

## **Union Revitalisation in Australia and New Zealand, 1995-2005**

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### **Abstract**

This article examines the factors which have led unions in Australia and New Zealand to adopt an organising strategy since the mid 1990s. Previous research in Australia and New Zealand has tended to treat unions strategy as a direct or indirect response to institutional context. This article focuses on the role of more union centric factors in shaping strategy. It demonstrates that even though the two union movements have experienced a switching in the institutional context they face, similar developments in both union movements have produced similar shifts in strategic direction.

### **Introduction**

While there have been numerous comparative studies of the labour movements of Australia and New Zealand (Gardner 1995, Bray and Walsh 1993, Bray and Walsh 1995), for the past decade there has been no analysis of the context for, or the relative strategies of, unions in these countries. Much has changed during these ten years. In Australia, the regulatory regime has been 'decentralised' and later 'individualised', the award system has been stripped back and the powers of the Australian Industrial Relations Commission (AIRC) to set wages and conditions and to intervene in disputes have been all but undone. This is a radically different backdrop to unionism than was in evidence when the most recent comparative perspective on unionism was written. This was the time of the Accord compact between the ACTU and the ALP, it was an environment of centralised wage fixation and it was a time when unions held a number of rights which have since been taken from them.

In New Zealand, the 1990s was a period of decline and devastation for unions following the Employment Contracts Act 1991 (ECA). Union membership, density and collective bargaining coverage collapsed in the immediate years after the ECA and continued to decline until 1999. Since that low, and following the election of a Labour coalition government in 1999, a degree of re-regulation in the form of the Employment Relations Act 2000 (ERA) and other social reform, has taken place, albeit within a 'post ECA' context. Almost five years into the ERA the New Zealand union movement is finding its feet again, growing slowly year on year since 1999 and re-establishing a level of legitimacy denied for the previous decade.

This re-examination of the comparative strategies of Australian and New Zealand unions is structured thus. The following section outlines in brief our framework for analysing Australian and New Zealand unionism in and since the 1990s. Here we

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Thanks to Bradon Ellem, Tim Ayres and the anonymous referees for their helpful suggestions on earlier drafts.

briefly discuss earlier comparative work on the two union movements as well as setting out the contribution of a number of Australian, New Zealand and international scholars whose research on union revitalisation informs our work. The next section presents an analysis of the state of unionism in New Zealand in the post-1995 environment, before moving to a discussion of Australian unionism during the same period. We conclude with a discussion of the similarities and differences in the strategies of both union movements and the critical factors which have shaped them.

### **Union revitalisation in Australia and New Zealand: A framework**

A clear theme emerging from the work of a number of writers making a mid-1990's analysis of unionism in Australia and New Zealand is that the institutions which dominate the industrial relations landscape also dominate, if not determine, union features, strategies and outcomes. Researchers often identify a *direct* relationship between the institutions 'around' unions and the generation of union strategies, arguing for instance that wage fixing institutions and structures determine union action. Even when researchers make an attempt to incorporate elements of unionism into their analysis, union strategy is often seen as a by-product of interaction between existing union features and the features of other institutions. That is, 'external' institutions have an *indirect*, but nonetheless a *causal* relationship with union strategy (Bray and Walsh 1993, 1995; Gardner 1995).

More recent work on union crisis both in Australia, New Zealand and in other countries emphasises that forces and factors external to unions (such as union security arrangements, employer hostility and changes in the regulation of work) are critical in prompting, if not necessitating change in union structures and strategies (Boxall & Haynes, 1997; Heery, 2002; Peetz, 1998). However researchers examining union renewal strategies have also identified a range of union-centric features (such as leadership factors, full-time officer commitment) which are critical for explaining both the process and the nature of union strategic innovation (Carter 2000; Cooper 2001 & 2003; Heery et al 2000a, 2000b and 2000c; Oxenbridge 1997, 2000 & 2003)

In this paper we analyse the impact of changes in the institutional environment upon unions and unionists, but in so doing we attempt to avoid an excessively 'institutionalist' approach. Our argument is that whilst social, economic and institutional factors have indeed played an important role in shaping union responses, these offer an incomplete explanation for union choices. Our analysis gives a central place to union strategic choices. This framework allows us to identify the *interaction* of institutional change and union strategy, rather than to simply view unions as the passive victims of change (for a similar framework, see Frege and Kelly 2003).

