

TRADE DISPUTES PANEL, SOLOMON ISLANDS

Under the Trade Disputes Act 1981

TD/L9/6/90

Between: ALLARDYCE LUMBER COMPANY LIMITED Applicant/Employer
and: SOLOMON ISLANDS NATIONAL UNION OF WORKERS Respondent/Union

Hearing at Gizo on 20 August 1990.

Draft submitted to Minister on 5 September 1990

Award issued to parties on September 1990.

H Macleman Chairman
G Kuper Member
J Adifaka Member

For the applicant: J H H Beverley, Company Secretary.

For the respondent: C Waiwori, Deputy General Secretary, and G Suri,
Legal Officer.

F I N D I N G S

The parties entered into negotiations over the amount of an annual "cost of living" increase in wages, allowances and incentives to be paid to workers at Lofung, Shortland Islands, as from 7 June 1990. The employer's eventual offer was 5%, while the union claim was 7.13%. On 13 August 1990 the employer referred the issue to the Panel, which was due to sit at Gizo the following week. Both parties agreed it would be convenient to hear the case at that time and place.

The Company based its position on the Honiara Retail Price Index for May 1990, which stood thus:-

"Percentage change on the same month last year	7.0
average last 3 months on some period 12 months ago	8.4
last 12 months on same period 12 months ago	10.7"

arguing that the first of those figures represents the traditional and most accurate method of calculation, upon which it based its policy of offering ~~on~~ a "two-thirds inflation rate" rise. The Company also offered to pay a *minimum* wage of \$1 per hour.

When asked by Mr Waiwori, Mr Beverley stated that the annual cost of a 5% rise would be approximately \$30,000, which the Company could afford "without retrenching".

The Union argued that the "cost of living" at Lofung was higher than at Honiara, and that the "Honiara Retail Price Index" was not a satisfactory guide for a remote rural area, so that "full indexation" based on the "average last 12 months" figure would be fair and reasonable. The price of commodities in Lofung was so high that a 5% increase was simply not enough. Reference was also made to recent settlements with other logging companies, at high levels.

The Company countered those arguments by emphasising the availability of fresh fish and garden land at Lofung, as well as the provision of "free" electricity, gas, and medicine, and its sympathetic attitude to requests for compassionate leave.

The advantages and disadvantages of life in the Shortlands are not considerations relevant to a "cost of living" adjustment, but were presumably taken into account in establishing the original levels. The "Honiara Retail Price Index" is not a perfect instrument and, as its name suggests, it is based on prices in the capital, but it is the only measurement available and no argument has been offered that the relative economic circumstances of provinces and capital have altered since the last wages adjustment.

The Panel has based its past awards on the figure for "percentage change on the same month last year", which for many years was the only one published. The other figures may work out at higher or lower levels, depending on the general trend of inflation. The "3 month" average may smooth out brief fluctuations of prices e.g. seasonal betel nut. A "12 month" average would seem to lag behind current trends.

The Union has not advanced an argument for a particular method of calculation, but simply points to the one which is most advantageous at the time.

The Panel's past policy of adopting "two-thirds" of the rate of inflation as a general guideline seems to us to remain sound in the general interests of the economy. Two-thirds of the respective figures equates to 4.67%, 5.6%, and 7.13%.

In the particular circumstances of this case, without departing significantly from its usual approach, the Panel feels that an increase of 6% is affordable, non-inflationary, and justified.

AWARD

The applicant shall pay to all its employees represented by the respondent and covered by the collective agreement between the parties an increase of 6% on all wages, allowances and incentives, subject also to a minimum hourly rate of one dollar, with effect from 7th June 1990 for the period of one year.

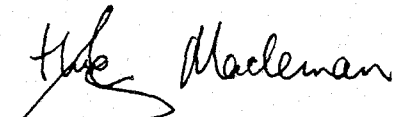
EXPENSES

Each party shall pay to the Ministry of Trade, Commerce and Primary Industries within 14 days of this date the sum of \$100 towards the expenses of the Panel in respect of this dispute.

APPEAL

There is a right of appeal to the High Court, on a question of law only, within 14 days: Trade Disputes Act 1981, s. 13; Trade Disputes Panel Rules 1981 r. 11; High Court (Civil Procedure) Rules 1964, O. 60 r. 3(1).

On behalf of the Panel



(Hugh Macleman)

CHAIRMAN, TRADE DISPUTES PANEL

September 1990.