

# **Union Mergers in Australia: Top-Down Strategic Restructuring**

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# **UNION MERGERS IN AUSTRALIA: TOP-DOWN STRATEGIC RESTRUCTURING**

## **INTRODUCTION**

Throughout the twentieth century trade unions played a key role in Australian industrial relations. Buttressed by the centralised Conciliation and Arbitration system, union membership remained high and the movement's power and ability to improve their members' wages and conditions was quite strong. Perhaps inevitably then, the organisational structure of this successful union movement remained largely stable. Where change did occur it was slow and incremental, evolutionary rather than radical in nature. A union official of the 1920s transported to the 1980s would have felt at home in familiar organisational surroundings and would have had to make few adjustments. A move to the 1990s would, however, have left our official bewildered and lost in unfamiliar territory. In the intervening decade, the Australian trade union movement had undergone a massive restructuring, a restructuring that, arguably, has few parallels in other industrialised economies except in times of national crisis. This paper details the contours of this restructuring, analyses the reasons for the massive change and assesses its impact and influence to date. It commences with an historical overview of union structure up to 1990.

## **HISTORICAL OVERVIEW**

Although some nascent form of trade unionism and industrial relations existed prior to the 1850s (Quinlan 1987), it was the discovery of gold in the early 1850s that created an economic environment suitable to the development of trade unionism. The rush to the goldfields, the dramatic growth of population and the general creation of wealth all contributed to a substantial demand for labour, especially skilled labour. In this environment trade unionism grew and flourished among skilled workers. In 1856, stonemasons in Melbourne achieved a world first: the eight-hour day. Over the next three decades, buoyed by continuing economic growth, employees, in general, continued to gradually improve their working conditions. Unions for unskilled employees were formed and were as successful as their skilled counterparts. In the 1880s, white-collar public servants started to form their unions.

The organisational model for these early unions was the British horizontal, occupational-based union structure. This was not unexpected given that the vast majority of workers were British migrants who brought with them the mores and values of their homeland. Indeed, a number of the craft unions established in the 1850s, such as the Amalgamated Society of Engineers, were established as overseas branches of the 'parent' British union (Sheridan 1975). In practice, this occupational structure dominated trade unionism until the 1980s.

The depression of the 1890s brought an abrupt halt to the march of trade unionism. Indeed, during the 1890s many of the advances in working conditions won over the previous three decades had to be surrendered. Between 1890 and 1894 a number of major strikes occurred, which practically destroyed the trade union movement. Subsequent and substantial exploitation by employers of workers, particularly unskilled and female workers, and some instances of child labour, led to major debates within the various colonies as to the most appropriate system of industrial

relations. Commencing with New South Wales in 1892, the colonies gradually enacted legislation that gave a substantial interventionist role to the State in the industrial relations system, a process that culminated in 1904 with the passing of the *Conciliation and Arbitration Act* that was to govern industrial relations in the new Commonwealth of Australia.

In many ways, a centralised arbitral system necessitates the existence of a unionised workforce whose representatives can appear before its tribunals. The new commonwealth legislation provided for the registration of 'organisations of employees' and, among other things, granted these registered organisations exclusive jurisdiction over segments of the workforce. This legislation was mirrored in many of the former colonies, now states of the Commonwealth. Importantly, the then Commonwealth Court of Conciliation and Arbitration, now the Australian Industrial Relations Commission (AIRC), adopted the traditional occupational structure of unionism as the basis for its segmentation. Indeed, by giving legal force to exclusive occupational jurisdiction the AIRC enshrined this horizontal union structure for much of the twentieth century.

The role of the new AIRC was the major factor contributing to the re-birth of Australian trade unionism. As detailed in Table 1, union density had dropped to around 6 per cent by 1901. Some ten years later this figure had increased to 28 per cent and had reached over 50 percent by 1921. Over the next 60 years, with the exception of the depression years of the 1930s, this figure remained above 50 per cent. In the decade following the 1904 legislation, the number of unions jumped significantly, reaching a high of over 600. However, many of these unions disappeared in the post-World War One rationalisation and, by the early 1920s, the total number of trade unions had settled in the high three hundreds. Over the next six decades this total number of unions slowly decreased, but did not finally drop below 300 until 1989.

**Table 1: Membership of trade unions and numbers of unions**

	<b>Number of Members ( '000)</b>	<b>Total Members as Percentage of Employees</b>	<b>Number of Unions</b>
1901	97.2	6.1	198
1911	364.7	27.9	573
1921	703.0	51.6	382
1931	740.8	45.0	361
1941	1,075.6	49.9	374
1951	1,690.2	60.0	359
1961	1,894.6	57.0	355
1971	2,436.6	52.0	303
1981	2,994.1	54.0	324
1986	3,186.2	55.0	326
1987	3,240.1	55.0	316
1988	3,290.5	53.0	308
1989	3,410.3	52.0	299
1990	3,422.2	52.0	295

Source: Australian Bureau of Statistics, *Trade Union Statistics*, Catalogue No. 6323.0

Throughout these decades, trade union structure was characterised by, first, a skewed distribution of union membership; second, multi-unionism at both the industry and enterprise level; and third, well-developed inter-union structures at the national and state level but not at the enterprise level. Table 2 details the number and membership size of trade unions as of June 1990. Clearly, a relatively large number of unions had a relatively small membership; indeed forty unions each had a membership of less than 100. A majority of unions, 170 out of the total of 295, had memberships lower than 2000. These unions accounted for 57 per cent of all unions but their combined membership was less than 3 per cent of total union membership. At the other end of the spectrum thirty-four unions, 11 per cent of all unions, each with a membership of more than 30 000, covered 73 per cent of all members. Not unexpectedly, few of the smaller unions operated outside the confines of more than one state. In 1990, only 134 unions (45 per cent) operated in two or more states; these unions covered 83 per cent of total membership.

