

IN THE COMMONWEALTH CONCILIATION AND ARBITRATION
COMMISSION.

In the matter of the *Conciliation and Arbitration Act 1904-1961*
and of
applications for variation of awards, and determinations made and agree-
ments certified under the said Act *re* the basic wage and standard hours
prescribed thereby for adult male employees.

BASIC WAGE AND STANDARD HOURS INQUIRY 1961.

Variations of awards, determinations and agreements—Basic wage for adult male employees—Restoration of automatic adjustment provisions—Capacity of national economy to sustain basic wage—Indicators of the state of the national economy—Role of the Commission, the Commonwealth and States—Effect of "C" Series and Consumer retail price indexes—Standard hours of work—Rates of pay—Conciliation and Arbitration Act 1904-1961 ss. 33 (1) (a)(b), 36 (1), 70—Judgment delivered and awards, determinations and agreements varied.

1961.
MELBOURNE,
Feb. 14-17
21-24;
March 1, 2,
21-24, 27-29;
April 5-7,
11-14, 17-20,
26-27;
May 1-3, 5,
9-12, 17-19,
22, 23;
July 4.

Kirby C.J.,
Ashburner and
Moore JJ

On 4th November, 1960, and 23rd January, 1961, applications were filed on behalf of the Metal Trades Employers Association and The Amalgamated Engineering Union (Australian Section) and others for orders varying the above award dated 16th January, 1952,⁽¹⁾ as reprinted on 31st October, 1960⁽²⁾ and known as the Metal Trades Award 1952.

The applications came on for hearing before the Commonwealth Conciliation and Arbitration Commission in Presidential Session (Kirby C.J., President, Ashburner and Moore JJ., Deputy Presidents), in Melbourne, on 14th February, 1961.

On the same day, pursuant to section 36 (1) of the *Conciliation and Arbitration Act 1904-1960*, the Attorney-General, on behalf of the Commonwealth of Australia announced his intervention in the public interest.

R. J. Hawke and *E. G. Deverall* for The Amalgamated Engineering (Australian Section) and others.

J. H. Button for the Federated Moulders (Metals) Union of Australia.

A. Barty for The Boilermakers Society of Australia.

J. B. Holmes for the Australasian Society of Engineers.

P. J. Johnson for the Blacksmiths Society of Australia.

L. Short and *F. Dunn* for the Federated Ironworkers Association of Australia.

E. G. Coppel, Q.C., and *J. Robinson*, of counsel, for The Metal Industries Association of South Australia and others and for the Associated Chambers of Manufactures of Australia (intervening).

L. K. Gordon, of counsel, for Her Majesty the Queen in Right of the State of South Australia.

E. N. West for Her Majesty the Queen in Right of the State of Tasmania.

(1) 73 C.A.R. 324.

(2) 95 C.A.R. 905.

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- R. L. Gilbert*, of counsel, for Her Majesty the Queen in Right of the States of Victoria and Queensland and others.
- S. T. Frost*, of counsel, for the Attorney-General of the Commonwealth of Australia (intervening).
- R. D. Wilson* for Her Majesty the Queen in Right of the State of Western Australia (intervening).
- J. R. Kerr, Q.C., and V. Watson*, of counsel, for the Graziers Association of New South Wales and others (intervening).
- A. M. Richardson and G. L. Walker* for the Australian Council of Salaried and Professional Associations (intervening).
- C. E. Arnold* for the Administrative and Clerical Officers Association, Commonwealth Public Service and others (intervening).
- M. J. Ashkanasy, Q.C., and C. Turnbull*, of counsel, for the Australian Workers Union (intervening).
- A. F. Baird* for The Australian Dairy Farmers Federation (intervening).
- W. J. Cohn* for the Fixed Income Association of Western Australia (intervening).

Following the listing of the above applications, applications were filed by parties to the awards, agreements and determinations listed in the schedule to the judgment hereunder⁽¹⁾ for variation thereof insofar as the basic wage prescribed thereby for adult male employees is concerned.

These applications came on for hearing before the Commission in Presidential Session (*Kirby C.J., President, Ashburner and Moore JJ., Deputy Presidents*), in Sydney, on 23rd May, 1961, when the Commission, after hearing the parties to these applications, directed that the further hearing thereof be joined with the hearing of the applications above-mentioned. The joint hearing proceeded accordingly until 23rd May, 1961, when the Commission reserved its judgment.

On 4th July, 1961, the following statement was made by the President on behalf of the Commission:—

The members of the bench have reached unanimous decisions which, with the reasons for the decisions, are published in the judgment which is now handed down.

For the assistance of the parties and the public I now make the following statement on behalf of my colleagues and myself.

The decisions which the Commission has reached are set out at the conclusion of the judgment and are repeated in paragraphs 1 to 6 hereunder; the subsequent paragraphs contain rulings and guidance as to the extension of the decision in the main case to other cases and procedural matters.

(1) *Infra* at pp. 416-418.

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Decisions.

1. The employers' claim for an increase in the standard hours of work from forty to forty-two with a concomitant increase in the weekly wage equivalent to two hours pay at ordinary rates is refused.
2. The unions' claim for restoration of automatic quarterly adjustments is refused.
3. The basic wages of adult male employees covered by federal awards will be increased by a uniform amount of 12s. per week.
4. The new rates will come into effect from the beginning of the first pay period commencing on or after 7th July instant subject to special cases.
5. For the specific reasons set out in the judgment we consider that in February next the only issue in regard to the basic wage should be why the money wages fixed as a result of our decision should not be adjusted in accordance with any change in the Consumer Price Index and for the purpose of deciding that issue the order giving effect to the decisions hereby announced will also provide for the adjournment of the application of the unions for increase of the basic wages under the Metal Trades Award to Tuesday, 20th February, 1962, in Melbourne, when such submissions thereon as are desired to be made will be heard.
6. The decision regarding increases in basic wages is applicable to all the applications which have been ordered by the Commission to be joined for hearing and decision with the original application and those joined applications are stood over to a date after 20th February, 1962, to be fixed by the Commission.

Rulings and Guidance.

7. Applications already filed but not filed in time for joinder before the judgment, and applications filed after that date and which will be filed up to and including 14th July next, will be dealt with in Melbourne at 2 p.m. on 24th July next. Subject to submissions and any special cases it is proposed that in the case of applications filed before the delivery of the judgment the Orders will provide for the same commencing date of the new rates as in the original case. In other cases the parties are commended to confer and endeavour to reach agreement as to the commencing date but if the Commission has to decide the commencing date it intimates that the time of filing and serving applications will be an important factor.
8. In some cases in which a conditional joinder was made by the Commission a warning is given that some unions have not complied with the conditions imposed in relation particularly to filing affidavits of service and in relation to service itself. These defects must be rectified before Orders extending the main decision can be made in those cases.

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9. Those cases which were for various reasons stood over until after delivery of the judgment in the main case will be dealt with on 24th July.
10. In the Metal Trades Award and in awards generally the basic wage for adult females is prescribed at 75 per cent. of the basic wage for adult males. The result of the increase of the basic wage for adult males by 12s. per week will be to increase the basic wage for adult females in these awards to 75 per cent. of the new basic wage for adult males.
In those awards which do not contain such a provision but which prescribe basic wages for adult females of a stated amount equal to 75 per cent. of that for adult males the rate will be re-calculated to give effect to this decision.
11. In the Metal Trades and in many other awards the rates for juniors and apprentices of both sexes are prescribed at a percentage of the basic wage for adults in which cases the existing provisions of the awards will cover proportionate increases for such juniors and apprentices. In awards which do not contain such provisions applications may be made to the Commission and will be dealt with by the appropriate member of the Commission.
12. Where awards provide basic wages on other than a weekly basis—for example annual, monthly, daily, hourly or the like—these rates will be increased to give effect to the increase now prescribed for weekly basic wages. The base for such calculations shall be the increased weekly basic wage now prescribed and not the amount of the increase itself.
13. As stated in paragraph 4 the new rates generally will operate from the beginning of the first pay period commencing on or after 7th July instant subject to special cases. The types of special case we have in mind are those in which the period of pays is other than weekly or fortnightly.
14. The orders varying the awards before the Commission in this hearing will contain any necessary consequential variations and will be drawn by the Industrial Registrar and settled by him or a Deputy Registrar directed by him. It is pointed out that, pursuant to the Regulations, orders may be settled with or without notice to the parties.

The following judgment was then handed down by the Commission:—

DESCRIPTION OF CLAIMS.

There are two applications before us. The first is an application by the Metal Trades Employers' Association for a variation of the Metal Trades Award 1952 re hours of work, weekly rates of pay and other conditions. The second is an application by The Amalgamated Engineering Union (Australian Section) and other unions to vary the same award regarding the basic wage. The employers sought to increase the number of ordinary working hours per week from 40 to 42 with a concomitant increase in

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weekly wages by an amount equivalent to two hours pay at ordinary rates and to effect certain other consequential variations. The application by the unions asked for an increase in the basic wage on a six capital cities basis by the amount of 49s. (which was amended during the hearing to 52s.) and for the reintroduction of automatic quarterly adjustments based on the "C" Series Retail Price Index. The amount of 49s. claimed represented 27s. for the cost of living increases since 1953 and 22s. to reflect increases in productivity since that time and the 52s. represented 30s. cost of living increases since 1953 with the same amount of 22s. for increases in productivity.

The employers' application and the unions' application were heard together, there being no objection from any party to this course. It may fairly be said that, although from time to time reference was made to the claim of the employers, in essence it was the unions' claim which was to the forefront and with which all the parties principally concerned themselves. Accordingly, although the employers' claim was lodged with the Commission earlier in point of time, we propose to deal first with the unions' claim.

ROLE OF THE COMMISSION.

