: "...But it is hard to get through to management, it really is, because all they're looking at are the dollars. They are reluctant to spend money on health and safety" (p. 54).
- 4.9. Another delegate, whom she quotes at length, was even more critical: "...but whenever you bring up the safety issue with them (management) nothing seems to be done, they'll wait until someone gets probably his finger taken off....Nothing gets done until somebody's got hurt....production comes first.." (p. 55).
- 4.10. A DWU official gave Matangi several examples where a company had not been prosecuted for serious accidents. The official attributed companies' lack of interest to cost and OSH inaction to the fact that "OSH people are generally overworked, there is not enough of them..." (p. 56).
- 4.11. Also disturbing was Matangi's finding that some delegates believed that management manipulated health and safety statistics in order to create the impression that all was well. One delegate claimed that "a third of the accidents on the site are never reported for fear of losing your job...I did a bit of quiet investigation and found that in two other departments they had more accidents than we did but none had been reported" (p. 59).
- 4.12. With respect to the MoU specifically, Matangi found no encouragement for Slappendale's (1995)⁹ assertion that "a good workplace reform programme should start with an OSH component" (Matangi, 1999, p. 79). She concluded: "Managers, supervisors and union delegates tend to agree that the MoU had not achieved much as far as OSH is concerned." (p. 80).
- 4.13. In summary, the DWU and its members' experiences with the MoU in the 1990s, especially as it relates to health and safety, are instructive and highly relevant to the work of the Taskforce. The studies all show that consultative structures and worker participation alone are not sufficient to improve health and safety.

⁹ Slappendale, C. (1995). Health and safety in New Zealand workplaces. Palmerston North: Dunmore Press.

5. DWU members' experience with consultation and worker participation: The hpws experience (2000s)

- 5.1. The DWU's experience with the MoU did not lessen its commitment to the promotion of high performance work in dairy manufacturing. But it did influence significantly the Union's view of the type of hpws programme it promoted. In the late 1990s, TRACC appeared to meet at least some of the concerns that had arisen from the MoU experience.
- 5.2. Evidence from the DWU's 2011 membership survey suggests that in the specific area of health and safety, the consultative structures and worker participation associated with TRACC/ME appear to have contributed significantly to improvements at the workplace.
- 5.3. Shortly after TRACC/ME was introduced at Whareroa, the DWU commissioned its 2003 survey of members at that plant. It found members divided in their opinions. Just over 50% thought that the programme had been implemented well while just over 30% thought that the implementation had been poor.
- 5.4. In pre-survey focus groups and in the survey itself members were very skeptical. Many of the same themes that had been identified by Gibson in the 1990s re-emerged: lack of resources; too few staff in departments to absorb the additional work; a lack of trust; doubts that middle management would buy-in or listen.
- 5.5. However, there were some positive, even if qualified, suggestions that the introduction of TRACC/ME might result in improvements to health and safety. Even though it was still relatively early days at Whareroa, the 2003 survey found that just under 53% of DWU members "agreed/strongly" that the work environment was safer. A slightly smaller percentage (43%) thought that their own job was safer.
- 5.6. These positive comments were offset, at least in part, by other findings. About a quarter of respondents indicated that there was "more pressure/a lot

more pressure” from team-mates to come to work when sick or injured. There was also evidence that the nature and pace of work had changed.

- 5.7. Significantly and consistent with other studies (eg Law, 1994; 2002), the 2003 survey confirmed that over 70% of members believed that the Union should be involved with hpws programmes and that the involvement of the Union in the introduction of TRACC/ME had contributed to its acceptance on the shop floor.
- 5.8. In summary, the 2003 survey offered some early indications that a hpws programme, such as TRACC/ME, could positively influence workplace health and safety.
- 5.9. The 2011 membership survey confirms that earlier indication. By 2011, TRACC/ME (now known as Operational Excellence or OE) had been run out across most of Fonterra's manufacturing plants. As a result, a section of the survey was devoted to hpws; in addition to 'tick box' questions, respondents were provided with several opportunities to add written comments.
- 5.10. Of the members who reported working under a workplace improvement scheme, over 50% saw value to the company. And of those who added written comments—for which there were no prompts—just over 22% identified improvement in health and safety as a benefit to the company.
- 5.11. A slightly smaller percentage (46%) also saw value to themselves. And again, of those who added written comments, over 20% specifically mentioned improvements in health and safety.
- 5.12. Elsewhere in the 2011 survey, DWU members from all sites were asked about consultation on occupational health and safety. The responses indicated a significant improvement over the past decade. In the 2000 survey, just on 40% of DWU members rated on-site consultation on health and safety as “very good/good;” in 2011, that percentage rose to 56%. Similarly, “poor/very poor” ratings dropped from 18% in 2000 to just over 10% in 2011.