### **The State of New Zealand Unionism in 2005**

Every year since the introduction of the Employment Relations Act in 2000 by the Labour/Alliance Government, union membership in New Zealand has risen. Overall, the four years 1999-2003 has seen membership rise by 13 percent, or a little over 39,000 members. The annual increases have been variable. In 2000 membership increased by 5.4 percent, in 2001 it was 3.6 percent and for the last two years the rate

of annual increase has dropped to 1.5 percent. In terms of union density, the raw figure, which arguably provides the clearest measure of union strength, strong labour force growth over recent years has meant density has effectively stalled at between 21 to 22 percent of all wage and salary earners. Looking further we find a distinct polarisation of membership, more than half of New Zealand's trade unionists work in the public sector and private sector density is a worrying 12.4%. Women are 53% of all trade unionists and the areas of recent union growth; education, health and to a lesser extent the public service, are those dominated by women workers (May *et al.*, 2004).

At the peak council level, three distinct but intertwined strategic choices have become apparent since the late 1990's. First, following the merger of rival peak union bodies, the Trade Union Federation (TUF) and Council of Trade Unions (CTU) in 2000, and the return to one peak council, a new discipline has emerged within the ranks of affiliates endorsing the CTU to exercise a high degree of informal authority. This followed widely supported change of leadership in the CTU in 1999. Second, and only possible because of the first, a strong central lead has been given to the promotion of organising as the way forward for unions. Third, an evolving formal and informal engagement with Government (commenced in the late 90's when Labour was in opposition), carving a role for unions as both a natural partner for consultation and giving unions a platform upon which to pursue their agendas. This has necessitated a cohesive 'single-voice' approach by unions to maximise the opportunity for influence.

It is fair to say that in 2005 we have seen a growing sense of optimism amongst New Zealand's unionists. Significant gains by a number of unions, notably nurses and teacher unions, through reinstating industry bargaining and strong campaigning, have lifted the spirits of the union movement. A nation-wide campaign for a 5% wage increase was begun earlier in the year, dubbed the 'fair share - five in 05' campaign, and some sectors, particularly metals have seen industrial action. In the run up to the General Election in October 2005, the CTU was actively campaigning on the points of difference between the political parties.

### *New Zealand Institutional Changes*

The 1990's saw New Zealand at the vanguard of neo-liberal 'reform'. Dubbed the 'New Zealand experiment', and spanning market liberalization, free trade, deregulated labour markets, and small government, the series of radical changes commenced in 1984 by a Labour government were stepped up once the National Party took office in 1990 (Kelsey, 1995). At the forefront of labour market deregulation was the Employment Contracts Act 1991 (ECA), the impact it had on New Zealand's trade unions has been well documented (Kelsey, 1995; Harbridge, 1996; Anderson, 1991). Whilst the dismantling of the system of compulsory arbitration, commenced with the Labour government, the ECA went much further, prohibiting compulsory membership provisions, and placing individual and collective contracts on the same footing whilst making negotiation of multi-employer contracts difficult. The ECA also gave employers veto rights over union access and allowed non-union groups or individuals to negotiate collective agreements. The changes were widely supported by employers and represented a victory for business lobby group, the Business Round

Table, a powerful organization that at one time boasted 57 Chief Executives from New Zealand's largest corporations (Kelsey, 1995).

The impact of the ECA on unions was devastating. By 1994, union membership and density had halved, and collective bargaining collapsed to where it was the method of pay determination for only an estimated one-fifth of the workforce (Harbridge & Honeybone, 1996). Membership loss occurred at all levels, from workplace to industry and also from the impact of wide-scale job losses in the public sector following contracting-out and restructuring. By the end of the 1990's membership was highly concentrated in the public sector, manufacturing, and to a less extent the transport and storage sectors and unions effectively found themselves relegated to the status of single site bargaining agents, servicing rather than organising, members (Goulter, 2003, Gardner 1995:53-54)

