

UNION AMALGAMATIONS AS A BASIS FOR UNION RENEWAL IN AUSTRALIA: INSIGHTS FROM UNFINISHED BUSINESS

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INTRODUCTION

Many union movements around the world are experiencing declining membership levels. An increasingly common response to this development has been union mergers or amalgamations. It is commonly assumed that 'bigger is better.' Increasing organisation size, it is assumed, provides the capacity for achieving economies of scale in the provision of services and organising campaigns.

Union amalgamations take a variety of forms. From a distance an emerging trend among 'English'-Canadian unions appears to be a steady drift to a 'general union' model. In this approach, unions move beyond traditional areas of coverage such as manufacturing into new areas of employment growth (e.g., the service sector). In Canada, the Canadian Auto Workers (CAW) have significantly diversified their membership through mergers with smaller unions in non-manufacturing industries (see Gindin 1995).

Mergers can precipitate considerable friction between different elements of the labour movement as traditional jurisdictional domains are crossed. The conflict between the CAW and the Service Employees International Union

(SEIU) over the auto workers' absorption of several locals in 2000-2001 is a recent example of the problems surrounding mergers and the forces driving such strategies.

Chaison (2001, 239) argues "that mergers play a useful though limited role in union revival." Are other less disruptive approaches to rationalising union structures possible? And if there are, do they lead to better outcomes in terms of union renewal and growth?

This paper provides an overview of recent developments in Australia. It has not been prepared on the assumption that Australian unions have 'solved' a problem other unions have yet to solve. On the contrary it has been prepared to provide material for unionists and researchers in other countries to reflect on as they debate how unions can best position themselves in responding to the challenges of the current situation.

The Australia experience with union amalgamations provides fertile material to consider. In the first half of the 1990s the number of unions operating in Australia more than halved. In 1991 there were 275, by 1996 there were 132. This development was no accident. The amalgamation of unions was identified by both the industrial and political wings of the labour movement as the key initiative necessary to arrest the

decline of union strength in general and of membership levels in particular.

The restructuring of the Australian union movement is, however, still underway. Arguably, it is too early to reach definitive conclusions about the amalgamations because changes to such deep-seated structures such as union coverage arrangements take years to emerge. Indeed, union membership levels have fallen in secular fashion since the mid 1970s. Clearly amalgamations have not delivered immediate success. But this development does not mean reflections on the recent Australian experience are worthless. There is a fashion in many circles to devote attention to studying 'best practice' in an attempt to identify the 'lessons of success'. Such analyses lead, however, to a limited understanding of problems. For most of the world is made of 'mundane' practice. Unless the dynamics of the mundane are understood, implementation of best practice often proves to be illusory or allusive.

The rest of this paper is structured as follows. It begins with a brief summary of the key policy initiatives pursued by all industrial parties, and a brief statistical overview of the outcomes associated with these initiatives. The bulk of the paper is concerned with elaborating on what I regard as the key lessons arising from the Australian experience to date. My analysis is not exhaustive. Those interested in understanding the Australian experience in more detail are encouraged to consider the key references and documents listed.

FINDING 1: THE AMALGAMATION EXPERIENCE HAS HAD A MAJOR IMPACT ON UNION STRUCTURES, BUT LITTLE IMPACT ON REVERSING THE DECLINE OF UNIONS

Policy initiatives

The initiative for union amalgamations came from the Australian Council of Trade Unions (ACTU). It argued that the pre-requisite for union renewal (and especially increasing membership) lay in amalgamating established structures. This was held to be the key to servicing current members better, and to gain the capacity to recruit new members to the movement. The key documents in this regard were *Australia Reconstructed* (1987) and its ideas of 'strategic unionism' and the so-called 'Future Strategies' document prepared by the ACTU executive of that year. The line was simple: 'we have to amalgamate or we'll die'. This position was officially adopted by the movement at a series of ACTU executive and biennial conferences.

