

# THE ACTIVIST



**Published Regularly - ISSN 1178-7392 (Print & Online) 12 April 2011**

## **GOVERNMENT PROMOTES LOW WAGE VISION**

The CTU has strongly criticised comments by Deputy Prime Minister Bill English that New Zealand has a competitive advantage in attracting overseas investment because our wages are 30 percent cheaper than in Australia.

Peter Conway, CTU Secretary said 'this contrasts strongly with the stated aim of Government to close the wage gap with Australia'.

"There is no doubt that we have low capital per worker in New Zealand and that makes it harder to lift both wages and productivity. But advertising our low wages as an advantage is not going to lift them".

Peter Conway said that the capital-labour ratio fell by 22 percent between 1992-96 when a National Government previously attacked the rights of New Zealand workers. That fall in capital investment, as the cheap labour route was promoted, has had a long legacy.

"We are seeking a credible economic plan that results in a rise in real wages on a sustainable basis. That requires better distribution of income, higher investment in skills, and greater cooperation at a workplace level."

"But the vision suggested by this Government is that we should compete with Australia using our low wages. That will only result in more and more New Zealand workers going to Australia. It is a barren vision".

"The Government has already embarked on a programme of undermining work rights in this country. This latest comment raises huge concerns about what the

Government will do next to labour laws to keep wages low in New Zealand".

## **RAIL UNION CONDEMNS TRANZ COASTAL SERVICE WITHDRAWAL**

The Rail and Maritime Transport Union has condemned the decision to suspend the Tranz Coastal passenger service.

RMTU General Secretary Wayne Butson says the decision to mothball the Christchurch-Picton passenger service until 15 August 2011 was short sighted and bad business.

He says the withdrawal of the service for a few months was a false economy for KiwiRail and New Zealand.

The decision was inexplicable given the current economic situation and he called on the Government to step in to protect jobs and the fragile state of the Canterbury economy.

"The approach by KiwiRail management seems to be exactly the opposite of what is required to keep the Canterbury and New Zealand economy on track in a period of recovery from natural disaster and economic recession."

He says as a publicly owned enterprise, KiwiRail had a responsibility to manage its way through the current economic situation without disrupting or reducing operations.

"Many of our Christchurch based members are going to have to take leave, until the service comes back on. This would be bad enough at the best of times, but in the aftermath of the Christchurch earthquake it is simply unacceptable."

"People simply can't put their lives on hold to suit ad hoc decisions by management."

*This is for the information and guidance of RMTU members only!*

Mr Butson says the effect on workers, the local economy and New Zealand's tourist reputation was hard to quantify.

He says pulling the service and then reintroducing it in August will undermine the viability of the service and the credibility of KiwiRail.

"It starts to make New Zealand look like a developing country. Will tourists be interested in booking a service that is being pulled off the market then put back on? From a marketing perspective it is a disaster."

The RMTU has also questioned Kiwirail's statement that they will be looking for "investment partners" for the Tranz Coastal service, saying this appeared to be a euphemism for privatization.

"All of this has been tried in the past and failed. The Tranz Scenic service was privatised and purchased by Australian operator West Coast Rail, but it didn't work and Toll had to reabsorb it back into the business."

Mr Butson says the withdrawal of the Tranz Coastal service is a health and safety issue for staff as well.

Staff such as locomotive engineers on freight trains will now be forced to drive long distances back to their home base, a situation that has resulted in deaths from vehicle accidents in the past.

### ACC KEY POINTS

- ACC Chief Executive Dr Jan White resigns
- In 2008 Vernon Small broke the story of Merrill Lynch's estimate of \$200M windfall for insurance firms if the ACC Work Account was privatised
- Don't believe the insolvency hype about ACC.
- ACC's 2010 income was \$4.6 Billion, and its expenses was \$2.9 billion.
- If ACC is insolvent according to this Government and its policy works then no wonder our economy is in the shit. My maths say it is, for the year alone running, a \$1.6 billion surplus.

- At the core of the ACC issue, is the "full funding" vs "pay as you go" debate re: accounting for ACC's future liabilities.
- Using this "fully funded theory" on the day you start working you should have enough in the bank to pay for your retirement rather than using regular savings to grow a nest egg. Again this Government has bizarre economic theories!
- No wonder Unemployment is at record highs and finance houses and insurers (except ACC) are being bailed out left right and center.

