



WORKING IN PARTNERSHIP

KiwiRail and the RTMU

This 2010 report describes and assesses the support provided by the PRC to boost workplace performance by improving the working relationship between the KiwiRail Group of companies (KiwiRail) and the Rail and Maritime Transport Union (RMTU).

It looks at the PRC support provided in three KiwiRail projects – the Hutt workshops, KiwiRail Network and the Multi Employer Collective Agreement. The relationships and projects are not static and so it is important to note that the report is an analysis of findings as at early October 2010.

KIWIRAIL

KiwiRail's vision is "to be the backbone of New Zealand's internal transport network." It was established on 1 October 2008, taking responsibility for New Zealand's rail infrastructure and operations which had been in private ownership for 15 years. KiwiRail has approximately 4,000 employees, significant numbers of whom belong to the Rail and Maritime Trade Union (RMTU).

KiwiRail inherited a rail infrastructure that had been neglected due to under-investment and a lack of maintenance. Many assets (such as locomotives and wagons) are old and/or outdated for a competitive transport system. In May 2010, Government announced a 10 year programme to increase rail traffic volumes and revenue, improve productivity, and modernise assets.

KiwiRail operates as a single entity with five business units:

- *KiwiRail Freight* provides rail freight services and locomotives for passenger services, and mechanical servicing
- *KiwiRail Interislander* operates the ferry passenger and freight services
- *KiwiRail Passenger* provides urban passenger services in Wellington and long distance passenger rail services
- *KiwiRail Infrastructure and Engineering* maintains the infrastructure and includes engineering and the mechanical workshops

RAIL AND MARITIME TRANSPORT UNION

The New Zealand rail sector has a long history of union activity spanning over approximately 135 years. The Rail and Maritime Transport Union is the result of mergers between the Locomotive and Rail Tradesmen unions, the Rail Officers Institute and the National Union of Railways.

The RMTU is led by the General Secretary who is elected by members for a four year term and is employed by the union. The General Secretary is accountable to a National Management Committee made up of union members from a range of workplaces around New Zealand who are elected for a two year term (they are not employees of the RMTU). The union has 31 branches around the country, 17 of which are based in KiwiRail worksites.

Of the KiwiRail employees, 73 percent (2,900) are RMTU members. KiwiRail employees make up approximately 64 percent of the RMTU membership (the remaining members work in other areas of the transport sector such as the ports).

THE THREE PARTNERSHIP INITIATIVES AT KIWIRAIL

■ Hutt workshops

In early 2008 a dispute at the Hutt mechanical workshops was referred to the Mediation Service. The service recommended that management and the RMTU put their relationship on a new path using the services of the PRC.

There have been two phases to the work the Associate has undertaken with the parties. Phase one focused on building the relationship between management and the union, training in joint problem solving skills and assisting the Local Consultative Committee (LCC) to take a more strategic role. Phase two started toward the end of 2009 but, at the time the evaluation was undertaken, had not gained traction.

As a result of PRC support, the parties have made some significant gains, including an improved working relationship, increased trust and the ability to work together to resolve issues. Process improvements which got traction due to improved union management relationships resulted in the reduction of rebuild time for the 35 DX locomotives, which went from 9,000 hours, incrementally down to about 6,500 hours through streamlining the process and doing things in bulk as much as possible. This resulted in an estimated \$15,000 saving per engine rebuild.

■ KiwiRail Network

ONTRACK (the predecessor of KiwiRail Network) and the RMTU had a poor working relationship characterised by disputes and litigation. The RMTU's perception that the employer was trying to de-unionise the workforce and undermine terms and conditions of employment led the union to take a case to the Employment Relations Authority in 2007. Associated with this were critical business issues, such the hours of work for track maintenance. When the case was settled later that year, the parties agreed to PRC facilitation.

The Associate's strategy initially was to facilitate the parties to have honest discussions based around issues rather than positions, and to create an environment where they could work on these issues together. Once this was in place, the focus shifted. Working parties on flexible work hours and pay rates and career progression were established. In the words of one participant, 'the shift is to working on issues and trying to find solutions that work for both parties, rather than both saying "I want this, I want that."

