

Unions and Union Membership in New Zealand – report on 2016 Survey

Sue Ryall, Centre Manager, CLEW

Dr Stephen Blumenfeld, Director, CLEW

A number of studies in the last few years have revealed the impact that the decline in collective bargaining has had on increasing inequality and social disparity. These studies have challenged the underlying assumptions of the economic policies that have been prevalent in the last thirty years that have deliberately undermined collective bargaining and trade union organisation, such that a reversal of these disparities is now seen to be linked to a strengthening of employee power in bargaining.

New Zealand led the way in ‘freeing’ the economy and wage bargaining with introduction of the Employment Contracts Act (ECA) in 1991 and the deregulation of centralised wage bargaining. The plunge in union membership and density experienced in New Zealand in the first few years of the ECA 1991 was far more pronounced than in virtually any other OECD member country. Employment Relations Act 2000 (ERA) was considered ‘union-friendly’ and in the period December 1999 to December 2008, union membership increased 26.5 percent. But the levels of union membership and union density never recovered to their pre-1991 levels and from December 2010 union membership declined along with union density as employment has grown following the end of the global financial crisis and as union membership is only ‘maintained’ and has failed to grow in key industries.

Since enactment of the Employment Contracts Act (ECA) in 1991, for the duration of which the New Zealand Government ceased compiling such data, the Centre for Labour, Employment and Work (formerly Industrial Relations Centre - IRC) at Victoria University of Wellington has collected data on union membership each year. Over that time, we have reported on the change in union membership and unions. This report looks at the state of unions and union membership at 31 December 2016.

CLEW’s Union Membership Surveys

The union membership survey conducted by the Centre for Labour, Employment and Work (CLEW) is distributed to all registered trade unions in New Zealand in February/March each year. That survey asks those unions to account for their membership numbers as at 31 December of the previous year. At November 2017, the time of initial processing of CLEW’s latest union membership survey, 77 unions had returned completed surveys to CLEW. Union membership data for a further 40 registered unions was sourced from the Registrar of Unions (the Registrar). All unions have a statutory obligation to submit a return to the Registrar by 1 June each year of their membership numbers at 1 March in that year.

In late September 2017, 4 registered trade unions had not submitted a return for 2017 to the Registrar or to CLEW, hence their membership tallies for the year ending 31 December 2016 are unknown. One of these unions is known to CLEW through the submission of collective agreements and the membership data from 2015 has therefore been carried over so as not to compromise the data for total union membership. A further union, listed with no return, merged to a larger union a few years ago and the numbers are included in those data. The Union has possibly not been formally wound up and remains registered for the Registrar's purposes.

The remaining unions did not provide returns in the last few years and in early 2016 the Registrar directed that these and other unions be referred to the Employment Relations Authority to seek an order directing the Registrar of Unions to cancel the union's registration.¹ Four unions were wound up in the 2016 year, one was disestablished and another merged to a larger union while two unions had their registration cancelled by the Registrar.

For the purposes of interpreting our data it is important to note the following:

1. One union, in education and training, has changed the way it categorises 'membership' for the purposes CLEW's survey.² That union now includes only financial members in their survey return, whereas prior to 2014 included other categories of membership – student members and 'suspended' memberships – in its tally. This change in practice has resulted in an apparent reduction of close to 5000 members in CLEW's accounting for December 2014 and a discrepancy of 3300 from that returned to the Registrar of Unions for March of this year.
2. Across the 40 unions for which membership data was sourced from the Registrar, the distribution of total membership across sectors has been estimated from past survey returns or assumptions based on the industry coverage area(s) included in the Registrar's information to CLEW.³
3. Where unions did not allocate 100% of their membership to an industry or where no industry was indicated on the union membership return to CLEW, those membership numbers have been added to the category 'no industry'.