### WORKERS MEMORIAL DAY – 28 APRIL

International Workers Memorial Day is 28 April 2011. The day is about remembering those workers, especially RMTU members, who have been killed whilst at work.

All members are requested to attend a memorial service near them.

**As usual we ask all members to stop what they are doing at midday to Honour the dead and to think about how important safety is to us all going home safe at the end of our days' work. It is customary for all trains to stop at midday for 1 minute.**

The services (that we have been informed of) will be held at;

Dunedin – the memorial garden 1200hrs

Hutt Shops – 1200hrs at the memorial garden

### TOLL NETWORKS – TTL CA – REMIT CLAIMS CALL

The current Collective Agreement between Toll Networks (Toll Tranz Link) and the RMTU expires on 30 June 2011.

The union has not as yet issued an "initiation of bargaining notice" to Toll, but we need to gather member's claims for negotiation.

We expect to start negotiations before 30 June so there is a bit of work to be done before then.



In the meantime we ask all TTL members to consider what they are seeking for claims in this wage round? These should be run through your local RMTU branch for submission to the Union's National Office. The branch secretary will then get them to us.

The negotiations will be led by our Auckland based Organiser Scott Wilson. A panel of delegates is being developed to assist him.

### **AMI TROUBLES SHOW FOLLY OF ACC PRIVATISATION**

"The news that AMI is struggling in the aftermath of the Christchurch earthquake demonstrates the folly of the government's decision to privatise the work account of ACC," says Hazel Armstrong, spokesperson of the ACC Futures Coalition.

"We have been here before," says Ms. Armstrong. "One of the main insurers involved in New Zealand's last failed experiment in privatisation in the 1990s was the Australian giant HIH, who were big players in the Australian workers' compensation market. A couple years after ACC were once again brought under public control HIH collapsed leaving the Australian state and federal governments to pick up the pieces and ensure that injured Australian workers were not out of pocket."

"We narrowly dodged that bullet", says Ms. Armstrong, "but AMI's troubles demonstrate the risks of relying on the private sector for the delivery of this vital social service. We will be handing millions of dollars in ACC contributors' levies over to the private insurers. They will make large profits in the good times but ultimately the government will have to provide the security needed should any firms fail. That means the taxpayers run the risk of having to pay twice if vulnerable injured workers are to be protected."

"ACC has demonstrated its worth during the aftermath of the Christchurch earthquake, but the tragedy has also demonstrated the weakness of the private insurance model. It is time for the government to step back from this

ideologically driven crusade to privatise one of the great public services in New Zealand," says Ms. Armstrong.

### **NOMINATIONS CALLED – RMTU NATIONAL PRESIDENT**

In accordance with Rule 24 of the Rules & Standing Orders of the Rail & Maritime Transport Union nominations are hereby called for the honorary position of National President.

Nomination Forms are available from the RMTU National Office by contacting Julia on 04-499-2066, fax 04-471-0896 or julia@rmtunion.org.nz.

Nominations shall be in writing and contain the signed consent of the candidate, and be proposed and seconded by financial members (Rule 1) of the Union.

Nominations must be received by the National Returning Officer at the National Office of the Rail & Maritime Transport Union, PO Box 1103 Wellington 6140 no later than 0800 hrs on Monday 9th May 2011.

The term of office is 2 years (Rule 24.1) and the duties are as contained in Rule 27 of the Union's Rules and Standing Orders.

Howard Phillips

**National Returning Officer**

### **KIWRAIL NETWORK FLEXIBLE WORK BALLOT RESULT**

The result of the recent Flexible Work Ballot is as shown below. The procedure agreed by the Union and the Employer is as outlined in Clause 33.4 Change During Currency - sub-clauses 33.4.1 and 33.4.2 of the current MECA that expires 31/06/2012. The proposed variation will be ratified for inclusion into the MECA if 70% or more of those directly affected, vote to accept the proposed settlement.

TOTAL BALLOT PAPERS ISSUED: 514

SUPPORT the Ratification: 431 (83.85%)

REJECT the Ratification: 83 (16.15%)



Invalid: 0 (0.00%)

### **83.85% OF MEMBERS VOTED TO ACCEPT THE VARIATION**

As more than the requisite number of members employed within KiwiRail Network voted in favour of the proposed variation for Flexible Work within KiwiRail Network, the Union has been authorised to sign the variation on behalf of RMTU members employed within KiwiRail Network.