The new levels of engagement enabled Kiwirail to implement temporary flexible work arrangements in order to meet its need for 24/7 track maintenance work. The new approach taken by the working parties also set the scene for the negotiation of a Multi-employer Collective Agreement allowing a move from restricted hours of work to a 24/7 operation without dispute.

■ Multi-employer Collective Agreement

The multi-employer collective agreement (MECA) emerged out of the parties' positive experience of working together on the KiwiRail Network project. It became a flagship for the new interest-based approach to the parties' working relationship.

The MECA working group started in June 2009. Its purpose was to merge four collective agreements into one multi-employer collective agreement, covering the whole land-based KiwiRail group of companies.

The MECA was ratified by the union on 19 October 2010 with 92.26% of members supporting the ratification of this two year agreement. This represents a significant achievement for the KiwiRail initiative.

Both KiwiRail and the RMTU say the reduction in negotiation costs was significant. It cost the RMTU 57% less than the previous negotiations. Comparable actual data on Kiwirail's costs is not available because the 2008-2010 agreement was negotiated with TOLL.

The MECA promises that less time will be required from both parties in negotiating future agreements, and there will only be one agreement to negotiate, as opposed to three.

EVIDENCE OF CHANGE

There are three areas where there is evidence of change that has occurred as a result of PRC support.

■ Partnership skills built up and used

Participants described the changes that have occurred for them personally as a result of their involvement in projects involving PRC support. The most common response was learning "ground rules" to focus on issues (rather than on people or emotion) and problem solving skills. Participants stressed the importance of ground rules and processes for working through problems and issues. Participants value these new skills, and acknowledge their effectiveness in communicating with the other party.

■ Trust based relationships developed

The parties have seen the renegotiation of two ONTRACK collective agreements pending ratification of the KiwiRail multi-employer collective agreement (MECA). The MECA itself is a demonstration of a trust based relationship developing between the parties, laying the foundation for an interest-based approach.

The relationship is now based on a "no surprises" approach and is more open, with information being shared between the parties. A frequent comment from participants is that more (and better quality) communication is happening between the parties on day to day basis. Problems are being addressed as and when they occur.

The impact of improved workplace relations on business activity has been evident in the Hutt workshops with the reduction in the rebuild time for DX locomotives. Participants describe PRC's contribution as helping to create a positive workplace environment and good communications which made the process improvement programme easier to implement. The programme became a collective task between management and the union.

■ Partnership infrastructure in place

The support provided by the PRC has helped establish the infrastructure required for partnership ways of working. A relationship charter for the Hutt workshops was signed by the Manager and RMTU in September 2009 and a relationship charter between the new Chief Executive of KiwiRail and the RMTU was signed in early September 2010. The number of industrial councils has expanded to five (one for each of the business groups). Processes have been developed within KiwiRail Network and the Hutt workshops to enable operational issues to be resolved at the lowest, or most appropriate, level. This has enabled industrial councils and local consultative committees to address more strategic business issues.

WHAT HELPED PRC SUPPORT TO MAKE A DIFFERENCE?

■ About the Associate and PRC

The neutrality of the PRC Associate has been critical. This has enabled the Associate to challenge the parties and provide honest feedback in a way that is seen to be fair, and can be trusted. The associate's neutrality is highly valued by the parties.

This neutrality goes beyond the individual Associate and is a keystone of the PRC's approach. As a neutral, independent 'outsider', the Associate works to establish trust with and between the parties. This is assisted by PRC support being delivered and funded through the Department of Labour and having the Associate explicitly report to the employer and union jointly. This avoids any perception that the Associate is a Consultant engaged by either the employer or the union. This

independence has enabled the Associate to challenge both parties when required and get people to "focus on the issues rather than the rhetoric".

