UNIONS AND UNION MEMBERSHIP IN NEW ZEALAND: ANNUAL REVIEW FOR 2005

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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 2005. 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. There has been a return to the collection of official data, available from the Department of Labour (DOL) for 2002 onwards. This year we report changes in union membership, composition, and density from December 2004 to December 2005, taking an historical perspective to compare the industrial relations periods framed by the ECA and the *Employment Relations Act 2000* (ERA).

Key findings

For the year to December 2005, union membership increased by 6.6 percent (a net increase of 23,290 members). This builds on five years of growth with an overall 25 percent increase since 1999. Strong recruitment coupled with reduced labour force growth (2.6% for wage and salary earners) over the year, has produced a 0.8 percent increase in union density. At 21.9 percent, union density is now at its highest level since 1998. Most of the union membership growth was achieved by CTU-affiliated unions in the areas of health and community services, education, manufacturing, and transport, storage and communications. Retail, wholesale, restaurants, and hotels again recorded the largest drop in members (-1,046).

Methodology

Our survey included those unions registered as at 31 December, 2005, as per the Department of Labour website of registered unions (see www.ers.dol.govt.nz/union/registration.html and DOL Annual Report 2005). In late January 2006, each of the registered unions was sent a survey requesting membership numbers as at 31 December 2005. Ninety six unions responded. For those that did not, details were obtained either through telephone contact, or based on the DOL Annual Report 2005. In the time between last year's survey and the return of this year's survey, five unions deregistered and nine new unions registered, bringing the total number of unions to 175 (see Appendix for explanation of union registration under ERA).

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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.[2] One commonly used measure of union density is based on the total employed labour force. We present this figure here, but note that 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 1991-2005

			Potential union membership		Union density	
Year	Union membership	Number of unions	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**

Source: Statistics New Zealand, Household Labour Force Survey, Table 3, Table 4.3, Unpublished, 2005.
Industrial Relations Centre Survey

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)

In 2005, total union membership increased by 6.6 percent (23,290 members). This is the largest increase in a single year that we have reported. Since the nadir of 302,405 in 1999, there has been an overall 25 percent increase in union membership.

Growth in union membership considerably outstripped growth in the labour force generally (1.5%) and in the wage and salary earners component (2.6%). As a consequence, there was an increase in union density of 0.8 and 0.8 percent respectively. This takes union density to the highest it has been since 1998.

[2] 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.

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

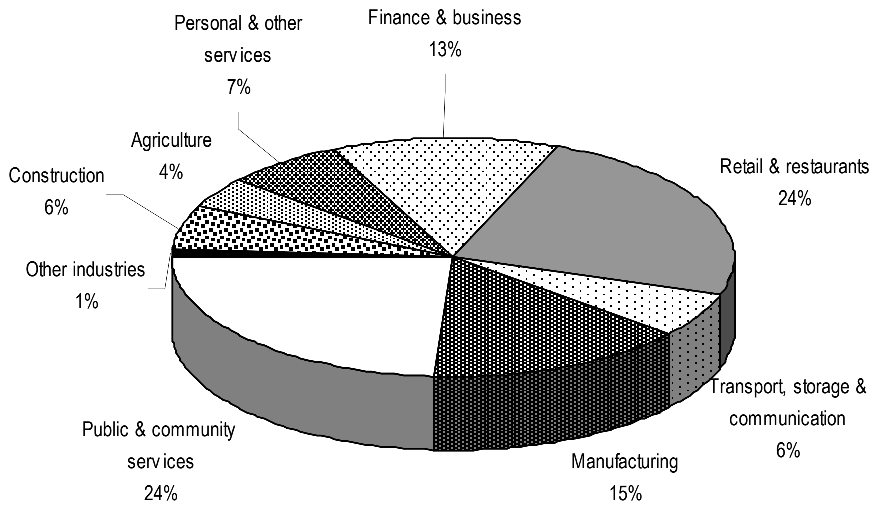
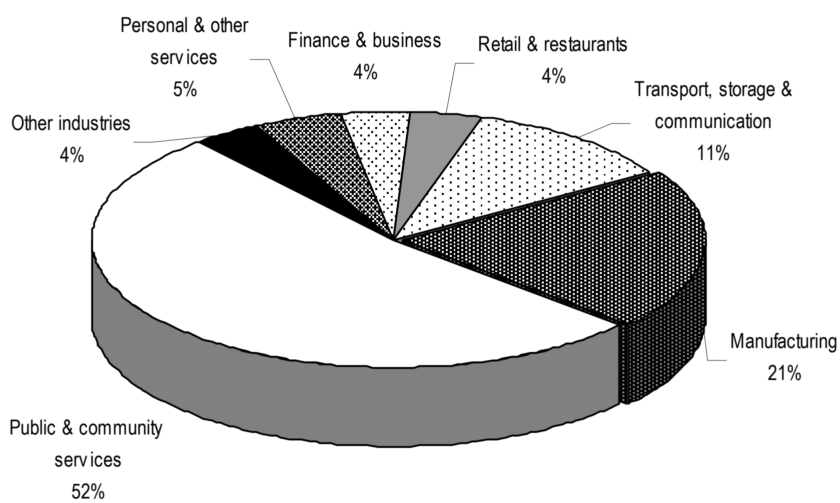