### **KIWI RAIL NETWORK WAGE PROGRESSION BALLOT RESULT**

The result of the recent Wage Progression Ballot is as shown below. The procedure agreed by the Union and the Employer is as outlined in Clause 33.4 Change During Currency - sub-clauses 33.4.1 and 33.4.2 of the current MECA that expires 31/06/2012. The proposed variation will be ratified for inclusion into the MECA if 70% or more of those directly affected, vote to accept the proposed settlement.

TOTAL BALLOT PAPERS ISSUED: 514

Support the Ratification: 481 (93.58%)

REJECT the Ratification: 29 (5.64%)

Invalid: 4 (0.78%)

### **93.58% OF MEMBERS VOTED TO ACCEPT THE VARIATION**

As more than the requisite number of members employed within KiwiRail Network voted in favour of the proposed variation for Wage Progression within KiwiRail Network, the Union has been authorised to sign the variation on behalf of RMTU members employed within KiwiRail Network.

### **ANZAC DAY PETONE CEREMONY**

The Petone Community Board extend an invitation to all members to attend the Flag Ceremony at the ANZAC Memorial Flagstaff, Petone Railway Station, at 7am on ANZAC Day, Monday 25 April 2011.

The RMTU will, as is our usual custom, lay a wreath which recognises and honours the

railway men and women who laid down their lives during the wars.

### **ITF CONDEMNS STRIKEBREAKING PREPARATIONS**

The International Transport Workers' Federation (ITF) today responded to Australian airline Qantas' reported training of managers in the USA for possible use as strikebreakers in the event of possible industrial action by baggage handlers and ground staff. According to Australian press reports the training has been taking place in secret.

The ITF's Executive Board, which is composed of global union leaders, is due to discuss the issue when it meets next week in London. ITF general secretary David Cockroft commented: "Any such training would seriously call into question whether Qantas management are actually sincere about any future negotiations with their own personnel. Qantas CEO Alan Joyce has publicly said before that he will bargain in good faith with his workforce. It's difficult to see how that can be compatible with these alleged tactics."

ITF president Paddy Crumlin said: "The ITF has no sympathy or tolerance for any employer, wherever they are based, which seeks to undermine the collective bargaining rights of an established workforce. It is an ITF policy priority to return the airline industry to fair and sustainable labour standards."

"The ITF's international member unions, together with the MUA, the Australian trade union movement and the wider Australian community, saw off attempts to train strikebreakers abroad during the 1998 Patricks dispute. We would not hesitate to do the same again should we be required to do so."

Paddy Crumlin concluded: "In the end, it is the interests of the travelling public, shareholders, the workforce, and most importantly the community, for Qantas to sit down and establish a fair deal with its workforce under Australian workplace laws and processes, and not risk any return to the failed and destructive industrial tactics of that period."



## WAGES LAG CONTINUES

Labour productivity in the market economy rose 3.7 percent in the year ended March 31, 2010, according to Statistics New Zealand's latest productivity report. It is the fastest annual growth in workers' productivity in a decade.

Unions, however, said wages are lagging and workers are not sharing in the benefits of higher productivity. Council of Trade Unions said wage growth over the same period was one per cent and it is less than two per cent now. The CTU said pay settlements of two-to-three per cent "are not out of order."

New Zealand productivity, however, continues to lag Australia. The National government successfully campaigned on a pledge to catch-up with Australia. But it has since moved away from this position and even rejected many recommendations by a taskforce that it assembled to achieve this goal.

## C3 VIDEO

Dean Camplin (C3 CEO) advises us that C3 recently completed a project that showcases what C3 does and its focus on delivering leading product handling solutions to their customers.

On 18 February this year, at the 50th Anniversary of C3's Timberama Golf Tournament, C3 premiered one of the "finished products" of this project, which is a DVD presentation. The DVD focuses on their customers, on the people and on the breadth of services and solutions they deliver across New Zealand.

They have posted this DVD as a clip on "YouTube". Dean says that "C3 would really appreciate you taking the time to view it. It's not a short clip, but we think you'll understand even more about C3 once you've viewed it". "Our C3 team are extremely proud of this work. As a partner in business with us, we genuinely hope you'll feel a similar sense of pride after watching it".

