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Unions and Union Membership in New Zealand: Annual Review for 2006

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Introduction

This paper continues the series of annual surveys by the Industrial Relations Centre (IRC) on trade union membership in New Zealand, which began in 1991 when the Employment Contracts Act (ECA) ended the practice of union registration and the collection of union data. Although the Department of Labour began collecting official union data again in 2002, the IRC has continued to survey union membership under the Employment Relations Act 2000 (ERA). This year we report on changes in union membership, composition, and density from December 2005 to December 2006.

Some of the more significant findings for the period are:

- A modest increase in overall union membership of 5,190 (just under 1.4%). This indicates a significant slowing in membership growth, which in 2005 increased by 6.6% (23,290 members), and which had grown by 25% since 1999.
- A slight decline in union density, from the 2005 figure of 21.9% down to 21.7% in 2006, within the context of an increase of 2.6% in the overall number of wage and salary earners, from 1,719,500 to 1,764,500.
- An increase in private sector union membership of 4,945 members (2.8%), with a loss in public sector membership of 4,538 members (2.3%), although the public sector remains much more highly unionised.
- A substantial increase in membership – 24% (3,520 members) – in retail, wholesale, restaurants and hotels, reversing the trend of recent years, although union density in the area remains low (4.5%). On the other hand, in the already lowly-unionised area of finance, insurance and business services membership declined by a further 18% (2,421 members).
- A steady, if gradual, concentration of membership in CTU affiliated unions: in 2006, CTU affiliates accounted for 89% of all union members, up from 88.4% in 2005.

Methodology

Our survey included those unions registered as at 31 December, 2006, as per the Department of Labour website of registered unions (see www.ers.dol.govt.nz/union/registration.html and the Department's Annual Report 2006). In late January 2006, each of the registered unions was sent a survey requesting membership numbers as at 31 December 2006. One hundred and five unions responded. For those that did not, we obtained details either through telephone contact or

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drawing on the Department's Annual Report 2006. In the time between last year's survey and the return of this year's survey, nine unions deregistered and five new unions registered, bringing the total number of unions to 166 (see Appendix for explanation of union registration under ERA). Five unions out of nine voluntarily deregistered due to amalgamation.

Trade union membership and density

Table 1 summarises the historical trend in trade union membership and union density (defined as the proportion of potential union members who belong to a union[1]) for the period 1991-2006. While we provide relevant figures for the total employed labour force (which includes, among others, the self-employed and unpaid family members, who are very unlikely to be union members), the most meaningful measure of union density is the proportion of wage and salary earners.

In our review for 2005, we had reported on the largest single increase in union membership since the IRC surveys began – 6.6% (23,290 members). This year, however, the growth in overall numbers has been considerably less impressive, at under 1.4% (5,190 members). Whereas in 2005 union membership outstripped growth in wage and salary earners, in 2006 union membership again fell behind the growth in wage and salary earners, leading to a small decline in union density to 21.7%, from 21.9%. Overall union density has remained within the narrow range of 21 to 22% 1998, indicating a remarkable level of stability.

Table 1: Trade Unions, Membership and Union Density 1991-2006

Year	Union membership	Number of unions	Potential union membership		Union Density	
			Total employed labour force	Wage and salary earners	(1) / (3) %	(1) / (4) %
	(1)	(2)	(3)	(4)	(5)	(6)
Dec 1991	514325	66	1518800	1196100	33.9	43.0
Dec 1992	428160	58	1539500	1203900	27.8	35.6
Dec 1993	409112	67	1586600	1241300	25.8	33.0
Dec 1994	375906	82	1664900	1314100	22.6	28.6
Dec 1995	362200	82	1730700	1357500	20.9	26.7
Dec 1996	338967	83	1768200	1409300	19.2	24.1
Dec 1997	327800	80	1773200	1424000	18.5	23.0
Dec 1998	306687	83	1760900	1399100	17.4	21.9
Dec 1999	302405	82	1810300	1435900	16.7	21.1
Dec 2000	318519	134	1848100	1477300	17.2	21.6
Dec 2001	329919	165	1891900	1524900	17.4	21.6
Dec 2002	334783	174	1935600	1566400	17.3	21.4
Dec 2003	341631	181	1986100	1598700	17.2	21.4
Dec 2004	354058	170	2073800	1676200	17.1	21.1
Dec 2005	377348	175	2105600	1719500	17.9	21.9
Dec 2006	382538	166	2109800	1764500	18.1	21.7

Source: Statistics New Zealand, Household Labour Force Survey, Table 3, Table 4.3, Unpublished, 2006. Industrial Relations Centre Surveys.

Note: Figures in columns 3, 4, 5 & 6 are different to those reported in years prior to 2004, due to a population rebase by Statistics NZ in June 2004 (see HLFS population rebase: June 2004 quarter, July 2004).

