Chp. 2: NZ history of ER

Overview

- A historical overview of key event & processes in NZ ER until the 1990s
- Emphasises the significant role of the conciliation & arbitration (IC&A) system
  - Points to key turning points during 1894-1991
- Sets out the different state sector approach
- Discusses key legacies of the IC&A system & why it was modified & finally abolished
History of New Zealand ER

- It is characterised by the strong role of the state & legislative processes
- It is influenced by changing ideologies, historical roots, geographical position
  - Changes are often driven by business cycles & the IC&A system’s inability to respond to these
  - While a ‘closed system’, it was also influenced by overseas ideas, trends & events
A quick overview: distinct phases

- It is possible to distinguish four phases:
  - Pre IC&A Act 1894
  - IC&A system 1894-1990
  - Employment Contracts Act 1990-1999
  - Employment Relations Act, 2000
- It is possible to use other phases
- The length of the IC&A system is remarkable, unique to NZ & Australia

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Pre IC&A Act 1894

Followed UK legal traditions & was partly influenced by UK employment traditions

- Some influence from Australia & the close economic & political ties between the 2 countries

- Different context in terms of industrial & city structures, different behaviour of ‘actors’
  - Could ‘employees’ escape market mechanisms?

- Impact of business cycles: changes in no. of jobs, employment conditions, union activity

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IC&A Act 1894

- Prompted by political & ER changes
  - Unemployment & deteriorating employment conditions (Sweating Commission)
  - Industrial unrest: esp. Maritime Strike 1890
  - Political shift: Liberal Government 1890

- Context of more regulation & intervention
  - Minimum standards through new legislation
    - Factories Act 1891 & 1894
    - Dept. of Labour to secure adherence to legislation

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"The Act was designed to facilitate the settlement of industrial disputes by conciliation & arbitration as well as to encourage the formation of industrial unions and employers associations.” (p. 24).

Key features of the Act:
- Conciliation Boards
- Arbitration Court
- Registration of trade unions
IC&A Act 1894 - III

The Act introduced 4 interlinked changes:

- Strengthened the unions’ role by forcing employers to negotiate with them
- Provided procedures to deal with the inherent conflict between capital & labour
- Awards abolished to a large degree ‘downward’ wage competition amongst employers
  - Didn’t abolish gender pay differences
- Controls were placed on direct industrial action
Immediate effects of IC&A Act

- Introduced a revolutionary new system
  - Formalised bargaining processes & outcomes
- Immediate impact on conflict levels
  - No significant strikes during 1894-1906 period
- Improved employment conditions
  - Based on improved economic conditions in NZ
- Issues emerged re: legalistic ‘inflexibility’ & a narrow bargaining approach

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Challenges to IC&A Act

- Growing frustrations amongst unions
- Blackball strike in 1908: de-registration becomes an option for several unions
  - ‘Red Feds’ develops an alternative union strategy
  - Waterfront strike 1912 & General Strike 1913
  - Deregistration is defeated as an option in 1913
- Awards influenced by wider factors: World War, prosperity & depression in 1920s
The First Labour Government

- Amended IC&A Act
  - Re-introduce compulsory arbitration
  - Compulsory union membership
  - National union registration

- Altered context of IC&A Act
  - Minima introduced (eg. 40-hour week)
  - Social welfare reforms & infrastructure projects
  - Economic planning is extended under WW2
Prosperity pressures, post WW2

- 1951 Waterfront strike
  - Major dispute which lasts 151 days
  - Splits labour movement & participating unions are heavily defeated

- Tight labour market leads to upward pay pressures & influx of immigrants
  - 1950s & 1960s provide prosperity & job growth with relatively few industrial disputes

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Prosperity pressures - II

1968 ‘nil wage decision’ undermines IC&A
- Increase in ‘second-tier’ bargaining outside IC&A

Industrial Relations Act 1973
- Registration of voluntary (second-tier) agreements
- Distinction between disputes of interest & disputes of rights (when can unions strike lawfully?)

Limited success of IR Act: often direct state intervention & relativity-driven wage rises
- External pressures on economic foundation

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Drift away from IC&A Act

- Lack of consensus over reforms to IC&A
  - Rise in ‘deregulation’ approach
- Legacies are only modified (see p. 32)
- Labour Relations Act 1987
  - ‘Two-handed’ approach to ER reforms
  - Context (eco., pol. & soc.) is not conducive
  - Starts reform of union movement
State sector reforms & ER

- State sector always had a separate system
  - Link to private sector pay rises was problematic
  - Better all round employment conditions
    - Trailblazer in terms of social reforms & EEO
- State-Owned Enterprise Act 1986
  - Starts enterprise-based bargaining mode
- State Sector Act 1987
  - Crucial changes to job & employment systems

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