From time to time the Commission and the Court before it have endeavoured to make clear what is the role of the federal arbitral tribunal and what is its function in dealing with cases such as the *Basic Wage case* now before us. For instance, in the 1952-1953 *Basic Wage and Standard Hours inquiry* the Court pointed out that it was neither a social nor an economic legislature. It said that the exercise of its powers had—

" wide-spread social and economic results ";

but that it was

" not the function of the Court to aim at such social and economic changes as may seem to be desirable to the members of the tribunal ".⁽¹⁾

In the 1959 *Metal Trades Margins case* the Commission said:

" The true function of the Commission is to settle industrial disputes. In the settlement of disputes involving payment of wages, such as this one in which such issues have been raised, the Commission will bear in mind the various economic submissions made to it, including those about price rises and inflation; it will also bear in mind the fiscal and economic policies of the Government. It will not ignore the consequences to be expected from its actions but it will not deliberately create situations which would need rectification by Governmental action. It will not use its powers for the purposes of causing any particular economic result apart from altered wages although in the event the decision it makes may have other economic consequences."⁽²⁾

We agree with the views expressed in the passages just quoted and, indeed, many similar passages may be found in other decisions of the Commission and of the Court. We find it necessary to make general comments of this kind in view of certain propositions put to us which seemed to be founded on the assumption that we had jurisdiction to deal with economic matters at large. We are not national economic policy makers or planners. We are confined to the legislation under which we act and, in particular, in basic wage cases we have the function of deciding only what

(1) 77 C.A.R. at p. 506.

(2) 92 C.A.R. 793.

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is a just and reasonable basic wage. This does not mean, of course, that we have not to consider seriously the probable effects of our decision on the economy.

As Dixon C.J. said in *The Queen v. Kelly; Ex parte Australian Railways Union*:

“While an arbitral tribunal deriving its authority under an exercise of the legislative power given by s. 51 (xxxv.) must confine itself to conciliation and arbitration for the settlement of industrial disputes including what is incidental thereto and cannot have in its hands the general control or direction of industrial social or economic policies, it would be absurd to suppose that it was to proceed blindly in its work of industrial arbitration and ignore the industrial social and economic consequences of what it was invited to do or of what, subject to the power of variation, it had actually done.”⁽¹⁾

We now deal with a submission by Mr. Hawke that the reasons for judgment given in the 1960 *Basic Wage case* did not measure up to standards set out in the Fourth Annual Report of the President of the Commission under section 70 of the Act. Mr. Hawke quoted to us in support of his argument a number of extracts from that report and compared those extracts with what the Commission said in the 1960 judgment. We are unable to agree that the judgment in any way departed from the standards suggested by the President in his report. This tribunal deals in its reasons, as does any other tribunal, with only those submissions and facts which it considers to be relevant to its decision. We agree with what the President said in his report and we propose in this decision, as we did in 1960, to follow the principles he enunciated.

ROLE OF THE COMMONWEALTH.

The question of what weight the Commission should give to (1) the attitude and (2) the submissions of the Commonwealth Government was again raised in these proceedings. In the 1960 Basic Wage judgment we said:

“Such a clear statement of the Commonwealth Government’s attitude, supported as it is by submissions and economic material, is a matter which this Commission must seriously take into account.”⁽²⁾

We were there dealing with the attitude of the Commonwealth Government which in that case was positively stated to be one of opposition to a wage increase. This extract must be read in conjunction with an earlier extract from the same judgment in which we expressed our views as to the assistance which we received in basic wage proceedings from Governments. We said:—

“It is a matter for each Government concerned to decide whether it will appear before the Commission, and if so whether it will present material or state an attitude or both. It is obvious enough that the more comprehensive the material presented to the Commission by a Government, the greater the assistance the Commission derives from it, but it is not our province to attempt to influence Governments as to their attitude to basic wage cases.”⁽³⁾

It follows that as far as the attitude of the Commonwealth was concerned, because it was supported by submissions and economic material, it was a matter to be taken into account seriously.

⁽¹⁾ 89 C.L.R. 461 at p. 474.

⁽²⁾ 94 C.A.R. at p. 322.

⁽³⁾ *Ibid* at p. 316.

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It was when dealing with submissions as distinct from attitudes that the Commission said it accepted the submissions of both the private employers and the Commonwealth Government. It is clear from the words used in the judgment that it was these submissions and not the attitude of the Commonwealth Government which influenced the Commission in coming to its decision.

In this case a different situation arises. This year apart from the question of automatic adjustments we have had no stated attitude by the Commonwealth Government with which to deal. In our view we are not, in arriving at our decision, concerned with drawing inferences, as we have been asked to do, from the material and submissions on behalf of the Commonwealth as to whether it has an attitude or not, and if it has one what it may be. We point out in regard to the Commonwealth that it has followed its now usual practice of supplying for the benefit of the Commission and the parties certain economic and statistical information which it has at its disposal.

Because of a suggestion made in this case that the mere fact that the Commonwealth adopted an attitude before the Commission would result in that attitude being accepted, we unfortunately consider it necessary to repeat what we have said in the past that this simply is not so. It has not been so in the past and will not be so in the future. We wish to make it clear that any opposition to or support of any claim by the Commonwealth will be treated on its merits.

ROLE OF THE STATES.

The State of South Australia appeared before us but it made no submissions and called no evidence. The State of Tasmania indicated that it supported the unions' application for restoration of automatic adjustments plus an adjustment of the basic wage to the level as indicated by the present "C" Series Index. Although its representative indicated that some material might be presented to us by the Government of Tasmania in the event none was presented. The State of Western Australia neither supported nor opposed the application but produced information dealing with the economy of the State, particularly with current trends in it. The States of Victoria and Queensland neither supported nor opposed the application. Statistical material was presented on behalf of Victoria to show the effect on State departments and undertakings of an increase in the federal basic wage and it was pointed out that our decisions have wide-spread effect in that State. Similar statistical material was presented on behalf of Queensland, but in Queensland some 70 per cent. of employees are covered by State awards and in that State the Industrial Court fixes its own basic wage.

We have considered the material put to us by the States of Western Australia, Victoria and Queensland and have borne it in mind in coming to our conclusions.

ADJUSTMENT OF THE BASIC WAGE.

Mr. Hawke's claim for the reintroduction of automatic quarterly adjustments is based on two distinct arguments. The first one relates to the decisions of the Court and of the Commission since 1952-1953 about these

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adjustments. He critically analysed all the decisions from the 1952-1953 decision to the 1960 decision and submitted that the reasoning in each of these judgments was wrong and that there was in none of them any proper reason for rejecting the principle of automatic quarterly adjustments. His second argument can be considered independently of the earlier judgments. He submitted that it is wrong for the Commission to fix a wage based on the capacity of the economy and not to provide some machinery which will ensure that the value of the wage is not subsequently eroded by price movements when prices increase.

It is indisputable that at the time of its fixation the amount of a basic wage is both a money wage and a real wage, but the value of the real wage changes as prices move from the level at which they were at the time of the fixation. If prices increase then the value of the real wage decreases. If prices decrease the value of the real wage increases. In Mr. Hawke's submission it is not desirable that the real basic wage should between fixations by the Commission move in either way, but steps should be taken to ensure that it properly maintains its real level between fixations. In his submission a real basic wage should be determined from time to time by the Commission with some interval longer than one year between determinations and the value of that real basic wage between determinations should be maintained automatically by adjustment in accordance with a price index. Put in another way, when the Commission fixes a money basic wage it is in effect fixing an amount of goods and services which may be obtained by that wage. That amount of goods and services will vary if prices vary and if nothing is done to ensure that the level of goods and services represented by the basic wage is maintained the quantity of goods and services which the original fixation of the basic wage obtained for wage earners will decline as prices rise.

Mr. Hawke asked us to assume that the capacity of the economy does not diminish between basic wage fixations; in other words, that the country's capacity will increase or at least remain constant sufficiently for the goods and services which the basic wage can buy to remain available to employees from the basic wage portion of their wages. He said that if the capacity diminishes the Commission is of easy access and that the employers could seek corrective action. He does rely heavily, however, on the fact that over the whole of the last decade there has been a trend of increasing capacity in the community and that any period such as between 1951 and 1953 when capacity diminished are deviations from the norm. In our task of fixing a just and reasonable basic wage he submits we should concern ourselves with the norm and not the deviations.

In his submission the question of automatic quarterly adjustments should be considered as an integral part of the fixation of a just and reasonable basic wage as required by Section 33. Any fixation of a basic wage which does not include its adjustment in accordance with price movements is for that reason alone not a just and reasonable wage because its justice and reasonableness may be and in fact will be affected by price movements within a short period of its fixation. Justice and reasonableness must be related to what a basic wage can buy and not merely to

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money amounts and, he said, if we omit to make provision for the maintenance of the value of the real basic wage *ex hypothesi* that basic wage cannot be just and reasonable.

Mr. Hawke suggested that if the Commission were to provide for automatic quarterly adjustments the necessity for the Commission to consider annually the state of the economy would disappear. He put it that it is not practicable for the Commission to make a proper assessment of the nation's economy, including movements in productivity, every twelve months and give proper consideration to the fixation of a new real basic wage. Such an annual inquiry, he submitted, which is also in effect considering how price movements should affect the current basic wage, tends to have the two issues confused.

Sir Douglas Copland in his evidence supported the submissions of Mr. Hawke. In Sir Douglas' view social justice requires that the purchasing power of the basic wage should be maintained through some form of adjustment; the economic state of the basic wage earner in particular and of wage earners for whom the basic wage forms a large part of their total wage will deteriorate if their basic wage is exposed to reduction in real terms through price movements. He also thought that the more desirable course would be for the Commission to fix a basic wage say every three years when it would consider the state of the economy, including long term trends and improvements in productivity over a period, and between such fixations to have some machinery whereby the purchasing power of the basic wage is protected against price movements when prices rise.

To these general propositions of principle Dr. Coppel replied that the unions are now really asking the Commission to return to a needs basic wage as distinct from a capacity basic wage. In his submission the concept of capacity involves the abandonment of any concept that such a wage is related to any particular quantity of goods and services. It must follow from his submission that when we fix a basic wage in money terms we are concerned not with what that money will buy but with the money amount itself. He suggested that to pay regard to the goods and services which the basic wage may purchase is to return to the concept of a needs basic wage.

The Commonwealth although expressly opposing the reintroduction of automatic quarterly adjustments did not deal with Mr. Hawke's arguments but said: "As in recent hearings no elaboration of the Commonwealth's opposition to this would appear to be called for".