Union membership and employment by industry

This section of the paper provides a summary of wage and salary earners and union members, according to the Australia New Zealand Standard Industry Classification, during the year to December 2006, in order to indicate the areas of relative union strength and weakness (Table 2). There continue to be wide variations in union membership according to industry, with public and community services, despite a small decline, remaining the contemporary union heartland.

In December 2006, the largest numbers of New Zealand wage and salary earners were in public and community services (425,400); retail, wholesale, restaurants, and hotels (410,000); manufacturing (243,400); and finance, insurance and business services sectors (237,000). Union membership was overwhelming concentrated, in public and community services (203,513), followed by manufacturing (75,588 and transport, storage and communication sectors (42,538). All other industry groupings registered fewer than 19,000 members, with several sectors having fewer than 5,000 members. For example, only 18,335 members of the total retail, wholesale, restaurants and hotels labour force of 410,000 (the largest private sector grouping) are unionised. However, this is the largest gain (24%) we have seen in this industry since we started reporting this information, which mainly due to one union's big campaign. Construction and building services gained 7% this year; with the exception of last year's loss (-9%), this is consistent with the last seven years. The finance, insurance and business services grouping continues to see declines in members (18%) although at more modest rates than last year.

The last column in the table illustrates each industry's contribution to the change (loss or gain) in total union membership. The largest gains were in public and community services (particularly in health and education) and retail, wholesale, restaurants, and hotels. These three industries accounted for 83, 48 and 68% respectively, of the increase in new members. Conversely, manufacturing and finance, insurance and business services mitigated the increase in total union membership by
(-50%) and (-47%) respectively.

Table 2: Distribution of union members and wage and salary earners across industry sectors

Industry Group	Union membership Dec 2006	Change in membership 2005-2006 (%)	Labour force Dec 2006 (000)	Change in labour force 2005-2006 (%)	New members breakdown (%)
Agriculture, fishing, forestry etc	3015	-11	82.3	7.2	-7
Mining and related services	1436	-7	6.7	6	-2
Manufacturing	75588	-3	243.4	-2.7	-50
Energy and utility services	3346	-8	8.4	6	-6
Construction & building services	5555	7	132.0	16.5	7
Retail, wholesale, restaurants, hotels	18335	24	410.0	1.2	68
Transport, storage and communication	42538	0.4	104.2	0.5	3
Finance, Insurance and business services	10934	-18	237.0	3.8	-47
Personal and other services	18278	2	115.3	-0.9	7
Public and community services	203513	3	425.4	4.1	127
Govt administration & defence	*33049*	-1	89.0	7.9	-4
Education	*81070*	3	154.2	-0.6	48
Health and community	*89394*	5	182.2	6.3	83
TOTAL	**382538**	**1.4**	**1764.5**	**2.6**	**100**

Source: Industrial Relations Centre Survey, 2006

Table 3 summarises how union density has changed in 2006, according to industry grouping. The only areas in which density has increased are retail, wholesale, restaurants and hotels, personal and other services, and (within the public and community services grouping) education. Significant falls (in relation to their already low levels) have occurred in agriculture, fishing and forestry, mining and related services, energy and utility services, construction and building, and finance, insurance and business services.

Table 3: Change in union membership across industry groupings

Industry group	Approx. density 2005 (%)	Approx. density 2006 (%)
Agriculture, fishing, forestry etc	4.4	3.7
Mining and related services	24.5	21.4
Manufacturing	31.3	31.3
Energy and utility services	46.1	39.8
Construction and building services	4.7	4.2
Retail, wholesale, restaurants, hotels	3.7	4.5
Transport, storage communication	40.9	40.8
Finance, insurance and business services	5.9	4.6
Personal and other services	15.4	15.9
Public and community services	48.3	47.8
Govt administration & defence	*40.6*	*37.1*
Education	*50.7*	*52.6*
Health & community services	*49.8*	*49.1*

Source: Industrial Relations Centre Survey, 2006

In our surveys, we ask our union respondents how many of their members work in the private and public sectors respectively (Table 4). This year, we have included the additional 'not for profit' category (4,783 union members) for the first time – this inclusion has had a corresponding impact on the figures for private and public sectors. Despite the slight increase in union membership in private sector and a slight public sector decline, the public sector retains the majority of all union members, with a much higher density (68 to 13, see Table 5).

