ITUC-AP Regional Conference
Wage Policy for Sustainable Wage-Led Growth

WAGE LED GROWTH
SOME NEW ZEALAND EXPERIENCES

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I’m here representing the New Zealand Council of Trade Unions (CTU) Te Kauae Kaimahi

There are 37 unions affiliated to the NZCTU together representing over 330,000 members

Largest democratic organisations in New Zealand.

About Me

Researcher for FIRST Union for the last six years

PhD Candidate at the University of Auckland.

My PhD research looks at the influence of civil society organisations on economic debates.
• Survey Questionnaire response
  • Discusses how the minimum wage is set and the union involvement in the Living Wage campaign
• Rather than go through this again I thought I would highlight an example of how unions have promoted wage-led growth
• In bargaining with a large employer, FIRST Union used economic stimulus arguments at the bargaining table with some success
• I hope this will assist and open discussion of union strategies and actions in this area.
NEW ZEALAND EMPLOYMENT RELATIONS FRAMEWORK

• 2002 Employment Relations Act
  • Softened the edges of the neoliberal Employment Contracts Act (1991), recognised unions and attempted to promote good faith bargaining
  • Has not lived up to its promise
  • Can do collective bargaining, but the industrial relations framework is not strong enough to support industry bargaining.
  • Most bargaining occurs at an enterprise level, with some employers resistant to agreements that cover more than one site.

• Issues of union capacity
  • Research shows a representation gap (Boxall & Haynes, 2005)
  • Workers who want to be a union but unions can’t reach them.

• Unions advocating for changes to industrial law
  • In particular changes that would allow union agreements to be extended to cover an entire industry.
FIRST UNION

- FIRST Union is the second largest private sector trade union in NZ - over 27,000 members
- FIRST Union formed from an amalgamation of the National Distribution Union and Finsec (a finance sector union)

- F - Finance
- I - Industrial (Textile and Wood)
- R - Retail
- S - Stores
- T - Transport

- Wide ranging coverage often allows us to (in principle) cover entire supply chains, from manufacturing, stores and retail...
SUPERMARKET SECTOR IN NZ

• NZ only has two supermarket chains, who together have over 90% of the market.
  • Foodstuffs
    • Brands: Pak N Save/ New World
    • Particularly union hostile employer
    • Insists on having a separate agreement for each individual shop
    • Pays the minimum wage ($14.25) in ununionised shops
    • FIRST has raised wages of those stores with collective agreements.
  • Progressive Enterprises (owned by Woolworths Australia)
    • Brand: Countdown
    • We have agreements covering the stores/DCs, some food manufacturing and a single national agreement covering the retail stores
While the union agreement is bargained on behalf of around 5000 FIRSTunion members, the conditions are passed on to all Countdown retail workers (16,500)
  • Agreement includes a provision that union members get their pay rise two months before the non members.
• As Progressive Enterprises are one of New Zealand’s largest employers they are in a strong position to influence the whole NZeconomy.
In the wake of the GFC, the union argued Progressive Enterprises had a responsibility to help the NZ economy.

- If people had more money in their pockets they would spend more
- This could benefit their business, as well as others through a multiplier effect

Progressive Enterprises accepted this argument
- this helped win an above inflation increase of 10% over two years (paid in stages of 3%, 2%, 3%, 2% over the period)

Why did they accept this argument?
• First decent pay increase for Countdown workers for a long time
  - $15 + 0.75c hr = around $30 dollars a week more
  - Workers very happy
• But six months in the company adapted
  - Began to cut hours
  - Workloads increased dramatically
  - Some workers 2 hours a week, some more. So some found themselves on $31.50 a week less.

• Highlight this an example to assist union strategy
  - Two years later - next bargaining round (2013) issues around hours more important to workers than a pay rise
  - Got a lower pay rise but a memo of understanding that no permanent workers would lose hours in term of agreement
  - Run the argument for wage led growth, but be ready with backups.