Total union membership

Union membership at 31 December 2016, in Table 1 and Figure 1, is only slightly less than that reported last year, but there remains a gradual decline in both membership and density. Following a period of strong growth from the end of 1999 to December 2006 (Figure 1) when union membership increased 26.5 percent, growth levelled off up to December 2010 with a minimal 1 percent growth. Since that time there has been a steady small decrease in union membership at less than 1 percent for all but the 2013-2014 year (*see the note at the foot of Table 1 for explanation*), despite strong growth in employment in this period. In the period December 2015 to December 2016 union

¹ New Zealand Companies Office (2016) 'Union Membership Report 2016' <http://www.societies.govt.nz/cms/registered-unions/annual-return-membership-reports/2016>

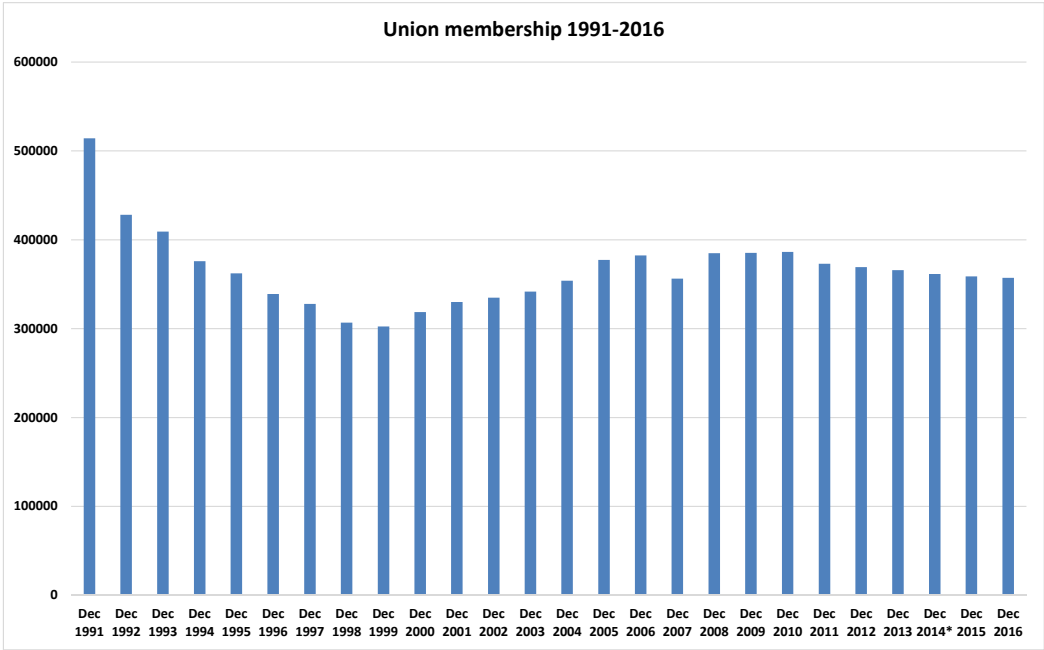
² In this regard, CLEW asks respondents to its survey to account for their 'total financial membership'. MBIE, on the other hand, ask for 'total membership' by industry (at level 1 ANZSIC) and gender. CLEW further asks for the composition of the membership (as a percentage) by gender, by industry (at level 2 ANZSIC) and by ethnicity.

³ See <http://www.societies.govt.nz/cms/registered-unions/register-of-unions>.

membership declined only 0.4 percent, but since December 2010 there has been a 7.5 percent decline in union membership and a continued decline in union density.

In the last year there has also been a further reduction in the number of unions registered. Following the introduction of the ERA and the requirement that only registered unions could negotiate collective employment agreements, many ‘in-house’ unions and staff associations set up during the period of the ECA to manage the bargaining for collective employment contracts, sought registration as a union such that by the end of 2003, when all agreements settled under the ECA had to be replaced, the number of unions had swelled to 181, from a starting point of 82 in 1999. Many of these small unions have ceased operating or have not complied with requirements of the ERA to lodge an annual return to the Registrar and have been deregistered. A number of unions have also merged in the past ten years as employment, and subsequently union membership, has declined in some industries. This has resulted in a reduction in the number of registered unions to only 117 at December 2016, down from 121 the previous year. This is discussed further in the section on ‘Size of Unions’ later in this article.