The delivery of the Labour Party's promise to remove the ECA, with the enacting of the ERA in October 2000, marked the beginning of a turn around in the legitimacy of the union movement rather than a watershed in union fortunes. That Labour coalition government, and the minority government elected in 2002, governing with the support of the Greens and United Future, has taken a measured approach to re-regulation of industrial relations. The Employment Relations Act 2000 and the recently enacted Employment Relations Amendment Act 2004, despite the howls of protest from employer groups, represent moderate reform, a degree of re-regulation within a clear ECA context. The ERA does not replace that lost through the late 80's and 90's, instead it carves a 'third way' of mediation (solving employment relationship problems), ingraining the individualistic nature of grievance and dispute, and gives unions a 'hand-up' with access rights, information disclosure and attempts to change workplace culture via a strong emphasis on good faith. The ERAA 2004, presented as a 'fine-tuning' exercise endeavours to strengthen good faith principles with penalties for breach, requirements on employers to conclude bargaining, unless there is genuine reason, offers protection for low paid vulnerable workers in the situation of transfer, and proposes measures to deal with free loading via an attempt to circumvent pass on and also by allowing the establishment of a bargaining fee where a union and employer agree.

At the same time, the government has advanced a broader social agenda in large part through improvements to the minimum code. The minimum wage has been increased by 36% since June 2000 (from \$7 per hour to \$9.50 per hour in April 2005), 4 weeks annual leave introduced, effective April 2007, and taxpayer funded paid parental leave of 12 weeks (rising to 14 weeks from December 2005, with a 6 month qualifying period) introduced. The government has also improved minimum sick leave and domestic leave provisions, mandated time and a half, plus a day in lieu, for all work on statutory holidays and strengthening health and safety legislation. Each of these changes has been vigorously opposed by employer groups who have thrown their support behind former Reserve Bank Governor, now Leader of the National Party, Don Brash. Brash believes the ECA did not go far enough and has opposed the introduction of four weeks leave and penalty rates for public holidays (see, Brash, 23/7/04, 'pay off time for unions').

*New Zealand Peak union strategic revitalization*

In 2000 the rival peak organisations, the TUF and CTU merged amicably, ending seven years fall out over the CTU's response to the ECA. The current formation, operation and functioning of the peak body is arguably the most stable and powerful, particularly in relation to influence over and coordination of affiliates, in the history of New Zealand union movement. The turning point was new leadership in 1999, marking a determination by unions to put the hardship of the 90's behind them. Currently, thirty-six unions, representing some 88% of trade union members, are affiliated to the CTU. Only 2 of the largest 20 unions are outside of the CTU structure. The CTU has no formal power over affiliates, however currently a high degree of mutual trust, confidence and shared vision is apparent. The lack of control over wage bargaining by the CTU (observed by Gardner, 1995:49), remains, in part this is due to the lack of institutional structures for industry coordinated bargaining.

The new informal authority vested in the CTU has allowed it to embark on a number of innovative programs. Recognising asymmetries within the movement, in particular that high growth well resourced unions are in relatively well unionised areas (public sector density is approx 60% in NZ) whilst private sector unions who have the task of reaching out to the 7 in 8 private sector workers not unionised, are resource poor and stretched beyond capacity; the CTU has facilitated a number of ground-breaking responses. First, via a CTU re-unionisation fund resource-rich public sector unions are encouraged to contribute resources, with the private sector unions allowed to draw upon the funds and resources to organise in new areas. Second, unions have been encouraged to work with other unions in their particular industries to ensure that workers are being represented in the most efficient manner, with the long term aim that there be fewer unions in each particular industry. This fits within the CTU's program of industry focus on all issues ranging from training, growth and innovation, organising and engagement with the state. Third, the CTU has facilitated a series of delegates' forums where the Prime Minister and senior Ministers engage with union delegates in various regional forums, in a formal and informal setting. These forums are not controlled by the CTU or union leaders, rather delegates are encouraged to ask questions of the Ministers and PM about issues that affect them, often these issues do not neatly coincide with their respective union agendas. These unscripted exchanges changed the debate over the ERA reforms in a number of areas, and have assisted the beginning of a regeneration of delegate structures at workplaces, broadening the inclusiveness of the movement.

Institutions impact on the degree to which unions are empowered or constrained to act upon the choices they make. The active promotion of an organising approach by the CTU is a case in point, resource intensive this requires money and scale, features not common to New Zealand unions. Those unions who pioneered the organising approach (SFWU & Finsec) in particular have done so in both the ECA and ERA institutional context (see Oxenbridge, 1997), and the rationale for this choice whilst it has evolved and been refined, remains the same. What is different in the post 1999 climate is that push for renewal via organising is now led by the CTU leadership and broadly supported by affiliates at large. Further the CTU has strategically placed itself in a position best suited to taking advantage of the window of opportunity offered by the ERA climate and institutional supports, such as access rights and good faith bargaining requirements. Upper most in their mind is the knowledge that a Brash led National government would mean a return to the past.

The CTU has forged strong links, both personal and formal with the ACTU, both movements benefiting from a sharing of ideas and resources across the Tasman. This close relationship, facilitated by a shared vision on renewal strategies, has enabled both movements to cut down on duplication of resources, work together on training for delegates, organize a biannual organizers conference, and develop joint campaigns and strategies. This close cooperation has allowed a more rapid development and take-up of organizing and growth strategies and is hard evidence of unions' capacity to act in a way that is not simply a response to the institutional environment.

### **The state of unionism in Australia in 2005**

Australian unions are reeling from the impact of a multitude of forces. Ongoing changes in the nature of work and the composition of the labour force have taken their toll upon the membership levels and industrial clout of unions (see Peetz 1998). Legislative change enacted at the federal level in 1996 made it more difficult for unions to undertake their most basic functions, organising, bargaining and the representation of members effectively. At the same time employers, encouraged in their endeavors by the federal government, have shown an increasing willingness to engage in anti-union behaviour.

**Table 1: Australian and New Zealand union membership and density 1976-2003**

<b>Year</b>	<b>Australian Members (mil)</b>	<b>Density Australia %</b>	<b>Density NZ %</b>
1976	2.51	51.0	—
1982	2.57	49.5	—
1986	2.59	45.6	—
1988	2.54	41.6	—
1990	2.66	40.5	43.0
1992	2.51	39.6	35.6
1993	2.38	37.6	33.0
1994	2.28	35.0	28.6
1995	2.25	32.7	26.7
1996	2.19	31.1	24.1
1997	2.11	30.3	23.0
1998	2.04	28.1	21.9
1999	1.88	25.7	21.1
2000	1.90	24.7	21.6
2001	1.90	24.5	21.6
2002	1.83	23.1	21.4
2003	1.86	23.0	21.4

Some indicators of union power are quantifiable including: union membership and density levels; levels of industrial dispute; and the extent of union influence over the determination of the wages and conditions of workers. While there are obviously

other dimensions to and indicators of union strength (see Frege and Kelly, 2003), even a cursory analysis of the performance of unions in these areas suggests a movement in crisis.

Australian Bureau of Statistics (ABS) data collected in August 2003, shows aggregate membership standing at 1,866,700 and membership density at 23 per cent (ABS 6310). While in three of the four past years aggregate membership has (marginally) grown in the longer-run, the trend has been against unions. In 1992 for the first time in living memory, aggregate union membership began to fall and it continued to so throughout the decade (ABS, 6310.0 see Table 1). Looking to union density, the situation is even worse. There was a freefall in density in the 1990s. By 1994 less than a third of the workforce was unionised; by 2000 less than a quarter of workers were union members and in 2003 the figure was lower still.<sup>1</sup>

Declining bargaining reach is as much a symptom as an indicator of diminished union power. While there is some debate as to the extent of influence unions have over the wages and conditions of workers, the available evidence suggests that a large and a growing group of workers have their pay set on an individual basis without representation (see Watson *et al.*, 2003). Campbell (2001) argues that ‘management unilateralism’ rather than genuine collective bargaining is the key process determining workplace outcomes for the majority of employees. Union capacities have been diminished in other areas. For instance ABS data indicate that industrial action, measured by the number of working days lost and the number of workers involved, has declined substantially over the past two decades (ABS 6321.0). In recent years even when major disputes involving industrial action have been waged they have tended to be defensive in nature and have aimed at minimising union defeat, such as to secure worker entitlements or to ward off anti-union actions by employers, rather than to make significant gains for workers (Wiseman, 1998; Cooper, 2003; Gorman, 1996).

As their industrial power has weakened, so too has the ability of Australian unions to influence political decisions and to shape policy outcomes. With the crumbling of the Accord upon the election of the Howard government in 1996, unions lost their (at times problematic) access to the levers of national political power. As described in later sections of the paper, the Howard government has done its best to undermine union power in the workplace but has also successfully undone any semblance of consultation between the movement and government. The unravelling of external power has real implications for power relations *within* union ranks. For one, the ACTU’s ability to exercise internal authority over affiliates has been weakened. Earlier, for instance in relation to the amalgamations programme of the early 1990s, the ACTU wielded significant authority over affiliates and drawing upon external power bases was able to coerce in some cases unwilling affiliates to acquiesce to its demands (Griffin, 1991). As the 1990s progressed, the ACTU was in retreat, and in these conditions, was forced to cast off its earlier role as the driver of union strategy and instead to adopt the role of a ‘servicing organisation’ for affiliates (Briggs, 1999).

### *Australian Institutional Changes*

Groundbreaking changes to the regulation of work and employment relations began in the late 1980s with the 'managed decentralism' of the second tier system. This was a milestone in that it represented the first time that wages and conditions of employment were able to be negotiated directly between employers and their associations and unions (McDonald and Rimmer, 1989).<sup>2</sup> This system maintained a clear role for the industrial tribunal, relied upon awards as the instrument through which flexibility could be achieved and, reaffirmed that unions were the sole representatives of workers in bargaining. While flexibilities were obvious, pressure for further 'reform' was building. After being put under pressure from all sides, the Commission introduced the Enterprise Bargaining Principle in the second (October) National Wage Case of 1991. Under this principle, the position of unions was recognised and retained but more radical changes were enshrined in the *Industrial Relations Reform Act 1993*. These included, among other things, the introduction of a non-union (collective) bargaining stream. It would not be long before unions were more comprehensively marginalised from the bargaining process.

The most radical changes in industrial relations regulation of the past fifteen years were ushered in after the election of the Howard government in 1996. Speaking at a Young Liberals' Conference on the eve of his government's election, John Howard alluded to his vision for 'decollectivising' employment relations:

the goals of meaningful reforms, more jobs and better higher wages, cannot be achieved unless the union monopoly over the bargaining processes in our industrial relations system is dismantled. (Howard, 1996, quoted in van Barneveld and Nassif, 2003)

The passage of the *Workplace Relations Act 1996* went some way to achieving these aims and marked a new era of decollectivism and individualism in the regulation of the wages and conditions of Australian workers. This Act stripped back the content of awards, necessitating that unions protect workers' entitlements by attempting to push award stipulations into enterprise agreements. It seriously curtailed the ability of the AIRC to intervene in industrial disputes and introduced hefty fines for unions taking 'unprotected' action. The Act introduced individual Australian Workplace Agreements (AWAs) which excluded unions. A range of other changes in the Act made it more difficult for unions to access workplaces and to represent workers and easier for employers to choose whether, and to what extent, they would negotiate and bargain with the collective representatives of their workers. As such the Act has been identified as enshrining a 'decollectivist' ethos in the regulation of employment (Peetz, 2002). It signaled the diminution of formal and external regulation of work and workplaces through awards and the intervention of the AIRC. The workplace, and to some extent the individual contract of employment, was the locus for regulation.<sup>3</sup>

Changes to the union environment have not sprung exclusively from the legislative agenda of the Howard government. Certainly being locked out of various forms of bargaining, no longer having a robust award system which can be used to enforce union standards and having next to no recourse against employer anti-union activity through the Commission has not helped unions. However, it would be wrong to suggest that the legislative and regulatory regime *alone* has left unions where they are today. Managerial prerogative has been further increased by the militant activity of some Australian employers and by an increasingly interventionist (anti-collectivist)

Federal government. Australian studies have identified a range of employer tactics used in order to avoid unionisation or to reduce union influence in their workplaces during the 1990s. These include: discriminating against union activists in relation to pay, redundancies and other employment conditions; introducing non-union agreements; taking industrial action in the form of 'lockouts' in response to unionisation or union bargaining demands; monitoring employees; using strategic recruitment and selection techniques to manipulate union sympathies in the workplace; and establishing alternative representative forms (Briggs, 2004; Edwards, 2003; Ellem, 2003; MacKinnon, 2003a; Peetz, 2002; Townsend, 2004). Most researchers in the area agree that in Australia the use of such anti-union tactics has been on the rise in the post *Workplace Relations Act*, 1996 environment (see for example Briggs, 2004; Mackinnon, 2003). Another key change in the post-1996 environment has been the hard-line anti-union policy approach of the federal government. On top of their legislative agenda, the Federal government has played an 'activist' role, promoting and in some cases, such as in higher education *requiring* anti-union employer behaviour (see Howe, 2005; Cooper, 2004).

What have these changes meant for Australian unionists? Quite simply, declining membership, decentralisation and, later, individualisation of bargaining, the increasing inability of unions to call upon bodies such as the AIRC to enforce standards or to resolve disputes, diminishing rights to access and to bargain for workers, increasing employer militancy and the anti-union activism of government have shifted the balance of power away from unions and towards employers. Indeed, life looks set to get a whole lot tougher for Australian unions in mid-2005 when the government takes control of the Senate and is able to comprehensively apply its industrial relations wish list.

#### *Australian Peak union strategic revitalization*

What has been the response of Australian unions to these thoroughgoing changes in their environment?<sup>4</sup> For the national peak council, the ACTU, the decade to 2005 was one of strategic reorientation centred on 'organising'. Beginning in the early 1990s the peak union expended considerable energy urging affiliates to adopt new organising strategies in order to build membership and renew a union presence in Australian workplaces. This included both direct organising initiatives and broader attempts to garner affiliate support for the organising agenda. The earliest and best known organising initiative was *Organising Works* 1994, a training programme designed to inculcate union officials with a commitment to new member growth and to teach innovative organising techniques. By 2005 over 450 organisers had graduated from the programme (see Cooper, 2003 for an overview of further direct initiatives).

After the election of Greg Combet to the Secretary-ship of the ACTU in 1999, the organising strategy was given renewed vigour. The two signature strategy documents of the Combet leadership, *unions@work* (ACTU 1999) and *Future Strategies: Unions working for a fairer Australia* (ACTU, 2003), both articulated an 'organising' vision for Australian union activity. The difference between these recent organising-focussed strategy documents and the recovery strategies, such as mergers and individual services provision, issued from the heart of Accord unionism (see for example ACTU 1987) could not be starker. The more recent documents, urge affiliates to devote unprecedented resources to new member organising and building hardy workplace

organisation as well as developing union strategic campaigning capacities while broadening union constituencies. While peak council policies and prescriptions and individual union action another, there is evidence that in workplaces and union in branches across the country have indeed heeded the ACTU's call to organise (see Cooper and Ellem, 2005; Ellem, 2004; Griffin and Moors, 2002; Tattersall, 2005 )

What explains the adoption of the organising strategy by the Australian national peak council? Any explanation of strategic innovation must clearly incorporate the massive changes in the environment for unionism. The ACTU's organising strategies did not arise within a vacuum but in the context of a significantly weakened union movement suffering declining membership and under attack from a conservative federal government and increasingly anti-union employers. For the ACTU, these factors combined to create a significant 'crisis' in its external environment. It is undeniable that consciousness of crisis, and the desire to find ways out of it, sparked the organising debate within Australian unions as occurred in many other international settings (Hurd, 1995; Grabelsky and Hurd, 1994; Oxenbridge, 1997). However, a range of further influences helped shape ACTU revitalisation strategies during the 1990s. These include: the extent of leadership endorsement for organising; the power and authority of the peak council, and; 'organisational learning' drawing upon the experiences of Australian and international unions.

We have known for many years the critical influence that union leaders have over the strategic direction of their organisations (see Undy *et al.*, 1981). There could be no more powerful an advocate for change than the ACTU Secretary. The accession of Combet to the leadership of the peak council had the consequence of 'mainstreaming' organising (see Cooper, 2000). 'Organising' was not new to the ACTU in the later 1990s, but it was not until Combet's leadership that the future directions of the movement were explicitly aligned and integrated with an organising agenda.

The peak council's pursuit of the organising agenda throughout the 1990s remained non-coercive in nature. Instead, individual unions 'opted into' organising strategies rather than being forced to adopt them. Clearly this approach recognised that - due to diminished power resources discussed earlier in the paper - the peak council could not impose specific organising forms and goals upon affiliates. Thus, it chose - and arguably was forced - to avoid a more interventionist approach (see Cooper, 2003).

There is ample evidence that the changes in the approach of the ACTU drew upon the effectiveness, or otherwise, of previous union strategies both in Australia and abroad. For instance, a decision to develop and run a broad-based union education programme including training for senior union leaders in the late 1990s resulted from what were seen as the shortcomings of previous strategies, such as Organising Works. ACTU officials also borrowed heavily from the experiences of other union movements, particularly in North America and New Zealand. During the past decade official exchanges, speaking tours and training programmes involving officials from the United States and New Zealand have been sponsored by the ACTU as a part of the organising strategy. This was taken to a new height in 2003 when the Secretary of the New Zealand CTU was recruited to take on a strategic organising role within the ACTU, based in Sydney. Organisational learning both reflecting upon past Australian strategy and borrowing from the experiences of unionists across the Pacific Ocean is critical in explaining the nature of ACTU innovation during the decade to 2005.

## **Strategic revitalisation in New Zealand and Australia: Implications & Conclusions**

Australian and New Zealand unionists find themselves in rather different political social and institutional places in 2005. To a certain degree we have identified a 'swapping' of the environments in which the respective union movements operate. The *Workplace Relations Act*, 1996 ushered in changes which made it harder for unions to organise, bargain and to effectively represent workers. However, as challenging as the outcomes of this legislation were for unions, the Howard government was unable to gain outright control of the Senate between 1996 and 2005 and as such their ability to pursue a more thoroughly decollectivist agenda were held in check. This will change late in 2005 when we can expect an Australian version of the Employment Contracts Act. On the other hand, after having suffered for nine years under the ECA, New Zealand unions find themselves in 2005 in a not dissimilar environment to that of the early Accord years in Australia, without the formal structures of corporatism, but nonetheless in the midst of developing close working relations with government and rapidly expanding their sphere of influence to a wide range of public policy matters.

However, the movements of both Australia and New Zealand share what can only be described as a severe crisis in relation to density and membership, with density sitting at 23% and 21% in the respective countries. While on recent trends there is more cause for optimism in the New Zealand union ranks, with less than a quarter of workers unionized in either country both movements face the looming possibility of pressure group status.

The CTU has been through something of a revival and in 2005 the peak body is more united than at any time in its history. This new-found authority is a combination of the strong endorsement from affiliates for a centralized focus on renewal strategies and the necessity of a single voice to take advantage of the more favourable political climate. In Australia, the ACTU retains its long-held place as the voice for union interests. However, this must be qualified with the recognition that the unraveling of external sources of power has reduced the peak council's ability to wield coercive power over affiliates, as was witnessed during Accord unionism. While it may represent a single voice for union interests in Australia, as far as the Federal government is concerned, it is a voice to be ignored as they seek to marginalise unions not only from the regulation of work but from public policy making.

The mood amongst New Zealand unionists is optimistic, there is a sense that they have a window of opportunity to make real gains for members and this has focused the attention on renewal strategies. By comparison, in Australian unions - whilst there is a firm resolve to pursue renewal strategies - many leaders, officials and members are depressed about the ability of unions to weather the storm ahead.

There has been considerable change in the industrial relations regulatory institutions in both countries. In Australia, the decentralism of the late 1980s was undone as the formalised and collective regulation of workplaces was replaced by a more informal and individualist system. This system afforded employers an increased prerogative,

the government encouraged them to use it, and use it they did. In New Zealand, managerial prerogative was firmly entrenched by the ECA and has proved hard to shift, despite the current government's attempts at 'culture change' via emphasis on good faith bargaining. The fact remains that the vast majority of New Zealand workers have their pay and conditions determined by 'managerial unilateralism', and the individualist ethos of the 1990's remains firmly embedded (May et al, 2004:15).

### **Explaining Union Strategic Choices in Australia and New Zealand**

Australia and New Zealand unions spent a good deal of the past decade in an environment which undermined their effectiveness and indeed their capacity to invent strategies for renewal. However, the period from 1995 to 2005 was not characterized by union stasis in either country. Both movements showed a determination to put in place strategic innovations which would ensure their survival. The comparison revealed a remarkable similarity in the strategies of the peak councils in both countries. In Australia, the ACTU attempted to expose affiliates to both the message and the practices of organising unionism from 1993 through a number of direct and indirect initiatives. However, it was not until 1999 that a more thoroughgoing commitment to organising became evident. In New Zealand, a centralized focus on organizing only came in 1999, with new leadership, endorsed by affiliates to pursue this approach. Up until this point the CTU had facilitated discussion and some international exchange on organizing strategies but organizing had essentially been pioneered by individual unions; SFWU and Finsec.

The establishment of an organising strategy as a path for the future was critically influenced in Australia by the ACTU mission to the USA in 1993, and in New Zealand, led by individual unions in the early 1990's with exchange visits by various US and NZ officials. In Australia, the search for innovative strategies for renewal was a response to what was ahead; for New Zealand it was the bitter realization that state dependence was no longer a viable survival strategy which sparked it. This suggests that whilst the search for innovation was catalysed by different local experiences, international exchange between peak union bodies was central to the development of those strategies.

Our comparison has reaffirmed that union strategic choices are influenced by the context in which they are made. In both countries, interest in organising was first sparked by crisis arising from massive changes in the institutional setting for unions as well as in the relationship between unions and other actors in the industrial relations world. However, these changes in themselves are not enough to offer a complete explanation of the process undergone by either union movement. This analysis suggests that union-centric factors are vital for determining union strategic choice. As Frege & Kelly note, 'explaining actors' strategies by their institutional context alone is too simplistic and deterministic' (2003:12). In Australia, increased leadership endorsement for organising-focused innovation, following from the election of a new ACTU Secretary was identified as a critical influence upon the peak council's strategy. The (dwindling) power and authority of the peak council paradoxically both spurred change in the ACTU's strategy and limited the extent to which affiliated unions could be forced to adopt a particular course. The CTU, having

never had the kind of authority over affiliates the ACTU had, is now strongly endorsed by affiliates to provide the lead on renewal strategies.

It seems almost a truism that the ways in which unions interpret their environment is important in shaping their responses to it (Frege and Kelly 2003). Yet, most comparative studies of Australian and New Zealand union strategies to date have underplayed the importance of this process. Our work suggest that by sharpening our gaze into the union world, we can uncover a range of union features and relationships which shape the nature, the process and the timing of union change. This includes a number factors *within* national union movements, such as leadership change and support for strategic reorientation, as well as *between* national union movements, including dynamic exchanges between national peak councils.

## Conclusion

The period since 1995 has been a time of real crisis for unions in both countries. This crisis has partly stemmed from the paring back of the traditional regulatory mechanisms in Australian industrial relations and a shift to an individualised and decollectivised employment relations environment. In New Zealand, it has been from the impact of the ECA and broader structural change. It is clear that these changes have had a palpable impact upon unions, essentially making it harder to undertake their traditional role and suffering the double burden of operating with considerably less resources. Whilst in New Zealand there has been a degree of re-regulation since 2000 and a markedly less hostile environment, the ECA legacy remains and the institutional structure has not been reassembled.

Despite the quite different environments faced by both movements at the present time, both have made significant innovations directed at renewal. This has been a process of adapting to a changed industrial and political environment, but it is clear that the exact nature of that response is not predetermined by the environment. By placing unions at the centre of our analysis and viewing them as something more than reactive players, we can begin to understand the factors contributing to the convergence of strategies of both union movements, despite the divergence in their external environments. Whilst we agree with the conclusion of many comparative industrial relations researchers that 'institutions matter' (Frege & Kelly, 2003:11) our argument is that unions *can* and *do* take on the role of strategic actors in deciding their own fate. The close working relationship and shared vision of the ACTU and CTU in operation at the moment, is concrete evidence of this. Whether this will translate into a renewal of union power is another question.

## Notes

1. Another significant feature of the changing shape of unionism during the past ten years has been a shift in the gender composition of membership and the unionisation of men and women. While men remain more highly unionised than women, the difference between their unionisation rates has closed considerably since 1993. During the past decade, Australian unions have become more feminised, at least in terms of women's share of union membership. In 1993 39.5 per cent of union

members were women, in 2003, 43.7 of Australian unionists were female (ABS 6310.1 1993-2003).

2. Apart from apart from the well-entrenched over award bargaining system in various industries and over time.

3. More thoroughgoing changes to industrial relations legislation which will further enshrine the individualisation of employment and reduce unions' ability to take effective action were being flagged announced at the time of writing (see Cooper 2004 forthcoming)

4. Space precludes a full discussion of union strategy at the workplace, branch and national levels and as such the ensuing discussion concentrates upon national peak council policy and practice from the late 1980s to 2004.

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