

# 1991 Employment Contracts Act 1991

Story: Unions and employee organisations

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By 1960 all New Zealand unions had a full-time paid secretary; and often had one in each main district. An increasing number of unions covered several occupations and had to try and provide adequate representation of them.

The unions' influence with the government and employers was shrinking. In 1968 the unions failed to prevent the government from making a nil wage order, meaning that, in spite of rising inflation, wages for all unions remained static for that year. This defeat meant that the 80-year-old arbitration system was amended. Unions turned instead to more confrontational tactics such as stop-work meetings, one- or two-day 'lightning' strikes and working to rule. There were no nationwide strikes during the 1970s, but it was the decade with the largest number of industrial disputes in New Zealand's history.

## Women and Māori

A growing number of New Zealanders had come to view unions as selfish and narrow-minded, prepared to inconvenience the public to achieve their demands. Feminists and Māori activists also criticised unions for inadequately representing women and Māori.

In 1975 the Working Women's Council was formed, led by Sonja Davies. Two years later it issued the Working Women's Charter, a bill of rights for working women. In 1981 Davies won a seat on the executive of the Federation of Labour (FoL). Jane Stevens followed a year later. In 1986 a large hui (meeting) of Māori unionists, and representatives from other organisations, laid down conditions for remaining within existing unions. So did radical feminists. As well as traditional union concerns, wider social issues such as the Vietnam War and apartheid were now hotly debated at FoL conferences.

## Unions on the defensive

In the early 1980s unemployment rose as two key industries, textile-clothing manufacture and freezing works, were restructured. Te Roopu Rawakore, a national organisation representing unemployed people and beneficiaries, with a membership of around 100,000, challenged the unions with failing to protect their members from the economic changes.

When the Labour Party won the general election of 1984, restructuring speeded up. For the first time in a century, many unions were suddenly on the defensive. They were described as old-fashioned relics from an earlier age of state-regulated institutions, 'overtaken by nimbler forms of evolution, like Treasury analysts'.<sup>1</sup>

## Council of Trade Unions

In 1987 the FoL and the Public Service Association recognised their weakness and united in a new organisation, the Council of Trade Unions (CTU). After a fierce debate and an astonishingly close vote – 265,489 to 265,187 – Māori and women were given separate representation on the national executive and at all levels. The Maritime and Transport Workers' Federation led a protest of dozens of blue-collar unions against the merger with the predominantly white-collar unions in the state sector. Yet these white-collar workers and professionals – clerical workers, nurses, teachers, airline pilots, and even junior doctors – proved to be the most militant unionists in the labour movement.

(Olssen, 2010)

Stop-work notice



Sonja Davies at an FoL meeting (1st of 3)



Challenging the Pātea freezing works closure



Council of Trade Unions leaders



Trades Hall and 'Union Yes' sign



See ya later ...

Jim Knox, the tough-talking, gravel-voiced president of the Federation of Labour during the 1980s, was known for his slips of the tongue. On one occasion he is said to have told journalists that certain allegations had been made about the FoL executive, and that they intended to find the alligator.

## End of compulsory unionism

As more areas of the economy were opened up to competition, the Labour government's failure to fully deregulate the labour market became a political issue. The Labour Relations Act 1987 ended compulsory arbitration but left intact compulsory unionism, blanket award coverage and the unions' exclusive right to represent workers. The CTU tried to reach agreement with the government on a future role for the unions, but failed until just before the 1990 election, which Labour lost heavily.

One of the new National government's first measures was the Employment Contracts Act 1991. This deregulated labour markets and turned all collective contracts into individual contracts between an individual employee and his or her employer. The Arbitration Court was replaced by an Employment Tribunal and an Employment Court. The act abolished national awards and ended compulsory unionism. Unions themselves lost their exclusive right to represent workers. The term 'union' did not appear in the new law, so employee organisations could only gain legal recognition by becoming incorporated societies, with a minimum of 1,000 members.

## Collapse of the unions

Although New Zealand still had one of the highest rates of union membership in the world, unionism after 1991 was the weakest it had been since 1897. When the railways and then the post and telegraph department were privatised, even the state's once powerful blue-collar unions began to collapse. The only unions which remained in a fairly strong position were the state sector's white-collar unions and other professional organisations.

## The 2000s

With the election of Helen Clark's Labour government in 1999, new legislation meant that unions could again rebuild their memberships. Employers and unions were required to negotiate in 'good faith'. The Employment Relations Act 2000 restored the term 'union' and specified that only unions registered under the act could represent employees in collective bargaining. Even so, unions still had far less legal protection than they did under the Labour Relations Act 1987 or earlier industrial laws.

Globalisation, which allows employers to find the cheapest labour anywhere in the world, has since created new challenges for the union movement.

### Footnotes:

1. Denis Welch, *New Zealand Listener*, 14 October 1989, p. 9.

### How to cite this page:

Erik Olssen. 'Unions and employee organisations - Unions after 1960', Te Ara - the Encyclopedia of New Zealand, updated 26-Nov-10  
URL: <http://www.TeAra.govt.nz/en/unions-and-employee-organisations/7>