The link to the video clip is;  
<http://www.youtube.com/watch?v=avzqHxmb3WQ>

## CLAIM AND COUNTERCLAIM AS UNION PREPARES TO SHUT DOWN WHARVES

Not since the 1998 waterfront dispute have we seen such tension on the Australian waterfront as now exists between The Maritime Union of Australia (MUA) and Patrick Stevedores.

Patrick's say the MUA is claiming an effective 30 per cent increase amounting to \$40 million, including a six per cent pay increase, a 13 per cent employer contribution to superannuation, a \$5,000 sign-on bonus and independent safety officers on wharves for each shift.

MUA national secretary Paddy Crumlin said: "... we're not trying to hurt them; we're trying to get their attention."

The MUA action includes bans on overtime, transfers of stevedores between work sites and 24-hour stoppages.

But Patrick says the strikes are a national issue and would shut down 50 per cent of Australia's containerised freight capacity for five days, affecting 33 vessels and 35,000 containers.

We (RMTU) say "that we wish the MUA successful strike action which sees a good outcome for waterfront workers and also reminds Patrick's why they should beware of the ides of 1998".

## RMTU PORTS FORUM

The 2011 RMTU Ports Forum will be held in Wellington on 17-18 May, the usual Venue - St John's Church Willis Street and accommodation at Central City Apartment Hotel Victoria Street.

The Union is keen to hear ideas from port branches on what topics, content or speakers they would like to hear from/do at the Forum.

The Forum will follow the usual format, with each branch reporting briefly on local issues and activities. In particular, a number of ports are involved in Collective Agreement negotiations, so the discussion will be interesting.





Port branches please advise National Office who your representatives will be as soon as possible so that bookings can be made. Registration forms will be circulated this week to Port Branch Secretaries.

## HOUSE PRICES NATIONWIDE

We seem to have a dual housing market emerging. New Zealand wide, house prices have fallen on average by \$10,000 over the past three months and the median price is now \$350,000. This is good news for those wanting to buy.

This median price fall, together with recent mortgage rate drops over the past month, has improved home affordability. For those with houses, any decrease in house prices is not good but it does not really matter if you do not need to sell. It reflects the part of the cycle we are in. The opposite seems to be happening in Auckland. Rents have been rising, housing sales volumes have been improving and the average selling price has reached a new high of \$581,000. We are seeing a flat market in all areas except Auckland.

## LAW CHANGES KICKED IN 1 APRIL 2011

DOL have released a new guide to the changes to the Employment Relations and Holidays Acts that are coming into effect from 1 April. This guide is now available on their website. It explains how the new changes work and how to apply them. More details are also available on the following topics:

- cashing up one week's annual leave,
- the extension of the 90 day employee trial period, and
- Transferring public holidays.

**Anzac Day** - You may have noticed that this year Anzac Day (25 April) falls on Easter Monday. Anzac Day will be recognised on the Monday and will not be transferred to any other day. This also means all shops must close their doors until 1.00pm on 25 April, unless they meet

certain exemptions. For more information visit the DOL website.

**Minimum wage** - From 1 April 2011 the adult minimum wage will increase to \$13.00 an hour, and the new entrants' minimum wage and the training minimum wage will increase to \$10.40 an hour. More information on the minimum wage can be obtained our website.

Union access to worksites legislative provisions also change.

## 660 STAFF TO LEAVE QR

QR National is planning to effect 600 voluntary redundancies, pending the final round of union consultation on a specific voluntary redundancy program that was proposed by QR National on 7 February 2011. The offer to staff opened on 4 March and closed on 25 March. Pending the final round of union consultation, redundancy notices are scheduled to be sent to staff on or about 11 April, with staff due to leave on 15 April. "Approximately 3,500 employees were in scope for this voluntary redundancy program," QR National's chief human resources officer John Stephens said.

"We received more than 920 expressions of interest and after carefully considering business and operational requirements, QR National has decided that 600 staff would be made redundant at this time. "The 600 redundancies are in addition to more than 60 that have already occurred during the course of the financial year." The total cash cost including the payout of leave entitlements will be \$75 million. The payout is capped at a maximum redundancy payment of 104 weeks' (728 days) pay.

