

Centre for Labour, Employment and Work

Collective bargaining across three decades: Lessons from CLEW's collective agreement database¹

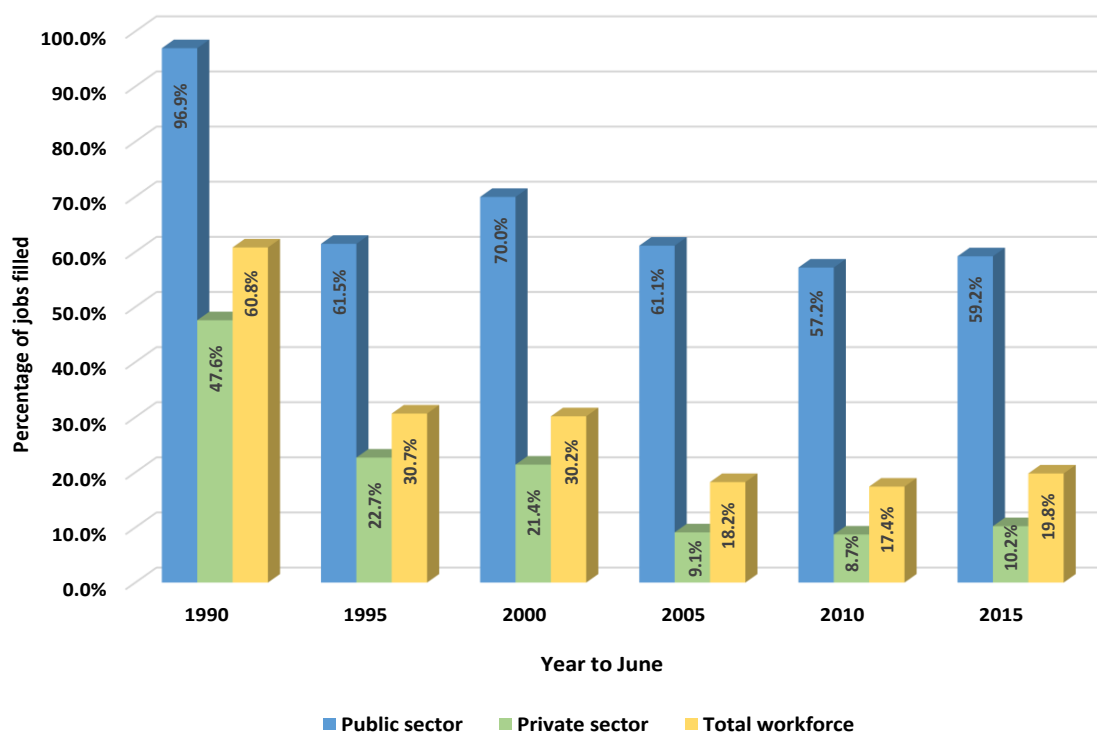
Stephen Blumenfeld and Noelle Donnelly

For those of you with an interest in employment matters, you will recall the 1990s as a decade characterised by the negotiation of non-union collective contracts and the loss of automatic and exclusive rights for unions within workplaces, which swiftly led to decentralisation of collective bargaining, the demise of multi-employer bargaining, and the retrenchment of employment conditions across New Zealand. Effectively overnight, the country's long-standing highly-centralised industrial relations system was replaced with a system based on individual employment contracting. As a result, collective bargaining became exclusively an enterprise-level phenomenon, and pattern bargaining was largely abandoned. The introduction of the Employment Contracts Act (ECA) in 1991 was, in this sense, a watershed event that would forever change relationships between employers and employees and transform the country's industrial relations landscape. As many have noted, the enactment of the ECA represented a radical ideological shift which, by the mid-1990s, had irrevocably altered the nature of industrial relations in New Zealand.