**Table 2: Number and size distribution of Australian trade unions, 1990**

<b>Number of members</b>	<b>Number of Trade unions</b>	<b>Proportion of total members</b>
Under 100	40	0.1
100 and under 250	34	0.2
250 and under 500	18	0.2
500 and under 1000	44	0.9
1000 and under 2000	34	1.4
2000 and under 5000	41	3.9
5000 and under 10 000	21	4.5
10 000 and under 20 000	18	7.8
20 000 and under 30 000	11	8.1
30 000 and under 40 000	11	11.0
40 000 and under 50 000	5	6.7
50 000 and under 80 000	6	11.9
80 000 and over	12	43.5

Source: Australian Bureau of Statistics, *Trade Union Statistics*, Catalogue No. 6323.0

This large number of unions inevitably resulted in multi-unionism at the industry level. In 1981, Plowman calculated the number of unions operating in fourteen industries; these data ranged from six in the entertainment industry through twenty-six in manufacturing to fifty-five in the transport industry (Plowman 1981, 32). This multiplicity at the industry level need not necessarily translate into multi-unionism in the enterprise. It is not unusual for unions with coverage of similar workers to have negotiated demarcation lines, frequently along state boundary lines. The first Australian Workplace Industrial Relations Survey (AWIRS) provided detailed data for 1989 on the number of unions in individual workplaces and showed that the average number of unions in enterprises with more than five employees was just under two. Not surprisingly, the larger the number of employees in the enterprise the greater the number of unions: for example, while only 5 per cent of workplaces with twenty or more employees had six or more unions, 43 per cent of workplaces with 500 or more employees were covered by six or more unions (Callus *et al.* 1991, 118). Inevitably, some large enterprises had to deal with a large number of unions; for example,

Benson (1991) found that, for most of the 1980s, twenty-four unions had members within the State Electricity Commission of Victoria. Arguably, multi-unionism and its attendant potential problems, was an issue largely restricted to large enterprises.

With the exception of a limited number of industries, trade union structures at the workplace level have traditionally been relatively poorly developed. AWIRS found a low level of joint union organisation: only 11 per cent of managers at workplaces with more than one union reported the existence of a joint union committee. Even in manufacturing, such committees existed in only 18 per cent of workplaces. Of course, in small enterprise with relatively few unions, union and employee co-ordination can be organised relatively quickly and easily through forums less formal than joint committees. However, the survey highlighted the relative paucity of such committees even in large enterprises: 'only 35 per cent of multi-union workplaces with 500 or more employers reported a joint union committee' (Callus *et al.* 1991, 119).

The existence of one unified broadly-based confederation (usually termed a peak council in Australia) stands in sharp contrast to this lack of structure at the workplace level. This unity, however, is a relatively recent development. When the Australian Council of Trade Unions (ACTU) was established in 1927 a 'rival' organisation was already in existence. The Australian Workers Union (AWU), by far the largest trade union, had, for some years prior to 1927, regarded itself as the logical organisational base for an all-Australian union federation. In addition, as early as 1915 a peak council covering associations of federal public sector employees had been established. After the founding of the ACTU a number of peak councils, such as the Australian Council of Salaried and Professional Associations, were also established.

During the 1970s and 1980s, however, the ACTU has absorbed most of these sectional union groups. In 1967, the AWU chose to end its self-imposed exile and affiliated to the ACTU. In 1979, following a lengthy courtship, the Australian Council of Salaried and Professional Associations disbanded and most of its affiliates transferred to the ACTU (Griffin and Giuca 1986). The small number of affiliates that decided not to join the ACTU at this time subsequently did so during the 1980s. In 1981, the Council of Australian Government Employee Organisations, the federal public sector peak council, similarly disbanded and all its affiliates transferred allegiances to the ACTU. In 1985, the Australian Public Service Federation, the grouping of the state-based public service associations, joined the ACTU. By 1990, 167 unions were affiliated to the ACTU and although this figure was not much more than half the total number of unions, these unions contained within their ranks over 90 per cent of all unionists. As a result of all of these mergers the ACTU can legitimately claim to be the collective voice of organised labour and to speak with authority on its behalf.

Between the two extremes of enterprise and national union structures lie two intermediate levels: industry federations and state-based Trades and Labour councils. Industry federations have played a not insignificant role in a limited number of industries. The rationale for these federations is to provide a forum for unions in the industry to both resolve inter-union problems, such as demarcation disputes, and to provide a mechanism for negotiations with employers at the industry level. The Metal Trades Federation has been the most prominent federation but similar groupings exist in industries such as mining and building. Trades and Labour

councils, although pre-dating the formation of the ACTU, are now formally the state-based branches of the peak council. Given that a majority of unions, as noted earlier, operate only in one state, these councils play an important linking mechanism in trade union structures. Generally, most unions operating in each state, with the exception of the very small unions, are affiliated to the appropriate council. Consequently, the level of influence and degree of importance of these state-based bodies has been not insignificant, particularly when the Labor Party forms the state government.

