

SHORTER PAPERS

A comment on the extent of voluntary bargaining in New Zealand industrial relations.

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Introduction

In the current debate about the future of private sector wage fixing in New Zealand, there is an implicit assumption that there is an extensive second tier of bargaining which supplements national award negotiations. Commentators are, however, reluctant to quantify the true extent of this second tier. Their reluctance stems from the fact that much of this second tier is negotiated informally, and while agreements may be written, they are often unlikely to be registered with the Arbitration Court.

The fact that unregistered agreements are not available from the Arbitration Court, neatly bound as the *Book of awards* led to Geare ignoring their existence. "Since, by their nature, informal rules cannot be classified or documented accurately" (1983, p.23). Unregistered agreements cannot, however be so easily dismissed. The importance of some accurate data on the extent of unregistered agreements is highlighted by Teen (1983) who argued that if changes are to be made to the existing system of wage bargaining, then a priority should be to bring informal bargaining into the new structure. Teen concluded that much informal bargaining is ad hoc and unstructured and that

We have, in fact, no accurate idea of the extent of informal bargaining. As a mediator who deals with many of its problems, I can say that there is an extensive second-tier bargaining system (p.56).

Young (1983) is another to hint at a substantial volume of unregistered agreements. Reporting his survey of the growth of voluntary collective bargaining, he referred to the problem of unregistered agreements and concluded that

something more than a straw in the wind suggests that these unregistered agreements make up a very significant proportion (perhaps the majority) of voluntary agreements (p.38).

There can be no doubt that there has been growth in the numbers of workers covered by second-tier bargaining in the last 2 decades, yet it is not possible to quantify this growth. The effect of second-tier bargaining in shaping first-tier bargaining and in pre-determining the range of first-tier conditions and wage levels is also of importance. This brief research note leaves aside the issues of the growth of voluntary bargaining and any possible effects such bargaining may have on the wage fixing system overall. It simply examines the current scope of voluntary collective bargaining by a major private sector union well known for its emphasis on second-tier bargaining.

The problem of locating and identifying all collective agreements, unregistered as well as registered, for all New Zealand, is a large one. Young however, has been helpful in identifying a multi-dimensional spectrum of voluntary collective bargaining which is a useful starting point for any study. Young's examination of registered voluntary collective

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agreements (VCAs) in the 1979-1980 wage round found that they were most commonly associated with small work groups, were predominantly found in the Northern Industrial District (NID), were limited to less than 5 percent of the workforce, and were most frequently found in 8 industries largely concentrated around manufacturing. Young concluded that engineers and allied workers through the New Zealand Engineering, Coachbuilding, Aircraft, Motor and Related Trades IUOW (NZEU) were among the significant practitioners of voluntary collective bargaining. He identified 41 registered VCAs, covering 56 work locations and applying to 6 960 workers, in the engineering industry throughout New Zealand. Further, he identified the involvement of NZEU in 13 voluntary composite collective agreements.

If then, through the country as a whole, there is an extensive second tier of bargaining, and much of it is informal, it could be expected that the Auckland branch of NZEU, (encompassing the NID), should have a very extensive network of second tier, written settlements. If the Auckland branch of NZEU did not have an extensive range of second tier, written settlements then it may be that, taken overall, across New Zealand, voluntary bargaining does not represent an important trend.

Voluntary bargaining and engineers

An investigation of the records showed that NZEU had a registered membership of 51 446 at 31 December 1981. Of this total, slightly more than half were members of the Auckland branch of the union and resided in the NID. The Auckland branch keeps detailed records of all written settlements, the name of the employers, the number of workers employed by each employer, and finally whether the settlement is registered with the Arbitration Court. An analysis of the number of settlements and the number of workers covered by the settlements, according to occupation, is presented in Table 1. The figures relate to the 1980-81 wage round. A total of 152 companies employing a total of 10 596 workers in 165 workplaces, had written voluntary settlements with NZEU; approximately one-third of the Auckland union branch. Accordingly, two-thirds of this union branch are covered only by nationally negotiated awards.

Table 1 *Written second tier settlements within the engineering industry in the 1980-1981 wage round, in the Northern Industrial District*

Occupation	Number of workplaces	Number of workers covered
Airline workers	1	1 408
Battery workers	1	150
Coach body builders	2	22
Cannister workers	1	287
Factory engineers	59	1 231
Glassworkers (factory engineers)	2	55
Hospital fitters	1	62
Heating and ventilation workers	2	71
Industrial gas workers	5	127
Lamp workers	1	96
Motor trades workers	28	566
Metal trades workers	55	4 554
Motor assembly workers	7	1 467
Total	165	10 096

The type of classification of these written settlements with 152 companies, is given in Table 2. Two-thirds of written voluntary settlements reached by the Auckland branch of

NZEU were informal and not registered. As only one-third of the union branch is covered by a voluntary settlement and only one-third of those settlements are registered, it can be concluded that one-ninth of the union branch is covered by a registered voluntary settlements and two-ninths by unregistered voluntary settlements. This confirms Young's "straw in the wind" feeling that possibly the majority of voluntary settlements go unregistered (as far as this union is concerned).

Table 2 *Types of written second tier settlements within the engineering industry in the 1980-1981 wage round, in the Northern Industrial District*

Type	Number of settlements	Percent
Formal settlements		
Voluntary collective agreements section 65 <i>Industrial Relations Act 1973</i>	32	21
Voluntary composite collective agreements section 66 <i>Industrial Relations Act 1973</i>	20	13
State Services Commission determination	1	—
Informal settlements		
Received pursuant to regulation 8 <i>Wage Adjustment Regulations 1974</i>	4	3
Other informal settlements	95	63
Total	152	100

Discussion

That so many settlements are informal is hardly surprising. The uncertain practise of state intervention in wage-fixing by the use of the *Remuneration Act* during 1979 and 1980 discouraged unions from publicly declaring (by Arbitration Court registration) the results of their collective bargaining. Roper (1982) argues that the *Remuneration Act* was designed to reduce the capacity of strong unions such as NZEU, to take initiatives outside the conciliation and arbitration system. Szakats (1979) concluded that the usefulness of collective bargaining had effectively been destroyed by the *Remuneration Act* which allowed voluntary and conciliated collective agreements to be declared invalid by Government regulation. In this climate it is hardly surprising that such a large proportion of written voluntary settlements go unregistered.

It needs to be emphasised that it is not possible to extrapolate from this case to all other industries. The patterns observed here however represent one extreme of a spectrum — Young having already identified the NZEU as being among the "significant practitioners", especially in the NID. That only one-third of this group of significant practitioners may have their wages and conditions set by voluntary settlement, supports Young's thesis that voluntary bargaining is not a significant practise, taken overall, in New Zealand. That only two-ninths of the Auckland union branch are covered by informal settlements indicates that while informal settlements may be important when examining voluntary collective bargaining, they are not as predominant as may have been thought. These findings indicate that the extent of the "second-tier" may in fact be greatly exaggerated. That the second-tier is small and that most workers are relying on the national award system for setting their wages and conditions is an important consideration. This must be taken into account in any examination of the future options and parameters of any new system of wage fixing for New Zealand.

References

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