Table 4: Public, private and not-for-profit union membership

Sector	Dec-05	Dec-06	Change 2005-2006	Change 2005-2006 (%)
Membership private sector	175415	180360	4945	2.82
Membership public sector	201933	197395	-4538	-2.25
Not for Profit	N/A	4783	N/A	N/A

Source: Industrial Relations Centre Survey, 2006

The relative strength of New Zealand public sector unionisation and the weakness of private sector unionisation is underlined by a comparison with the main Anglophone nations. New Zealand's high public sector union density helps to bring it to an overall level slightly higher than Australia's, although New Zealand private sector union density is lower than the other countries, with the exception of the United States (Table 5). A regeneration of private sector membership remains a major challenge for New Zealand unions.

Table 5: Public/private sector union density – international comparisons

Country	Union density	Public sector	Private sector	Public/Private Ratio
New Zealand	22	68	13	5.2
Australia	20	43	15	2.9
Canada	30	71	17	4.2
UK	26	59	16	3.6
USA	12	36	7	5.1

Sources: Statistics New Zealand, QES March 2006;, Australian Bureau of Statistics, 2007; Statistics Canada, 2007; Dept. of Trade and Industry, 2007; Bureau of Labor Statistics, 2007, Industrial Relations Centre Survey, 2006.

Gender and ethnicity

The composition of New Zealand membership has changed massively since the era of predominantly male, full-time employment. As in 2005, women comprised the majority (54%) of union members in 2006, although they constituted only 46% of the New Zealand labour force. (Statistics New Zealand, 2006: HLFS Table 3). Major contributory factors to this change include the high representation of women in public and community services and the decline in traditionally unionised areas of male employment such as manufacturing and mining.

New Zealand's labour force has also become more ethnically diverse. This year 27 unions provided data on ethnicity. These unions covered 283,182 employees or 74%t of total union members. Given that the sample may not be representative of the overall composition of union membership and that the 'Other' category may contain a number of employees for whom unions possess no ethnicity information, the data in Table 6 should be approached with some caution. Nonetheless, our sample of union members indicates considerably lower representation of NZ European/Pakeha than in the general labour force, with Maori slightly over-represented among union members and Pacific Peoples having a considerably greater presence among union members than in the general labour force.

Table 6: Ethnicity by sample and labour force 2006

Ethnic group	Survey sample (%)	Total labour force* (%)
NZ European / Pakeha:	63.7	75
Maori:	11	10
Pacific Peoples:	7.6	4
Asian:	2.8	n/a
Other:	14.9	11
Total	100	100

* Statistics New Zealand, Household Labour Force Survey, December Quarter 2006, Table 5. No breakdown given for Asian working population

Trade union numbers, distribution of membership by size, and affiliation

Over the past two decades, three legislative regimes have had a major impact on overall union membership and on the number and size of individual unions. The Labour Relations Act 1987 required that unions must have a minimum membership of 1,000, providing a stimulus for union amalgamations. There was a related drop in the number of unions during the later years of the 1980s: by 1990 there were only 104 unions, whereas there had been 259 in 1985. However, the Employment Contracts Act 1991 removed the '1,000 member rule', permitted groups of employees (not only registered unions) to negotiate collective contracts, and abolished registration requirements. Consequently, a considerable number of smaller unions were able to emerge during the 1990s, often within a single workplace, although the largest (10,000+) unions still retained the great majority of union members.

The Employment Relations Act 2000 stipulated that only registered unions could participate in collective bargaining, but its setting of a low membership threshold for registration at 15 members has seen the number of registered unions more than double, with a proliferation of small, often weakly resourced unions. While in 2006 there were 129 unions with fewer than 1,000 members, the substantial majority of union membership remains concentrated in the largest unions, with eight unions accounting for 71% of overall membership. Table 7 shows the number of trade unions, categorised by size, at the commencement and conclusion of the ECA period (1991 and 1999 respectively), and for 2006.

Table 7: Membership by union size 1991 – 2006, selected years

Membership	Dec 1991			Dec 1999			Dec 2006		
range	(#)	Members	(%)	(#)	Members	(%)	(#)	Members	(%)
Under 1000	4	2750	1	48	12703	4	129	20358	5
1000 - 4999	39	87119	17	22	43709	14	22	53199	14
5000 - 9999	9	76489	15	3	19669	7	5	38375	10
10000+	14	347967	68	9	226324	75	8	270606	71
Totals	66	514325	100	82	302405	100	166	382538	100
Av. Size		7793			3688			2437	

Source: Industrial Relations Centre Surveys

In the wake of the ECA, the New Zealand union movement fell into some disarray, leading to a major split which saw the emergence of two competing peak organisations, the Federation of Labour and the Council of Trade Unions. The number of CTU affiliated unions dwindled throughout the 1990s, from 43 in 1991 to 19 in 1999; the proportion of union members covered by CTU affiliates also declined, from 86.5% to 78%. Following the 1999 election of a Labour-led government, the TUF reunited with the CTU in 2000. The number of unions affiliated to the CTU has risen under the ERA to 39 in 2006, while the proportion of union members belonging to union affiliates has increased to 89%.

