

## RESEARCH NOTES

### **Unions and Union Membership in New Zealand: Annual Review for 1994**

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#### **Introduction**

This note reports our most recent survey of unions and union membership in New Zealand for the year ended 31 December 1994. It builds on our earlier surveys for the 31 December years for 1991, 1992 and 1993 (Harbridge and Hince, 1993a, 1993b; Harbridge, Hince and Honeybone, 1994). In last year's report, we suggested that union decline may have "bottomed out". The 1994 data does not support that suggestion. Unions have lost a further 33,000 members in the most recent year, while the number of unions operating has increased by 15.

As is well known, the Employment Contracts Act 1991 abolished the Office of the Registrar of Unions and with it the official source for collection of data relating to trade unions in New Zealand. The last data from this source relate to the period as at May 1991. Since then we have undertaken an annual survey of unions so as to maintain continuity in the union membership data series that had gone back to the 1890s. We have modelled our survey on that undertaken by the former Registrar, but have requested additional information on the gender of members and the industries in which they were employed.

As we move further from the system of official registration of unions, it has become increasingly difficult to be certain that we can identify the existence of all "unions". Our definition of "union" is covered in detail in Harbridge and Hince (1994). In 1994 we have undertaken a more comprehensive process to identify unions. In addition to surveying the 65 unions that existed in our 1993 report, we have searched for new unions and employee associations registered with the Registrar of Incorporated Societies, have searched the Yellow Pages of all local telephone directories, have written to all employee organisations which are party to collective employment contracts held in our other database, and have used informal sources from both employers and existing unions to try and identify any new players.

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In total we have identified 82 unions and have surveyed these as to their membership. The response rate has been less satisfactory than in previous years - with 11 unions declining to supply us with the information sought. Six of the 11 who did not respond are newly identified unions. Alternative informal sources have enabled us to estimate the membership of these 11 unions with these sources including newsletters to members and local officials of other unions. Of these 11 unions, only two have more than 1,000 members and most have fewer than 250 members. While the survey has been undertaken on a voluntary basis, we have every confidence that the data is reliable, though the potential for some discrepancies, at the margin, does exist.

Tables 1 to 4 below, and associated descriptive material, present our findings. Minimal attention is given in this note to explanation or causality. The final section includes some of the main qualitative changes that have occurred in the most recent year. These changes help explain the patterns of the numbers, and also give additional insights into the overall story of fundamental change.

### 1994 survey data

**Table 1: Unions, membership and density 1985 - 1994**

	Unions	Membership	Density
Dec 1985 (1)	259	683,006	43.5%
Sept 1989 (2)	112	648,825	44.7%
May 1991 (3)	80	603,118	41.5%
Dec 1991 (4)	66	514,325	35.4%
Dec 1992 (5)	58	428,160	28.8%
Dec 1993 (6)	67	409,112	26.8%
Dec 1994 (7)	82	375,906	23.4%

*Note:* Union membership is reported as full time equivalent union members. Density is total union membership as a percentage of the total employed workforce as reported by the Household Labour Force Survey. In reporting density we have chosen to include part-time employees along with full-time employees even though the reported union membership represents full-time equivalent members. This method of reporting density is different from that which we have reported in earlier years where we have reported density as a percentage of the full-time employed workforce only, as measured by both the Quarterly Employment Surveys (firms with 2.5 or more employees) and the Household Labour Force Surveys. Whichever figure is used, consistency over time is imperative.

*Sources:*

(1) Department of Labour, *Annual Reports* (1986) and Combined State Unions *Annual Report*. (2) Fuller (1989). (3) Department of Labour, unpublished data made available to the authors. (4) Harbridge and Hince (1993a). (5) Harbridge and Hince (1993b). (6) Harbridge, Hince and Honeybone (1994). (7) Industrial Relations Centre survey, December 1994.

We have identified 82 unions with a combined membership of 375,906 as at December 1994. The decline of membership since the Employment Contracts Act is illustrated in Table 1. From a membership of 603,118 members in May 1991 the decline was dramatic to 428,160 members in December 1992 but has continued since, albeit at a lower rate of decline.

Union membership has now fallen a total of 38 percent since the introduction of the Employment Contracts Act 1991. Union density has fallen over the same period by 44 percent - recording union decline but also in part reflecting the increased size of the labour force (particularly in the 1994 year where the total labour force is now 1.6 million - the highest recorded).