The Federal Australian Labour Party Government at the time supported, at the ACTU's request, this initiative. It introduced key changes to industrial law and made public funds available to assist the process. Critical activities undertaken by the Government were:

- . proposing that all unions 'show cause' why they should not be de-registered if they had less than 10,000 members. (This law was subsequently changed because it breached ILO conventions on freedom of association/collective bargaining);
- . gave the ACTU a key advisory role when industrial tribunals settled

demarcation disputes (i.e., the ACTU recommendation usually prevailed);

- . streamlined voting procedures to allow amalgamations to occur (i.e., eliminated a quorum requirement meaning you only needed to have a majority of those voting agreeing to the change);
- . making \$AU 125,000 available to large unions and \$AU 25,000 available to smaller unions involved in each amalgamation ballot; and
- . the federal Government paid for and ran the amalgamation ballots through the Australian Electoral Commission.

It is important to note that employers too, were actively applying pressure. From the mid 1980s the CEOs of Australia's largest companies mobilised politically to counter the influence of the Australian Labor Party Federal Government and the union movement which at that time co-ordinated their activities on the basis of an annually negotiated 'Accord'. They formed the Business Council of Australia (BCA). One of their first initiatives was to conduct a large scale research program (worth over \$1 million dollars) into 'employee relations reform'. The major conclusion of this work was that 'multi-unionism' at site level was retarding productivity growth. Labour productivity could be boosted by 25 percent, it was asserted, if multi-unionism was eradicated.

All these forces coalesced to create a 'TINA' (there is no alternative) effect. Widespread sentiments at the time were:

- . 'if you don't amalgamate with your natural partner, someone else will'

- . 'if you don't play ball, you could lose your coverage to someone who will'
- . 'if we don't go along with this we'll get clobbered somewhere else' (i.e., retribution through other arms of government). The Accord gave the ACTU leadership immense influence in Canberra. If a union did not cooperate other issues of importance to particular unions (e.g. industry development, social policy) could be turned against them or more commonly, not be actively supported.

Outcomes

The end result of this situation was that once the amalgamations started there was an avalanche of mergers (see table 1) More amalgamations occurred between 1991 and 1996 than in the previous fifty years. It is important to note, however, that this development involved quite a mobilisation of union members. Over half the union members at the time voted in an amalgamation ballot, and three quarters of these supported the mergers (table 2).

To date, the impact of amalgamation on union renewal has been limited. A large scale survey of union delegates in 1995 asked, amongst other things, what the impact of amalgamation had been on union performance.

Overwhelmingly, workplace delegates reported nothing much had changed. Where there had been changes in union performance it had often dropped as much as it had improved. The only unambiguous improvement concerned training opportunities - 25 percent reported these had risen since the amalgamation (see table 3). On the ultimate indicator, union membership

levels, the downward trend was not reversed. As table 4 shows, density

Table 1: Mergers of Australian Unions per Decade (1905-1996)

Time Period	No. of Mergers
1905-1910	4
1911-1920	28
1921-1930	18
1931-1940	3
1941-1950	14
1951-1960	2
1961-1970	9
1971-1980	9
1981-1990	20
1991-1996	64

Source: Tomkins (1999)

Table 2: Union members votes in amalgamation ballots 1990 – 1995

Key categories concerning union amalgamations	Numbers involved 1990-95
For amalgamation	1,000,000
Against amalgamation	250,000
Total	1,250,000
Average Annual Union Membership early 1990s	2,300,000

Source: Evatt Foundation (1995)

Table 3: Delegates' view of the effect of union amalgamation on union performance, 1995

Union performance	Effect of amalgamation			
	More %wps	No change 5wps	Less %wps	Don't know %wps
Ability to have a say in union matters at workplace	13	76	11	0
Contact with full-time union officials	13	75	10	2
Training opportunities	25	60	8	7
Recruitment of employees	12	82	6	na
Union ability to deal with issues at the workplace	20	72	6	3

Population: Workplaces with 20 or more employees, where the union with the most members at the workplace had a delegate, where the union had been part of an amalgamation since 1988 and where the delegate was a members of the union at the workplace before the union amalgamated. Figures are weighted and based on responses from 619 workplaces.