In the KiwiRail Networks project, the Associate's initial approach in meeting with the parties was to encourage discussion and exploration of the issues through an iterative process. This enabled the group to clarify their focus for action. The Associate facilitated the group to establish ground rules to enable them to use open and transparent processes with each other, and essentially to do things differently than they had in the past. While this approach meant that it took time for the parties to shape what they needed to do, the outcome was that parties achieved clarity about the issues they needed to address.

As some of the people involved have said

"His aim is to try to help the parties solve problems themselves – he helps the parties to articulate the problem and then throws it back at the group by asking "what do you think?"

"He's able to read and understand the context and be prepared but not directing."

"acting as a sort of mediator between the parties, working with each group individually.....to ensure each doesn't lose sight of the other party and the issue."

The 'fit' between the PRC Associate and the parties has been important. The Associate has had a high degree of influence because he is respected by both parties. The influence of the PRC Associate has come not only from what he has said and done in instrumental terms, but also reflects his personal qualities and how he has related to others. The PRC Practice Manager has supported the Associate to be flexible in his approach. As a result the Associate was able to work incrementally with the parties as they gained a better understanding of the issues.

■ About the parties

The receptivity of the parties to exploring new ways of interacting and working together was a necessary condition for PRC support. Creating a culture of workplace engagement has required leadership and commitment from the 'top' and buy-in from the workforce. Internal champions (particularly those in positions of influence) reinforced the partnership message by word and action (i.e. role modelling and promoting partnership ways of working). Reliability and continuity of key people involved has been critical to building trust and sound working relationships.

The parties have had a common interest / goal around a priority issue (e.g. commitment to the success of KiwiRail). This has helped to reduce the tension between the parties and provide the essential motivation for engagement, and ongoing drive to work through challenging issues together.

■ About the strategy / approach

Ongoing communication strategies to promote and inform people about partnership activities has helped to 'get the message' out and to reinforce it.

Involving people first-hand in partnership activities (such as in working parties) has greater impact for workers than 'hearing' about partnership ways of working. Mechanisms such as strengthening infrastructure (e.g. Industrial Councils, and Local Consultative Committees) and providing tools (e.g. problem solving framework) and building capability (e.g. training in problem solving / an interest-based approach) have been integral to a partnership way of working.

Leveraging off early successes has enabled the value of partnership ways of working to be demonstrated to people who are yet to be involved.

Time has been an essential ingredient – building trust and relationships between the parties has been a time intensive process, particularly in a workplace with a history of poor industrial relations.

WHAT HAS GOT IN THE WAY?

Two key barriers to the parties' engagement with PRC support were identified: awareness and commitment by KiwiRail personnel, and the rotation of managers at the Hutt workshops.

The move to an interest-based approach has been a fundamental shift in thinking for some managers and staff. Several respondents noted that unless people were directly involved in one of the three

projects, it was unlikely they would understand what was meant by an 'interest-based approach' or the union and management working together in partnership.

Historical factors, such as management/worker relations, previous workplace change initiatives and entrenched patterns of behaviour mean that there is a segment of the workforce who are resistant to change. The idea that management and workers can have common interests has been hard for some people to grasp.

The loss of continuity at the Hutt Workshops with the departure of the previous workshop manager and nine months of temporary managers (rotating in the role on a six-weekly cycle) has led to a loss of some of the progress that had been achieved. This situation was not conducive to ongoing PRC support at that time which resulted in the Associate's active engagement with the workshops going into recession. This highlights the importance of consistency of key participants, especially during the early stages of change.

THE EVALUATION

An independent evaluation company, Evaluate Research, was contracted to undertake this evaluation. To read the full evaluation report visit <http://www.dol.govt.nz/er/bestpractice/prc/projects/>

PARTNERSHIP RESOURCE CENTRE

What is the PRC?

Workplace partnerships programmes increase productivity, innovation and efficiency by helping create constructive relationships between employers and workers.

The Partnership Resource Centre assists businesses and unions to identify long-term mutual interests and put in place programmes that ensure the businesses and their workers thrive.

Contact

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For more information

Partnership Resource Centre – www.dol.govt.nz/prc