### Unions: number and size

As Table 1 notes, the number of unions dropped from a high of 259 in December 1985 to a low of 58 in December 1992, reflecting the "1,000" members rule of the Labour Relations Act 1987. Union membership by union size since the implementation of the Employment Contracts Act is reported in Table 2. The data for 1994 indicate the continuing trend in the overall number of small unions (with less than 1,000 members) and a corresponding decrease in average union size.

Table 2: Unions and membership by size (May 1991 - Dec 1994)

Size	May 1991				December 1994			
	Unions	%	Members	%	Unions	%	Members	%
Under 1,000	4	5	2,954	1	35	43	14,143	4
1,000-4,999	48	60	99,096	16	32	39	67,153	18
5,000-9,999	8	10	64,268	11	5	6	33,424	9
Over 10,000	20	25	436,800	72	10	12	261,186	69
Totals	80	100	603,118	100	82	100	375,906	100
Average Membership			7,539				4,585	

The data shows the re-establishment of the small unions that had largely disappeared under the "1,000" members rule of the Labour Relations Act 1987. While loss of members is an important contributor to the growth of the number of unions with less than 1,000 members, so too is the defection of many small unions from the umbrella unions they had sheltered under as a device to retain their identity and registration under the old system. Notable here is the collapse of the APEX (Association of Professionals and Executives) union which had served just that purpose. Re-emerging from APEX in 1994 were STAMS (the Society of Technicians, Administrators, Managers and Supervisors), the New Zealand Advertising

Guild, the New Zealand Dietetic Association, and the New Zealand Institute of Medical Radiation Technology.

The unions with more than 10,000 members have retained roughly the same proportion of all union members (around 70 percent) but the number of such unions has halved (to 10 unions) and their combined membership has been reduced by 40 percent (to 261,186 members).

### **Union membership by industry, gender and affiliations**

The historical data series collected by the Registrar of Unions was restricted to the number of unions and aggregate union membership. In conducting surveys since the introduction of the Employment Contracts Act we have sought to disaggregate data collected by industry. The data reported is an approximation given that some unions had difficulties in determining the disaggregations requested. Notwithstanding, the data represents broad trends and directions of change.

Union membership by industry for the period 1991 to 1994 is shown in Table 3.

The agriculture, mining, construction, and wholesale, retail, accommodation, and cafes sectors have all suffered losses in excess of 60 percent. The manufacturing, transport and communication, finance, and public and community services sectors have all experienced losses under 25 percent. The energy sector has shown an increase since the Employment Contracts Act.

Again, as reported in the 1992 and 1993 years, there has been little change in the gender composition of unions. In 1991, exactly 50 percent of members were female. This dropped very slightly to, and has remained stable at, 47 percent in the 1992, 1993 and 1994 years.

The New Zealand Council of Trade Unions was until recently the only central organisation of employees in New Zealand. In 1994, 27 unions representing 296,959 members (79 percent of all members) indicated they were affiliated to the Council. This represents a 33 percent reduction since 1991 in the numbers of members who belong to unions affiliated with the Council. A small number of unions, five, are affiliated to the New Zealand Labour Party. They are, however, large unions representing 19 percent of all union members between them. The data is in Table 4.

In our 1993 report we identified the emergence of the Trade Union Federation and reported it as having some 20,800 members. This was significantly fewer than the 35,000 publicly claimed by the Federation at the time. A clear explanation for the discrepancy has come forward in the year since we last reported. Outgoing Trade Union Federation President, Dave Morgan, told the Federation's 1994 conference that he had stretched the truth to politicians about membership figures. He claimed that gaining support from a political organisation had proven tricky so, hoping to attract attention, he had told one party that they boasted 35,000 members. Morgan stated "At that time it may have been a little bit of an

embellishment of the fact, but as we were dealing with politicians we saw no real problem" (Morgan quoted in "The Last Word", *Evening Post*, 6 May 1995, p.54). In the 1994 year the Federation's membership did in fact grow by nearly 12 percent, to 23,200 members.