Figure 2: Distribution of union members across industry sectors.



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 industries (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 2005, the largest concentrations of New Zealand wage and salary earners were in public and community services (24%); retail, wholesale, restaurants, and hotels (24%); manufacturing (15%); and finance, insurance and business services sectors (13%: see Figure 1). Union membership was overwhelming concentrated in public and community services (52%), followed by manufacturing (21%) and transport, storage and communication sectors (11%: see Figure 2). These industries are not major growth areas of the labour force (Statistics New Zealand, unpublished tables). In contrast, the large retail, wholesale, restaurants, and hotels industry which employs 24 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 2004 – 2005

Industry group	Dec-04	Dec-05	Change 2004-2005 Number	Change 2004-2005 (%)	New members breakdown (%)
Agriculture, fishing, forestry etc	3417	3382	-35	-1	0
Mining and related services	1668	1543	-125	-7	-1
Manufacturing	71504	78187	*6683	9	29
Energy and utility services	4628	3644	-984	-21	-4
Construction & building services	5729	5208	-521	-9	-2
Retail, wholesale, restaurants, hotels	15861	14815	-1046	-7	-4
Transport, storage and communication	38692	42379	3687	10	16
Finance, Insurance and business services	13402	13355	-47	0	0
Personal and other services	19974	17904	**-2070	-10	-9
Public and community services	179183	196931	17748	10	76
Govt admin and defence	*35048*	*33266*	*-1782*	*-5*	-8
Education	*76909*	*78577*	*1668*	*2*	7
Health and community services	*67225*	*85088*	17863	*27*	77
TOTAL	**354058**	**377348**	**23290**	**6.6**	**100**
Membership private sector	**163927**	**175415**	**11488**	**7**	**49**
Membership public sector	**190131**	**201933**	**11802**	**6.2**	**51**

Source: Industrial Relations Centre Survey, 2005
* A proportion of this increase is due to under-reporting of membership in previous years.
** Most of this loss is due to a reclassification of some employees into community services.

Membership gains in 2005 were restricted to four industries where high profile union campaigns had been a feature of the year. The largest gains were in public and community services, particularly health and to a lesser extent, education. Manufacturing and transport, storage and communications accounted for the overall membership growth in the private sector. As the industry with the largest proportion of private sector union members, the growth in manufacturing is promising. Particularly in light of the decline in this industry's workforce due to the loss of jobs overseas and high attrition rates through retirement.

In the large retail, wholesale, restaurants, and hotel industries, overall losses in union membership continue—although they are considerably less than last year's 11 percent drop. This is an important, yet difficult industry 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.

Despite an overall slowing, there were a number of industries where labour force growth was considerable: personal and other services; construction and building services; finance, insurance and business services, and mining and related services. Of note, across these industries, union membership either remained steady or declined with a concomitant reduction in density.