We consider Dr. Coppel's argument about a return to needs as being unfounded. It seems to us clear that the Commission and the Court before it have never ceased to recognise that although the criterion by which the basic wage is assessed is the greatest which the economy can afford, the purchasing power of the basic wage has always been a matter of importance. For instance, in the 1956 Basic Wage judgment the Court said—

"It must be remembered that the assessing of a basic wage at the highest which the economy can pay must of itself aim at the provision of the highest living standard for the wage earner which the community can afford."⁽¹⁾ (Cited in the Basic Wage judgment 1958.⁽²⁾)

⁽¹⁾ 84 C.A.R. 157 at p. 177.

⁽²⁾ 89 C.A.R. 296

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This does not mean a return to the old concept of needs. A needs basic wage assumes that there is a certain desirable quantity of goods and services which the basic wage should buy and the amount of money required to buy those goods and services is then assessed from time to time. That approach has not been adopted by the Commission; it has determined as best it could from time to time the highest basic wage in money which the economy can sustain, realising that that basic wage makes available to workers as the basic wage element of their wage, the greatest amount of goods and services which the economy can afford. One of the factors considered by the Commission on each occasion has been movements in prices. This approach was and is not a change to a needs concept but a realisation that the significant thing for an employee is not how much money he receives but how much that money will buy. When this is understood it seems to us that the employers' argument on principle must fail.

It is also relevant for us to consider the practical difficulty which would in the past have confronted both the Court and the Commission if they had attempted to ensure that a basic wage fixed by them could be properly maintained at its real level. As we will discuss later, the "C" Series Index was over a period becoming suspect and the Court and the Commission could not have relied on it to achieve a proper result. The emergence of the Consumer Price Index however has removed that difficulty and we are therefore now able to seek to ensure that the basic wage which we fix should, subject to our supervision, maintain its real standard; in other words, that employees should, between fixations of the real basic wage and subject to our supervision, continue to be able to purchase the same amount of goods and services with the basic wage portion of their wage. We add that amongst other things the emergence of the Consumer Price Index has also enabled us to fix at this time a standard which, in our view, is more likely to be properly maintainable than recent past standards.

Having reached this conclusion that the principle of the maintenance of the purchasing power of the basic wage can now be adopted for the reasons given we find it unnecessary to deal with Mr. Hawke's closely argued review of earlier decisions.

We turn now to a comparison of the "C" Series Retail Price Index and the Consumer Price Index. Although the application was based on the "C" Series Retail Price Index Mr. Hawke indicated during the hearing that he did not positively oppose the use of the Consumer Price Index, although the trade union movement had not yet defined its attitude towards this index. Sir Douglas Copland referred to the Consumer Price Index as "more modern, probably a realistic index". As far as the "C" Series Index is concerned the Statistician himself has indicated that he considers the "C" Series Index no longer a reliable index under present circumstances and on a number of occasions the Commission itself has commented on its unsatisfactory nature. This unreliability would appear to be a post-war phenomenon and something which has become progressively worse. In 1950 Foster J. was able to say: "I am of opinion that for the Court's purpose the 'C' Series is adequate, satisfactory and should not be altered". The same Judge in 1959 whilst being prepared to use that index then said: "I repeat however, that a better index should be provided as soon as possible".

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In our view the material available demonstrates the superiority of the Consumer Price Index over the "C" Series Retail Price Index. The former is an index recently constructed by the Commonwealth Statistician in order to give a proper and accurate up-to-date coverage of movements in retail prices. The latter index on a regimen constructed many years ago can no longer in our view be considered reliable for wage fixing purposes. We find the Consumer Price Index suitable under present circumstances for the maintenance of the purchasing power of the basic wage we will now fix.

The question now arises as to how we are to use movements in the Consumer Price Index. Since 1956 there has been an annual review of the basic wage and in each such review the question of prices has been considered together with other matters in the economy. In his 1959 judgment the President said:

"I would emphasise that the annual review of the amount of the basic wage by a presidential session of this Commission is a substitute in every way for arbitrary adjustment by an index which has to do with one factor only of the many making up the economy."⁽¹⁾

In the 1960 Basic Wage judgment we said:

"The alternatives which emerge from the submissions in these proceedings are either the fixation of a basic wage for an undefined period, the money amounts of the wage being automatically adjustable by movements in a price index, or the fixation of a basic wage each year. In our view, bearing in mind the interest of employees, employers and the public generally, the second alternative is preferable, and the Commission should continue to fix that basic wage which it considers to be just and reasonable knowing that the amount which it fixes will be the basic wage for the ensuing twelve months and will then be reviewed."⁽²⁾

Prior to the publication of the Consumer Price Index the movement of prices as indicated by the "C" Series Retail Price Index had become over the years progressively less satisfactory. Now that there is a new price index upon which greater reliance can be placed as an up-to-date assessment of the movement of retail prices we think that what the President said in 1959 and what we said in 1960 is no longer adequate.

The only alternative to annual review which has been debated before us is the reintroduction of automatic quarterly adjustments. Dealing first with the question of automatic adjustment, it is true, as Mr. Hawke pointed out, that for some thirty years automatic adjustments based on movements in a price index were used to maintain the level of the real basic wage. On the material before us we are not prepared to go back to a system whereby adjustment is purely automatic. Indeed Mr. Hawke himself said that he would not oppose some system whereby each quarter the Commission might hear brief argument from employers as to why the retail price movements should not be given effect to in the basic wage. We certainly feel that there should be some safeguard. In the first place although we prefer the Consumer Price Index to the "C" Series Retail Price Index we are not prepared to assume that it will at all times so accurately measure movements in retail prices that we are prepared to apply its workings automatically to our basic wages.

In his paper on *Prices, Productivity, Wages and Inflation in The Economic Record*, March, 1960, Professor Downing points out that for three reasons, namely, responses to changes in relative prices, development of new products and new tastes, and the concentration of technological improvement

⁽¹⁾ 91 C.A.R. at p. 685.

⁽²⁾ 94 C.A.R. at p. 318.

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on commodities likely to be excluded from price index regimens "price indexes are not highly reliable, especially over long and disturbed periods, and are in general likely to overstate price rises".

In the same article Professor Downing gives examples of price rises in circumstances in which *prima facie* "workers should take some share of the burden, and should not be able to pass it on completely by securing an increase of money wages." One example given by Professor Downing is the movement of import prices, a matter referred to in the 1957 Basic Wage judgment.⁽¹⁾ Further, we do not resile from the position that adjustment which is automatic in accordance with a price index may be incompatible with a wage fixed on the principle of capacity to pay. As was illustrated in the years 1950 to 1953 the capacity of the economy may decline in a period of rising prices.

We therefore are not prepared to restore a system of automatic adjustments. We consider it desirable that the application of the Consumer Price Index should always be subject to control by the Commission and that the Commission should be able to decide whether a particular increase or decrease in the figures as disclosed in the Consumer Price Index should be applied to the basic wage. Our present opinion is that this consideration of prices should take place annually. We will each year make the assumption that the effect of movements in the Consumer Price Index should be reflected in the basic wage unless we are persuaded to the contrary by those seeking to oppose the change. As the basis of our decision is the desirability of maintaining the value of the real wage based on the concept of national capacity, the appropriate matter for consideration would appear to be what should be the effect on the six capital cities basic wage of movements in the six capital cities index. The resulting figure will be applied to all federal basic wages.

Since such a consideration of price movements is to take place annually the question remains whether the Commission should at the annual hearing continue to review all factors in the economy to decide whether or not to change the level of the real basic wage. It seems to us that once the question of prices is dealt with otherwise a review of the economy generally and in particular of productivity increases could more properly take place at longer periods of time, say, every three or four years. This statement of our views does not, of course, preclude any party from seeking to exercise its right to come to the Commission more frequently than every three or four years to seek a change in the real basic wage but, except in unusual circumstances, we consider such a period a proper interval between reviews of this kind.

As will appear later in these reasons, we have come to the conclusion that the basic wage which we now fix takes into account increases in productivity up to June, 1960. That being so, we anticipate that in the absence of special circumstances the next review of the basic wage will be a review only of the money wage and not the real wage; in other words, only a consideration of price movements. We anticipate that we will not be

⁽¹⁾ 87 C.A.R. 437 at p. 447.

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required to review the real basic wage for some three years. If our anticipation is correct, in the proceedings next year the only issue will be whether or not the money wage should be adjusted in accordance with any change in the Consumer Price Index. The onus will be on the party opposing such an alteration to show that it should not be made. If the price index has risen the unions may rely *prima facie* on that fact. It will then be for the employers to show that the increase in prices is of an exceptional character such as those referred to by Professor Downing so that it should not be reflected in a basic wage increase or that there is some special factor in the economy which would make it inadvisable to allow the increase.

In his submissions Mr. Frost said: "In whatever use is made of indicators, the Commission should take a long run view of trends operating and not be too greatly influenced by short run changes from year to year. . . . If the Commonwealth so often appears to be sounding a warning note in these inquiries, it is because it feels consideration of the long run trends in these respects is in danger of being overwhelmed by the volume of material relating to short run trends." Although this submission was made in a different context, it emphasises for us one of the problems we feel about the present method of annual review. We have felt in the past some difficulty in endeavouring to make a satisfactory assessment of the economy from the long range point of view every twelve months. This difficulty was referred to by Sir Douglas Copland and has played its part in our decision to attempt to confine short term considerations to price movements only and to allow a longer period of time between considerations of the long term trends in the economy. By adopting this procedure the Commission feels it will be able more properly to examine the economy and not to be too greatly influenced by short run changes from year to year.

Mr. Frost also said on the subject of departure from past practices in relation to basic wage cases: "The Commission should not be inhibited solely on that account nor necessarily be afraid to experiment or feel itself constrained by concepts which, if fitting the circumstances of other times, may have ceased to be appropriate in current economic conditions. The activities of the Commission must of necessity keep pace with changing ideas and concepts. Nevertheless the Commission would need to weigh carefully the advantages and disadvantages before embarking on a new course." It is true that this submission was made in the context of a particular question, but it does express in a concise form a view which the Commission itself holds. We would add that changes in economic conditions may not be the only reason why the Commission may consider it desirable to depart from past practices. We consider it to be of importance that the Commission should not only consider itself open to depart from past practices when the occasion demands, but that it should make it quite clear that this will happen when the Commission, after due and careful consideration, considers it necessary. This concept is fundamental to our decision to depart from what has become the practice of having annual reviews of the basic wage in which the question of price increases is only one of a number of factors and is not given any special status.