Drawing together the pre-1990 changes it would appear that a significant amount of structural change took place in the 1910-30 period; these developments included a growth in the number of unions, a number of mergers (discussed below), the development of workplace joint committees and the triumph of occupational unionism culminating in the formation of the ACTU. Between 1930 and 1990, change has been slow and gradual. Rimmer (1981) provides an overview of such changes:

- more unionists and a reduced number of unions leading to a much larger average union membership size;
- the growth of white-collar employment and unionism;
- technologically-induced reductions in the blue-collar workforce and unions; and
- the establishment of interunion organizations such as workplace committees, industry groups and national union centres.

These six decades of stability were, however, followed by a wave of union mergers.

## **DATA**

Based on changes in the total number of unions between 1920 and 1990, it could easily be assumed that few mergers took place during this period. However, this apparent stability hides some not insignificant compositional changes, particularly the disappearance of some blue-collar unions and the growth in the number of white-collar unions. This is particularly true in state jurisdictions. For example, Gill and Griffin (1981) analysed changes in the number of unions registered in the Queensland jurisdiction between 1961 and 1978. During this period "...17 unions surrendered their registration and 12 unions were registered for the first time; these 17 unions had...usually fused with another organisation" (p.366). In New South Wales, while unable to offer exact data, Rimmer (1981) speculated that a significant number of mergers had taken place. These state jurisdictions are the descendents of the colonial systems established during the 1890s and offer registration to trade unions operating solely within one state; not unexpectedly, therefore, many such unions have relatively few members. In contrast, to achieve federal registration, unions must operate in two or more states.

Prior to presenting data on mergers between federally-registered unions, the point should be made that there is a legal distinction between amalgamations (two or more unions combining to form a new union) and acquisitions (a larger union absorbing or acquiring a smaller union). In cases where the membership of the smaller union is less than five per cent of that of the larger union, then only members of the smaller union have to vote on the merger proposal. In practice, no distinction exists and most

mergers were completed after formal membership ballots. Indeed, in a number of mergers where one of the merging unions was significantly smaller than the other union, the politics of the merger frequently dictated the formation of a newly-titled merged entity.

Griffin and Scarcebrook (1989) have detailed the extent of mergers between unions registered in the federal jurisdiction. Between 1905, when the federal system commenced operation, and 1986 some 313 organisations of employees were registered under the *Conciliation and Arbitration Act*. Some 164 of the organizations subsequently lost their registration. Griffin and Scarcebrook conclude that at least 94 of these unions merged with other unions. Table 3 details these merger trends over time. While many of these mergers occurred in the early decades of this century, there has also been a consistent, if lower, number of mergers in recent decades. A substantial majority of defunct unions covered unskilled and semi-skilled employees with relatively few covering either skilled or white-collar workers. Most continuing unions that had been involved in mergers had absorbed either one or two unions only; three large unions had, however, been involved in a relatively large number of mergers.

**Table 3: Merger trends over time**

<b>Time period</b>	<b>No. of mergers</b>
1905-10	4
1911-20	28
1921-30	18
1931-40	3
1941-50	14
1951-60	2
1961-70	9
1971-80	9
1981-86	7
<b>Total</b>	<b>94</b>

Source: Griffin & Scarcebrook (1989, 260)

Over the next decade a relative tidal wave of unions mergers occurred. Between 1987 and 1996, the last date for which official Australian Bureau of Statistics (ABS) data was collected on unions, the total number of unions decreased from 316 to 132. In an *a priori* sense, it could have been logically hypothesised that most of this reduction would have come from among the ranks of the large number of state-based unions with low membership. However, almost half of the total of 184 unions that disappeared were federally-registered unions. In total, of the 172 mergers, 79 were between federally-registered unions. The main concentration of mergers took place in the early 1990s, particularly 1991 to 1994 inclusive. During this period some 61 federal mergers occurred, an average of over fifteen each year (see Table 4).

**Table 4: Number of union mergers, 1987-1999**

<b>Years</b>	<b>No. of Unions</b>		<b>No. of Mergers</b>	
	<i>Total</i>	<i>Federal</i>	<i>Total</i>	<i>Federal</i>
1987	316	144	8	2
1988	308	146	8	6
1989	299	140	7	1
1990	295	134	4	4
1991	275	125	22	21
1992	227	94	44	18
1993	188	66	35	14
1994	157	54	27	8
1995	142	47	10	3
1996	132	47	7	0
1997	N/A	46	N/A	1
1998	N/A	46	N/A	1
1999	N/A	45	N/A	0

Source: Australian Bureau of Statistics, *Trade Union Statistics*, Catalogue No. 6323.0; data from the Industrial Registrar's Office

Note: After 1996, the Australian Bureau of Statistics ceased collecting data on trade unions.

This can be contrasted with the data in Table 3 that show some 27 mergers between 1951 and 1986, an average of less than one merger per year.

In the post-1996 period only two mergers have occurred between federally-registered unions. A limited number of additional mergers are likely to take place in the future. For example, in May 2000, two unions in the transport industry announced that they were entering merger discussions. Equally, some mergers in state jurisdictions will take place. However, the merger wave has passed. In a very real sense, the ACTU thrust to restructure the Australian union movement (discussed below) has been largely achieved. Currently, trade unionism is dominated, both in terms of membership and power, by 20 large, leading unions.