- 5.13. Although this perception of better consultation on health and safety was held by DWU members working for other (non-Fonterra) industry employers, there is a strong suggestion in the 2011 survey findings that worker participation through hpws programmes is a significant contributor to better consultation. When the data are broken down by collective agreement, a higher percentage (59%) of DWU members employed in Fonterra Operations (essentially the core manufacturing plants in which hpws have been run out) rate consultation on health and safety as “good/very good.” The equivalent percentage was 52% from other (further processing) Fonterra sites and 43% from non-Fonterra sites.
- 5.14. In summary, while the results are far from overwhelming the evidence from the 2000, 2003, and 2011 surveys and informal feedback from the Union’s delegates and organisers, suggest that high worker participation in **particular** types of hpws schemes, such as TRACC/ME/OE, can contribute to improvements in health and safety at **highly unionised** workplaces.

6. Discussion and conclusions

- 6.1. The emphases in 5.14 are extremely important. While it seems that there is a broad consensus that worker participation is essential if New Zealand is to improve its appalling health and safety record, much of the current discussion about worker participation seems rather loose and unfocussed.
- 6.2. With the help of some solid research, the DWU has learned very critical lessons over the past two decades about workplace consultation and effective worker participation.
- 6.3. First, not all workplace consultation/improvement schemes are inherently democratic. Many of the Union’s members have had experience with a other consultative programmes that have not afforded genuine opportunities to participate.
- 6.4. Second, effective consultation and participation requires more than a programme. As noted earlier, the parties need to have shared goals; there

needs to be a climate of trust; and middle management has to be prepared to listen and act on workers' views.

- 6.5. Third, in light of the Union's extensive experience, the international research literature, and the industry-specific research discussed in this submission, the DWU is very firmly of the view that **effective** worker participation is difficult if not impossible to achieve without a strong union presence at the workplace and without significant union input at higher levels.
- 6.6. Fourth, the DWU is also convinced that **effective** worker participation, especially in sensitive area such as health and safety, demands that workers and their representatives have continuing access to quality, holistic education and training programmes conducted by providers with a deep understanding of the nature and role of workplace representation and its relationship to employment relations more broadly.
- 6.7. Fifth, the DWU holds that effective health and safety education cannot be viewed or conducted in isolation from other aspects of worker education and training, including union education and education and industry training.
- 6.8. It is widely recognised that numeracy and literacy pose significant challenges to the development of the New Zealand workforce. And it is obvious that those numeracy and literacy challenges flow through to health and safety awareness and practices.¹⁰ And yet there is often a reluctance on the part of politicians, policy makers, and funders to understand that specific focuses, such as numeracy and literacy or poor health and safety awareness, are but dimensions of much more serious deficiencies in the education and development of our country's workforce.
- 6.9. The DWU holds that all aspects of education for work and education at work have to be holistic and have to address the full educational needs of workers if we wish those workers to participate actively at their workplace.

¹⁰ See, for example: Department of Labour (2012). [In harm's way: A case study of Pacific workers in Manukau manufacturing](#).

- 6.10. The DWU also believes that a tripartite approach involving all of government, employers, and unions is necessary if we are to improve New Zealand's economic performance and its appalling health and safety record. Such an approach must see all aspects of worker education, including union education, health and safety education, industry training, and general adult education, as essential components of workforce development.
- 6.11. More specifically, the DWU is aware that while most of its members have a good general education, there are significant pockets of its membership who have substantial learning needs. That in turn is having an impact on health and safety considerations. The DWU is seeking to address this issue by promoting the CTU's 'learning reps' programme on selected sites as a first step towards enhancing those members' general education.
- 6.12. The DWU is aware that notwithstanding limited resources, the CTU's learning reps programme has had a significant impact on worker learning in certain industries with major numeracy and literacy challenges, such as aged and disability care.

7. Recommendations

- 7.1. The DWU endorses fully the CTU submission and the comprehensive set of recommendations contained therein.
- 7.2. With respect to effective consultation and worker participation, the principal focus of this submission, the DWU recommends that the Taskforce examine thoroughly the contribution that can be made by worker-centred, high performance workplace programmes.
- 7.3. In that context, the DWU strongly recommends that the Taskforce examine and consider thoroughly the significant contribution that can be made by well organised, well resourced unions, with good delegate systems supported by a sound union education programme.

- 7.4. With respect to worker education and training, the DWU endorses the CTU's recommendation that a level four health and safety representatives course be introduced.
- 7.5. In addition, based on its experience with hpws education and training, the DWU strongly recommends that the Taskforce consider carefully the necessity for health and safety education to form part of and be integrated into a much more holistic approach to worker education and development.
- 7.6. Finally, the DWU recognises that the numeracy and literacy challenges this country faces inevitably spill over into health and safety, both at work and in the community. Therefore the DWU strongly recommends that the Taskforce examine the very positive contribution the CTU's learning representatives programme has made to the enhancement of worker confidence and education and training in some of the most challenging areas of employment.