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PRODUCTIVITY.

The unions have claimed in this case that there should be an increase of 22s. per week in the basic wage, based on an estimated 1 per cent. per annum increase in productivity over the last decade. They submit that an examination of basic wage fixations since 1952-1953 shows that no proper allowance has been made in the amounts awarded for increases in productivity. In support of their claim they called Sir Douglas Copland and relied on the writings of other economists.

Sir Douglas Copland's method of calculating productivity was to take the Gross National Product for each year, deflate it by a price index and divide the figure corrected for prices by (a) population and (b) the total of wage and salary earners in civilian employment. Of the two resulting tables he said that he regarded the one based on population as the "key" one "because it gives the proper picture for such a thing as the altered age distribution of the population". Mr. Hawke submitted that the table based on employment is the better guide from the point of view of wage fixation and was supported in this by a passage in *Memorandum on Wages and Price Movements* of the West German Reserve Bank which stated: "The general economic expansion in 1959 was coupled with a steady rise in wages and salaries. On the average of that year gross wages and salaries per employed person rose by about 4 per cent. During the same period there was an equal increase of roughly 4 per cent. in the real gross national product per person gainfully employed, which is usually treated as a measure of overall productivity." The passage, however, went on to warn that "such figures afford only rough indications" and Sir Douglas said that "productivity is something that is extremely difficult to measure accurately. You can only get indications that it has moved up, and there is no doubt about that." He calculated movements in productivity in such a way as to produce a result showing an increase of 2.6 per cent. per annum from 1952-1953 to 1959-1960. He made it clear that this was an approximate result and that other methods could be used. Mr. Hawke submitted that by taking 1 per cent. per annum the unions had clearly allowed for a safe margin of error.

Sir Douglas also expressed the view that in order to estimate movements in productivity properly it is necessary to look at a period of a decade at least and that his figures indicated a continuous trend over the period in question to higher productivity per person employed. He put his views about productivity in the context that a retail price index should be used for automatic adjustment of the money basic wage and that there should be periodic reviews over a longer period of time of the amount of the real basic wage. One of the vital things which would come into that review would be the movement in productivity but that would not be the only factor. He also said that he did not believe that productivity in the current year would increase by $2\frac{1}{2}$ per cent.

The question of productivity has been mentioned from time to time in various judgments of the Commission and there is really no dispute between the parties that workers are entitled to their share of increases in productivity. The issues between the parties are whether productivity can be measured with reasonable accuracy and whether in fact through wage increases workers have received their share of increased productivity.

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Sir Douglas emphasised that his was an approximate measure. Unfortunately we cannot award approximate wage increases but we have to make a decision as to actual amounts. It is therefore important to attempt to ascertain what degree of accuracy can for our purposes be expected from measures of productivity. The table which Sir Douglas produced used 1952-1953 as its starting point and used as a deflator an index which was the mean of the Wholesale Price Index and the "C" Series Retail Price Index. As we have said, he then produced two tables, one based on the Gross National Product divided by population, the other the Gross National Product divided by wage and salary earners in civilian employment. On these figures there had been up to 1959-1960, the latest year for which figures are available, a movement of some 19.5 per cent. or 2.59 per cent. per annum on the productivity figure based on population, and a movement of 19.96 per cent. or 2.64 per cent. per annum on the figure based on persons employed. The real average weekly earnings over the same period had increased by 18 per cent., whereas the real basic wage had in fact decreased.

In answer to this the employers produced a similar calculation but using the Consumer Price Index as a deflator and using the year 1949-1950 as the base year. If this is done the movement of productivity based on population is only 8.7 per cent. for the whole period. The movement in productivity based on employment is 17.3 per cent. or 1.6 per cent. per annum. The average weekly earnings have moved 24.9 per cent. as compared with Sir Douglas' 18 per cent. and the basic wage has moved 18.8 per cent. as compared with a slight decrease on Sir Douglas' table. If the employers' table is accepted the real basic wage has in fact increased slightly more than productivity measured per person employed and some 10 per cent. more than productivity measured on a population basis.

A comparison of the two sets of calculations highlights the difficulty which confronts us. Dr. Coppel in tendering the employers' calculations emphasised that the employers did not regard this as of any assistance to us in determining the basic wage but simply tendered it in answer to the material supplied by Sir Douglas. The table does show that by taking an earlier year and a different deflator a significantly changed result can be obtained. We consider that the two sets of figures confirm Sir Douglas' caution that productivity figures should be used only to demonstrate a trend.

We now turn to the issue whether the basic wage has kept up with increased productivity. Sir Douglas, in discussing his table, said: "We are measuring productivity from year to year, not absolutely. It is the change in productivity that is the relevant thing in the whole of this table, and you cannot get any significant results by taking a change for two or three years—you want a period of a decade at least—and that is why it is much easier to-day to deal with the significance of productivity in the economy than it was eight or nine years ago." In justifying taking 1952-1953 as his starting point Sir Douglas said that his prime reason was that it was the last complete year in which automatic adjustments operated; further, he was concerned with looking at the picture of the movement in the real basic wage and the movement in productivity so he took the year 1952-1953 as the base year in each case, which was quite relevant provided 1952-1953

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was not an abnormal year. He said that 1950-1951 was the most distorted year in the present century in Australia and that 1951-1952 was also an abnormal year so that neither should be taken as a base. He found 1952-1953 on the whole satisfactory; as to 1949-1950 he said on one occasion that he did not think there was anything wrong with it as a base but that it was disqualified by enabling the introduction of the two abnormal years that followed, thus "distorting the real picture"; on another occasion that he had never looked at 1949-1950 carefully enough. We cannot agree with Sir Douglas that 1952-1953 is a satisfactory base year from which to compare increases in productivity and increases in the real basic wage. From 1949-1950 to 1950-1951 productivity per person employed increased by some 13.5 per cent. owing mainly to the inclusion in the Gross National Product for 1950-1951 of the abnormal wool cheque of that year. The basic wage fixed in December, 1950, deflated by the Consumer Price Index for the quarter ending September, 1950, increased the December, 1949, basic wage in real terms by some 18 to 19 per cent. For the years 1951-1952 and 1952-1953, following the collapse of the boom, productivity per person employed declined to approximately the 1949-1950 figure. But the real basic wage during those years was approximately maintained at the December, 1950, level because the money wage was automatically adjusted in accordance with the "C" Series Index. In other words, in 1950-1951 productivity went up and the real basic wage went up; in 1952-1953 productivity had sharply declined from the 1950-1951 figure but the real basic wage had been maintained at the 1950-1951 level.

Mr. Hawke submitted that it would be wrong to take 1949-1950 as the base because an increase might have been made in the real wage prior to the boom had the 1950 basic wage case finished earlier; in other words, the 1949-1950 real basic wage might have been higher had there been a fixation in that year. That is possible but we cannot speculate on what such possible increase might have been; and it is clear from the judgments of the majority of the Court in 1950 that the boom was an important factor to them. Sir Douglas conceded that the years 1950-1951 and 1951-1952 were abnormal and should not be used as a base. For the reasons given we think that 1952-1953 was abnormal for the purpose of the relevant comparison and that 1949-1950 is more satisfactory to take as the starting point. Having formed these opinions on the material before us it follows that in our view the 1960 basic wage properly reflected increased productivity in so far as that can be approximately measured.

It was further urged upon us by the employers that we should look at average weekly earnings as the true indication of whether increases in productivity had been distributed to the work-force. It was submitted that the only relevant thing to be measured against productivity is what is in fact earned and not the basic wage. If employees are in fact earning sums of money however computed which are keeping up with increases in productivity then productivity is being properly distributed and on the calculations both of the employers and the unions average weekly earnings have kept up with productivity.

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In support of their argument that productivity has been distributed in average weekly earnings and that that is a proper way to distribute it the employers referred to the West German Reserve Bank Memorandum. This did use movements in productivity calculated in a way similar to that used by Sir Douglas as a means of assessing whether wages should or should not be increased, but it would appear from a reading of the document as a whole that it was concerned with total wages and not with portion of a wage. Sir Douglas gave his evidence about the basic wage in the belief that he was dealing with a claim to increase a wage for basic wage earners and those on low margins but not necessarily to increase wages generally. In other words, he was not contemplating that a basic wage increase would necessarily cause an appreciable increase in average weekly earnings.

It may be correct that as an overall economic proposition the important and significant thing to be considered in relation to the distribution of productivity increases by increased wages is the overall wages paid and not the basic wage. The relevant consideration for the Commission in fixing a basic wage is whether, if average weekly earnings properly reflect increased productivity but the basic wage does not, there is room for an increase in the basic wage based on the same increased productivity. In view of our finding that the 1960 basic wage does reflect increased productivity it is not necessary to decide that difficult question on this occasion.

CAPACITY OF THE ECONOMY.

We pass now to a consideration of the capacity of the economy. During the case it was suggested to us that the most important factors are the closely allied questions of the state of our rural industries, our balance of payments, and the competitive position of our secondary industries. We therefore propose to deal first with these indicators and then to consider the other indicators which have customarily been used in basic wage cases.

RURAL INDUSTRY.

General.

Mr. Hawke's basic proposition was that farmers are engaged in an industry which is by its very nature subject to fluctuation, the main cause of the fluctuation being changes in prices received, a matter which cannot be affected by any decision of the Commission. He said that in the past the Commission had been over-concerned with every change in circumstances of rural industry. He pointed out that the great majority of employees with whom we are concerned are non-rural workers and accordingly the importance of the state of the rural industry can be over-emphasised in basic wage fixation. He also pointed to the concessions which the farming community received from the legislature by way of tax concessions and things such as special freight rates on railways.

