

IN THE TRADE DISPUTES PANEL )  
OF SOLOMON ISLANDS )

Case No: L9/26 of 1996

IN THE MATTER of the Trade Disputes  
Act 1981

AND IN THE MATTER of a trade dispute  
referral

BETWEEN: SOLOMON ISLANDS NATIONAL  
UNION OF WORKERS

Applicant (Union)

AND: SOLOMON KITANO MENDANA  
HOTEL LIMITED.

Respondent. (Employer)

Hearing: 17th December 1996, Honiara.  
Decision: 17th December 1996.

Panel: A. N. Tongarutu - Chairman  
D. Bale - Employee Member  
M. Luialamo - Employer Member

Appearance: Mr. B. Tuhenua for the Applicant.  
Mr. J. Winnie for the Respondent.

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## FINDINGS

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On the 7th of November 1996 the applicant party (hereinafter referred to as the union) gave notice of a trade dispute between itself and the respondent to the Panel pursuant to section 6(1) of the Trade Disputes Act 1981. The union claimed to have reached a deadlock on a wage increase claim on behalf of its members who are employees of the respondent (hereinafter referred to as the company). The union claimed a 10% increase on wages, allowances and incentives backdated to the 1st of January 1996 whilst the company maintained its counter offer of 3% across the board. The parties have a valid memorandum of agreement due to expire in 1997. The Union's claim was premised on the employees lack of a fair increase on wages since 1994. In that year an 8% wage increase awarded by the Panel was varied by the Minister by reducing it to 7.5%. The company's argument on this was that 2% of this was paid to the workers during the same period. In 1995 the Union again referred a wage claim to the Panel whereby the Panel made an award of 5%. At this proceedings the union party was not represented. Also in 1995 it was claimed that the company refused to deduct the union's subscriptions. The union again referred this case to the Panel. It was submitted on behalf of the company that it was currently paying Union subscriptions. This case was eventually withdrawn consequent upon settlement of the claim when the company paid the union bills.

Mr. Tuhenua claimed that the negotiations on this year's wage increase claim had been unnecessarily prolonged by the company management taking into consideration the company's attitude on its refusal to pay union bills due in 1995. It was submitted on the basis of past incidents that the management of the hotel intended to stamp out unionism amongst its workers.

The crux of the union's case was that the 10% wage increase took into account the CPI as reported in the 1995 CBSI Report. In the light of this and due consideration of the 7.5% increase in 1994 and 5% wage increase in 1995 as opposed to the CPI figure in that year the offer of 3% made by the company is small taking into consideration the formula of  $\frac{1}{2}$  of the RPI. The company's counter offer of 3% was based on several factors namely that in 1995 the Panel made an award of 5% taking into consideration other incentives such as housing allowance which was at that time increased from \$38.49 to \$70.00 per fortnight for single staff and for married staff an increase from \$38.49 to \$80.00. According to the company's representative, 70% of the employees benefit from this housing allowance whilst 30% are housed in company quarters or in rental accommodation. Secondly there is a high competition in the tourism business sector and the 3% increase is based on the downturn in the tourism industry. It was submitted that competition for the tourist trade is quite high although the union claimed that the 1995 CBSI Annual Report reported an increase of visitors by 13%. The 13% of visitors increase was shared amongst others in the tourism industry which reduced the occupancy rate at the company's hotel to 48.5%. It is possible for the hotel to embark on a redundancy exercise but this is not in the best interest of the parties at the moment. On the 8th of October 1996 the employer wrote to the union requesting a formula whereby the parties can work with a set of figures on an annual basis but the union did not respond. In its letter to the union the employer requested the union to come up with the formula taken into consideration the CPI, GDP, financial statement of the company as well as the workers ability to work. The union whilst it was not certain whether it made a response to the employer in this regard maintained its submission that the assessment on the workers work ability was already catered for under merit award clause 19.1(3) of appendix II of the collective agreement. Mr. Tuhenua submitted that housing allowance should not be confused with labour as it was only a fractional substitute for housing rates in Honiara and was only an incentive. He claimed that it was not the Union's responsibility to provide details of the hotel's percentage within the 13% increase in tourism. The hotel is internationally based and it should be able to meet the 10% wage demand. There was no copy of the latest collective agreement submitted by the parties.

The CBSI quarterly review of June 1996 Volume 7 No. 2 reported that the Honiara retail price index came to 13.2% at the end of the second quarter of 1996. The inflation for domestic items was 15.7% compared to 17.1% in the 1st quarter. The report claimed that the rise in food and housing utilities were the main contributing factors to this movement. The Honiara price index, (RPI) is one of the yardsticks in which wage increase is measured.

The wage increase through this year as maintained by the company would not adequately compensate for the inflation in prices of food stuff. The ingredients in the formula requested by the employer especially financial statement of the company and the workers work ability are ingredients within the employer's responsibility to provide to the union during its negotiations. There was nothing to show that the employer in responding to the union's wage claim submitted the formula taking into consideration these elements, instead it requested the union to provide a formula. How could a reasonable employer expect the union to make a formula based on the financial statement of the company and the workers work ability, having regard to the fact that these information are not accessible to the union. The argument of the down turn in the tourism industry and workers attitude to work is an old argument unvariably raised in wage claim cases dating back to 1994 when the Panel made the 8% award. The Panel is of the opinion that it is the duty of the employer to provide training for the workers. The company operates a tourism related industry and in order to attract tourism into this country it should contribute to the training of its workers to achieve maximum performance. The union should also put pressure on the employer to train its staff. The 5% award made in 1995 was fair in the sense that the union party was unrepresented. The employer party appeared at the hearing and received the award it sought. There was no argument raised by the employer party on affordability except of course on the down turn in the tourism industry which is affecting its occupancy rate reducing it to 48.5%. There was no document substituted to support this submission.

Since the parties had settled on related issues in 1995 log of claim, in this case the Panel decided to make an award solely on the basic wage but not affecting other allowances and incentives.

#### **AWARD**

The respondent employer is to pay its workers who are members of SINUW a 9% wage increase exclusive of allowances and incentives and that this increase be backdated to 1st of January 1996.

#### **PANEL EXPENSES**

Pursuant to section 11 of the Trade Disputes Act 1981, the employer is to pay the Panel's expenses in the sum of two hundred (\$200.00) dollars.

On behalf of the Panel

A. N. Tongarutu  
**CHAIRMAN/TRADE DISPUTES PANEL**