Source: AWIRS 95 main survey, union delegate questionnaire as reported in A Morehead et al, *Australia at work: the 1995 Australian Workplace Industrial Relations Survey*, Longmans, Melbourne, 1997

Questions: In your opinion, do you think that amalgamation has meant you have a greater say in union decisions that affect your workplace, less to say, or is there no difference? Since amalgamation, have you had more contact, less contact or about the same contact with full-time officials from your union? Has there been an increase or a decrease in the training opportunities offered to you by your union since it amalgamated? In your opinion, what effect has the amalgamation had on your union's ability to recruit and retain members at this workplace? In your opinion, what effect has amalgamation had on your union's ability to assist you with issues that arise at your workplace?

dropped by 16 percentage points over the 1990s.

These data point to the first lesson arising from the Australian union amalgamation experience to date: on their own, amalgamations will not solve the problem of union decline.

FINDING 2: INDUSTRY COHERENCE UNDERMINED BY FACTIONAL AND OCCUPATIONAL ALLEGIANCES

The ACTU's original plan was to have the bulk of unionist in 20 large, industry based 'super unions'. This has virtually been achieved. Around 90 percent of Australia's unionists are in the 20 largest unions. But the unions themselves are often not organised along 'industry' lines.

Just what was meant by 'industry' was never clearly defined. Consequently, many amalgamations occurred on factional lines. For example, within manufacturing there is a 'left leaning' super union (the Australian Manufacturing Workers Union - AMWU) and a 'right leaning'

super union (the Australia Workers Union - AWU). Both often share coverage across manufacturing. A similar situation exists in mining and construction where the left union is the Construction, Forestry, Mining and Energy Union (CFMEU) and the right is the AWU.

The other major dynamic shaping the coverage arrangements of amalgamation was that of occupational allegiance. Arguably the most visible example of this dynamic concerned the electricians. Electricians are employed in a wide range of industries including mining, manufacturing, and construction. Despite significant pressure to restructure the electrical trades, the Electrical Trades Union (ETU) resisted most efforts to 'mainstream' their core skills in other occupations. They also very successfully preserved their distinct identity as a union within the Communications, Electrical and Plumbing Union (CEPU). While there is significant convergence in electrical and communications work, especially now

Table 4: Changing membership levels 1905 - 2000

Year	% of employees in unions
1911	28
1921	47
1931	50
1941	47
1951	60
1961	56
1971	51
1982	50
1990	41
2000	25

Sources: Markey (1994, 565-566); ABS, *Earnings, Hours and Trade Union Membership*, Cat No 6310.0 various years.

that the public sector telephone monopoly has been broken, the ETU remains a highly visible and independent force in the Australian union movement. Indeed, in some regions (e.g. Victoria) it plays a leading role in campaigns for shorter hours as 'the ETU' and not as a branch of the CEPU.

Occupationally based organisations have also been very prominent in unions covering teachers (e.g. the Australian Education Union - AEU) and nurses (Australian Nurses Federation - ANF). The occupational basis of organisation has been particularly apparent even higher up the occupational ladder. The Association of Professionals, Engineers, Scientists and Managerial Employees of Australia has flourished in the new environment, primarily because it provides highly professional services to professional and managerial workers who often bargain individually-based employment contracts.

The dynamics associated with factions and occupations points to the second lesson arising from recent Australian experience with amalgamations: great care needs to be devoted to agreeing on the bases on which unions are amalgamated.

FINDING 3: AMALGAMATIONS HAVE TAKEN ONE OF THREE GENERAL FORMS: PARALLEL, DIVISIONALISED AND INTEGRATED.

When discussing amalgamations it is important to clarify terms. Amalgamation can be minimalist or thorough. The nature of the final

structures that prevail varies depending on the extent to which three kinds of activities have been integrated:

- . administrative (e.g., membership and financial accounting systems, publications);
- . decision making structures (e.g., workplace, branch and national committee structures); and
- . industrial (e.g., training, campaigning and/or recruiting activities).

