

## RESEARCH NOTE

### Unions and Union Membership in New Zealand 1985-1992

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#### Introduction

The Employment Contracts Act 1991 (introduced on 15 May, 1991) abandoned dependence upon registered trade unions, a characteristic of New Zealand industrial relations since 1894. The detail of this change, and of other extensive changes implemented by the Employment Contracts Act, are outlined elsewhere (for example, Anderson, 1991; Boxall, 1991; Harbridge, 1993; Hince and Vranken, 1991 and McAndrew, 1992). This note is specifically concerned with the impact of the Act on the number, size and membership of trade unions. Developments from May 1991 to December 1992 are put in a context with patterns of change emerging in the earlier period, 1985 to 1990.

#### Method

Under previous legislation each union was required to furnish an "Annual Return of Union" to the Registrar of Unions providing information on office address, office bearers and number of members. The final set of official data on union membership is the number of registered unions as at 15 May 1991, the date of the implementation of the Employment Contracts Act. Membership of these unions is as at 31 March 1991.

The Employment Contracts Act 1991 abolished the statutory office of the Registrar of Unions, along with the concept of union registration. This meant that data and trends about the number of unions, union membership, and structure would no longer be available from a public source. The authors believed that such information has a value to participants in industrial relations, public policy makers, researchers and the community in general, nationally and internationally. Consequently steps were taken to establish and maintain an on-going set of data.

The authors adopted the style of the "Annual Return of Union" but modified the data sought, eliminating the request for information about office bearers, and expanding the information requested to include union affiliations, and a breakdown of membership by industry, occupation, and gender. This paper reports the aggregate data on union numbers and membership for the years ending 31 December, 1991 and 1992, with December 1985 used as a base for describing and analysing changes in these aggregates.

All unions registered as at 15 May 1991 were surveyed by mail in January 1992. An accompanying letter explained the rationale for the initiative. If the union was known to be an affiliate of the New Zealand Council of Trade Unions (NZCTU) the letter contained reference to its endorsement of the project. Where necessary a follow-up letter was sent in mid-March 1992, and telephone and personal contacts were made. The general weaknesses of reported trade union membership data are well documented (for example, OECD, 1991; Rawson and Wrightson, 1980 and Plowman, 1989). Notwithstanding those weaknesses, the authors are confident the data reported is authoritative as the response rate in this survey has been excellent. Responses were received from 62 of the 65 unions remaining in operation, and one newly formed union. Data from the three outstanding unions has been estimated from earlier returns and additional available information. In January, 1993 these unions plus two additional newly identified unions were surveyed. Again a high level of response was achieved with just one union declining to divulge membership information. The very high voluntary response rate increases confidence in the reliability of the data, and of the use of the data in analysing trends over time.

The data presented includes an estimate of union density. The determination of union density rates is often controversial and is by no means a straight forward matter of expressing union membership as a percentage of the workforce. For clarity, the methodology used herein is explained in detail. In general terms, the method adopted internationally by the OECD (1991) has been used. Density rates are calculated by expressing union membership as a percentage of the number of wage and salary earners in employment - a figure described as "net density" by the OECD. Thus working proprietors and the unemployed have been excluded from the denominator. In addition, other variables have been considered. First, whether the union membership figure is full-time members, a combination of full and part-time union members, or an estimate of full-time equivalent members? In New Zealand, unions generally determine their official membership by dividing their total annual membership fee income by the annual full-time union fee. In doing so they provide a full-time equivalent membership statistic. Second, whether the denominator, the workforce, should be expressed as full-time or part-time workers? Given that union membership is expressed as full-time equivalent membership, full-time employment has been selected. Third, should the public sector workforce be included in the denominator? Given that union membership figures excluded public sector unionists until 1988, the public sector has been excluded from the denominator until 1988. Union membership data for registered unions is available from Department of Labour *Annual Reports*. This data is consistent over time and can be used, with minimal margin of error, as the figure for private sector union membership. Calculations of net union density rates then use full-time wage and salary earners (excluding the unemployed and working proprietors) as reported in Census and Household Labour Force Surveys. It does mean, however, that our figures are different from others published. For example, Roth (1973) quotes union density figures that take private sector union membership as a percentage of

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the total workforce - thus ignoring the effect of public service employment. Care also needs to be taken when comparing the density rates reported herein with international data.