## RAIL LOBBY GROUP PLEA FOR HELP AND PARTICIPATION

"Kia ora to all members of the Rail and Maritime Transport Workers Union.

This is a call for you to join a broad network of people working to save those of our railways that are under threat of 'rationalisation', to offer your skills, knowledge or time, or just to be kept informed of what's happening, please send an e-mail to:



thewayforward2011@gmail.com and to learn more, go to our web-site: <https://sites.google.com/site/thewayforward2011/>

Please forward this message on to others who may be concerned and if you know someone who may want to get involved but who doesn't use the internet, please give them our telephone number.

Our input into this will be crucial in deciding the best way forward for transport in New Zealand. Contact: Alan Preston (campaign co-ordinator) Mangawhai Village, Northland, New Zealand [tel:\(09\)4315389](tel:094315389) mob/txt: 02102377242 or [thewayforward2011@gmail.com](mailto:thewayforward2011@gmail.com) <https://sites.google.com/site/thewayforward2011/>

## UNION WELCOMES GOVERNMENT ANNOUNCEMENT OF AMI SUPPORT

The union for workers at AMI, Finsec, welcomes the government announcement of an AMI support package today due to the impact of the Canterbury earthquakes.

"AMI customers need certainty about the security of their insurance policies," said Finsec General Andrew Casidy. "We welcome this first step in providing that certainty at this time."

Andrew Casidy said that Government support for AMI today and going forward is significant not only for customers and for the New Zealand economy as a whole, it is also important for AMI's approximately 800 local staff.

"The last thing New Zealand, and particularly Christchurch needs is more job losses. The whole community knows the value and importance of the work that AMI staff do. We believe that protecting their jobs through this period is another essential part of the earthquake recovery package." said Casidy.

## TAX CHANGES THIS MONTH

From 1 April a number of tax changes took effect. Company tax reduces from 30% down to 28%. Depreciation on building

goes. Depreciation on chattels such as carpet and curtains remains. The rules on loss attributing qualifying companies (LAQC's), which have been popular with property investors, have changed. The new entity, the look through company (LTC) has more restrictions on it than the old LAQC's. There are GST changes on land deals. These will be zero rated if the vendors are not paying GST. Again these changes are significant if you are a property investor or trader and now is the time to discuss the implications of these law changes with your accountant.

## NO SELF LOADING BY SHIP'S CREW

All RMTU members are reminded that;

- Dockers work is done by dockworkers
- Seafarers work is done by seafarers
- **It's that simple!**

Dockers work is all cargo handling. This includes lashings. No ship is to be allowed to sail without all cargo lashings having been completed by dockers. We have had a number of reports of ships putting to sea without all of the cargo lashing having been done and the ship's crew being directed by Captains to undertake the work – usually just to meet the tide. This must cease.

## THE ROGER AWARD FOR THE WORST TRANSNATIONAL CORPORATION OPERATING IN AOTEAROA/NEW ZEALAND

**Finalists:** BUPA, Imperial Tobacco Telecom, Vodafone, Warner Brothers and Westpac. The Government (specifically John Key) was the only finalist for the Accomplice Award – (as part of the nomination of Warner Brothers).

**Criteria:** the transnational (a corporation which is 25% or more foreign-owned) which is worst in each or all of the following: Economic Dominance - Monopoly, profiteering, tax dodging, cultural imperialism. People - Unemployment, impact on tangata whenua, women, children, abuse of workers/conditions,



health and safety of workers and the public, cultural imperialism. Environment - Environmental damage, abuse of animals. Political interference - Cultural imperialism, running an ideological crusade. **Judges:** Paul Corliss, from Christchurch, a life member of the Rail and Maritime Transport Union; Christine Dann, from Banks Peninsula, a writer and researcher; Sue Bradford, from Auckland, a community activist and former Green MP; Joce Jesson, a Senior Lecturer in Critical Studies in Education, University of Auckland and an activist in various community organisations; and Wayne Hope, Associate Professor, Communications Studies, Auckland University of Technology. The winner was announced at an event in Auckland on April 4th.

**Warner Brothers was a first time nominee.** The Judges' Statement says that: "The 'Hobbit' affair was an extraordinary example of transnational capital interfering in local politics, and overtly influencing the actions of the NZ Government (which richly deserves its Accomplice Award). It was an overt display of bullying that humiliated every New Zealander, and deliberately set out to do that. Such interference in New Zealand politics sets a precedent for all future negotiations between the New Zealand government and transnational corporations". It won because of its interference in NZ politics and governance and treatment of employees and contractors.