## **REASONS AND PROCESS**

A wide range of factors that can influence the degree and extent of union mergers has been identified in the literature. These factors are usually divided into external influences, such as the political, economic and legal environment, and internal factors such as leadership, finance and changing membership (see Chaison 1996 and Waddington 1995). Clearly, the role and relative importance of these factors can and will vary both over time and between different mergers. Nevertheless, the extent and the timing of the merger wave of the early 1990s indicate that some common factors were driving this, in historical perspective, massive change. I contend that the main driving forces were the decline in union membership, with its associated loss of income and power, and union desire to initially halt and then redress this decline; the role of some key union officials, particularly key decision makers within the then all-powerful ACTU, and the strategy they pursued to attack



this declining membership; and the political environment that resulted in legislation that threatened the existence of a significant number of unions. This is not to argue that other influences, such as a post-merger organisational structure that accommodated the various power groups in the new entity or the move away from a centralised arbitral system of wage-fixation towards an enterprise bargaining focused system, did not play a role in particular mergers. Rather, the argument is that, in the overall merger wave, these were the three, key inter-related driving forces.

### **Declining membership**

The key starting point is trade union membership. Based on the data in Table 1, union membership appeared pretty healthy during the 1980s: continuing growth in absolute membership but a slight decline in density that, nevertheless, remained over 50 per cent. The source of these data was the long-running annual census of union returns conducted by the Australian Bureau of Statistics (ABS). To complement these census data, in 1976, 1982, 1986 and then biennially to 1992 the ABS included questions on trade union membership in household surveys. These survey data (see Table 5) increasingly diverged from the census data, showing a lower density rate in 1976 of four percentage points, of nine points in 1986 and more than eleven points in 1990. In other words, rather than the small, if worrying, decline in density shown by the census data, the survey data were pointing to a crisis for the union movement. Rawson (1992) correctly pointed out that there is significant potential for error in both sets of data. However, by the late 1980s the survey data was becoming widely accepted as the more accurate and reliable. Importantly, the union movement itself increasingly relied on the survey data. For example, all of the ACTU policy and planning documents used this set of data. During the 1990s, the ABS ceased collecting the census data and now relies solely on the survey data.

**Table 5: Trade union membership**

<b>Year</b>	<b>No. of members (000s)</b>	<b>Overall Density (% Unionised)</b>	<b>Public Sector Density</b>	<b>Private Sector Density</b>
1976	2513	51	N/A	N/A
1982	2568	49	73	39
1986	2594	46	71	36
1988	2536	42	68	32
1990	2660	41	67	31
1992	2509	40	67	29
1993	2377	38	64	28
1994	2283	35	62	26
1995	2252	33	56	25
1996	2194	31	55	24
1997	2110	30	55	23
1998	2037	28	53	21
1999	1878	26	50	20

Source: Australian Bureau of Statistics, *Trade Union Members*, Catalogue No. 6325.0; *Employee Earnings, Benefits and Trade Union Membership*, Catalogue No. 6310

These declining density figures created enormous discussion, debate and indeed alarm within the union movement. Unusually, this debate spilled over into the print media as solutions were sought. A cogently argued booklet from the Building Workers Industrial Union was titled *Can Unions Survive?* Its conclusion was that the “Australian model of trade unionism is dying. Our Anglo-Saxon, craft-based unionism has outlived its usefulness” (Berry and Kitchener 1989). A book edited by senior officials of the New South Wales Trades and Labor Council asked *What Should Unions Do?* (Crosby and Easson 1992). The answer offered by the ACTU, its leadership and some senior leaders of key unions was simple: merge. The rationale was equally simple: economies of scale.

Declining membership, and associated financial problems, has long been identified in the literature as one of the main causes of union mergers (see, for example, Buchanan 1974, Janus 1978, Undy *et al* 1985). The new, merged entity is assumed to be better able to defend and/or service membership, and, importantly in this case, organise new members. This was the line of argument used by senior officials from both the ACTU and some individual unions. Essentially, it contended that, because of structural problems, the existing union movement did not possess the resources to attack effectively this declining density trend. Specifically, the large number of small unions (see Table 10.2) did not possess, and could not find, either the finance or the personnel to engage in membership recruitment. On the other hand, such resources could be “put to much better use through the economies of scale possible with larger, better resourced unions” (ACTU 1987).

The role of the ACTU in leading this merger drive will be analysed shortly. However, some brief explanation of why some obvious alternative strategies, such as organising drives and enhancing the role of workplace union structures, were not regarded as viable options is necessary. Because of the centralised arbitration system the Australian industrial relations system had several distinct characteristics. Among other things, trade unions received recognition and membership coverage not through industrial action but through a legal, bureaucratic device. And wage increases and improved working conditions were won more by advocacy in courts than through bargaining with employers. These characteristics led Howard (1977) to claim that, because of their dependency on the state, Australian unions were not true unions in the normal and usual sense of the word. While this level of dependency can be argued (see Gahan 1996) there can be no doubt that the dominant, centralised arbitration system had a major impact on union structure and strategy. Accordingly, when seeking to respond to declining membership, the range of possible responses was limited by the historical restrictions imposed on trade unions. Put simply, the full range of strategic responses available to other union movements was not readily and immediately available to Australian unions.