As far as rural production is concerned, he referred us to a statement made by the Minister for Primary Industry to a meeting of the Australian Agricultural Council on 9th February, 1961. The Minister referred to the particularly favourable season for the production of cereal crops, with

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record crops of wheat, barley, oats, tobacco, and a post-war record for maize. After pointing out the somewhat less favourable conditions in the dairying and pastoral activities, the Minister said that "the rise in agricultural production will more than outweigh the fall in production of livestock and livestock products, and that the aggregate volume of rural production in 1960-1961 will be some 5 per cent. higher than last year". The Minister, however, said that price movements, particularly in the wool market, have on the whole been unfavourable to the rural producer and it is expected that the gross value of rural production in 1960-1961 will be some £6 m. less than in 1959-1960. He said that the volume of exports in 1960-1961 should be the second highest ever achieved, only two to three per cent. below the record set in 1959-1960. The value of those exports, however, is expected to be less and so also is the expected farm income. It is expected that farm income may fall to £430 m., a drop from last year of £42 m. in estimated farm income.

However, there was a rise of 34 per cent. in farm income between the third quarters of 1959-1960 and 1960-1961 following falls of 35 per cent. and four per cent. for the first and second quarters which was largely the result of a change in the seasonal pattern in receipts of both wool and wheat. In money terms this was a rise from £103 m. to £138 m. (*Quarterly Estimates of National Income and Expenditure*, March Quarter 1961).

Professor Campbell was called by the employers to deal with the state of rural industry generally. He pointed out on the national income statistics for 1959-1960 that the rural sector did not fare as well as other sectors of the economy. During the past four years farm costs have averaged an increase of £30 m. per annum. Most competing suppliers of agricultural products on world markets, he said, have been much more successful in controlling the inflation of farm costs than Australia.

On the question of rural productivity Professor Campbell produced an index of the quantum of rural production which, he said, on the reasonable assumption that the rural work-force has remained constant, gives an indication of movements in rural productivity.

*Index of Quantum of Rural Production.**All Farming.*

(Base: Average 1936-1937 to 1938-1939=100).

1936-1937 97	1945-1946 92	1954-1955 123
1937-1938 104	1946-1947 91	1955-1956 131
1938-1939 99	1947-1948 109	1956-1957 131
1939-1940 107	1948-1949 109	1957-1958 124
1940-1941 97	1949-1950 115	1958-1959 149
1941-1942 104	1950-1951 109	1959-1960 145
1942-1943 102	1951-1952 103	1960-1961 152*
1943-1944 100	1952-1953 121	
1944-1945 88	1953-1954 122	

* Estimated by B.A.E.

Source: Commonwealth Bureau of Census and Statistics.

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From this Professor Campbell drew the conclusion that in the last two years there has been a hiatus in the advance of rural productivity. However, adopting the view which appears to us to be the only sound one, that is, of looking at productivity over a long period, the high figure of 149 for 1958-1959 is explained both because there was a recovery from the drought of the earlier year and because there was an exceptionally good season. If one takes those matters into account and also takes into account the fact that 1957-1958 was a drought year then there does appear to be a general increase in rural productivity over the past ten years up to and including 1960-1961.

Professor Campbell said that as the main source of investment for farmers is from their own incomes we should not by any action of ours cut into that source because if we do we would seriously inhibit the chances of substantial rises in productivity. It would seem to us, however, that on the figures produced it is not possible to find a statistical link between increases in the basic wage and any change in the trend of rural productivity. We will deal with this in more detail when considering the wool industry.

The significant element in the short term for changes in rural productivity seems to be the nature of the season and, in the longer terms, improved technique. The former cannot, of course, be affected by any decision of ours and the latter largely depends on investment.

We are not unmindful of the fact referred to by Professor Downing in his article in *The Economic Record* of March 1960 that when considering economic welfare it is necessary to bear in mind the terms of trade as well as the physical volume of production. Since 1956-1957 our terms of trade have not moved consistently downwards although overall there has been a downward movement and the latest figure for December 1960 indicates terms of trade the same as those for 1958-1959 which were the worst since 1945-1946.

Wool.

Estimated production of wool for 1960-1961 is 1,616 m. lbs., a fall of some five per cent. from last year's record of 1,689 m. lbs. This estimate is, however, higher than the production of any earlier year other than 1959-1960. The price of wool has varied considerably over the last few seasons. For the year 1957-1958 it was 62.45d. per lb. greasy; for 1958-1959 it was 48.57d. and for 1959-1960 it was 57.78d. The average for the six months ended 31st December, 1960, was 49.82d. For the seven months ended 31st January, 1961, it was 50.22d., for the eight months ended 28th February, 1961, it was 51.01d. During March, 1961, the average price per lb. was 54.84d. and the latest figures available to us, namely, 19th May, 1961, indicated that during April the figure had tended to rise but that by 19th May it was starting to decline slightly. This improvement in prices was calculated by Mr. Hawke to indicate an improvement in income from wool of some £34 m. against the estimate which was put to the Commission in the *Annual Leave case*.⁽¹⁾ In these circumstances it might appear on the surface that the position of the wool industry although not strong is improving.

⁽¹⁾ 96 C.A.R. 206.

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The employers asked us to look more deeply and produced both Professor Campbell and Mr. Chislett to assist us in this task. Their theme is that the future of the wool industry depends on investment, that investment comes from the income of the wool-grower and that the wool-grower will and indeed can only invest when his income is adequate. At the present time, they say, the wool-grower is caught in a cost-price squeeze which precludes him from earning sufficient income to invest in improvements. This squeeze is brought about by the combination of the high costs paid by wool-growers and the low prices received by them. If we aggravate this position by increasing the basic wage, the witnesses said, then investment will become less and less, involving less production of wool which, combined with lower prices, will not only lose income for farmers but will mean less national income from our principal export. There seems to be no evidence, they say, on which to base an expectation that wool prices will increase greatly because overseas manufacturers through installation of new machinery are now able to switch at will from wool to synthetics and because the strategic stock-piling of wool has ceased, particularly in the U.S.A. If we assume the existence of new markets in the East, we cannot expect them to be high price markets because of the nature of the economy of our potential customers.

To this the unions made a number of replies. First, of course, was the significant increase of the price of wool from about 48d. to some 55d. a lb. from November to May, not perhaps as significant in itself as in being an indication of what might be expected in the new season. This, they say, is a sign hopeful for the future of the industry. This rise in price is not fortuitous but is based on the emergence of the U.S.A. from a recession which is stimulating economic activity in the whole western world and also on action by the Japanese Government in freeing the import of wool from controls. As to the current decline in production, the unions suggest it is not evidence so much that investment is declining as that mixed farmers who grow both wool and wheat are turning from wool to wheat because wool prices have dropped.

As to the cost-price squeeze, it was submitted that the only meaningful economic test can be unit cost of production. Total cost can only be meaningful if the number of units produced for that cost is known. Therefore merely to say that costs have gone up for the wool-grower is of no assistance unless it is known how unit cost of production has fared.

Both the employers' witnesses said that, although unit cost of production may be usually more meaningful than total costs, in this industry, because investment came from income, total costs were more significant. In fact we would add there was no evidence before us of unit cost of production.

An allied argument by the unions was directed towards the method of investment in the industry. It was argued that because wool-growers choose to invest out of income rather than to seek other avenues of finance when their incomes might not be adequate should not be used against workers who are principally engaged in secondary industry. It was put that wool-growers, in the same manner as secondary producers, should seek finance for improvements when necessary from sources outside their own incomes.

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Another matter referred to by the unions is that the taxation law permits some expenditure on improvements to be taxation deductions and therefore some improvements may have been taken into account before net income is arrived at. This makes it even more difficult to assess the significance of net income when considering investment because investment in some improvements has been deducted already.

Moreover, it was argued that the only wool-growers who could be in any significant difficulty are marginal wool-growers. Mr. Hawke drew our attention to a number of learned works on agriculture generally, including one by Professor Campbell, which made the point that it is inevitable that the number of persons who are able to be sustained by agriculture must relatively diminish. This applies not only to land-owners but to employees because a combination of lower prices for rural products, plus the necessity for improved techniques including mechanisation, means holdings must become larger and the number of persons engaged in rural pursuits must become relatively less. The Commission should not, Canute-like, attempt to stem the tide of historical inevitability, by keeping down the basic wage.

The Bureau of Agricultural Economics ratio of prices received for wool to prices paid by farmers since 1949-1950 is as follows:—

B.A.E. Index of Prices Received For Wool and B.A.E. Ratio of Prices Received for Wool to Prices Paid by Farmers.

(Base: Average of 5 years ended June, 1950=100).

Year.	Index of prices received for wool.	Index of prices paid by farmers.	Ratio of prices received for wool to prices paid.
1949-1950	167	117	143
1950-1951	377	139	271
1951-1952	192	175	110
1952-1953	216	188	115
1953-1954	212	191	111
1954-1955	186	192	97
1955-1956	159	199	80
1956-1957	207	209	99
1957-1958	164	215	76
1958-1959	127	214	59
1959-1960	151	219	69
1960-December Quarter(p) ..	131	226	58 (p) Provisional

We must conclude from these figures that generally speaking the wool-grower is suffering from a combination of lower prices and higher costs, the so-called cost-price squeeze, despite the fact that some of the rising costs are costs of improvements and increased rates of depreciation. The extent of the squeeze is by no means clearly definable, nor is the result that any increase in the basic wage may have.

Costs, of course, need not rise automatically with wage increases. The action which increases costs is taken independently by those who fix prices. In this regard we refer to the address made by Dr. H. C. Coombs to the

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Australian and New Zealand Association for the Advancement of Science in Perth on 26th August, 1959, in which, amongst other things, he said—

“The tendency of prices to ‘creep’ upwards in periods when total demand is not excessive and even when it is mildly deficient derives in part from the attitudes of people—those who make decisions in business and those whose passivity towards such decisions reduces the natural resistance to higher prices. Let us look for a moment at some of these attitudes and consider how far they are wisely based and in the interests of those who hold them.

Consider the pricing policies of industrialists and traders. No doubt some degree of competition prevails over a wide range of industry and commerce but there are degrees of monopoly and tacitly accepted practices which mean that prices are determined by management rather than by the market for a wide range of goods and that within significant margins producers can decide at what prices their goods shall be sold. In these circumstances the policies of the management are important.