**BUPA (which is the second biggest retirement home chain in NZ)** came second "primarily because of its poor treatment of both its staff and its clients" (one of whom, a 100 year old woman, died after suffering considerably for several months from misdiagnosed and untreated scabies). Imperial Tobacco came third, not only for selling a product which kills and addicts its users, but because of its role in setting up a fake citizens' organisation to lobby for its product, a tactic which the judges described as "despicable and deceitful".

**John Key and his Government** won the Accomplice Award for their ignoble role in the whole Warner Brothers/"Hobbit" affair.

"It has apparently given rise to a whole new men's fashion garment in Hollywood - Warners of Wellington trousers. They have an arrow printed on the seat, and the words 'kiss here'".

The judges announced a **special Quisling Award for Sir Peter Jackson** (to be awarded to the individual New Zealander who does the most to facilitate foreign control of New Zealand), once again for his role in the Warner Brothers/"Hobbit" affair. "Sir Peter Jackson - you are fully worthy of joining that other blackened knight, that other exemplar in selling out your country to foreign corporations, the one for whom this award is named - Sir Roger Douglas". So, a triple sweep for the movie industry - the Roger, the Accomplice and the Quisling. Says it all really, doesn't it.

## INTEREST RATES IN AUSTRALIA

The current overnight cash rate in Australia is 4.75% compared with NZ's 2.50%. Last week the Reserve Bank of Australia reviewed their rates and kept them on hold for the fifth straight month. The reasons given were the slow recovery following the devastating floods in January, and the fact that inflation is unlikely to be an immediate threat due to the strong Australian dollar. Currently the exchange rate is in Australia's favour with the US\$ at \$1.03. This is well above our exchange rate with one NZ dollar buying 77 American cents. The Australian economy continues to be firm on the back of strong commodity prices.

## \$800M CUT WILL HURT

The Public Service Association said the government's plan to cut \$800 million in new spending from this year's budget will "further strain public services" already under pressure due to the Canterbury earthquake. The cuts "will cost the country socially and economically," PSA said.

The union pointed out that Prime Minister Key said in a news media interview that most of the \$800 million in new spending had been tagged for health and education. "Spending in those areas will now come from cuts to other portfolios. In other words, other departments and public



services will suffer large cuts," the union said. National Secretary Richard Wagstaff said the government should consider other options to the massive cuts including imposing a levy and further borrowing to help Canterbury rebuild.

"The government complains about its deficit yet it is pushing ahead with corporate tax cuts on April 1st," he said. "Decades of evidence from around the world shows that societies that prosper and grow are those that invest in public services, especially health and education."

### **NOW IS NOT THE TIME**

"The very slow growth in GDP of 0.2 per cent in the three months prior to December following a fall in September should be seen as a leading indicator of continuing high unemployment unless government action is taken," said CTU economist Bill Rosenberg in a March 24th statement.

Rosenberg said GDP per person in New Zealand has fallen continuously since March 2010 and is 5 per cent lower than it was three years ago. He pointed out that two-thirds of the Treasury's lowered expected output from the economy for the next year is due to "recessionary conditions." He said the government needs to continue stimulating the economy in the face of on-going stagnation. "It is not the time to cut expenditure," Rosenberg said.

### **GOVERNMENT CAN'T IGNORE VOTE OF NO CONFIDENCE IN NATIONAL STANDARDS**

A vote of no confidence in National Standards and current education policy should serve as a wakeup call to the government that it can't continue to ignore the voice of those at the chalkface, says the education sector union, NZEI Te Riu Roa.

More than 750 principals attending the New Zealand Principals' Federation conference in Wellington passed a vote of no confidence in the education policy and direction of the current government in

relation to National Standards as lead by the Education Minister Anne Tolley.

NZEI shares NZPF's concerns and says the vote reflects the deep frustration within the education sector.

"That frustration is starting to boil over and represents the government's and the Minister's failure to connect with the sector and build relationships," says NZEI President Ian Leckie.

"As professionals and educators we feel completely marginalised as the government pursues a political agenda for education rather than educational policy based on what's best for children, teaching and learning. Any attempts to raise our concerns about untried and untested National Standards are met with arrogant disregard."