One traditional remedy for declining membership is an organising drive, utilising a combination of experienced organisers and workplace-based officials. For many unions these combinations simply did not exist. For decades, membership had been delivered and guaranteed through the arbitral model. Technically, compulsory unionism *per se* was and is illegal. However, a number of substitute devices - for example, a preference clause in an award that legally guarantees preference on a whole range of issues to union members over non-members – produced *de facto* closed shops. Peetz (1998) reviewed a number of studies on the extent of compulsory unionism in Australia. Between 1969 and 1979 estimates of the number

of unionists in closed shops varied between 63 and 72 per cent. A 1988 survey arrived at a figure of 57 per cent while analysis of the AWIRS 1990 data suggests a figure of 54 per cent. Two points can be drawn from these data. First, the gradual demise of the centralised system contributed to reduced union density. Second, until the 1990s, a majority of union members were covered by closed shops; Australian unions had not had to fight to get these members. Consequently, they had neither the organisational structure nor the mindset necessary to organise workers. The strategy of the then all-powerful ACTU – to merge prior to launching a major recruiting drive – appeared sensible and appropriate.

## **Role of the ACTU**

The union movement had not been unaware for a number of decades of the desirability of structural change. Indeed, Clause 3 of the original 1927 ACTU constitution set out the following goal:

The closer organisation of the workers by:

- (a) The development of the Trade Union Movement towards an industrial basis.
- (b) Groupings of related unions for the purpose of co-ordination with the ACTU on matters of common interest.
- (c) Amalgamation of unions where practicable to establish one union in each industry or sector.

The ACTU, however, did not have the power or authority to enforce such goals; consequently, as noted earlier, union structure remained largely unchanged for the next 60 years. During the 1980s a remarkable transformation took place in the role of the ACTU. Put simply, it became the dominant union body within Australian trade unionism and, accordingly, was the strategic driver responding to and initiating change. Some brief discussion on this new role is necessary (see Griffin 1994 for a detailed discussion) to understand the leadership offered by the ACTU in the merger process.

The background to this change was the election of a federal Labor Party government in 1983. A Labor government was a very scarce commodity over the previous decades. Indeed, between 1949 and 1983 Labor held federal office only for the 1972-5 period. Labor Party officials had identified a poor industrial relations record – 1973/4 remain the peak years for strikes – as a primary reason why the Labor government lost power in 1975. Accordingly, when elected in 1983 the incoming government negotiated a social contract, known as the Accord, with trade unions (see Carney 1988). Among other things, the Accord provided for the reinforcement of the centralised system of industrial relations and the re-introduction of a centralised wage-fixing system that linked wages with movements in the Consumer Price Index. A key component of this centralised wage indexation system was that no additional wage claims should be made. Inevitably, some claims were advanced. Somewhat surprisingly, particularly to economists predicting the swift demise of the Accord, such claims were largely contained. Between September 1983 and December 1985, 96 per cent of all wage increases were achieved through the centralised system (NWC 1986). Dabscheck (1989, 96) claims that only in the building industry was there any increase outside wage indexation while Griffin (1994) points to a dispute where, after the union had won a wage increase, the peak-

council, because of flow-on implications, forced the union to actually give back the increase to the employer. Outside of the wages arena, the ACTU, in its new policeman role, enforced rigorously the provisions of the Accord. Kuhn notes a number of “challenges to the Accord” and claims that “the response of the ACTU leadership...to unions which have challenged the Accord has been ruthless” (1993, 37).

Griffin (1994) has argued that this newfound authority of the ACTU was sourced from a range of factors, including economic and political forces, support from other actors in the industrial relations system, particularly the federal government and the Industrial Relations Commission, and leadership and inclusiveness within the union movement. Our concern here, however, is with the impact of this authority on union mergers.

Despite the 1927 constitutional provision noted earlier, a formal ACTU policy on union amalgamations was not developed until 1981 and, indeed, was not spelled out in any detail until 1987. At the 1987 ACTU Congress a document titled ‘Future Strategies for the Trade Union Movement’ was adopted. This document proposed the restructuring of the Australian trade union movement along broad industry categories. More specifically, it provided for the establishment of eighteen to twenty union groupings and nominated its affiliates to each grouping. It was envisaged that these groupings would be the catalyst for subsequent formal amalgamations. Between the 1987 and 1989 Congresses, little progress was made in implementing this policy. For example, of the nine mergers in the 1987-9 period, at best, and based on the timing of the applications, only three could possibly be attributed to ACTU policy. In contrast, the 1989 Congress provided the major turning point. At the 1987 Congress there had been significant concern about declining membership; at the 1989 Congress there was alarm: density rates had declined from 49 per cent in 1982 to 46 per cent in 1986 and to 42 per cent in 1988. Furthermore, for the first time in decades, absolute membership also dropped by approximately 60,000 between 1986 and 1988 (see Table 5). A new sense of urgency clearly existed within some unions. Davis (1990) notes that the task of reviving and restoring union membership “dominated the four days of the Congress” (p.100) and that concern over this “significant erosion of membership permeated all of the major address to Congress” (p.101). The ACTU President, for example, claimed that “unions had failed to rationalize their often antiquated structures” while the ACTU Secretary argued that unions “must amalgamate and rationalize their organizations” (Davis 1990, 102). Of at least equal importance was the fact that the formal Congress resolution pushing union restructuring received strong cross-factional support. A senior official from the Left, in proposing the formal motion, argued that “restructuring was essential because unions could not afford to persist with structures that squandered financial and human resources”. A leader of the Right faction seconded the motion and noted that it was “suicidal for unions to neglect the challenge of restructuring” (Davis 1990, 102). Accordingly, building on the inclusiveness then evident within the peak-council and its Executive, the ACTU policy and strategy on mergers had the strong support of key, individual union leaders.