First, management appears to assume that increases in costs should and can be passed on—and so far as can be judged from the evidence available it appears to be broadly true that in Australia such increases in manufacturing and distributive industries can, in fact, be passed on. Whether this is due to a high degree of monopoly in our industrial structure, elements which are being increased by the current popularity of ‘take-overs’, or to inadequately developed ‘price-consciousness’ on the part of our consumers is difficult to judge. But it tends to make our industries less responsive than they should be to measures which by increasing productivity could reduce costs or alternatively avoid their being increased.

A similar attitude seems to prevail towards the results of improvements in productivity. In manufacturing industry, especially, there is a strong trend towards methods which reduce the unit cost of production—sometimes in quite dramatic terms. It is hard, however, to find examples of products which as a consequence are sold to the consumer at lower prices. Manufacturers in such circumstances will sometimes produce a better article at the old price—they will frequently produce a more elaborate article or one which is more expensively advertised or sold with more elaborate and prestige building services. The trend over recent years for the costs of advertising, packaging, and retailing to absorb an increasing proportion of the final selling price to the consumer is a clear indication of the industrialist’s conviction that to reduce prices is not good business.

This attitude makes it difficult if not impossible for the community at large to obtain the benefits of increasing productivity through being able to buy at lower prices and therefore having a surplus to devote to other forms of consumption or to savings.”

The attitude of management discussed by Dr. Coombs is of course not universal, as he himself indicates; in fact, as will appear later, material was put before us which indicated that in 1960 in certain consumer goods industries prices fell in spite of wage increases. But Dr. Coombs’ comments support our conclusion that in spite of the employers’ submission to the contrary costs need not rise automatically with wage increases.

It cannot be denied and, indeed, was not denied by Mr. Hawke that increases in the basic wage will lead to some increases in prices. In some cases it may fairly be said that such increases are inevitable. Therefore an increase in the basic wage must lead to some increases in costs to the wool-grower amongst others. But it must not be forgotten that the wage earner has also been exposed to increased costs and we must weigh as best we can the result both to the wool-grower and the wage earner and the nation’s economy of an increase in the basic wage.

As to the argument about sources of investment for individual pastoralists it appears from what was said before us to be accepted as a fact that they do not, generally speaking, seek finance from sources other

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than income. As a wage fixing tribunal it is not for us to change or seek to change this practice but in our view the fact that it may exist should not cause us to withhold an increase in the basic wage which would be justified on the general capacity of the economy including the wool industry. Similarly we must face the fact that there are marginal producers, some of whom may be soldier settlers encouraged to go on the land by governmental policy. It is true, as Mr. Hawke pointed out, that our function is to concern ourselves primarily with justice for wage earners but in viewing the economy as a whole we cannot overlook the existence of marginal producers, though we consider that their economic importance has been over-emphasised by the employers in these proceedings. We must look at the wool industry as a whole and, bearing in mind the gradual increase in prices this season, we do not consider the state of the industry to be such as to preclude an increase in the basic wage at this time.

Wheat.

The position of wheat as disclosed in *The Wheat Industry* for March, 1961, is that for the year ended 30th November, 1961, the production will be 270.9 m. bushels as compared with 198.5 for 1960 and 215.1 for 1959. Estimates for the exports of wheat for the year ended 30th November, 1961, are not yet available, but for the year ended 30th November, 1960, exports were at the high figure of 97.6 m. bushels. From our general knowledge it would appear that during the current year the export position of wheat should remain satisfactory. Export income from wheat could exceed £100 m. as compared with £77 m. last year.

It was put to us through Professor Campbell that although the production of wheat might be satisfactory the costs of production were becoming increasingly great and that this was causing the wheat industry to get into "its present predicament". Mr. Hawke analysed for us in some detail these costs of production figures and it becomes necessary to study them closely to appreciate the significance of this argument about costs. Professor Campbell produced for us a table showing cost of production of wheat per bushel and the average export price. To these figures Mr. Hawke added the yield assumed for the purposes of the wheat stabilisation scheme, the actual yield and an estimated cost of actual yield. As Mr. Hawke agreed, this estimated cost may be a little low but even so it is sufficiently accurate in our view to demonstrate the dangers of considering the "cost of production" which is established for the purpose of the wheat stabilisation scheme. In our function of looking at the economy we are concerned with what in fact is happening to wheat farmers as far as costs are concerned, not what may be imputed as costs for a stabilisation scheme. The

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following table sets out both Professor Campbell's and Mr. Hawke's figures:—

WHEAT COST OF PRODUCTION AND AVERAGE EXPORT PRICES.

Year.	Yield bushel per acre.		Cost per bushel.		Average export price per bushel.
	Assumed for scheme.	Actual	Assumed for scheme.	Estimated on actual yield.	
			s. d.	s. d.	s. d.
1953-1954.. .. .	13.5	18.4	12.7	9.3	16.7
1954-1955.. .. .	13.5	15.2	12.7	10.9	14.6
1955-1956.. .. .	13.5	19.2	13.1	9.2	13.4
1956-1957.. .. .	13.5	17.1	13.8	10.9	13.6
1957-1958.. .. .	13.5	11.0	14.2	17.3	14.6
1958-1959.. .. .	15.5	20.7	14.6	10.10	13.10
1959-1960.. .. .	15.5	16.3	14.10	14.2	13.4
1960-1961.. .. .	15.5	19.9	15.2	11.9	13.5

Another point Mr. Hawke made was that when in 1958 a new stabilisation scheme was introduced various factors were changed and in particular the assumed value of a holding and the assumed rate of interest on capital were changed. If the 1958 scheme had applied in 1957-1958 wages which under the existing scheme were 21 per cent. of net costs would have become 16 per cent., whereas the interest which was 23 per cent. of net costs would have become 38 per cent.

This means that for our purposes the "cost of production" figures used for the stabilisation scheme must be treated with reserve. This attitude is confirmed in a book called *Economic and Technical Problems of Australian Rural Industries* by Dr. Williams. He said: "It is important to appreciate, in any assessment of the outlook for a particular commodity, that a direct comparison of the computed cost of production as used in the price stabilisation scheme, with the prices prevailing in overseas or home markets, presents a misleading picture of the economic position of producers." We add that Professor Campbell explained that in his view what he had done was not inconsistent with what Dr. Williams said in that he was attempting only to indicate the "guide to movement in costs over a period".

Professor Campbell also suggested that Australia had become a high cost exporter of wheat. In answer to this suggestion Mr. Hawke quoted from three sources. He first quoted from the *Haberler Report* of 1958 which referred to Australia as "amongst the cheapest and most economic suppliers" of wheat. He then referred to an article dated 23th March, 1961, by Mr. Donath of the University of Melbourne where he said that "our wheat industry is efficient as cost of production is one of the lowest in the world". Finally he referred to an article in *The Economist* of 8th April, 1961, where reference is made to Australia as one country of "the most efficient low cost farming in the world". We would conclude that at the present time Australia is regarded as not being a high cost exporter of wheat.

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All in all it seems to us that from our point of view we must regard the position of wheat as satisfactory. It has been a good year as far as production is concerned and we are still able to sell our wheat on overseas markets. As far as the individual wheat farmer is concerned we would point out that in addition to having the benefits which all primary producers receive under taxation laws he is also protected from price increases by the stabilisation scheme and he is able to obtain benefits of increased productivity whenever his actual yield is greater than the yield assumed for that scheme.

Beef Cattle Industry.

The unions' submission was that this industry was buoyant and that its situation should give the Commission no real concern. The employers through their witness Mr. Chislett suggested that the beef cattle industry was also affected by the cost-price squeeze. This industry, they say, is another one which relies on its own resources for future investment and accordingly nothing should be done to affect investment in the industry. The general comments we made in connection with the wool industry about these considerations also apply to this industry and we do not repeat them.

In the year 1959-1960 as compared with the year 1958-1959 the number of cattle slaughtered fell, the production of beef and veal fell and so did the export of beef and veal. Put in money amounts, the production of £180 m. estimated for the year 1960-1961 is some £7 m. less than the preceding year and the exports of beef at £41 m. some £14 m. less than 1959-1960.

It was argued from these figures that the position of the beef industry is such that any increase in costs might permanently impair the future financial soundness of the industry. Mr. Chislett also predicted a less favourable export situation. He related this largely to the position of the United States of America where the local beef industry is improving and to improvements being made in the Argentine in order to capture more of the United Kingdom market. In our view in his evidence in chief he overstated the position about the Argentine and in any case, assuming the original evidence to be correct, the effects are not likely to be felt immediately on the United Kingdom market. Indeed in cross-examination he admitted that Australia had very little to fear in the immediate future from the Argentine.

On the figures it is clear that the beef cattle industry is not enjoying the prosperity that it was enjoying last year or the year before. However, the official publication of the Bureau of Agricultural Economics, *The Beef Situation* of January, 1961, says that "another year of high value of production is in prospect for 1960-1961", and that "with prices continuing high despite some decline, and with demand at home and abroad still strong compared with available supplies, the outlook for the industry remains bright". Indeed, when asked whether we must anticipate in the next year less favourable market conditions for Australian beef Mr. Chislett said "No".

The beef industry is a major factor in our economy and contributes appreciably to our export earnings. Although in the current year it is anticipated that the amount we earn from this industry in export earnings

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will be reduced it will be almost double what we received from it in the years from 1953-1954 to 1957-1958. On the material before us we must conclude that its prospects in the immediate future are satisfactory.

Dairy Industry.

In his evidence on rural industry Professor Campbell related the position of the wheat industry to that of the dairy industry by saying that "the critical position of the wheat industry is not unique. Virtually the same thing has already occurred in the dairy industry, another former key export industry." He then made a reference to the *Report of the Dairy Industry Committee of Enquiry* of August, 1960. This Committee was set up by the Commonwealth Government to examine the dairy industry in Australia and to make recommendations about the future of the industry. The Report is long and exhaustive and we do not propose to deal with it in detail. It is fair to say, however, that the Report is critical of the industry; for example, it said: "All the proposals for Commonwealth and State assistance to the dairy industry, and all the co-operation of Commonwealth and State instrumentalities will be unavailing, unless the industry itself realises that it has an obligation to the community and to itself to put its house in order. For too long the industry has been content to depend upon high domestic prices and external assistance in the form of bounty. It has adjusted itself to that assistance instead of making the internal adjustments that would lessen the need for it. The industry has been unnecessarily costly."

