

The Terminal Decline of Australian Trade Union Membership

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AT 25.7 per cent of the workforce, membership of the Australian trade union movement is now at its lowest level since its official recording began. While to many in the union hierarchy this represents an alarming development, what should be of greater concern is evidence suggesting that this decline may now be entering a new, more accelerated phase.

As a share of the workforce, union membership in Australia has been declining steadily since the Australian Bureau of Statistics first included this figure in its labour force survey in 1976. The election of several conservative State governments in the early 1990s, however, and the advent of the Keating Government at the Federal level coincided with significant new losses in union membership. Throughout the Kennett Government's term of office, for example, union membership in Victoria went from 37.8 per cent to 24.4 per cent of employees, now the second lowest of any State in Australia. The election of a Liberal government in South Australia in 1993 corresponded with the general demise of union membership in that State, which fell from 44.3 per cent to 30.2 per cent. Furthermore, since the election of the Court Government in Western Australia, union membership has fallen from 34.5 per cent to the lowest level in the country now at just 20.4 per cent.

At the Federal level the union movement was hardly able to rely on the Keating Government. Aside from its penchant for privatization,

the implementation of that government's groundbreaking *Industrial Relations Reform Act 1993*, which adopted enterprise bargaining at the Federal level, greatly assisted in creating an environment conducive to deteriorating union membership. In fact, during the period between 1992 and 1996, the Keating Government oversaw a massive eight-and-a-half per cent decline in union membership as a share of all employees—the largest rate of decline to date. In light

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of this, the Howard Government's *Workplace Relations Act 1996* merely represents a logical, albeit modest, evolutionary step in a process first initiated by the former Keating Government's 1993 legislation.

Aside from various legislative attempts to move towards a more deregulated labour market, there are many other different variables contributing to the steep decline in union membership in this country. Although it is not possible to recount

them all here, the rigidity and strength of these forces mean that it is becoming increasingly futile for most unions to devote their diminishing resources to stem what is now becoming a near-fatal decline.

One of the strongest such influences has been the widespread infusion of competition into virtually all sectors of the Australian economy. In the deregulated telecommunications industry, for example, the number of licensed competitors has gone from three in 1996 to 50 in the year 2000. This increasingly intense competitive environment is leading to widespread rationalization within the industry. In March of this year, Telstra undertook a \$650 million cost-cutting program which will result in 10,000 jobs disappearing over the next two years, and a further 6,300 jobs being cut if the company's Network Design and Construction Ltd unit is floated. This rapid and intense restructuring is compounding the demise of the main union within the communications sector, the Communication, Electrical and Plumbing Union (CEPU). Between June 1995 and December 1999 the CEPU's membership fell from 161,720 to 123,652, or by 23.5 per cent. Much of this decline had been occurring before the full effects of the partial privatization of Telstra and the deregulation of the telecommunications industry had really begun to flow through. In the next few years, the CEPU should consider itself fortunate if its membership only declines by 10,000 a year.

Rationalization of a similar intensity is also occurring within the fi-

nance and insurance sector and this is having serious ramifications for the Finance Sector Union (FSU). AMP, for example, is planning to eliminate up to 3,500 positions, Westpac outlined plans in late 1999 to cut 3,000 jobs and National Mutual is now set to cut its entire workforce by a quarter. The Commonwealth Bank of Australia (CBA) has already started eliminating 2,000 positions from its workforce, while the National Australia Bank recently told investment analysts that, without growth elsewhere, its new e-commerce initiatives could see the end of 6,000 jobs within the company by 2005. Meanwhile, the FSU's membership has already plummeted from 110,386 in June 1995 to just 83,073 in December 1999—a massive 24.7 per cent fall. As these figures barely take into account the effect of this latest wave of restructuring, the FSU's leadership could be truly proud of itself if the union is able to exist in its current form during the next five years.

Yet another factor contributing to the demise of union membership is the noticeable change occurring in employers' attitudes in their negotiations with unions. Some of Australia's largest companies are now taking the strongest stands against unions in their corporate history. Telstra and the CBA, both of which were once sympathetic to union demands on account of their history of public ownership, are now at the forefront of this new approach. BHP and Ansett, previously good examples of private-sector companies that generally complied with union demands, have also now hardened their attitude. Looking back over the last decade, the current union hierarchy must be disheartened to see so many of its members disappear during a period when employers were generally much less likely to be so rigorous in their dealings with them.

One product of this new employer outlook has been the increase in non-union agreements and other more flexible arrangements such as the Federal Government's Australian Work-

place Agreements (AWAs). Non-union agreements made under section 170LK of the *Workplace Relations Act 1996* have gone from 5 per cent of all agreements certified in 1997 to 12 per cent by the end of 1999. The number of AWAs are also beginning to rise dramatically and, while their number currently stand at 134,854, they are now growing at a rate of around 6,000 a month. The more hardline approach taken by employers is being

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reflected in their increasing willingness to insist on offering contracts to their workers. BHP, for example, recently offered non-union contracts to 1,000 of its workers in the Pilbara region for the first time in its corporate history. The CBA has become the first bank to offer non-union AWAs to its 28,000 employees. Telstra, having already put most of its upper management on non-union AWAs, is now also looking to extend these agreements to the rest of its employees.

The union movement in this country should be troubled that its membership base has dissolved so rapidly during a period of relatively modest workplace reform, substantial political protection and a generally compliant employer attitude. In Great Britain, by contrast, the union movement had to contend with a Conservative government which privatized nearly everything from prisons to nuclear energy, introduced deregulation

on a massive scale and passed into law five waves of strong, anti-union reforms. After 18 years of such policies, and a Labour government that has since kept most of these laws intact, union membership in Great Britain in 1999 stood at 29.5 per cent—still nearly four percentage points higher than in Australia. How can Australian union membership be declining at a rate faster than British unions under Thatcherism when our Federal Government is still struggling to pass legislation to remove union picnic days?

This political protection and favouritism which unions have enjoyed, and to a large extent still are, have also been a curse. They have entrenched inward-thinking and self-interest throughout the union hierarchy and they have encouraged the type of complacency and indifference that have allowed the decay of its membership base to go unchallenged. While these characteristics were becoming entrenched, our economy was, and still is, changing dramatically. The waves of rationalization and restructuring that have been unleashed by the forces of competition have essentially caught the union movement unprepared.

There have been a series of half-hearted recruitment campaigns by the ACTU throughout the last decade in a vain attempt to arrest the decline in numbers. Unfortunately, all the time and resources that were devoted to such a strategy, like the \$10 million recruiting drive in 1996–97, have been for nothing, as union membership has only continued to plunge faster. If Australian unions, with the substantial political protection they have at their disposal and a combined revenue base at around \$500 million per year, have only been able to accelerate the desertion of their members, it can be said that they are now entering a new phase of terminal decline.

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