The subsequent lengthy debate did indicate, however, that some unions, mainly craft unions, did not support restructuring. The Federated Clerks Union and the Electrical Trades Union - unions with horizontally-organised memberships across industries – moved an amendment to the ACTU Executive’s recommendation on union structure.

Both unions “stressed that they did not see industrial unionism as a panacea; they feared that the Executive’s motion would lead to the imposition of reform from above”. In short, they wished to remain independent. The ACTU Secretary’s response was blunt: he argued that “narrowly-based unions such as the FCU and ETU could not survive in their current form” and that “they must face up to the challenge of reform”. (Davis 1990, 103). In other words, despite their wishes they must merge. The Executive motion was carried with few dissenters.

Inevitably, a range of operational difficulties and continuing opposition by some unions meant that, post-1989, the merger path was far from smooth. Equally, political reality dictated that, in a number of industries, when mergers did occur, the preferred ACTU model of industrial unionism was not going to be achieved. Throughout 1990, ACTU Executive meetings were dominated by restructuring issues. These meetings, comprised of senior ACTU officials and the powerbrokers of the key individual union affiliates, strongly supported this merger thrust. Accordingly, by the time of the 1991 Congress the merger process was well underway – despite the ETU continuing with its demands for autonomy (Davis 1992). By the time of the 1993 Congress, the process was at “almost breathtaking pace” (Kelly 1993, 1138) and both the ETU and the FCU had found merger partners. Based on a survey of unions, Tomkins singles out this restructuring policy of the ACTU as having the “largest impact on the propensity of the respondent organisations to participate in a union merger” (Tomkins 1999, 70). Clearly, the views and policies of the peak council, supported by leading officials of all factions, had prevailed.

## **Politics and Legislation**

Prior to 1972 the *Conciliation and Arbitration Act* did not specify any formal requirements or procedures to be followed by unions seeking to merge. In that year, however, the Liberal-Country Party government introduced legislation dealing with mergers. A section of this legislation specified that a merger could not proceed unless at least half of the unions’ members voted in a ballot on the merger. In 1983 the newly-elected Labor government abolished this 50 per cent membership voting requirement. The replacement legislation specified that where a ‘community of interest’ exists, as determined on very broad grounds by the Australian Industrial Relations Commission (AIRC), between intending partners no formal minimum percentage of members need vote in a ballot. Where the Commission rules that no community of interest exists then the minimum voting requirement is 25 per cent.

Given that voting turnout at unions elections in Australia tends to be less than 50 per cent, the easing of this legal voting requirement has, arguably, facilitated a not insignificant number of mergers. Equally, some merger proposals that had failed under the old legislation were now consummated under the new provisions. For example, a proposed merger between the Australian Textile Workers’ Union and the Australian Boot Trade Employees’ Federation was not completed, despite a substantial majority of voting members supporting the merger, on the grounds that less than half the members participated in the ballot. Following the legislative change, a second, successful ballot was held; under the old requirements, this second attempt would also have failed.

Overall, this changing voting requirement fits into the facilitating change category. More relevant to the merger wave of the early 1990s was a form of prescriptive legislation passed in 1990. Section 193 of the then *Industrial Relations Act 1988* allowed a senior member of the AIRC to review the registration of trade unions with less than a specified number of members. In such a review the onus was on the union to convince the AIRC member that special circumstances warranted its continuing registration. The *Act* specified a minimum membership of 1,000 when it was legislated in 1988. Following extensive lobbying by the ACTU throughout 1990, an amendment to the *Act* increased this figure to 10,000 in December 1990. Unions were, however, given a three-year period of grace prior to the commencement of AIRC review. Clearly, this deadline was a major impetus to merge. Obviously, a larger number of unions came within the scope of the amendment than did within the original provision. In June 1990, 136 unions each had less than 1,000 members while the number with less than 10,000 was 232 (ABS 1990). Importantly, because many of the 136 unions were registered under state jurisdictions few were affected by federal legislation. In contrast, most unions with membership sizes of between 1,000 and 10,000 were registered in the federal jurisdiction and, accordingly, were subject to the new provisions.

The peak employer body, now called the Australian Chamber of Commerce and Industry, complained to the International Labour Organisation (ILO) that this legislation contravened the ILO Convention on Freedom of Association. The ILO upheld this complaint in late 1992 and the Labor government responded to this decision, initially by suspending the review process in June 1993 and later that year omitting the process completely from the *Industrial Relations Reform Act 1993*. In practice, however, the disappearance of this review process was irrelevant: its impact had already been felt in the merger wave.

Some additional legislative changes also focused on the merger process. For example, the minimum membership requirement for new unions was raised from 1,000 to 10,000 in 1988 and in 1990 a new object – ‘to encourage and facilitate the amalgamation of organisations’ – was written into the *Act*. These provisions were, however, relatively minor in the overall impact of legislative change on mergers.