## Results

The impact of legislative change on the number of unions registered over the period 1985 - 1991 is dramatic, especially given the registration, on 1 April 1988, of the public sector service organisations. There was an effective decline in the number of registered unions from 223 in 1985 to 80 in 1991. Overall, including the service organisations, the number of unions declined from 259 in 1985. Total union and service organisation membership reached a peak of 683,006 in December 1985, before declining to 603,118 by 31 March 1991. Membership losses were spread between the private sector (down 11 percent) and the former service organisations (down 15 percent). Union density peaked at 73 percent in 1989. At this point of time the wage and salary earner component of the full-time labour force had fallen to 892,800, the lowest figure since 1966. Union membership had declined but not by the same rate.

The Labour Relations Act 1987, sought to increase the viability of unions to a point where independence of the legislative props of the past could be envisaged. To this end, the Act increased the minimum union size for retaining registration from 10 to 1,000 members. After the passage of the Labour Relations Act 1987, unions moved to comply with the "1,000" membership rule. In 1985, 153 of the 223 registered unions (66 percent) had less than 1,000 members. By September 1989, only 19 of the 112 registered unions (17 percent) had less than 1,000 members, a residual that was to be further tackled by administrative action. Not only did very small unions all but disappear, the very large unions gained a larger percentage share of all union members. In 1985, 37 percent of union members were in unions with more than 10,000 members but by 1989 the comparable figure was 66 percent. This enhanced concentration was partly due to the inclusion of the service organisations, and partly due to the union amalgamation process. The main patterns of amalgamation that emerged in this period have been identified. Approximately one-third of the amalgamations were of craft/occupational groupings amalgamating to a national or semi-national level (waterside workers, furniture workers, for example), a further third were not inconsistent with an industry-type approach (local government employees, distribution and shop employees, etc) whilst the balance of amalgamations, the final third, had less obvious linkages (Fuller 1989). In the latter cases political grounds or ideological affinity, personality of union leaders and geographic convenience were amongst the range of key determinants.

The decline in union membership is most dramatic since the implementation of the employment contracts legislation. Unions lost some 89,000 members in the first seven months of the new system and a further 86,000 members during 1992, an aggregate loss of almost 30 percent of membership in less than two years. Union density has fallen from a high of 73 percent in 1989 to 46 percent at December, 1992. The numbers and total membership of unions for the period 1985 - 1992 are presented in Table 1.

Table 1: Number of unions, membership and union density in selected years 1985-1992

	<u>Unions</u>	<u>Membership</u>	<u>Density</u>
Dec 1985 (1)	259	683,006	66%
Sept 1989 (2)	112	648,825	73%
May 1991 (3)	80	603,118	65%
Dec 1991 (4)	66	514,325	56%
Dec 1992 (5)	58	428,160	46%

### Sources:

- (1) Department of Labour, *Annual Reports* (1986) and Combined State Unions, *Annual Report*. The data presented combines public and private sector data.
- (2) Fuller (1989).
- (3) Department of Labour, Unpublished data.
- (4) Harbridge and Hince (1993).
- (5) Industrial Relations Centre survey December, 1992.

There are three major explanations for the fall in membership since 1989. First, in the expectation that National would de-regulate the labour market after its election in 1990, certain significant awards and agreements were not re-negotiated as part of the 1990/91 bargaining round. Harbridge (1991) reports a drop in collective bargaining coverage of employees awards and collective agreements of 110,000 employees when the 1990/91 bargaining round is compared with the 1989/90 round. Second, there was a significant increase in the number of employees taken out of collective coverage and placed on individual contracts in the corporatised and core public sector as a result of the State Owned Enterprises Act and the State Sector Act. Often these contracts precluded union membership so that the effect of this is reflected in a decrease of public sector union members. Third, the Employment Contracts Act provided for voluntary union membership and no doubt unions experienced direct losses as a result. The decline in union membership during both 1990 and 1991 can be ascribed to the expectation and then the reality of the Employment Contracts Act. The density figures quoted identify real membership losses which cannot be attributed to growth in the workforce.

### Size of unions and membership concentration

Changes in the number and size of unions and the concentration of union membership under the Labour Relations Act regime have been referred to earlier. Harbridge and Hince



(1992, 1993) argue that the dramatic changes between 1985 and 1989 are a direct result of the legislative change. However, internal forces for change in these directions were emerging within the union movement (see NZCTU, 1988, 1989), and reinforced the legislative intent. By May 1991 the number of unions had decreased to 80; only four unions had less than 1,000 members whilst the 20 unions with membership greater than 10,000 members accounted for 72 percent of union membership.