Figure 1: Trend in total union membership, 1991-2016



Source: Industrial Relations Centre/Centre for Labour, Employment and Work Union Membership Surveys 1991-2016.

Table 1: Trade Unions, Membership and Union Density 1991-2016

Year	Union membership ¹	Number of unions	Potential union membership		Union Density	
			Total employed labour force ²	Paid Employees ³	(1) / (3) %	(1) / (4) %
	(1)	(2)	(3)	(4)	(5)	(6)
Dec 1991	514325	66	1509400	1199000	34.1	42.9
Dec 1992	428160	58	1514200	1190500	28.3	36.0
Dec 1993	409112	67	1545400	1215300	26.5	33.7
Dec 1994	375906	82	1612000	1269600	23.3	29.6
Dec 1995	362200	82	1686600	1331700	21.5	27.2
Dec 1996	338967	83	1741200	1375100	19.5	24.7
Dec 1997	327800	80	1750600	1401700	18.7	23.4
Dec 1998	306687	83	1739300	1387000	17.6	22.1
Dec 1999	302405	82	1766400	1395600	17.1	21.7
Dec 2000	318519	134	1800000	1425200	17.7	22.3
Dec 2001	329919	165	1846100	1482200	17.9	22.3
Dec 2002	334783	174	1906500	1540100	17.6	21.7
Dec 2003	341631	181	1955900	1579700	17.5	21.6
Dec 2004	354058	170	2024100	1637900	17.5	21.6
Dec 2005	377348	175	2084800	1702100	18.1	22.2
Dec 2006	382538	166	2134700	1759700	17.9	21.7
Dec 2007	356439	147	2173000	1792000	16.4	19.9
Dec 2008	384777	141	2175900	1798000	17.7	21.4
Dec 2009	385280	145	2147000	1791800	17.9	21.5
Dec 2010	386276	145	2156600	1804100	17.9	21.4
Dec 2011	372891	134	2188200	1819100	17.0	20.5
Dec 2012	369200	133	2183500	1817000	16.9	20.3
Dec 2013	365927	126	2226900	1881400	16.4	19.4
Dec 2014*	361419	125	2305300	1951600	15.7	18.5
Dec 2015	358633	121	2357000	2005400	15.2	17.9
Dec 2016	357153	117	2465500	2021900	14.5	17.7

Source: ¹Centre for Labour, Employment and Work Survey 2016; ²HLFS - Employed Persons, Full & part-time Status by Sex (Annual-Dec) Table reference: HLF025AA; ³Persons Employed by Employment Status by Industry, ANZSIC06 (Annual-Dec) Table reference HLF196AA.

Notes: *A change in union membership accounting for one union decreased membership by close to 5000 compared with previous years.

Industry Spread of trade union membership

As shown in Table 2 the public and community services industries, with close to two thirds of union members in New Zealand, continue to be the predominant industries for union membership. Twenty-nine percent of union members work in health care and social assistance, and just over a fifth work in education and training, although in the past year there has been a fall in union membership in this sector. Public administration and safety is the industry with the third highest union membership although there has also been a decline in union members in this industry in the past year.