Overall, legislative change, based on the close political relationship between a federal Labour government and the ACTU, and supplemented by a frequently close personal relationship between Ministers and union officials, contributed significantly to the merger wave of the early 1990s. If the lure of halting a declining membership was the carrot offered by the ACTU, the threat of deregistration through legislative intervention was the stick. Together, they achieved the goal of restructuring the Australian union movement through mergers.

## **OUTCOMES**

### **Membership**

I have argued above that the main rationale for mergers in Australia was to attack declining membership by, initially, halting the decline and, ultimately, increasing membership. On any measure employed, union mergers have failed utterly to achieve this desired outcome. If anything, the decline in membership has

accelerated in the post-merger period: between 1994 and 1999, absolute membership decreased by approximately 400,000 (from 2,283,000 to 1,878,000) while density dropped by approximately 2 percentage points each year (from 35 per cent to 26 per cent). In an historical sense, the total number of unionists is now back to its 1960 level while density has returned to the 1910 level. These declines have been spread throughout the economy and are found among male and female workers, public sector and private sector workers, younger worker and older workers, English-speaking and non-English speaking background workers and among workers in different states.

Inevitably, some recriminations on union mergers have emerged, including from within the union movement. These usually centre around the 'small is better' argument, that is that smaller, more friendly and intimate unions, operating close to the workplace are more likely to recruit and retain members than are large, bureaucratic unions. The flavour of this argument is captured by Costa (1995), a union official who termed the new unions the 'dinosaurs of the information age'. Bodham (1998), based on a time-series analysis of aggregate membership statistics, has argued that the merger process actually contributed to the declining membership, a claim effectively rebutted by Wooden's (1999) analysis of panel data drawn from the two AWIR s studies. Regardless of these debates, what is clear is that when they did exist prior to the 1990s, these small unions did not recruit, attract and retain membership; rather, they relied on the centralised arbitral model for their membership. What seems to have occurred is that the merger wave came too late to achieve what may potentially have been a major influence on membership density. In short, the forces that have decimated union ranks, including industry restructuring, related massive changes within the workforce towards casual, part-time and contract employees, changes in public policy, anti-union legislation, and more ideological employers (for a discussion of these influences see Griffin and Svensen 1996) were well in train prior to the 1990s and, accordingly, swamped the potential membership benefits of mergers.

The failure of the union movement to quickly achieve the maximum potential benefits of mergers did not, however, assist their cause.

## **Structure and Government**

As argued earlier, a core theme driving mergers was the ACTU belief that a small number of large unions could take advantage of economies of scale to attack declining membership. Some analyses have questioned the validity of this claim (see Gill and Griffin 1981, Costa and Duffy 1991). Davis makes the key point that 'even if it is accepted that economies of scale are available in some union activities, it must be acknowledged that these economies may not be realised in practice where increased size is a result of amalgamation' (1999, 11). Noting that the extent to which any economies are realised is an empirical question, he used multivariate analysis of financial data from a representative sample of federally-registered unions to offer some support to the economies of scale argument. He concludes, however, that 'such an interpretation should be treated cautiously' (p.30).

Clearly, the extent to which merging unions integrate their operations will be a key factor in determining the levels of economies of scale that are actually achieved. And the clear evidence is that many of the merger partners did not, at least initially, fully

integrate their operations. In many cases this was a deliberate strategy dictated by the pragmatic realisation that the various powerbrokers had to be accommodated within the merged entity. In practice, a number of merged unions were the equivalent of conglomerate companies, with separate, and frequently different, administrative structures for 'sections' or 'divisions' of the union; further, these groupings usually retained all of their existing staff. Joint National Secretaries and Joint National Presidents abounded. In a number of unions these administrative arrangements were put in place for an interim period only, usually three or five years. In many cases, however, these arrangements have continued in place. Frequently, this is necessitated by the very basis of the merger.

The initial 1987 ACTU Future Strategies proposal had recommended restructuring along industry lines. Over time, however, and in the pursuit of mergers at all costs, a number of unlikely partners merged. Frequently, political affiliation or personal or other factors influenced the choice of merger partner. For example, two groupings emerged in the metal industry, one linked with the left of labour politics, one with the right. In the public sector, while unions covering federal and state public servants merged, the two unions covering local government and municipal employees merged with the private sector union covering clerical workers. The titles of some unions reflect their rather unwieldy coverage. For example, it is difficult to find an integrating rationale, other than political orientation, for the Communications, Electrical, Electronic, Energy, Information, Postal, Plumbing and Allied Services Union. The Construction, Forestry, Mining and Energy Union also covers a significant range of employees. Notably, both unions include "energy" in their remit, while the Australian Municipal, Administrative, Clerical and Services Union has, within its fold, an Energy Branch. In fairness, it should be noted that a not insignificant number of mergers adhered well to the industrial model, for example the Finance Sector Union. Equally, there is no doubt that interim arrangements are being phased out slowly in a number of unions. Also, it must be conceded that, even where industrial unionism does not exist, the practical outcome of the merger wave is that, with a few notable exceptions, most industries are now covered by one key union only. Accordingly, trade union organisational structure, post-merger wave, is dominated by a relatively small number of 20 or so unions.