The Employment Contracts Act abolished union registration, and as a consequence the 1,000 minimum membership rule. Further, the intent of the legislation was to abandon national awards, minimise multi-employer settlements and, by contrast, enhance and encourage enterprise level bargaining and unionism. A philosophy of the propriety of competition between unions for membership also underlies the current legislation, but is in sharp juxtaposition to the legislative protection of membership territory in the era of union registration. There is also emerging evidence of internal divisiveness between segments of the union movement, on occasion leading to small breakaway groups, particularly at the enterprise level. A combination of intra-union disagreements and employer support may be facilitating this development.

Table 2 indicates the further changes in the size of unions and patterns of membership concentration that occurred through December 1991 and 1992.

TABLE 2: Union Membership by Union Size

Size	May 1991		Dec 1991				Dec 1992					
	Unions No	Members %	Unions No	Members %	Unions No	Members %	Unions No	Members %	Unions No	Members %		
<1000	4	5.0	2954	0.5	4	6.1	2750	0.5	7	12.1	5774	1.3
>1000	48	60.0	99096	16.4	39	59.1	87119	16.9	32	55.2	69743	16.3
<5000												
>5000	8	10.0	64268	10.7	9	13.6	76489	14.9	6	10.3	42663	10.0
<10000												
>10000	20	25.0	436800	72.4	14	21.2	347967	67.7	13	22.4	309980	72.4
	80	100.0	603118	100.0	66	100.0	514325	100.0	58	100.0	428160	100.0
Average membership			7538				7793				7382	

Up to December 1991 the internal momentum for restructuring within the union movement was maintained. The number of unions continued to decline. Amalgamation remained the main reason, although several unions, including the NZ (excluding Northern) Clerical Workers Union, a union of some 15,000 members, simply ceased to function due to the impact of the Employment Contracts Act and the expiration of its major occupationally based national award. COMPASS, representing northern clerical workers in the private sector, continued to operate, but commenced amalgamation discussions with the Service Workers.

Aggregate union membership continued to decline, but the concentration in larger unions continued. As at December 1991, four unions recorded less than 1,000 members whilst 14 unions (21 percent) with memberships greater than 10,000 represented 347,967 or 67 percent of membership. The average size of unions was 7,793.

The real impact of the philosophical attitude towards unionism of the Employment Contracts Act regime becomes more apparent in the December 1992 survey (although the contra-force of an underlying continuance of the internal union movement thrust for rationalisation persists). The annual survey for December 1992 covers 58 unions. There are now seven unions with less than 1,000 members. It also must be recorded that in late 1992 (and continuing into 1993) the authors have noted the emergence of a number of small, enterprise based unions. To date precise information has not been available, although (imprecise) information suggests that aggregate membership of these unions is less than 2,000 members. Further information is being sought in respect of this group of unions. The legislative intent supporting a fragmentation of unions is now impacting on the union movement. Nevertheless, 13 unions with more than 10,000 members account for a high membership concentration, 72 percent of total membership.

### 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 the survey since the introduction of the Employment Contracts Act, we have sought to disaggregate data collected by industry and gender. The data reported is an approximation given that many unions had difficulties in determining the disaggregations requested. Notwithstanding, the data represents broad trends and directions of change. In 1991, women comprised exactly 50 percent of all union members. In the 1992 returns, a small drop, to 47 percent, is recorded.

Union membership by industry for December 1991 and 1992 is shown in Table 3. The largest percentage losses have occurred in construction, wholesale and retail, agriculture, and mining - all sectors which have experienced losses in excess of 40 percent of the membership in just 12 months. The largest absolute loss was in the wholesale, retail and hotel sector which lost nearly 30,000 members over the year. Two sectors, energy and transport/ communication, experienced small increases in membership.