Unions fall into one of three categories depending on how integrated the different activities are:

- . *parallel* – i.e., formalised federations of autonomous bodies. Amalgamated unions categorised as having parallel structures are unions that have come together to form a single legal entity but other than for some [purely formal peak] decision making bodies tend to operate with their pre-amalgamation union structures and organisation largely intact' (Tarrant, 2000, 11). The large state and federal public sector union, the Community and Public Sector Union (CPSU) is a good example of this. Other than a shared logo there is little else that is integrated. Even the name of the union differs with many of the state based unions still using their old names. There is no sharing of office space, membership system, information technology, training facilities, publications etc.' (Tarrant, 2000, 11);
- . *divisionalised* – i.e., integration of some core administrative functions, limited integration of decision making structures and no effective integration of organising and industrial campaigns (e.g., AMWU, CFMEU, Finance Sector Union)

Amalgamated unions with divisionalised structures have gone somewhat further than parallel unions in integration in that some core infrastructure may be shared (e.g., buildings, libraries and training facilities, reception facilities). However, these unions have very strictly delineated their structures by industry divisions. The Construction, Forestry, Mining and Energy Union (CFMEU) [and the AMWU are] good examples of this type of structure' (Tarrant, 2000, 11); and

. *integrated* – i.e., full integration of administrative, decision making and industrial activities (e.g. Australian Liquor, Hospitality and Miscellaneous Union - ALHMU). Amalgamated unions with integrated structures have gone for full administrative and organisational integration including single membership systems, consistent salary classifications for staff and officials, shared IT systems, common publications etc. The ALHMU is a good example of a fully integrated union.' (Tarrant, 2000, p11).

The third lesson arising out of the recent Australian experience can, therefore, be described in the following terms: identify which structure is most appropriate for your circumstances. There is no one fixed form which amalgamation can take.

FINDING 4: FULL INTEGRATION REQUIRES (A) CONSIDERABLE LEADERSHIP RESOURCES AND (B) CLEARLY DEFINED TRANSITIONAL ARRANGEMENTS

Leadership resources

It may seem like a statement of the obvious, but the importance of leadership issues is critical to understanding how amalgamations have occurred. From a pragmatic point of view one of the key ground rules facilitating the whole exercise was the 'no knocking off' principle. This guaranteed all officials at least some employment security for at least a couple of years in the amalgamated structure. While this facilitated rapid amalgamation it also resulted in subsequent duplication and often expensive redundancy pay-outs. This approach was quite different to that which characterises many fast and quick restructures in the private sector these days. It meant the amalgamation were not characterised by much organisational brutality. It also meant, however, that the pain of restructuring was often prolonged for many years. Equally significant has been the impact of amalgamations on leadership time. This was especially the case in the period leading up to the amalgamation ballots in the first half of the 1990s. The opportunity cost was less time for campaigning and organising amongst key union officials. Ironically, it has been the absence of such commitment subsequently that has limited the potential gains from amalgamations. Very few unions have devoted high level personnel to seeing the process of restructuring through. Consequently, most leadership attention was devoted to 'pulling the amalgamations off' and relatively little devoted to carrying the restructuring process through after the ballot.

This latter development was often linked to poor planning of the transition period. Many amalgamations occurred with no clear specification of what new structure was ultimately to emerge in place of the old. Indeed, several amalgamations were only possible because such ambiguity existed. A number of union officials wanted to reserve commitment until they had witnessed what the new structures would look like in action. Such a stance clearly limited the capacity for new organisational forms to emerge. A good example of this is provided by Commonwealth Bank Officers Association (CBOA) caveat on their amalgamation with the Finance Sector Union (FSU). The CBOA retained significant autonomy and capacity to withdraw as a precondition for joining the FSU. The example of the ETU within the CEPU is another example of

of the few unions to clearly specify how diverse structures were ultimately to be integrated was the ALHMU. In addition its National Secretary worked on little else for six years to make this integration happen. Details of what this transition looked like are provided in table 5.

These findings underpin our fourth lesson: don't embark on an amalgamation unless you have both leadership resources able to carry it through and a plan to guide the leaders' actions.