The governance of these organisations is frequently very complex, with the degree of complexity related to factors such as the extent of "membership fit" of the merging partners, historical power relationships and the organisational structures agreed to at the time of the merger.. In brief, it has been easier to integrate organisational structures where some commonality of membership was present; conversely, little integration has occurred where the memberships had little in common. The historical distribution of power between the state and federal levels of the antecedent unions has also influenced integration: similar loci of power facilitated integration. Finally, some mergers were consummated on terms that militate strongly against full integration; in some cases these terms were formalised in the rules of the new, merged organisation.

Currently, some six years after the main merger wave ended, at least two groupings of unions can be identified. The first group comprises those unions that have either fully integrated their operations or are on the way to doing so. These unions have, for example, one set of leaders and officials, common policies and common administrative systems and rewards, or are well on the way to achieving these



integrations. This group remains in the minority. The second group operates as conglomerate unions, with separate divisions or branches *de facto* running their own operations. Some commonalities, such as sharing offices and training facilities, and specialised staff such as legal and migrant officers, may exist although, in at least a number of large unions, even such minimal integration has not occurred. In a structural sense, the merger process has not been fully consummated in a number of unions.

## **Links to the ACTU**

All significant federally-registered unions are affiliated with the ACTU. However, as with its affiliates, the 2000 version of the ACTU is very different to the 1990 version. Briefly, the demise of the Accord, the election of conservative governments at the state and federal levels, and particularly the move away from a centralised system of wage fixation towards an enterprise bargaining system has reduced dramatically the power, influence and role of the ACTU. The emergence of the 20 key unions, with their larger memberships and resources, has seen these organisations win back their traditional roles from the ACTU. The peak council has retreated to its pre-1980s role of coordination of affiliate activities and making representations nationally and internationally. It no longer is the key, pivotal union body in Australian industrial relations.

## **Services to Members**

Trade unions now offer a very wide range of services to their members. Broadly, these can be divided into two categories, industrial and non-industrial services. Focusing on the latter initially, there has been a veritable explosion in the number and range of such services in merged unions. The list is now incredibly long and ranges from legal services through financial services, shopping, medical, travel and telephone discounts, and computer rental and access to the internet. Unquestionably, merged unions, because of their ability to facilitate access to larger numbers of members/customers, have been able to deliver a much broader, and cheaper, range of non-industrial services. The issue, of course, is whether or not these are services that influence potential members to join or existing members to retain their membership, thus making the union a more effective organization. The only Australian study of non-industrial services (Griffin *et al* 1997) found a positive link between intention to use these services and levels of membership participation and satisfaction, but could not assess the impact on decisions to join or remain in a union.

Do the merged unions deliver a better range of industrial services to members? There are at least two aspects to any answer to this question: the actual range of services and the membership perception of the range and quality of these services. Clearly, the merged unions, by and large, deliver a broader range of services and, arguably, deliver them more effectively and efficiently. This is because the industrial relations system has been transformed during the 1990s. Essentially, this system has moved from a centrally regulated, arbitral system within which unions had a secure, legally guaranteed role and a related *modus operandi*, to a decentralised, enterprise bargaining system where union have to fight for their existence while establishing new and differing methods of negotiation and interaction. On virtually all dimensions, increased demands are routinely made of trade unions. Crucially,

membership fees have not increased to any great extent and remain clustered around 0.5 per cent of gross income. Accordingly, a case can indeed be made that the broader range of services are being delivered more efficiently. But what of membership perception of these services? At the core of the 'small is beautiful' argument discussed earlier is the concept of quality of interaction between member and union. To date, only one study has examined in a systematic way membership perceptions of industrial services in merged unions. Hanley (1999) found that, within the two unions she studied, the merged entities were perceived as providing better wages and benefits, and keeping members informed about union issues but were not seen as performing well in terms of employment security or in giving members a say in running the union.

## **CONCLUSION**

During the first half of the 1990s the organisational structure of Australian trade unionism changed dramatically. An unparalleled wave of mergers took place that dramatically decreased the number of trade unions. Currently, some twenty unions - a mix of conglomerates and industrial unions - cover around 80 per cent of all union members. Despite the success of this restructuring, the prime goal of halting declining union membership was not achieved. Indeed, membership levels have continued to dramatically decline. On this basis, the mergers and restructuring must be judged a failure. At the same time, with a move to a decentralised enterprise bargaining system it is highly unlikely that the union movement would have had any greater membership success if the mergers had not taken place. The union movement must now look to the future. It is aware of its lack of success and is attempting to respond by refocusing its attention on the workplace and inculcating what it calls an organising culture into all of its officials and structures. Structurally, some additional, incremental changes are possible. The possibility of de-mergers exists. New legislation introduced by a conservative government, philosophically disposed to enterprise-based unionism, allows for any dissatisfied elements in a merged union to initiate de-merger moves. In the first three years of this legislation, one such de-merger has occurred, so the possibility of others cannot be dismissed. A more likely development is that a limited, additional number of mergers will take place. There are, for example, three unions remaining in the education industry. It is also likely that some of the smaller state-based unions will be absorbed into the larger federally-registered unions over time. For the foreseeable future, however, the present trade union organisational structure is likely to remain. Certainly no equivalent merger wave will occur.

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## **ABBREVIATIONS**

ABS	Australian Bureau of Statistics
ACTU	Australian Council of Trade Unions
AIRC	Australian Industrial Relations Commission
AWIRS	Australian Workplace Industrial Relations Survey
AWU	Australian Workers Unions
ILO	International Labour Organisation