Table 3: Trade Union Membership by Industry

Industry	1991	1992	Decline (Increase)	
			No	%
Agriculture	14,234	7,002	7,232	42
Mining	4,730	1,996	2,734	42
Manufacturing	114,564	97,409	17,155	15
Energy	11,129	11,721	(592)	(5)
Construction	14,596	3,930	10,666	73
Wholesale and Retail	64,335	34,976	29,359	46
Transport and Communication	52,592	56,084	(3,492)	(7)
Finance	32,219	25,915	6,304	20
Public service	205,925	189,130	16,795	8
<b>Totals</b>	<b>514324</b>	<b>428163</b>	<b>86161</b>	<b>17</b>

The main peak organisation for worker representation in New Zealand is the New Zealand Council of Trade Unions. In 1991, 65 percent of all unions were affiliated to the NZCTU but they were the largest unions - representing 87 percent of all union members. In 1992 fewer unions were affiliated (57 percent) but more importantly the number of union members in unions affiliated to the NZCTU fell - to 80 percent. Unions disaffiliated from the NZCTU for a number of reasons: amalgamations reduced the number of affiliates, some smaller unions could no longer afford to pay capitation fees, and other unions were disaffected with NZCTU leadership and policies. An initial meeting in December 1992 led to the foundation conference (in May 1993) of a competing central organisation, the New Zealand Trade Union Federation (TUF). Forty-five delegates representing some 35,000 workers from 14 unions participated. Unions involved were exclusively from more traditional blue-collar occupations. Most, whilst previously members of the Federation of Labour, had stood outside the NZCTU when it formed as a merger of the Federation of Labour and Combined State Unions. Key players in the emergence of the TUF were representatives of the Seafarers Union, the Manufacturing and Construction Workers Union and the now defunct Food, Beverage and General Workers Union. None of the large unions joined.

Traditionally many unions have affiliated to the New Zealand Labour Party. The basis of affiliation is generally for part, rather than all, of each union's membership. In 1991 11 unions covering 25 percent of all union members were affiliated to the Labour Party. In 1992 the number of unions affiliated to the Labour Party had fallen (exclusively as a result of amalgamations) to seven but these unions continue to represent 25 percent of all union members.

### Some qualitative changes

Behind the statistical data are many individual changes and developments within the union movement, involving amalgamations, the emergence of new unions and the demise of others. Some of these changes are recorded earlier, whilst key developments during 1992, the most recent year surveyed by this note, are identified below.

A key amalgamation, pursuing the cause of industry rationalisation, created the Communication and Energy Workers Union from the Post Office Union and the NZ Electrical Workers Union. The merged union became the third largest in New Zealand. COMPASS, the northern based surviving remnant of the federation of clerical workers amalgamated with the Service Workers Union. The NZ Community Services Union, with a membership almost exclusively of IHC employees, also amalgamated with the Service Workers, but in this case for a twelve month trial period with a further ballot on full amalgamation to be held in 1993.

The National Distribution Union (NDU) emerged from the winding up of the Distribution Workers Federation and the repositioning of many individual unions. The NDU covers all shop employees throughout New Zealand (except those in Nelson and Marlborough), stores workers north of Taranaki and Hawkes Bay, and drivers in the Northern, Gisborne and Hawkes Bay regions. Wellington, Taranaki and Wanganui drivers merged with miners, labourers, Canterbury Rubber Workers and the remnants of the Workers Union to form the Amalgamated Workers Union of New Zealand. Canterbury stores workers joined the Engineers Union. Canterbury drivers formed the NZ Transport and General Workers Union and were joined by Wellington stores workers. Southern drivers and the Nelson - Marlborough distribution workers retained separate identities.

The National Union of Public Employees emerged as a breakaway from the PSA covering health workers in the Canterbury region. Another new union, the Aotearoa Stevedoring Union was formed to compete with the established Waterfront Workers Union on the Auckland waterfront. It was dissolved early in 1993. Other smaller unions that either transferred membership to other unions, or became defunct in 1992, included the NZ Plumbers and Gasfitters and the Central Clothing Laundry and Allied Workers.

There is no doubt that both the quantitative and qualitative evidence indicates that the face of trade unionism in New Zealand is changing rapidly. There is no doubt that the single most important cause of change has been government-led legislative change, specifically the Labour Relations Act 1987, and the Employment Contracts Act 1991. Belatedly, unionism has begun to think strategically and take action focussing on restructuring, rationalisation and responding, in general, to the challenges of a changing context. The union movement will survive, it will continue as a focal point for collective action, but the uncertainty for the future is the extent, degree and type of impact that trade unionism will have on the industrial and social life of the nation. If the current legislative framework persists then we will be able to test the theoretical proposition advanced by Hince (1993) that a "new" trade unionism will emerge in New Zealand, one which can operate



independent of the state, and within the society of the late 20th and early 21st century, reacting to competitive forces and accommodating to the market.

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