Table 3: Union membership change and labour force change 2004 - 2005

Industry group	Union membership Dec 2005	Change in membership 2004-2005 %	Labour force Dec 2005 (000)	Change in labour force 2004-2005 %
Agriculture, fishing, forestry etc	3382	-1	76.4	1
Mining and related services	1543	-7	6.3	5
Manufacturing	78187	9	250.0	-4
Energy and utility services	3644	-21	7.9	-11
Construction & building services	5208	-9	110.2	11
Retail, wholesale, restaurants, hotels	14815	-7	405.2	3
Transport, storage and communication	42379	10	103.7	-2
Finance, Insurance and business services	13355	0	228.1	8
Personal and other services	17904	-10	116.3	11
Public and community services	196931	10	407.9	-1
• *Govt admin and defence*	*33266*	*-5*	*82.0*	*5*
• *Education*	*78577*	*2*	*155.1*	*-2*
• *Health and community*	*85088*	*27*	*170.8*	*-2*
TOTAL	**377348**	**6.6**	**1719.5**	**2.6**

Source: Industrial Relations Centre Survey, 2005; Statistics New Zealand, Household Labour Force Survey – Wage & salary earners component. Unpublished, 2005.

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. 2005 saw more balanced growth between the private and public sectors than in previous years. The private sector accounted for 49 percent of membership growth compared with only 30 percent in 2004. Still, 53.5 percent of all union members are employed in the public sector; only slightly down from the previous year's figure of 53.7 percent.

The concentration of union membership in the public sector, which accounts for less than half 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.

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

Country	Union density	Public sector	Private sector
New Zealand	22	70	14
Australia	23	47	17
UK	26	59	17
USA	13	37	8

Source: Statistics New Zealand, QES March 2005; Australian Bureau of Statistics 2005; UK Dept of Trade and Industry 2005; US Dept of Labor 2005; Industrial Relations Survey, 2005

Changes in union density

Table 5 shows the density figures by industry for 2004 and 2005. 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. All industries within public and community services continue to be strongly unionised; there has been a significant increase in density in health and community services. Across the private sector, energy and utility services, transport, storage and communications, manufacturing, and mining are the most strongly unionised industries. Unions are struggling to maintain a presence in important areas of the labour market; particularly retail, wholesale, restaurants and hotels.

Table 5: Density by industry 2004, 2005

Industry group	Approx. density 2004 (%)	Approx. density 2005 (%)
Agriculture, fishing, forestry etc	4.5	4.4
Mining and related services	27.8	24.5
Manufacturing	27.6	31.3
Energy and utility services	52.0	46.1
Construction & building services	5.8	4.7
Retail, wholesale, restaurants, hotels	4.0	3.7
Transport, storage communication	36.7	40.9
Finance, insurance & business services	6.3	5.9
Personal and other services	19.0	15.4
Public and community services	43.6	48.3
• *Govt administration & defence*	*44.9*	*40.6*
• *Education*	*48.5*	*50.7*
• *Health & community services*	*38.5*	*49.8*

Source: Statistics New Zealand, Household Labour Force Survey – Wage and salary earners component, Unpublished, 2005.

Sex and ethnicity

Although women comprise only 46 percent of the New Zealand labour force (Household Labour Force Survey, Dec 2005 Table 3, Statistics New Zealand 2005), they constitute 54 percent of union membership. This strong participation rate reflects women's high representation in public and community services.

This year only 21 unions advised that they collected statistics on ethnicity. These unions covered 222,609 employees or 59 percent of total union members. Consistent with previous years, Table 6 shows a slightly higher representation of Maori and Pacific Islander peoples than their representation in the labour force would lead us to expect, and the converse for Pakeha. Inspection of survey returns suggests that some unions may be placing employees for whom they do not have ethnicity information in the 'Other' category. Accordingly, the survey sample percentages reported in this table need to be interpreted with caution.

Table 6: Ethnicity by sample and labour force 2005 – where details are provided

Ethnic group	Survey sample (%)	Total labour force* (%)
NZ European / Pakeha:	58.2	76
Maori:	11.5	10
Pacific Peoples:	7.6	5
Asian:	2.7	N/A
Other:	20.0	10
Total	**100**	**100**

* Statistics New Zealand, Household Labour Force Survey, December Quarter 2005, table 5. No breakdown given for Asian working population

Trade Union Numbers, Distribution of Membership by Size, and Affiliation

Table 7 shows the number of identifiable trade unions, categorised by size, at the commencement and conclusion of the ECA period (1991 and 1999 respectively), and five years into the ERA period (2005). Refer to Table 1 for the number of trade unions for all years from 1991 onwards.

Table 7: Membership by union size 1991 – 2005, selected years

M'ship range	May 1991 No.	May 1991 Members	May 1991 %	Dec 1999 No.	Dec 1999 Members	Dec 1999 %	Dec 2005 No.	Dec 2005 Members	Dec 2005 %
Under 1000	4	2954	1	48	12703	4	140	19436	5
1000 – 4999	48	99096	16	22	43709	14	23	56801	15
5000 – 9999	8	64268	11	3	19669	7	4	30050	8
10000+	20	436800	72	9	226324	75	8	271061	72
Totals	**80**	**603118**	**100**	**82**	**302405**	**100**	**175**	**377348**	**100**
Av. Size		**7539**			**3688**			**2156**	

Source: Industrial Relations Centre Survey

The clearest effects of regulatory regimes on the industrial relations landscape in New Zealand are in relation to the number of trade unions. Union amalgamations followed the *Labour Relations Act 1987* requirement that unions have a minimum membership of 1000. This produced a dramatic drop in trade union numbers from 259 in 1985 to 104 in 1990. The abolition of registration provisions under the ECA (1991) made identification of unions difficult, but estimates suggest there was a further decline in numbers during this period. Reversing this decline, the ERA's (2000) requirement that only registered unions can participate in collective bargaining, and its setting of a low membership threshold for registration at 15 members, has seen the number of registered unions more than double (see Table 1).

Although the ERA has seen 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 five percent of overall membership, and large unions (those with more than 10,000 members) account for 72 percent of all membership. It is these large, well established, and better resourced unions that account for most of the membership growth.

Peak body affiliations

Of the 175 registered unions in our survey, only 37 are CTU affiliates (see Table 8). However, with 333,395 members, CTU affiliates have 88 percent of total union membership and represent 18 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 2005, CTU affiliated unions accounted for 99 percent of the increase in union membership with a net gain of 22,944 members.

Table 8: NZCTU affiliation 1991 – 2005

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	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
2005	37	333,395	88.4

Source: Industrial Relations Centre Survey

Discussion

In 2005 we saw the largest increase in union membership in a single year since the Industrial Relations Centre commenced reporting these figures in 1991. Moreover, for the first time in five years, an increase in union density is also reported taking density figures to the highest they have been since 1998. In part, this success can be attributed to the predicted slowing in labour market growth. Previous years have seen unions struggle to recruit and retain members in an environment of high labour turnover and where large numbers of new jobs created have been casual and short-term. What marked 2005 most, however, were the highly visible union campaigns—particularly in the health and community, and the manufacturing industries. The success of campaigns such as the EPMU’s call for ‘5 in 05’and ‘Fix Our Planes at Home’; and the NZNO and PSA campaigns amongst health and community service workers, is measured not only in record increases in wages for the year, but in the greater confidence in the union movement more generally.

The election of a Labour-led government in September 2005 provides the union movement with a small window of opportunity in which it can consolidate its gains and seek improvements to the legislative and institutional frameworks governing the employment relationship. MMP in New Zealand makes the radical anti-union reforms that are currently underway in Australia an unlikely prospect for a future National-led government. Nevertheless, complacency on the part of the New Zealand union movement is clearly not an option. In particular, the problem of free-riding, where non-union members benefit from union-negotiated pay and conditions, remains. So too, difficulties in gaining employer buy-in to Multi-Employer Collective Agreements which can provide for industry-wide standards. And the piecemeal and often short-term nature of bargaining that limits what can be negotiated is an impediment to addressing emerging areas of concern for workers.

An important achievement for the union movement in 2005 was the more balanced growth between the public and private sectors. However, for the private sector, this growth was mainly in manufacturing; an industry that continues to decline as jobs move off-shore and it’s ageing workforce approaches retirement. A challenge for the union movement remains in developing innovative strategies for recruiting in traditionally non-unionised industries within the private sector. Industries such as retail, hotels, and restaurants are particularly important, not only for the size of their workforce but their position as an entry-point into work for many young New Zealanders. Such industries are notoriously difficult areas for unions to organise due to the casualised nature of much of the work and the size of many establishments. On an optimistic note, although a loss in overall union membership was reported for retail, hotels, and restaurants, these figures mask the success of UNITE and the SFWU in targeting mostly young workers in the fast food and casino industries. Current campaigns such as the NDU’s ‘Shelf Respect’ and the SFWU’s ‘Clean Start’ campaigns show a continued willingness on the part of unions to tackle areas of work that are difficult to organise and where often the lowest paid are employed.

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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.