It is in this context that we must look at some figures about this industry. The production of whole milk for all purposes is anticipated to fall this year to 1350 m. gallons, being less than 1959-1960 and 1958-1959. Similarly the production of butter will fall to 182,000 tons. The gross value of the production of whole milk will fall by some £5 m. this year and the export of dairy products will fall from £46.6 m. for 1959-1960 to £33.3 m. for 1960-1961. It follows that on the figures the dairy industry is not in a satisfactory condition, but in view of the way in which the industry has been criticised by the Report of the Committee we are reluctant to allow the state of this industry materially to affect our decision. The Report does refer to the fact that in the Committee's opinion "dairying has been hard hit by post-war wages decisions". This relates not only to costs but also to the fact that dairying is an industry repugnant to labour and therefore one which has difficulty in obtaining employees in competition with urban employers. The Committee also refers to the dissatisfaction which wage increases in other industries cause to the dairy farmer as well as the effect of increased wages on increased costs.

Our function is, of course, quite dissimilar from the function of the Committee. It was examining the conduct and efficiency of the industry to report on its present position and its prospects. We are concerned to look at the dairy industry only as part of our overall function of considering the capacity of the whole economy to pay an increase. Bearing in mind what the Committee has said, we feel that it would not be just and reasonable to allow the state of this industry to prevent an increase being awarded in the basic wage.

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General Conclusion on Rural Industry.

Although wool, which is our main primary product, is in a somewhat depressed condition, it appears to be improving. It would appear that the position of primary industry as a whole at the present time is reasonably satisfactory and is not in such a position as should inhibit us from granting an increase in the basic wage.

We add that although reference was made by the employers to the dangers to Australian primary industry which might arise from the European Common Market we feel unable at this time to assess the effects of that Market or, indeed, of the possibility of the United Kingdom's entry into it.

BALANCE OF PAYMENTS.

A good deal of argument was directed to the state of Australia's overseas balances and the importance of this indicator was not disputed. The level of our international reserves at the end of each financial year has moved from £567 m. in 1957 to £525 m. in 1958, £516 m. in 1959 and £512 m. in 1960. For the six months ended December 1960 our international reserves had fallen by £136 m. to £376 m. but had risen to £388 m. by the end of March 1961. Towards the end of April the Government arranged a drawing from the International Monetary Fund of £78 m. which was received into our reserves bringing them at the end of that month to a figure approaching £500 m. The employers linked their arguments on wool to this indicator. Wool is such an important element in our export earnings that nothing should be done, they submit, to discourage investment in the wool-growing industry and thereby the improvement in our receipts for wool. Also they suggest that the export drive which has been launched by the Commonwealth Government for secondary industry will be hampered by an increase in costs; it follows that two of our major sources of export funds will be adversely affected by an increase in the basic wage. Our funds, in their submission, which was made before the latest figures were available, were running down dangerously, and to a dangerous level. The Commonwealth Government in these proceedings also emphasised the significance of the state of our overseas balances to the Commission's deliberations. The Commonwealth stressed the continuing need to balance our external accounts and that if the country is importing more than it needs the remedy is to remove excess demand and to halt the rise in internal costs and prices.

In reply to these arguments Mr. Hawke suggested that there is no real crisis, the level of our overseas balances being quite satisfactory, particularly in view of our obtaining funds from the International Monetary Fund. Linked with this is the increase in the price being paid for wool. Mr. Hawke emphasised that the significant change in our balance of payments is not in the fall in export income but the rise in the quantity and value of imports. If there is any crisis in the balance of payments, he said, it is the direct and inevitable result of the lifting of import controls. He submitted it would be unjust and unreasonable to withhold an increase in the basic wage otherwise considered just and reasonable because of a situation flowing directly from a policy decision of the Commonwealth Government on import controls. We must make our decision in the context

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that the Commonwealth Government will not reimpose import controls and therefore that if export earnings do not increase or imports decrease our overseas balances will continue to diminish.

During the year 1960-1961 imports have been coming into Australia at a greater rate than previously. The following table shows the differences between 1959-1960 and 1960-1961:—

	First quarter.	Second quarter.	Third quarter.	Fourth quarter.
1959-1960	278	294	311	334
1960-1961	355	352	360	

Although this shows that imports were continuing to rise in the third quarter, the increase of £49 m. or 16 per cent. above the level of the same quarter in the previous year was smaller than in the two previous quarters when the comparable increases were 28 per cent. and 19 per cent. As in the previous quarter, increased imports of metals, metal manufactures and machinery, textile yarns and manufactured fibres, paper and stationery were mainly responsible for the increase over the level of the year before. Export receipts were £6 m. higher than the year before, largely because of increased shipments of wheat, sugar and barley. (*Quarterly Estimates of National Income and Expenditure—March Quarter 1961.*) It follows that although we are still importing at a greater rate than in previous years a tendency is observable, confirmed by the May figures now available, for the rate of imports to be slackening. This of course has been one of the aims of the Government in its recent economic measures.

The index of volume of exports of rural origin published by the Bureau of Agricultural Economics shows that in 1960-1961 there will be the same volume of these exports as in 1959-1960 and higher than in 1958-1959. Their value, however, will decrease by some £64 m. in 1960-1961 as compared with 1959-1960. There is an increase in the value of agricultural products but a decrease in the value of livestock products. As far as exports of secondary products are concerned, we will deal in more detail with these under the heading "Competitive Position of Secondary Industries", but we point out here that there has been an increase.

It is also encouraging that in the month of May, 1961, for the first time in fourteen months the value of our exports exceeded the value of our imports.

We are assisted in our assessment of the state of our overseas balances by the statement made by the Commonwealth Treasurer on 4th May, 1961, about the drawing and stand-by from the International Monetary Fund. In that statement the Treasurer said: "These transactions were arranged, not because of any real anxiety on the part of the Government that our first line reserves will prove insufficient, but because the normal seasonal trend of our overseas business will produce extra calls on our reserves during the slacker part of our export season".

On the material before us we must conclude that our overseas balances are not in as satisfactory a position as they have been in earlier recent years, but that the position is not dangerous; further there are signs that the

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position is improving. In addition, the Government is keeping the situation under review and taking such steps as it deems necessary to ensure that the position does not become dangerous. In these circumstances we decide that this indicator should not prevent us from granting an increase in the basic wage.

COMPETITIVE POSITION OF SECONDARY INDUSTRIES.

This is an indicator about which the Commission has always been concerned and it is the desire of the Commission as, indeed, of all sections of the community, that the competitive position of secondary industry should not be worsened. It was put to us by the employers that if we increase the basic wage, costs of secondary industry must increase with a consequent weakening of its competitive position.

As far as the internal position is concerned it was suggested to us that our secondary industries were suffering because of the increase in imports. As we have said earlier, we must assume that import controls will not be reimposed and therefore, subject only to tariff protection, local secondary industry will have to meet the competition of imports.

To the employers' submission Mr. Hawke replied that the essential cost factor is not gross costs but unit cost of production. In his submission the best way of strengthening its competitive position is to ensure that secondary industry has an improved local market in which to sell its goods, thereby stimulating production which should lead to lower unit costs. This would result in the competitive position of secondary industry improving. This approach is confirmed by the *Survey of Manufacturing Activity in Australia—Consumer Goods Industries 1960* in which it is indicated that output in the fifteen industries surveyed increased strongly during 1960. Despite rises in wages and costs of materials, manufacturers, on average, were able to limit their rise in unit costs to less than 2 per cent. Prices remained virtually unchanged during the year; actually about 25 per cent. of manufacturers interviewed reported increases in the prices of some of their products while nearly 20 per cent. reported decreases. More than half the manufacturers stated that there had been no changes in prices. Some manufacturers indicated that reductions in output could increase costs. The survey also indicates that the industries surveyed were working much closer to capacity than in previous years. One of the factors contributing to the rise in consumer demand was the increase in money in the hands of the public.

A similar approach is to be found in the comment in a publication called *Industry Today* published by the Victorian Chamber of Manufacturers. That journal makes the point that the really desirable way of ensuring the competitive position of local secondary industry is to ensure that it is kept working to capacity so that unit costs of production may be kept down or in fact reduced.

On the latest figures available, those for the quarter ended 31st March, 1961, a slight increase over the corresponding quarter of 1959-1960 is disclosed in the consumption of clothing, footwear and drapery, a reduction in expenditure on electrical and other durable goods, the reduction amounting in all to some £6 m. It would appear that the stimulus which occurred in 1960 as a result of increases in wages is now dissipated, at least as far as these items are concerned.

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In the year 1959-1960 the value of export of manufactures was £83 m., an increase of 17 per cent. on the figures for 1958-1959 of £71 m., which were themselves slight decreases over the earlier two years. However, the figure of £83 m. compares favourably with the figure of £46 m. which was the amount for 1955-1956.

The latest figures which were given on a somewhat different basis compared the nine months ended 31st March, 1961, with the nine months ended 31st March, 1960. On a basis of selected manufactured goods the increase for the nine months period was some £2 m. or 3.3 per cent. over the nine months ended 31st March, 1960. The employers relied upon the smallness of this percentage increase. However, it is significant that metals and metal manufactures suffered a decrease of some £3 m. for the later period and that if the figures for metals and metal manufactures are excluded, the increase between the two nine months periods is 21 per cent.

A suggestion has been made that had costs in Australia been lower the export of manufactured goods may have been greater. It is, of course, not possible to reach any firm conclusion on this proposition. If there were any truth in this suggestion it would be a matter of balancing the desire of this community to maintain a just and reasonable standard of living for employees against a need to increase the export of manufactures. Taken to its extreme it might be postulated that a severe reduction of wages might lead to a reduction of costs and therefore an ability to export more. On the other hand, such a reduction would have such a devastating effect on our internal consumption that unit costs would inevitably go up and it is highly speculative whether exports would increase. All in all, we agree with the view that the more important thing is for secondary industry to have a buoyant internal market in order that unit costs may be reduced and thereby make it possible for our manufactures to be sold more cheaply. It is also, incidentally, by no means clear to what extent our export of manufactures may not be inhibited or controlled by international cartels. We conclude that the competitive position of secondary industry is in a healthier state than the employers submit.