**Table 3: Union membership by industry (Dec 1991 - Dec 1994)**

Industry	Dec 1991	Dec 1992	Dec 1993	Dec 1994	% Decline 1991-1994
Agriculture, fishing and hunting	14,234	7,002	7,527	5,110	64%
Mining and related services	730	1,996	2,694	1,223	74%
Manufacturing	114,564	97,409	94,224	86,654	24%
Energy and utility services	11,129	11,721	9,784	12,791	(15%)
Construction and building services	14,596	3,930	6,936	5,338	63%
Retail, wholesale, cafes, accommodation	64,335	34,976	30,294	19,778	69%
Transport, communication	52,592	56,084	45,750	41,738	22%
Finance and business services	32,219	25,915	23,022	24,107	25%
Public and community service	205,925	189,130	188,881	179,167	13%
Total	514,324	428,163	409,112	375,906	27%

**Table 4: Union affiliations 1991-1994**

Year	NZ Council of Trade Unions		Trade Union Federation		Labour Party	
	Unions	Members	Unions	Members	Unions	Members
Dec 1991	43	445,116	-	-	11	125,372
Dec 1992	33	339,261	-	-	7	106,630
Dec 1993	33	321,119	9	20,800	8	82,968
Dec 1994	27	296,959	11	23,198	5	71,625

## Review

In reporting the 1994 annual union return, there are four issues worthy of some discussion. First, there can be no doubt that union membership has continued to decline. Unions have lost a further eight percent of their members in the past year, bringing their cumulative losses since the introduction of the Employment Contracts Act to 38 percent. It is also clear that as the workforce does start to expand, unions are not penetrating the new jobs being created so the losses in terms of potential membership are in fact even greater. Notwithstanding, we feel that at least part of the decline we report for the 1994 year results not so much from actual losses, but from more conservative reporting by unions. In 1983/84, after a brief period of legislative voluntary unionism, unions were initially reluctant to concede the true extent of their losses (see Harbridge and Walsh, 1985). We suspect the same to be true in the 1990s, but now, four years after the passage of the employment contracts legislation, unions have been forced to be realistic regarding their actual membership, so as to enable sound financial planning (and survival) for their organisations.

Second, on union size. The number of large unions with 10,000 or more members, has declined dramatically to just 10 unions, but those unions have maintained a high percentage of total union membership - continuing at around 70 percent of all union members. The number of small unions with under 1,000 members has mushroomed as some unions choose to avoid the amalgamation/merger path and resolve to press on with small numbers of members.

Third, on the newly identified unions in the 1994 data. These new unions come from three sources:

- o Unions that have broken out from the umbrella organisations that sought refuge in order to defeat the purposes of the "1,000" members rule of the Labour Relations Act 1987. Unions which had merged under the APEX structure are examples.

- o Unions formed in the public sector, generally after some internal disagreement with the traditional union. Examples here include: NZ Airports and Health Union; the Prison Officers Association; the Customs Officers Association; the Defence Scientific Staff Association; and the Income Support Service United Employees.
- o Enterprise based unions. Generally, the shift to enterprise bargaining has not brought with it a shift to enterprise unionism. We have identified just three new unions in the 1994 data which are company based - the Air New Zealand Pilots; the NZI Insurance Staff Association; and the NZI Life Staff Association.

Finally, our industry data shows two distinct patterns of union decline: unions in the first group of industries (agriculture, fishing and hunting; mining; construction; retail, wholesale, cafes and accommodation) have all experienced losses in excess of 60 percent of their pre-Employment Contracts Act membership. Unions in the second group of industries (transport and communication; energy; manufacturing; finance and business services; public and community services) have experienced much smaller losses - all lower than 25 percent of their pre-Employment Contracts Act membership. It is of no surprise that the New Zealand experience conforms to the international patterns of union decline - with one exception, the finance sector. Internationally, finance sector unions have been beset with heavy bouts of deunionisation yet the same pattern has not been replicated in New Zealand. The possible explanation for the divergence from this pattern in New Zealand could be the development of a strong strategic plan by the major union, FinSec, and the dominance of the sector by a small number of large trading banks.

A policy thrust for an industry focus for the rationalisation of union structures has emerged within the New Zealand Council of Trade Unions. However, observations indicate pressures working in the opposite direction, namely, towards increased fragmentation of union structure at the level of the individual union and variations in operational policy of individual unions. A further matter of note is the continuing decline in the absolute level of trade union membership and the proportion of membership within an expanding employment base.

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