As can be seen in the figure below, the share of the workforce covered by collective agreements – regardless of union membership status – dropped from more than three-in-five to just over three-in-ten during the first four years of the ECA. In addition to this, under the ECA, collective bargaining coverage in the private sector slumped from 50 per cent of the workforce in 1990 to under 25 per cent by the end of the 1990s when the ECA was repealed. Nonetheless, although the public sector experienced some gains, overall collective bargaining coverage levelled off at 30 per cent during the second half of the 1990s.

¹ Excerpted from Gordon Anderson, Editor (forthcoming) *Transforming Workplace Relations in New Zealand 1976-2016* (Victoria University Press).

Figure 1: Share (%) of jobs covered by collective bargaining, selected years, 1990-2015



Source: Statistics New Zealand Quarterly Employment Survey, Table: Filled Jobs by Sector by Status in Employment, March quarter, QEX018AA

The deregulatory environment of the 1990s also produced a growing disparity between public and private sector collective bargaining coverage in New Zealand. Throughout the 1990s, more employees were covered by Collective Employment Agreements (CEAs) in the private sector than in the public sector. This situation reversed following the introduction of the Employment Relations Act (ERA) in 2000 – where from 2004 onwards more employees in the public sector were covered by CEAs than in the private sector. More recent coverage rates confirm this pattern and point towards, on average, around 30 per cent more collectivised workers located in the public sector than in the private sector.

The significant drop in private sector coverage by CEAs in 2001, the year following enactment of the ERA is, to a large extent, a consequence of large numbers of non-union employees covered by CEAs under the ECA. One factor explaining the shift in collective bargaining to the public sector and away from the private sector is the relative decline of the manufacturing sector. That is, in terms of its share of both the labour market and overall collective bargaining coverage, manufacturing has greatly declined over the past quarter century. Today only one of every six collectivised employees works in manufacturing.

A further impact of the change in legislation is that by 2005, two main features of collective bargaining coverage were discernible: first, most employees were covered by large collective agreements of 500 or more employees, within a small number of organisations; and second, there was a marked difference between coverage rates in the public and private sectors. While levels of unionisation and collective bargaining remained strong across the public sector, coverage and union density in the private sector had dwindled by 2005.

What this suggests is that, notwithstanding the great promise the ERA held for trade unionism and collective bargaining in New Zealand, the share of the workforce whose wages, hours and working conditions were determined through collective bargaining has actually declined during the early years of the ERA. Yet, despite a dip in the immediate aftermath of the GFC and domestic recession, the proportion of waged and salaried jobs covered by collective agreements has remained relatively constant at just under 20 per cent since the mid-2000s.

Although bargaining coverage has increased within some industries since enactment of the ERA, overall there has been a relative stabilisation in both coverage and, for the most part, the content of CEAs in that time. Importantly, although around only one-in-five workers are in the public sector, the majority of workers on collective agreements are employed in the public sector. More than half of all employees on collective agreements work in three sectors: education and training, health and social services, and government administration and security services. This has largely been the case for more than a decade now. So too has the fact that the vast majority of workers on multi-employer CEAs are located in the public sector, and primarily in education and health.

In effect, the ERA brought together a set of legislative requirements and institutional arrangements for employers and employees that would ostensibly create a more favourable environment for unions and collective bargaining. Yet, after more than a decade-and-a-half under legislation which purports to support the negotiation of collective agreements to regulate pay and working conditions, the share of the workforce covered by them has continued to fall. It is now apparent that, although the ERA established a legislative framework that promoted and facilitated the negotiation of wages, hours and working conditions by trade unions, collective bargaining was unlikely to recover fully within a labour market that was permanently transformed a decade earlier. Indeed, despite the encouragement to return to multi-employer bargaining, movement towards Multi-Employer Collective Agreements (MECAs) did not occur in the manner it was anticipated. As a result, while the number of workers in New Zealand covered by collective agreements has increased, the share of the workforce covered by collective bargaining has remained largely static under the ERA.

For more detail see: Gordon Anderson, Editor (forthcoming) *Transforming Workplace Relations in New Zealand 1976-2016* (Victoria University Press).