FINDING FIVE: MOST OF THE POTENTIAL GAINS FROM AMALGAMATIONS HAVE YET TO BE REALISED

A major limitation of the amalgamation drive in Australia is that it was conceived in essentially administrative

Table 5: LMHU's Focus on Transition

Within 4 years of the amalgamation the Transitional National Executive of LHMU (comprising the Committees of Management of the former unions, Federated Miscellaneous Workers Union (FMWU) and Liquor Trades Union (LTU)) was required under the rules of the amalgamation union to oversee the:

- Finalisation of a new structure for the union in line with principles agreed prior to the amalgamation and contained in the Deed of Agreement
- Implementation of a national, uniform membership and dues structures
- Implementation of uniform sustentation fees structure (the payment Branches make to support of the national office and national activities of the union)
- Implementation of a national wages and conditions structure for all officials and staff
- Implementation of a national integrated and computerised membership system
- Implementation of national standardised financial and administrative procedures throughout the union including adoption of a common financial year
- Establishment of a national publication and publications strategy including divisional and special interest publications
- Integration of industrial and organisational representation of the membership
- Establishment of a national integrated and computerised award system including all awards and agreements to which the union is a party.

It was required under the rules of the amalgamated union that the final implementation of the new integrated structure would occur "by a date six years from the date of amalgamation".

Source: Tarrant, 2000

this kind of arrangement at work. One

terms: capture economies of scale by

increasing the size of unions. Little consideration was given to the changing nature of work and how unions should position themselves to respond to this development.

Arguably the greatest challenge in this regard has been the demise of the classical wage earner model of employment. Less than half the workforce is now engaged as full time, permanent employees. Nearly all net employment growth has been casual, contractor or labour hire in nature. Management has worked out ways to engage labour in ways that minimise their obligations to look after workers (ACIRRT, 1999). Simply merging union structures from an earlier era has done little to address this key development in the labour market and in people's working lives.

In the later half of the 1990s a number of Australia unions and officials noted the need to address this issue. The key elements of this emerging approach are:

- . the organising model of union priorities (as opposed to the traditional 'servicing' model of the past);
- . community unionism (i.e., building ongoing links with non-labour market organisations to enhance the strength of both types of organisation. This has been particular apparent in the annual living wage hearings);
- . multi-employer industrial campaigns (i.e., moving away from enterprise bargaining as promoted by employers in the early 1990s). Instead several key sectors such as manufacturing and construction are running industry wide campaigns. These concern new forms of employment as well as issues concerning wages. For example, the

AMWU is currently campaigning to establish new structures to support 'mobile permanents' such as industry based trust funds to protect worker entitlements in the event of bankruptcy of particular employers. And in the Victorian construction industry similar campaigning has resulted in the achievement of a 36 hour peak based on a series of 'whole of industry closures' every couple of months.)

All these initiatives are beginning to bear fruit in terms of union renewal. Indeed, the economies of scale made possible by amalgamations are being realised as complementary initiatives such as these are adopted. These experiences point to our fifth lesson 5: amalgamations need to be located in wider strategies of union renewal if their full benefits are to be achieved. (See Buchanan and Pocock, 2002 for more details).

CONCLUSION

The Australian experience reveals that radical restructuring does not necessarily mean successful renewal in the short term. Key lessons from Australian experience can be summarised in the following five principles:

1. Amalgamations on their own have not addressed union decline
2. Unless bases for amalgamation are carefully defined factional and occupational allegiances will drive the process
3. Amalgamations can take one of three forms: parallel, divisionalised or integrated. Each represents different

levels integration of administration, decision making and industrial activities.

4. Don't embark on amalgamation unless you have both the leadership resources necessary to carry it through and an agreed plan for leaders to follow
5. If the full potential is to be realised amalgamations need to be located in wider strategies for union renewal. In particular these strategies must be associated with unions repositioning themselves to address the changing nature of work, especially the demise of the classical wage earner model of employment.

Until recent times the successful restructuring of an entire union movement required defeat in a World War at the hands of progressive liberal alliance as occurred in Germany and Japan after 1945. Recent Australian experience reveals that dramatic reconstruction can also occur in more peaceful times.

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