Table 8: NZCTU affiliation 1991 – 2006

Year	NZCTU Affiliate unions	Members	Percentage of total m'ship in CTU affiliates
1991	43	445116	86.5
1992	33	339261	79.2
1993	33	321119	75.8
1994	27	296959	78.9
1995	25	284383	78.5
1996	22	278463	82.2
1997	20	253578	77.4
1998	19	238262	77.7
1999	19	235744	78.0
2000	26	273570	85.9
2001	32	289732	87.8
2002	34	293466	87.7
2003	36	297440	87.1
2004	38	310451	87.7
2005	37	333395	88.4
2006	39	340281	89.0

Source: Industrial Relations Centre Surveys

Discussion

At first glance, union membership appears to have been remarkably stable since the late 1990s. Yet this picture of overall stability obscures considerable fluctuations at the industry level and in the fortunes of individual unions. For example, in recent years impressive gains have been achieved by unions in very different contexts, such as UNITE and the Service and Food Workers Union among mostly younger, part-time and casual workers in the service sector, and the New Zealand Nurses Organisation in the already highly unionised health sector. However, any substantial increase in overall union density seems improbable without stronger legislative intervention to reduce the incidence of free-riding. The December 2004 amendments to the Employment Relations Act appear to have had little impact in this regard, as unions continue to face a high threshold to demonstrate that passing on to non-union employees has occurred (Blackwood, Feinberg-Danieli, Lafferty and Kiely, 2007).

Last year's report indicated that the re-election of a Labour-led government in September 2005 had given unions an opportunity to consolidate previous gains and seek legislative and institutional improvements. In 2005, we saw the largest increase in union membership in a single year since the Industrial Relations Centre commenced its surveys. This year, there has been a significantly lower gain in overall numbers, with a slight decline in density, while the outlook for unionism in most of the private sector remains bleak. Nonetheless, in recent years there have been definite signs of growing confidence from unions and members, as exhibited by several high-profile campaigns, such as the EPMU's '5 in 05' and UNITE's 'SupersizeMyPay'. The fact that such activity has been prominent across a range of occupations (for example, cleaners, retail workers, teachers, public servants and doctors) is encouraging for unions, since it indicates the possibility of a broader resurgence, within the relatively benign legislative environment provided by the Employment Relations Act.

A change of government could lead to a rapid worsening of that environment, though, especially if current levels of public and community sector employment were not retained. The main principle of National's policy is that there is excessive regulation of the employment relationship, and that employees and employers 'no longer have the freedom to make agreements that suit their own circumstances (New Zealand National Party, 2005). National's plans for industrial relations include the repeal of the December 2004 ERA amendments, ending unions' guaranteed role as the sole collective bargaining agents, and tighter restrictions on union access to workplaces. As Ross Wilson, outgoing President, noted in his opening speech to the CTU's Biennial Conference (October 2007), "it is still not clear that the National Party respects the role of unions as social partners in modern democratic society". Yet the result of the recent Australian election may merit some reflection in this regard. Union and broader community opposition to Work Choices no doubt contributed substantially to the Howard government's demise, and radical changes to industrial relations in New Zealand may be met with comparable opposition.

Thus it remains difficult to predict future union trends. On one hand, the environment of recent years may be as good as it gets for unionism in the foreseeable future. On the other, the notable gains made by unions can provide a substantial platform from which to counter prospective political threats.

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Appendix One

The Employment Relations Act and Trade Union Registration

The objects of the Act with respect to the recognition and operation of unions are:

- To recognise the role of unions in promoting their members' collective interests
- To provide for the registration of unions that are accountable to their members
- To confer on registered unions the right to represent their members in collective bargaining
- To provide representatives of registered unions with reasonable access to workplaces for purposes related to employment and union business.

In pursuit of these objectives, the ERA establishes a union registration system, and grants registered unions bargaining rights together with rights of access to workplaces (specified in sections 19-25). To gain registration, a union must have more than 15 members, and provide a statutory declaration that it complies with the requirements of s14 of the Act regarding rules, incorporation, and independence from employers. The Act requires the statutory declaration to stipulate that the union is "independent of, and is constituted and operates at arm's length from any employer" (s14(1)d). The Registrar of Unions may rely on the statutory declaration to establish entitlement to registration. Only registered unions may negotiate collective agreements, and collective agreements apply only to union members whose work falls within the agreement's coverage clause, and to new workers whose work falls within the agreement's coverage clause for the first 30 days of their employment.

Notes

[1] The measure of potential union members used to calculate union density varies from country to country and there is no agreed 'correct' method. Consistency in reporting so that results can be compared year on year is, though, a priority.