Table 2: Distribution of union members and employees across industry sectors at December 2016

Industry grouping	Union membership in 2016	Union membership in 2015	Change in membership 2015/2016 (No.)	Change in membership 2015/2016 (%)	Change in employees 2015/2016 (%)	Paid Employees 2016 (000)	Paid employees 2015 (000)	Union density
Agriculture, forestry and fishing	1755	1059	696	65.7%	1.6%	90.5	89.1	1.9%
Mining	1170	1388	-218	-15.7%	-29.5%	4.3	6.1	27.2%
Manufacturing	45165	47906	-2741	-5.7%	-8.4%	215.5	235.2	21.0%
Electricity, gas, water and waste services	3774	4002	-228	-5.7%	-9.4%	19.2	21.2	19.7%
Construction	6043	5571	472	8.5%	-4.7%	156.0	163.7	3.9%
Wholesale trade	560	694	-134	-19.3%	22.9%	93.9	76.4	0.6%
Retail trade and accomodation	19357	20212	-855	-4.2%	0.9%	325.7	322.8	5.9%
Transport, postal and warehousing	32527	33940	-1413	-4.2%	-1.5%	87.1	88.4	37.3%
Information media and telecommunications	2704	2917	-213	-7.3%	-8.4%	35.0	38.2	7.7%
Financial and insurance services	3929	3831	98	2.6%	1.6%	64.2	63.2	6.1%
Rental, hiring and real estate services	213	275	-62	-22.5%	9.3%	25.8	23.6	0.8%
Profl, scientific, technical, administrative and support services	6040	5094	946	18.6%	1.6%	213.2	209.8	2.8%
Arts, recreation and other services	8408	7888	520	6.6%	-7.6%	107.6	116.4	7.8%
Public and community services	225472	223112	2360	1.1%	4.6%	571.2	546.3	39.5%
<i>Public Administration and Safety</i>	47166	48183	-1017	-2.1%	8.7%	132.1	121.5	35.7%
<i>Education and Training</i> ¹	75761	77295	-1534	-2.0%	8.4%	205.3	189.4	36.9%
<i>Health Care and Social Assistance</i>	102545	97634	4911	5.0%	-0.7%	233.8	235.4	43.9%
<i>No industry</i> ²	36	0	36					
TOTAL	357153	357889	-736	-0.2%	0.8%	2021.9	2005.4	17.7%

Source: Persons Employed by Employment Status by Industry, ANZSIC06 (Annual-Dec), 2015 and 2016, Table reference HLF196AA.;

Centre for Labour, Employment and Work Union Survey 2015 and 2016.

Note: ¹ The large decrease in membership in 2014 is largely a result of one Union changing the way in which they categorise 'membership' so that only 'full' members are reported.

² Union Members not allocated to particular industries on the Union Survey return

Outside of these predominantly public sector industries, union membership remains highest in transport, postal and warehousing and in manufacturing although both industries have fewer union members in December 2016 as compared with the previous year. However, the number of paid employees in manufacturing has reduced (8.4 percent) at a much higher rate than the union membership (5.7 percent) indicating an increased union density in this industry. In contrast, although the number of paid employees in transport, postal and warehousing has reduced (1.5 percent) union membership has reduced at a higher rate (4.2 percent).

Manufacturing, a traditional stronghold of union organisation, has experienced a decline of 40.2 percent in union membership in the last ten years, with 30 percent fall in the first five years of the decade (2006-2011). While there has also been a decline in employment in the industry, the union density has also declined significantly in the period December 2006 to December 2016 (31 percent to 21 percent).

The growth industries for union membership in the year to December 2016 are the primary industries (66 percent), albeit off a low base, the 'business services, professional and technical services' (18.6 percent), construction (8.5 percent) arts and recreation services (6.6 percent) and health care and social assistance (5 percent). However the areas of strongest growth in employment in 2016 – wholesale trade, property services, public administration and safety, and education and training – have all had a decline in union membership

Union density

Union density in New Zealand continues to slowly decline and at 31 December 2016 sits at 17.7 percent, only slightly less than the 17.9 reported last year. The country's public service still maintains the highest levels of union density with two-fifths of employees in that sector belonging to a union.

