

by the holding of meetings between the labour and employer representatives of this Committee, to arrive at agreements on the subject of the classification of labour into main sections—skilled, semi-skilled and unskilled—and defining for each the operations or duties that should be allocated and performed. It is felt that in the larger factories at least such a classification would be an advantage; but it is at the same time admitted that, owing to circumstances outside the control of the employers, they must, in order to ensure full-time employment, allocate duties to the skilled hands that could be performed by the semi-skilled or unskilled. Economies arising out of the detailed division of operations can therefore seldom be availed of, partly because of award requirements and partly because of the uncertainty of or lack of output.

The serious effort made to come to a recommendation on the point had to be abandoned, but recognition of the need for a change in the system of payment of employees without risk of a reduction in the ruling minimum wages was carefully considered. In the next paragraph this suggested system is detailed.

Appendix B compares the manufacturing-conditions of New Zealand with England.

*(f) Systems of Remuneration of Employees.*

The majority of factories in New Zealand employ the day-rate system of payment to employees. Some, however, employ the piecework system permitted under the award by special agreement with the employees of individual factories. Many factory-managers hold decided opinions against the practicability of employing any system of payment by results, but we are forced to point out that there is no question arising in this matter, since such systems are actually in operation and successfully so in some factories in the Dominion.

From papers put before us, also, it would appear to be the general practice in England to pay on a piecework basis, and the factor of small production units is the only one that affects the situation differently in New Zealand. This resolves itself into a question of rate-setting and the ability of the manager or his assistants to calculate accurately the time necessary to perform each operation. Rate-setting from costings as taken out in the average New Zealand factory is not sufficiently accurate, and it is urged that rate-setting from detailed study of each operation is the proper method of arriving at the prices for each operation. If the rate-setting is not done accurately, there comes the necessity, sooner or later, for making changes in prices to correct the inaccuracies found, and this, leading as it does to trouble from employees, is most assiduously to be avoided.

One manufacturer interviewed stated as his experience that the payment of wages by piecework was necessary for progress, and that working under this method tended towards efficiency of the operator.

Under this heading the Committee makes the following recommendations:—

- (1) The payment by the principle of piecework in the boot industry, with proper safeguards.
- (2) That the employees in any factory numbering sixty hands and over, including the office staff, should be entitled to negotiate with the employer in fixing piecework rates. Each department shall elect a committee to act with the employer in fixing such rates. Every factory employing under sixty hands may fix upon a system of piecework rates, provided that such rates are submitted to the District Council, with representatives of the employers and employees in the industry. Three members on either side shall form a quorum.
- (3) In the event of any dispute arising as to the rate of piecework for any operation or conditions, such dispute shall, if no agreement has been reached between the parties after the lapse of fourteen days, be referred to the District Council for settlement. The District Council's decision shall be final.
- (4) That in the event of piecework being instituted in any factory this special Committee is of opinion that it should be worked throughout all departments.
- (5) When piecework rates are fixed for any factory it shall be understood between the employers and the workers affected, that unless the individual earnings are increased by 10 per cent. above award rates after the lapse of three months, then the rates fixed by the award be reverted to. Every endeavour during the period of three months referred to shall be made, as between the employer and the department concerned, to adjust conditions so as to enable the 10 per cent. extra to be earned. Before such revision takes place either party may appeal to the District Council for a further trial or a review of the rates. The decision of the Council as to revision or to continuance of the old or new piecework rates shall be final. That it is recommended that the employer shall decide the point as to whether or not his employees shall be paid on the basis of award rates or on piecework.
- (6) That these resolutions, after they have been submitted to the Government, and if this course is approved, be forwarded to the Conciliation Council.

We attach as Appendix C a report on payment by results of employees, and Appendix D, "Method of Application of Payment by Results System."

*(g) Manufacturers' Inability to Specialize.*

In many respects manufacturers adopt a policy of specialization, but this is usually possible only to a very limited extent. Most of the larger factories are apparently forced for various reasons to seek business in practically all types of leather footwear. Men's heavy wear and the smaller sizes of children's goods are usually excluded, but a number of the factories make both men's and women's shoes. Even where the production is limited to either men's or women's lines it is evidently not possible, in all but a very few instances, to restrict the output to a particular type or process.

The financial need for turnover during slack seasons, the necessity of holding the factory staff together throughout the year, and the general need for turnover to keep down overhead and sales costs, are probably the main reasons which have forced manufacturers to do a business in more than