NZEI is committed to turning what is a great education system into an even better one but it requires a constructive working relationship between the government and schools.

"Let's hope this vote of no confidence by the country's principals in National Standards, the direction of education policy and the Minister herself, will serve to drive that message home," says Mr Leckie.

### **FACTS ON THE WAGE COMPARISON WITH AUSTRALIA**

The Prime Minister has on several occasions, including TVNZ's Breakfast this morning asserted that the after-tax average wage has gone up 16 percent since October 2008 because of tax cuts, and that as a result New Zealand's after tax average wage has risen faster than Australia's.

In fact, during this government's term, using its own comparison, after tax cuts and price increases are taken into account, the average weekly wage has risen only 5.3% (that is, since December 2008). The comparison is even worse if we look at the average hourly ordinary time wage (reflecting the rate at which people are paid). It has risen only 3.4% since December 2008. We also need to remember that about two thirds of wage and salary earners get less than the average wage, and

so got even less from the tax cuts and were hit harder by the GST increase.

Comparing directly with Australian wages and adjusting for purchasing power parity we see that in June 2009 the Australian average wage was 35% ahead of New Zealand. In June 2010 it was 41% ahead. This compares average weekly full time wages as best we can, but takes no account of the generous superannuation contributions (at 9% of income) that Australians receive from their employers.

The facts are as follows.

Given that the latest wage data is to December 2010 and the present government took office in November 2008, a more natural comparison is with December 2008. We give that as well as a September 2008 comparison.

#### Before Tax

- Prices (CPI) have gone up 5.6% since September 2008 – and 6.1% since December 2008. Almost half of the increase (2.6%) is due to government policies including GST according to the Reserve Bank.
- The average weekly wage has gone up 8.1% since September 2008 – but only 6.9% since December 08.
- So before tax, the average wage has kept well ahead of inflation since September 2008 (by 2.5%) but by only 0.8% since December 2008. It peaked in real terms (that is, after inflation) in March 2009 and is now 1.2% lower than then.

#### After tax

The government states that the after-tax average wage has gone up by 16% since September 2008. Our calculations\* put that at only 15.4%, of which 3.3% occurred in the quarter to December 2008 due largely to the 1 October 2008 tax cuts under the previous government. Since December 2008, the after-tax average wage has risen 11.7%.

However any real increase is entirely due to tax cuts rather than increases in real wages. That is unsustainable: we cannot tax-cut our way to higher wages. Tax cuts

are a large part of the reason for the increasing government debt.

But two-thirds of income earners earn less than the average wage. The lower their income, the less proportionate benefit they got from the tax cuts (and the more the GST increase has reduced what they get for their spending). Most people got far less benefit from the tax reductions than the Prime Minister's figures suggest.

Finally, if we look at the real after-tax average weekly wage (that is, after taking account of rising prices), it has risen only 9.3% since September 2008 and only 5.3% since December 2008. Again, that increase will be even lower for those many people with lower incomes than the average wage.

Alternatively, if we look at the real after-tax average ordinary time hourly wage, it has risen only 7.0% since September 2008 and only 3.4% since December 2008.

\* The calculations use the tax tables in 2008 prior to the 1 October 2008 tax cuts and ACC levy for 2008, the tax tables in 2008 after the 1 October 2008 tax cuts and ACC levy for 2008, and the tax tables in 2010 following the 1 October 2010 tax cuts and ACC levy for 2010.

#### BITS AND BOBS

- Our JRU brothers and sisters have expressed gratitude for our NZ\$10k donation toward the rebuilding challenge they will have for their members in the north east of Japan.
- At the ARA NZ Rail Conference in Wellington the Minister of Transport and the KiwiRail CEO both were clear in messaging that all 4000 wagons (except the initial 35) will be built in China. This is NOT what Joyce said on Close up when questioned about loco's and EMU's. At that time he implied that wagons would be built here!
- Tranz Coastal mothballing is a disgrace to this KiwiRail management team. Short sighted and bad commercially sums up the RMTU view.
- VTAK backpay will be paid this Thursday. YAY!



- KiwiRail-RMTU D&A meeting in CHCH went well. Summary document should be out soon.

Let's Be Safe Out There &  
Remember.....

**“WE’RE STRONGER  
TOGETHER”!**