However, over the last five years, union density in New Zealand's public and community services sector has fallen, as growth in employment has outstripped that in union membership. Since December 2011 union density in both public administration and safety along with education and training has declined substantially. In 2011 the highest concentration of union members (45.5 percent) was found in the education and training industry. At December 2016 this figure has fallen to 36.9 percent and union density in both health care and social assistance and transport, postal and warehousing had surpassed that in education and training. Also, while union membership density in the public administration and safety industry increased as the employment in the industry declined in the period of the global financial crisis (2008 and 2009), as the employment levels increased after 2010 union membership failed to keep up with this growth in employment. At 31 December 2011 we recorded that 38.3 percent of employees in this industry belonged to a union and five years later this is now 35.7 percent.

The only private sector industry that matches the industries dominated by public sector organisations is transport, postal and warehousing (37.3 percent), perhaps in part because there was a strong public sector component in the past with a large public transport sector and publicly owned postal and courier services. While union density in this industry group has

declined since December 2011 this mainly occurred in 2012 and 2013 and since then there was a gradual increase for two years followed by a slight decline this year.

Mining (27.2 percent), manufacturing (21 percent), and utilities services (19.7 percent) are the only other areas of the private sector where union density is greater than one in ten. However these industries have experienced a decline in union density across the last five years with both the 'Utilities' industry (Electricity, Gas, Water and Waste Services), an industry that also had a strong public sector history, and mining dropping more than ten percent in union density. Union density in manufacturing has decreased only slightly in this time suggesting a stabilisation at the 20-22 percent level.

New Zealand's union density continues to decline as does that of other countries that we monitor with exception of Canada. In December 2005 more than one fifth of New Zealand employees belonged to a union and this was maintained through to 2010. In 2010 New Zealand's union density was slightly higher than Australia (18 percent) and lower than the UK (27 percent). At this time union density in the USA was at only 12 percent and Canada was at 30 percent. While the UK still has close to a quarter of employees as union members in 2015 and Canada remains at just over 30 percent, in New Zealand and Australia the levels are now well below one-fifth of employees belonging to a union. As in all other countries with the exception of Canada the drop in union density in New Zealand has been in both the public and private sector but with a higher rate of decline in the latter.

Union membership in the public and private sectors (Table 5)

Underscoring the fact that union membership in New Zealand – much like in most other OECD countries – remains primarily a public sector phenomenon, 60 percent of wage-and- salary employees in the country's public sector belong to a trade union, while only 10 percent of private sector employees are unionised.

Table 5: Public/private sector union density – international comparisons 2016

Country	Union density	Public sector	Private sector
New Zealand ¹	17.7%*	60.0%	10.0%
Australia ²	15.0%	38.0%	9.0%
UK ³	23.5%	52.7%	13.4%
USA ⁴	10.7%	34.4%	6.4%
Canada ⁵	30.4%	77.0%	15.7%

¹Statistics NZ, QES, Table Filled Jobs by Sector by Status in Employment (Qrtly-Mar/Jun/Sep/Dec) 2016Q4 Table reference: QEX018AA; Centre for Labour, Employment and Work Survey 2016; *NOTE: 'Overall union density' is from Table 2 and 'paid employees' is used as the denominator.

²Australian Bureau of Statistics, 63330DO013_201408 Characteristics of Employment, Australia, August 2016. Table 13.1 EMPLOYED PERSONS: Trade union membership–By industry of main job (2 digit).

³Department for Business, Energy & Industrial Strategy (May 2017), Trade Union Membership 2016, Statistical Bulletin

⁴United States Department of Labour, Bureau of Labour Statistics, Economic News Release: Union Members 2015, 26 Jan 2017

⁵Statistics Canada, Table 282-0077: Labour force survey estimates (LFS), employees by union coverage, North American Industry Classification System (NAICS), sex and age group, unadjusted for seasonality, CANSIM (database) December 2016.

