

IN THE TRADE DISPUTES PANEL
SOLOMON ISLANDS

Case No. L9/14/08

Between: S. I. National Union of Workers (Applicant)
And: Solomon Soaps Limited (Respondent)

Panel:
1. Francis Cecil Luza – Chairman
2. Sika Manupangai - Employer representative
3. Mary Susurua - Employee representative

Appearances:

Tony Kagovai, General Secretary for the applicant.
Sam Iro, Managing Director for the respondent.

Date of hearing – 22nd October 2008.

Date finding delivered – 8th October 2010.

FINDING

By letter dated 19th November 2008, the General Secretary of Solomon Islands National Union of Workers, Mr Tony Kagovai referred a trade dispute to the Panel involving the following issues:

1. Wage increase for year 2008;
2. non-payment of shift allowance to copra section;
3. Non-payment of dirty allowance;
4. non-payment of electricity and water subsidies;
5. Long service benefit;
6. Safety equipments for certain employees.

COLLECTIVE AGREEMENT

The Collective agreement (principal agreement) was signed between the applicant union and the respondent company on 1st May 2004 under the management of Mr. Graham Gilmore. The agreement shall be in force for a minimum period of 36 months, except appendix III (which provides for wages, allowances and incentives) that can be reviewed at the end of each 12 months period.

A first review of appendix III as provided for under the collective agreement was made on 26/10/05 still under the management of Mr. Gilmore. A second review of appendix III was made under the management of Mr. Bebeno Mulesae, which was signed on 21/5/06.

There was a further review of appendix III for 2007/2008 by both parties with the involvement of Mr. Mulesae as the then Manager. Both parties have settled on wages and allowances, and although what was agreed upon was never executed, the company went on to pay the wages and allowances to the workers as agreed. Certain allowances as verbally agreed however were never paid to the workers which also formed the bases of this dispute.

The respondent at the outset submitted that it has no contractual obligation to meet the claims as submitted by the union. That cannot be totally accepted as the collective agreement though executed by the previous management, is binding upon the respondent company. There may be claims that were later compromised and because they were not formally incorporated into appendix III, which was never executed by both parties, as yet, we will agree there were no contractual obligations between the two parties in so far as those claims are concerned. The Panel however deals with the matter in an ordinary way in order to find a solution to the dispute, and not necessarily to determine whether or not there was a breach of contract by either party.

We will now deal with the union's claims one by one:

1. Wages Increase

The union submitted that under the management of Bebeno Mulesae, both parties have settled on a 4% plus \$0.45 wage increase across the board for wages, allowances and incentives, although it was not yet signed until the new management took over in 2007. The union therefore requests the panel to direct both parties sign appendix III, as reviewed, to cater for the wage increase as well as other claims that were already compromised.

In response, the respondent submitted that workers are adequately paid in the circumstances and pointed out that the union cannot expect wage increase every year, especially when the company is facing severe economic difficulties resulting from the global recession as well as competition in local market with the influx of cheap Asian soap products.

Having considered submissions from both parties, the Panel awards 5% wage increase across the board to be backdated to January 2009.

2. Non-payment of shift allowance to the copra section.

The union submitted that the agreed rate according to the review on 21/5/06 was \$8.23 and not \$7.00 as currently given to the workers. It therefore requests that the correct rate as agreed be paid to the workers.

In response, the respondent submitted that they are prepared to pay the allowance at \$8.23 as claimed by the union and if finance allows they will backdate it to January 2007.

On that claim, the panel awards \$8.23 to be backdated to January 2007.

3. Dirty allowance

The union again submitted that the agreed rate according to the review was \$20.50 per day and not \$20.00 as the workers currently receive. The rate was also confirmed in a letter written by the then manager, Mr. Mulesae. The union therefore requests the company to use the correct rate to pay the workers with.

The respondent confirms that the workers concerned are receiving \$20.00 per day which it claims as reasonable.

The panel considers the \$20.00 per day paid to concerned workers as dirty allowance is reasonable and therefore cannot accept the submission that it be increased.

4. Non-payment of electricity and water subsidies

The union submitted that under appendix III of the collective agreement (as reviewed), the company agreed that the workers are entitled to receive 20 units of electricity and water for each month. Those incentives however were never paid to the workers since the agreement was reached between the union and the company in 2007.

The respondent however submits that the company had placed all staff at the company compound on "cash power"; meters provided at cost to the company. It expects the employees to pay their own bills.

It must be noted that not all employers meet their employees' bills, both electricity and water. Some employees, mostly under fixed contracts are fortunate to have that kind of benefit fixed into their contracts, but not all employees receive the same benefit.

In this case, what seems apparent is that the company is going through financial difficulties, and it would be a joke making awards that obviously cannot be afforded.

On that basis, the panel feels that it cannot make any award on the claim at this stage. It will encourage the parties to renegotiate the issue.

5. Long Service Benefit

The union claims that this is an entitlement of the workers pursuant to clause 20 of the Collective Agreement. That when a person works for five years or more, upon his/her termination, he or she gets \$1,600.00 for the first five years of service and \$500.00 for each year thereafter.

The respondent however submitted that it can accept \$500.00 per year with a minimum of 10 years to qualify.

Such benefit normally is awarded by an employer as recognition of the employee's service of dedication and loyalty. It must be earned that way. The employee must show clean record of dedication, trust and loyalty. Whilst it can be negotiated, employers are not obliged to pay long service benefit as such. SINPF takes care of it.

In this case, however, the respondent made some indications to accept introducing such benefit but not as suggested by the union. It indicated that it would accept \$500.00 per year with a minimum of 10 years to qualify.

In considering what award to make in this claim, the Panel not only considered the submissions of the parties in this case, but also other similar benefits as applied in other employment organizations.

Accordingly, in this case, the Panel awards the claim for long service benefit as follows:

"An employee who works for a period of 10 years or more is entitled to be paid a long service benefit of \$2,000.00 at the end of his/her service with the company. In addition to that, the employee so entitled, shall also be paid \$200.00 for each year thereafter".

6. Non-provision of safety equipments for workers at certain sections.

The union claims that certain sections at the work place were not issued with proper safety equipments. They include workers at the copra, boiling, niu laundry powder, polio and security.

This was not strongly contested as it would appear that the concerned workers have been issued with the appropriate equipments.

In any case, if the issue is still not addressed by the company, the Panel would advise the workers to take the matter up with the Labour Division.

SUMMARY

In summary, the panel makes the following awards after hearing submissions from both parties:

- (1) Wage increase - 5% across the board backdated to January 2007. This is to be calculated and paid to the workers within 14 days.
- (2) Shift allowance to copra section - \$8.23 to be backdated to January 2007. To be calculated and paid to concerned workers within 14 days.
- (3) Dirty allowance - To remain at \$20.00 per day.
- (4) Electricity and water subsidies - To be re-negotiated.
- (5) Long service benefit - An employee who works 10 years or more is entitled to a LSB payment of \$2,000.00 plus \$200.00 per year for each year thereafter.
- (6) Non provision of safety equipments to certain employees - To be referred to Labour Division if necessary.

Recommendation

In view of the obvious deteriorating relationship of the union and the respondent company, the panel recommends as follows:

- (1) That a secret ballot be re-conducted within 21 days to determine the union's support by the workers;
- (2) After the completion of the secret ballot, and depending on its outcome, the company and the union are to re-visit the original collective agreement with the view to reviewing it. Thereafter, the parties are to report to the Panel on the progress of such review.

On behalf of the Panel:

