Unions and Union Membership in New Zealand: Annual Review for 2004

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Introduction

This paper reports the results of Victoria University's Industrial Relations Centre's annual survey of trade union membership in New Zealand for 2004. The survey has been conducted since 1991, when the *Employment Contracts Act 1991* (ECA) ended the practice of union registration and the collection of official data. This year we report changes in union membership, composition, and density from December 2003 to December 2004, taking an historical perspective to compare the industrial relations periods framed by the ECA and the *Employment Relations Act 2000* (ERA).

For the year to December 2004, union membership increased by 3.6 percent (a net increase of 12,427 members). This builds on five years of growth with an overall 17 percent increase since 1999 (Crawford, Harbridge, & Walsh, 2000). Moreover, union density is 21.1 percent, slightly down from 2003 due to union recruitment not keeping pace with strong labour force growth (4.8% for wage and salary earners) over the year (May, Walsh, & Otto, 2004). Notwithstanding a recent decline in members in retail, wholesale, restaurants and hotels, the last eight years has shown consistent membership growth – this has outstripped growth in wage and salary earners (Crawford, Harbridge, & Hince, 1997). Conversely, manufacturing – which is also a large employer – has seen a steady decline in union membership over the same period. This decline is from a relatively large membership base and more than one-quarter of wage and salary earners in manufacturing remain members of their union.

Methodology

Our survey included only those unions registered as at 31 December, 2004, as per the Department of Labour website of registered unions (see www.ers.dol.govt.nz/union/registration.html and DOL Annual Report 2004). In late January 2005, each of the registered unions was sent a survey requesting membership numbers as at 31 December 2004. One hundred and four unions responded. For those that did not, details were obtained either through telephone contact, or based on last year's figures verified by the Registrar of Unions (DOL, 2004, 2005). In the time between last year's survey and the return of this year's survey, 13 unions deregistered and two new unions registered, bringing the total number of unions to 170 (see Appendix for explanation of union registration under ERA).

Trade union membership and density

Table 1 shows trade union membership and density since 1991. Union density is defined as the proportion of potential union members who belong to a union.[1] One commonly used measure of union density is based on the total employed labour force. We present this figure here, but note that

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[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.

it includes people who are not usually potential union members (for example, employers, self-employed and unpaid family members). A more accurate measure of union density is also presented – this figure is based on wage and salary earners only.

Table 1: Trade Unions, Membership and Union Density 1991-2004

Year	Union member ship	Number of unions	Potential union membership: Total employed labour force	Potential union membership: Wage and salary earners	Union density: (1) / (3) %	Union density: (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**

Source: Household Labour Force Survey, Table 3, Table 4.3 (unpublished), HLFQ.SAA3AZ, Industrial Relations Centre Survey

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

In 2004, total union membership increased by 3.6 percent (12,427 members). This builds on the five years of growth since the introduction of the ERA, producing an overall 17 percent increase in union membership since the nadir of 302,405 in 1999 (Crawford, Harbridge, & Walsh, 2000). For unions working to rebuild after the devastation of the ECA period, this is an encouraging sign.

Although union membership showed strong growth in 2004, it did not keep pace with the even stronger growth in the labour force generally (4.4%) and in the wage and salary earners component (4.8%). As a consequence, there was a slight decrease in union density of 0.1 and 0.3 percent respectively. Union density has now been hovering between 21 and 22 percent since 1998 (Crawford, Harbridge, & Hince, 1999), during a period of strong labour force growth coupled with high natural membership attrition (for example, through retirement and turnover). A slowing economy and slowing labour force growth – as widely predicted – coupled with the continuation of current trends in union membership growth, should see an increase in union density.

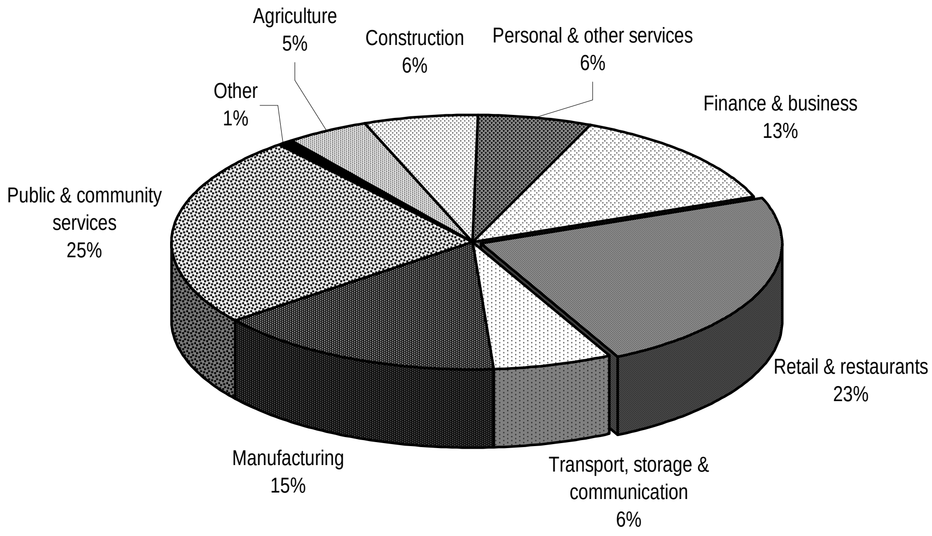

Figure 1: Distribution of wage and salary earners across industry sectors.

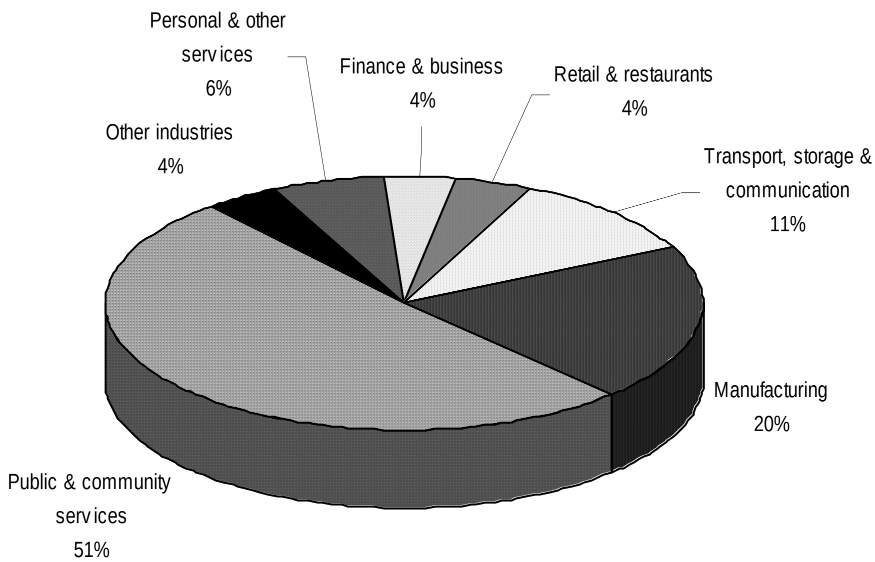

Figure 2: Distribution of union members across industry sectors.

Union membership and employment by industry

In this section we look at the distribution of wage and salary earners (see Figure 1) and of union members (see Figure 2), across industry sectors (classified according to the Australia New Zealand Standard Industry Classification). This provides a more nuanced picture of patterns of union representation in the New Zealand context.

In December 2004, the largest concentrations of New Zealand wage and salary earners were in public and community services (25%); retail, wholesale, restaurants, and hotels (23%); manufacturing (15%); and finance, insurance and business services sectors (13%: see Figure 1). Union membership was overwhelming concentrated in public and community services (51%), followed by manufacturing (20%) and transport, storage and communication sectors (11%: see Figure 2). These sectors are not major growth areas of the labour force (Statistics New Zealand, unpublished tables). In contrast, the large retail, wholesale, restaurants, and hotels sector which employs 23 percent of all wage and salary earners and is a growth area had only four percent of total union membership.

Change in union membership and employment by industry

Table 2 examines gains and losses in membership by industry and Table 3 compares these with changes in wage and salary earner employment.

Table 2: Union membership change by industry 2003 – 2004

Industry group	Dec 2003	Dec 2004	Change 2003-2004 Number	(%)	New members breakdown %
Agriculture, fishing, forestry etc	3656	3417	-239	-7	-2
Mining and related services	1029	1668	639	62	5
Manufacturing	71936	71504	-432	-1	-3
Energy and utility services	3763	4628	865	23	7
Construction & building services	6201	5729	-472	-8	-4
Retail, wholesale, restaurants, hotels	17849	15861	-1988	-11	-16
Transport, storage and communication	34153	38692	4539	13	37
Finance, Insurance and business services	13148	13402	254	2	2
Personal and other services	17427	19974	2547	15	20
Public and community services	172469	179183	6714	4	54
Govt admin and defence	*33735*	*35048*	*1313*	*4*	*11*
Education	*75164*	*76909*	*1745*	*2*	*14*
Health	*63570*	*67225*	*3655*	*5*	*29*
TOTAL	**341631**	**354058**	**12427**	**3.6**	**100 (12427)**
Membership private sector	**160208**	**163927**	**3719**	**2.3**	**30**
Membership public sector	**181423**	**190131**	**8708**	**4.8**	**70**

Source: Industrial Relations Centre Survey, 2004

When we examined changes in union membership from the previous year, the largest gains were in public and community services (particularly health); transport, storage and communications; and personal and other services. These three sectors accounted for 43 percent, 29 percent, and 16 percent, respectively, of the increase in union members. Coming off a small membership base, mining experienced very strong membership growth of 62 percent.

Conversely, in the large retail, wholesale, restaurants, hotels and manufacturing sectors, considerable losses in membership were reported. This is an important, yet difficult industry sector in which to recruit (and retain) members due to high levels of part-time and casual work, and high turnover – particularly in times of strong economic growth. Reflecting the volatility in this sector, the 11 percent loss of members in retail, wholesale, restaurants, and hotels followed a ten percent increase in the previous year.

Of concern for unions will be the ongoing decline in manufacturing, which accounts for the largest proportion of union members in the private sector. The one percent drop in union membership in manufacturing in 2004 is on the back of a three percent decline in 2003 and a one percent decline in 2002 (May, Walsh, & Otto, 2004; May, Walsh, Thickett, & Harbridge, 2003). This decline is largely attributed to the loss of unionised jobs overseas, and high attrition through retirement for this aging sector of the workforce.

Table 3: Union membership change and labour force change 2003 - 2004

Industry group	Union members Dec 2004	Change in members 2003-4 %	Labour force Dec 2004 (000)	Change in labour force 2003-2004 %
Agriculture, fishing, forestry etc	3417	-7	75.6	0
Mining and related services	1668	62	6	54
Manufacturing	71504	-1	259	4
Energy and utility services	4628	23	8.9	-6
Construction & building services	5729	-8	99.2	9
Retail, wholesale, restaurants, hotels	15861	-11	392.6	2
Transport, storage and communication	38692	13	105.5	5
Finance, Insurance and business services	13402	2	211.1	10
Personal and other services	19974	15	105.3	-3
Public and community services	179183	4	411	8
Govt admin and defence	*35048*	*4*	*78.0*	*5*
Education	*76909*	*2*	*158.6*	*8*
Health and community	*67225*	*5*	*174.4*	*9*
TOTAL	**354058**	**3.6**	**1676.2**	**4.8**

Source: Industrial Relations Centre Survey, 2004

Public / private divide

In addition to industry breakdown, our survey asks unions to estimate how many of their members work in the private sector and the public sector. With the substantial membership gains in public, community and other services, most union membership growth was from the public sector (70%). Moreover, 53.7 percent of all union members are employed in the public sector – up from 53.1 percent in 2003 (May, Walsh, & Otto, 2004).

The preponderance of union membership in the public sector, which accounts for only one-quarter of all wage and salary earners in New Zealand, is reflected in a public/private divide in union density figures. We have used the Quarterly Employment Survey (QES) to estimate total employment by public and private sector. Table 4 shows that the public/private divide in New Zealand is somewhat greater than in our main international comparators (Blackwood, Feinberg-Danieli & Lafferty, 2005).

Table 4: Union Density – public and private sectors in selected countries (2005)

Country	Union density	Public sector	Private sector
New Zealand	21	66	12
Australia	23	46	17
Canada	30	70	18
UK	26	60	17
USA	13	36	8

Source: Statistics New Zealand, QES March 2005; Australian Bureau of Statistics 2005; Human Resources and Skills Development Canada 2005; UK Dept of Trade and Industry 2005; US Dept of Labor 2005; Industrial Relations Survey, 2004.

Changes in union density

Table 5: Density by industry 2003, 2004

Industry group	Approx. density 2003 (%)	Approx. density 2004 (%)
Agriculture, fishing, forestry etc	4.8	4.5
Mining and related services	26.4	27.8
Manufacturing	29.0	27.6
Energy and utility services	39.6	52.0
Construction & building services	6.8	5.8
Retail, wholesale, restaurants, hotels	5.1	4.0
Transport, storage communication	34.1	36.7
Finance, insurance & business services	6.8	6.3
Personal and other services	16.0	19.0
Public and community services	45.1	43.6
Govt administration & defence	*48.3*	*44.9*
Education	*51.0*	*48.5*
Health & community services	*39.5*	*38.5*

Source: Household Labour Force Survey – wage and salary earners component, unpublished, Statistics New Zealand, 2004. Industrial Relations Centre Survey

Table 5 shows the density figures by industry for 2003 and 2004. Density has been calculated by using the wage and salary earners only component of the Household Labour Force survey, thus eliminating the self-employed and employers from the calculations. Government administration and defence, education, and health and community services continue to be strongly unionised. So too do energy and utility services, transport, storage and communications, mining, and manufacturing – although there has been some slippage in the latter. Unions, however, are struggling to maintain a presence in the remaining industries which are predominantly private sector.

Changes in union membership and density 1996 and 2004

Table 6 shows that the number of wage and salary earners in New Zealand grew by 13.5 percent in the eight years between December 1996 and December 2004, while union membership grew by only 4.5 percent. Disguised within these figures, however, is an 11 percent drop in union membership between 1996 and 1999, followed by a 17 percent increase between 1999 and 2004 (Crawford, Harbridge, & Hince, 1997; Crawford, Harbridge, & Walsh, 2000).

Union membership growth has outstripped employment growth in retail, wholesale, restaurants, and hotels – large employers of wage and salary earners, experiencing sustained growth. Sectors where strong employment growth has outstripped membership growth, producing a decline in density, include mining and related services, construction and related services, and transport, storage and communication. These are relatively small industry sectors, however, so the failure of union membership to keep up with employment growth has not had too great an impact on overall density figures. Of more concern is the decline in membership in manufacturing – a large, though not rapidly growing, area of employment – and in finance and business services.

Table 6: Changes in wage & salary earners and union membership, 1996 – 2003

Industry group	Labour force Dec 1996 (000)	Labour force Dec 2004 (000)	Labour force change 1996-2004 (%)	Union membership 1996-2004 (%)
Agriculture, fishing, forestry etc	67.8	75.6	11.5	218.5
Mining and related services	2.7	6.0	122.2	45.8
Manufacturing	248.1	259.0	4.4	-9.2
Energy and utility services	12.5	8.9	-28.8	-23.9
Construction & building services	72.3	99.2	37.2	-12.9
Retail, wholesale, restaurants, hotels	321.0	392.6	22.3	49.0
Transport, storage and communication	87.7	105.5	20.3	-10.2
Finance, Insurance and business services	175.5	211.1	20.3	-47.5
*Public, community & personal services (includes some private sector employment)	417.9	518.4	24.0	19.9
TOTAL	**1408.3**	**1598.7**	**13.5**	**4.5**

Source: Household Labour Force Survey, wage and salary earners component, 1996 & 2004, unpublished, Statistics New Zealand

* Note: Public and community services and personal and other services are combined for the purpose of comparison with 1996 figures.

Gender and ethnicity

Women comprise only 46 percent of the New Zealand labour force (Household Labour Force Survey, Dec 2004 Table 3, Statistics New Zealand 2004), yet constitute 52 percent of union membership. This strong participation rate reflects women's high representation in public and community services and has been evident for the last decade with around 48-50 percent of union membership being female.

This year only 27 unions advised that they collected statistics on ethnicity. These unions covered 133,969 employees or 38 percent of total union members. Table 7 shows a higher representation of Maori and Pacific Islander peoples than their representation in the labour force would lead us to expect. Interpretation of these figures needs to be tentative as inspection of survey returns suggests that some unions may be placing employees for whom they do not have ethnicity information in the 'Other' category.

Table 7: Ethnicity by sample and labour force 2004 – where details are provided

Ethnic group	Survey sample (%)	Total labour force∗ (%)
NZ European:	50.4	77.7
Maori:	11.5	9.6
Pacific Peoples:	10.1	4.5
Asian:	1.5	N/a
Other:	26.4	8.2
Total	**100**	**100**

∗ Statistics New Zealand, Household Labour Force Survey, December Quarter 2004, table 5. No breakdown given for Asian working population

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

Table 8 shows the number of identifiable trade unions, categorised by size, at the commencement and conclusion of the ECA period (1991 and 1999 respectively: Crawford, Harbridge & Walsh, 2000; Harbridge & Hince, 1993), and four years into the ERA period (2004). Refer to Table 1 for the number of trade unions for all years from 1991 onwards.

Table 8: Membership by union size 1991 – 2004, selected years

M'ship range	May 1991			Dec 1999			Dec 2004		
	No.	Members	%	No.	Members	%	No.	Members	%
Under 1000	4	2954	1	48	12703	4	133	19561	6
1000 – 4999	48	99096	16	22	43709	14	24	51689	15
5000 – 9999	8	64268	11	3	19669	7	5	36147	10
10000+	20	436800	72	9	226324	75	8	246661	70
Totals **Av. Size**	**80**	**603118** **7539**	**100**	**82**	**302405** **3688**	**100**	**170**	**354058** **2083**	**100**

Source: Industrial Relations Centre Survey

The only clear effects of regulatory regimes on the industrial relations landscape in New Zealand are in relation to the number of trade unions. The requirement in the *Labour Relations Act 1987*, that unions have a minimum membership of 1000, set in motion union amalgamations and mergers leading to a dramatic drop in trade union numbers from 259 in 1985 to 104 in 1990. The ECA (1991) abolished registration provisions making identification of unions difficult. Estimates suggest, however, that there was a further drop in numbers during this period, varying between 58 in 1992 and 83 in 1996. Reversing this decline, the ERA's requirement that only registered unions could participate in collective bargaining, and its setting of a low membership threshold for registration at 15 members, saw the number of registered unions more than double to a high of 181 in 2003 (see Table 1 and May, Walsh & Otto, 2004).

Although the ERA has seen a growth in the number of unions, most new unions are small, enterprise or workplace based, and do not see themselves as unions in the traditional sense. Many exist solely for the purposes of negotiating a collective agreement and they tend to have extremely limited resources. Moreover, their entry has done little to change the distribution of union membership. Small unions (those with fewer than 1000 members) still only account for 6 percent of overall membership, and large unions (those with more than 10,000 members) account for 70 percent of all membership. It is these large, well established, and better resourced unions that account for most of the membership growth (May, Walsh & Otto, 2004).

Peak body affiliations

Only 38 of the 170 registered unions are CTU affiliates (see Table 9). However, with 310,451 members, CTU affiliates have 88 percent of total union membership and represent 17 of the 20 largest unions in New Zealand. This proportion has been consistent throughout the period of the ERA. Moreover, in the year to December 2004, CTU affiliated unions increased their membership by 13,011. In contrast, 584 members were lost from non-affiliated unions.

Table 9: NZCTU affiliation 1991 – 2004

Year	NZCTU Affiliate unions	Members	Percentage of total membership in CTU affiliates
1991	43	445116	86.5
1992	33	339261	79.2
1993	33	321119	78.5
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

Source: Industrial Relations Centre surveys

Discussion

The union movement has been successful during recent years in arresting the precipitous 1990s decline in both membership and density. The number of union members has increased consistently over the past five years, while density has remained at a stable, albeit historically low, level. While membership growth has been slightly outstripped by overall labour market growth within an expanding economy, the widely-predicted economic slowdown could well see an increase in union density, as labour turnover declines and fewer new casual or short-term jobs are created in such lowly-unionised areas as retail, wholesale, restaurants and hospitality. Where people have fewer alternative labour market opportunities, they are more inclined to remain in their current positions – a situation that should be more conducive to union membership. Unions might also seek to address the problem of retention directly, through making it easier for individual employees to retain their union membership, while moving between jobs.

The legislative environment established by the *Employment Relations Act 2000*, and its subsequent amendments, has no doubt contributed to this relative success for the union movement – a situation that is likely to remain reasonably favourable for unions in the foreseeable future. At the time of writing, it has been confirmed that Helen Clark will continue to be Prime Minister in a Labour-led government. In such a context, a dramatic shift from the ERA's moderate support for collective bargaining, union membership and good faith in the employment relationship should continue.

Major challenges remain, however. Unions continue to be handicapped by the persistence of free-riding: despite legislative encouragement for collective bargaining, many non-union members continue to benefit from the flow-on of pay and conditions previously negotiated by unions. The amendments to the ERA in December 2004 may prove at most a minor impediment to the continuation of this practice. The low incidence of both union membership and collective bargaining in the private sector also stands out as an important issue: the public sector has increasingly emerged as the contemporary union heartland, while some traditional private sector areas of union strength (most notably, manufacturing) have exhibited a decline. There are signs, though, that successful campaigns in 2005, such as the EPMU's 'five in 05', have attracted considerable momentum and generated greater support for unionism in the private sector. In short, therefore, the overall trend is reasonably encouraging for unions and the labour movement, but still the great majority of New Zealand's employees remain non-unionised. The reinvigoration of the union movement has gained some strength, though, with the NZCTU and several key unions playing significant roles.

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Appendix

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.