The higher level of union density in the public sector is common across the four comparator countries to which we refer in Table 5. Canada has the highest concentration of union members in the public sector, with more than three quarters of such employees in that country belonging to a union. None of the countries that we monitor has private sector union membership greater than 20 percent and in all but New Zealand union density has declined slightly across the private sector in the past year. The most notable is Australia where union membership density in the private sector is now less than one in ten employees. This is in part a result of a different method of calculating the density but also suggest a considerable decline in this sector.

Size of Unions

The trend for small unions to disappear has continued into the 2016 year. There are now three fewer unions with less than 1000 members and one fewer with a membership of 1000 – 4999. The merger of FARSA to E tū accounts for the latter but the other three unions have either applied to be wound up or been deregistered.

Table 6: Membership by union size 1991 – 2016, selected years

Membership range	Dec 1991			Dec 1999			Dec 2005			Dec 2015			Dec 2016		
	#	Members	%	#	Members	%	#	Members	%	#	Members	%	#	Members	%
Under 1000	4	2750	1	48	12703	4	140	19436	5	89	14803	4	86	13794	4
1000 - 4999	39	87119	17	22	43709	14	23	56801	15	21	48319	13	20	44604	13
5000 - 9999	9	76489	15	3	19669	7	4	30050	8	3	23888	7	3	24033	7
10000+	14	347967	68	9	226324	75	8	271061	72	8	271623	76	8	273722	77
Totals	66	514325		82	302405		175	377348		121	358663		117	356153	
Av. Size		7793			3688			2156			3014			3044	

Source: Industrial Relations Centre Surveys 1991, 1999, and 2005; Centre for Labour Employment and Work Survey 2015 and 2016.

In December 2005, 80 percent of the unions in the IRC survey had a membership of less than 1000 and 68 percent of the unions had a membership of less than 200. In December 2016 the proportion of unions with less than 1000 members has dropped to 73 percent and 60 percent have less than 200 members. But this change has not come about through amalgamation of small unions into larger ones but rather a reduction in the number of unions, a 33 percent reduction across the eleven years, primarily in the unions with less than 1000 members.

While the average size of a New Zealand trade union has increased slightly to 3044 members, the median has dropped to 125 members. But despite the significant number of relatively small unions, and increasing proportion of union members in New Zealand belong to one of eleven unions. This now sits at 84 percent, an increase of 2 percent on last year. This suggests that the vast majority of employees who belong to a union in this country are members of unions with a solid membership base and which are likely to be well-resourced organisations. As would be expected from the earlier discussion of dominance of the public sector with regard to union membership, of the four unions with a membership greater than 40,000 members, only one is in the private sector.

In the last ten years there has been very little change in the number of unions with 10,000 or more members. There has been a consistent eight or nine unions in this category. Some larger

unions have amalgamated in recent years but some unions in the public sector such as the NZ Nurses Organisation have experienced considerable growth in membership. On the other hand large private sector unions have experienced a considerable decline in membership. The amalgamation of the Service and Food Workers Union and the NZ Engineering Printing and Manufacturing Union has created the largest private sector union but with a membership that is much reduced on the combined membership ten years ago.

Gender

The gender composition of union membership has remained at a similar level over the last five years and a majority of union members in New Zealand (59 percent) are female. This is not surprising when we see that female membership is largely concentrated in the three large state sector unions – the Public Service Association, the NZ Nurses Organisation (NZNO) and NZEI (primary teachers union).

Table 7: Female union membership 2004-2015, selected years

Year	%Female
2004	52.0
2006	54.9
2008	55.3
2011	58.8
2012	57.0
2013	57.8
2014	57.6
2015	58.8
2016	59.0

Source: Industrial Relations Centre Surveys, selected years 2004 to 2012. Centre for Labour, Employment and Work Survey 2013 to 2016

Nevertheless, in addition, smaller unions tend to have higher male membership. Only thirty-three of the seventy-eight unions with less than 500 members have a majority of female members, and only 42 percent of the total membership in unions with less than 500 members is female. In contrast, six of the eleven unions with more than 5000 members have a majority of female members and 64 percent of the total membership of these unions is female.

NZ Council of Trade Unions (NZCTU) affiliation

The proportion of union members who belong to unions affiliated to the NZ Council of Trade Unions has varied only slightly in the last 15 years, but has fallen consistently from a high of 90 percent of union members in 2010 to 87.5 at December 2015 (Table 8).

The number of unions affiliated to the NZCTU has further decreased in the past year, largely a result of the merging of unions affiliated to the NZCTU. These affiliated unions tend to be the larger unions. Of the 86 unions with less than 1000 members only six are affiliated to the

NZCTU. With the exception of one union, all the unions with membership over 5000 (a total of 11 unions) are affiliated to the CTU.

Table 8: NZCTU affiliation 1991 – 2016

Year	NZCTU Affiliate unions	Members	Percentage of total m'ship in CTU affiliates
1991	43	445116	86.5
1992	33	339261	79.2
1993	33	321119	75.8
1994	27	296959	78.9
1995	25	284383	78.5
1996	22	278463	82.2
1997	20	253578	77.4
1998	19	238262	77.7
1999	19	235744	78.0
2000	26	273570	85.9
2001	32	289732	87.8
2002	34	293466	87.7
2003	36	297440	87.1
2004	38	310451	87.7
2005	37	333395	88.4
2006	39	340281	88.9
2007	38	330130	89.0
2008	37	343017	89.4
2009	41	341637	89.4
2010	39	347453	90.0
2011	34	333956	89.6
2012	35	326753	89.6
2013	36	325412	88.9
2014	34	315927	87.6
2015 ¹	28	313315	87.4
2016	25	311570	87.5

Source: Industrial Relations Centre Surveys 1991- 2012; Centre for Labour Employment and Work Survey 2013 to 2015.

¹ Data corrected from 2015 tables published in 2016. Information corrected for one union.

One strategy to address decline in unions has been to build stronger better resourced unions through amalgamation. This has primarily occurred amongst NZCTU affiliated unions and it seems that future amalgamations are unlikely to impact small unions. That is, it will likely be the mid-sized and larger unions which look to amalgamate. But, what of the smaller enterprise based unions that are not affiliated to the NZCTU? As they close down there is a loss of union membership and also the loss of union presence in many workplaces and further reductions in union density.

Conclusion

As we noted in our 2015 report, the challenge for the NZCTU and all unions is to maintain a level of union density that supports collective bargaining and the advantages this brings for wages and conditions of work. But recent research suggests that the consequences of a decline in union density and collective bargaining are not limited to unions and their members but impact broadly by increasing inequality and social disparity (Lee and Sobeck, 2012) and slowing growth overall. (Onaran et al, 2015)

To this end it is concerning that while total union membership has remained reasonably stable over the last five years, union density has continued to decline in the last ten years, apart from a slight rise during the global financial crisis (2008 and 2009). when employment dropped. Of particular note is the very low levels of union density in key employment industries in the private sector such as retail and accommodation, construction, and business services, most of which have low average wages and high levels of casualization of employment. In the private sector only mining and manufacturing have reasonably high levels of union density but both have reducing levels of employment.

The public sector remains the stronghold for union membership in New Zealand as in other countries and health care and social assistance is a key industry for growth in union membership. This is likely due to the increase in employment in aged-care facilities and home-based care.

So while the Employment Relations Act 2000 was an attempt support union organisation and the role of unions in collective bargaining, as commented earlier, the damage done to these important institutions in the 1990's under the Employment Contracts Act, when the government moved away from a centralised bargaining system to one focused on enterprise bargaining, appears to be irreversible by union action alone.

References

- Lee, S. and Sobeck, K** (2012), 'Low-wage work: A global perspective,' *International Labour Review* 151:3, pp. 141-155.
- Onaran, O., Guschanski, A., Meadway, J. and Martin, A.** (2015) *Working for the Economy – the economic case for trade unions*. New Economics Foundation (NEF).