INVESTMENT, EMPLOYMENT, MONEY AND BANKING, AND RETAIL TRADE.

We find it convenient to deal with these four indicators together. Dealing first with the question of investment, the gross private fixed investment increased quarter by quarter throughout 1958-1959 and 1959-1960 until the third quarter of 1959-1960 when it fell. It rose again in the following quarters until it fell sharply in the third quarter of 1960-1961. In that quarter all types of fixed investment fell. Gross private fixed investment includes investment in building. The building figures themselves show a marked decline in the number of new houses and flats approved and commenced in the quarter ended March, 1961, as compared with the quarter ended March, 1960. There has also been a substantial increase in the value of non-farm stocks; for the third quarter of 1960-1961 there was an increase of £20 m. in vehicles, £22 m. in other manufacturing and an increase of £8 m. in wholesale and retail trade.

As far as investment in manufacturing industry is concerned we were referred to a publication by the Department of Trade, *Developments in Australian Manufacturing Industry 1959-60*. In that document it was said

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that "the pace of Australian manufacturing industry's development, which in 1958-1959 was greater than in the previous two years, again quickened in 1959-1960". The rate of increase in new capital expenditure by manufacturing industry was 13.3 per cent. in 1959-1960 as compared with 9.5 per cent. in 1958-1959. Furthermore, the anticipated expenditure for the first half of 1960-1961 suggests that investment in manufacturing is continuing to rise at an increasing rate. The publication also points out that another source of strength in investment was the move to increase the range of products and processes, resulting in the manufacture for the first time in Australia of several industrial materials.

The Commonwealth Statistician's analysis of fixed capital expenditure by industry shows that total expenditure was higher in the third quarter of 1960-1961 than in the same quarter of the previous year. It was higher in all industry groups except in vehicle manufacturing in which there was a fall of 30 per cent. The increases for other industry groups were smaller than in the two previous quarters. On balance we conclude that the state of this indicator should not deter us from granting an increase in the basic wage at this time.

As far as employment is concerned, the number of total civilian employees (excluding wage earners in rural industry and female private domestics) continued to grow during 1959-1960 and 1960-1961 until January, 1961, when there was a drop of 5,000 and in March, 1961, there was a further drop of 13,000. On the statistics produced by the Commonwealth Employment Service, during the months of April and May, 1961, vacancies registered both for males and females fell. The number of both males and females registered for employment rose and the number of both males and females receiving unemployment benefits rose. Persons registered for employment on 2nd June, 1961, numbered 102,544, representing 2.4 per cent. of the work-force as compared with 2.1 per cent. on 28th April, 1961, and 2 per cent. on 30th March, 1961.

Employment must always be a matter of concern to the Commission and from time to time in the past the Commission has referred to the desirability of not doing anything which might adversely affect the employment situation. It was put to us by the employers that we should not aggravate the unemployment position further by increasing the basic wage. It would seem to us that employment in some industries such as the textile industry might be improved by an increase in the basic wage which would cause greater spending on textiles. It may be, as Mr. Robinson pointed out, that the real threat to textiles is from imports but, be that as it may, we do not think that the employment position in that industry would deteriorate as the result of an increase in the basic wage.

Employment figures over some years disclose that increases in the basic wage have not affected employment adversely. Persons in employment have risen steadily over a period of increases in the basic wage. It seems more likely that employment is affected by things such as fall in internal demand and credit restrictions rather than by wage movements. On balance we would think that an increase in the basic wage at this time is more likely to improve the employment situation than to effect it adversely.

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Little need be said about money and banking or retail trade, except that retail trade is at present depressed. It was not suggested by either party that a consideration of these two indicators would be of material assistance in this present case.

COMPANY PROFITS.

The unions submitted to us that they regard this as a distinct and important indicator. On the other hand, the employers submitted that company profits are of no relevance to wage fixation because when wages increase the whole price level rises and company profits rise with it, so to increase wages because of increased company profits will only cause company profits to increase again.

Mr. Hawke tendered figures from the Reserve Bank indicating that company profits of 773 companies had moved as follows:—

	Profits.		Index.	
	—	Excluding mining companies.	—	Excluding mining companies.
	£ million.	£ million.		
1957	107	98	100	100
1958	114	109	106	110
1959	125	118	116	120
1960	141	134	131	136

He asked us to conclude from this that companies are well able to pay an increased basic wage.

Dr. Coppel not only submitted that company profits were not really relevant but suggested that because only 773 companies are covered this might not be a representative sample and even if it were that the more relevant thing to look at would be profits as a percentage of shareholders' funds. He pointed out in addition that if the movement of company income as a percentage of Gross National Product were considered then a more proper result would be obtained. In his submission while wages and salaries have retained an approximately similar percentage of the Gross National Product, so has company income. For instance, since 1955-1956 wages and salaries have represented about 50 per cent. of Gross National Product whilst company income has represented about 10 per cent. In addition we were referred to a table appearing in the article of Professor Downing already referred to in *The Economic Record* of March, 1960, which showed that wages and salaries had since 1938-1939 maintained their share of Gross National Product and so had "other profits".

Mr. Hawke said in relation to this exercise that the correct approach is to take farm income out of Gross National Product and then see how wages and salaries had moved in comparison with profits. If that is done the present position is that wages and salaries represent 52.5 per cent. of the Gross National Product as compared with 54.9 per cent. in 1955-1956

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and there has been a diminishing trend. Company profits, on the other hand, showed a tendency slightly to increase as a percentage of Gross National Product.

We reject the submission that company profits are not significant to us in our task. Most of the employees with whom we deal are employed by companies and we think that profits of companies are therefore quite significant. We again reject the argument that we should look at profits as a percentage of shareholders' funds rather than an absolute figure. We are prepared to accept the representative character of the Reserve Bank statistics because although they cover only 773 companies out of the thousands of companies in Australia we are prepared to assume that the Reserve Bank would not continue to publish statistics about a limited number of companies unless they showed the trend of companies as a whole. As far as movement of company income as a percentage of Gross National Product is concerned, we feel that while it may be of some assistance in our overall task in demonstrating some general trend or movement, in the particular matter which we are discussing now, namely, company profits, it is of less significance than are the figures from the Reserve Bank.

From the material before us the inference to be drawn is that company profits are in a healthy position. Unfortunately the latest figures available are those for 1960 and it may well be that later figures will not be as satisfactory. However, we do not feel that we should refuse an increase in the basic wage which is otherwise warranted because of a possible present trend in respect of which we have no accurate information and which, if it exists, may be only temporary.

AMOUNT OF BASIC WAGE.

Having rejected the application of the unions for restoration of the automatic adjustment system, but having decided that in principle the purchasing power of the basic wage now to be fixed should be maintained, and having considered in detail the various indicators, there remains for decision what should be the money amount of the 1961 basic wage. Taking into account all the matters discussed when dealing with the capacity of the economy we are of opinion that it can sustain an increase in the money wage.

In the year since the Commission decided that the money amount of the basic wage should remain at £13 16s. its purchasing power measured by the Consumer Price Index has fallen until it now needs an increase of 12s. to restore it. In other words the wage and salary earner now is 12s. a week worse off in regard to the basic wage element of his wage or salary than he was a year ago. It appears proper for us to start our consideration as to the amount of the increase we should make to the basic wage by testing the effects likely to follow from an increase of 12s. which would restore the real value of the wage as it was left by the Commission a year ago; particularly is that so in view of our finding that the 1960 basic wage reflected increases in productivity up to and including the year 1959-1960 in so far as they can be approximately measured. The Commonwealth Statistician has at our request estimated the approximate total

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increase in wages and salaries of those under federal awards, or whose wages and salaries directly follow federal awards, which would result from an increase of one shilling in the prescribed basic wages under federal awards. This increase he estimates at about £5 million. This indicates that an increase of 12s. in federal basic wages will mean an increase in wages and salaries generally of some £60 million a year. That figure assumes that none of the increase will be absorbed in existing over-award payments but does not take into account the effect of an increase on penalty rates. It is that approximate figure of £60 million which we have in mind in testing whether the capacity of the economy can sustain a federal basic wage increased from £13 16s. to £14 8s.

It will be apparent from our earlier discussion of the submissions and the indicators that the main arguments against an increase in the basic wage are that the particular dangers which may ensue therefrom would be firstly an excessive demand for goods and services which might result in a greater inflow of imports and the deterioration of our overseas reserves; secondly that there may ensue an increase in costs and therefore prices which would increase production costs of primary producers, particularly graziers, making it difficult or impossible for them to increase investment with a view to making up by increased output for the fall in the export income of primary products and which would prejudice the competitive strength of secondary industry. These two dangers can be stated simply enough but this does not reduce their importance. However, in regard to the first question, namely, that of the feared excessive demand which would ensue from a 12s. increase, it appears to us most important that the purchasing power of the basic wage element of wages and salaries would thereby be restored to and not increased above that which it was a year ago. In other words the demand resulting from the increase would be the demand which can be related to the federal basic wage and which existed a year ago and not a greater one. In our view, although the demand resulting from a 12s. increase would be a significant increase on that at present existing, the fact of its limitation to that of 1960 would prevent it from being a danger to the economy in present circumstances. We do not for one moment suggest that this Commission should attempt to increase demand because it might consider that a degree of increased demand would be desirable for economic reasons, nor would we do so, but it is proper for us to consider certain factors of the economy in relation to demand which tend to suggest that its restoration to the level of 1960 so far as the basic wage is concerned might at the present time have favourable rather than adverse effects. Thus we observe that the increase in stocks, mentioned in the White Paper of May, 1961, which followed the upsurge in imports after the removal of import controls would be an obstacle to the increase now under test causing a significant increase in imports. There has also been a build up of stocks of locally manufactured goods following the dampening of demand. We observe also that the increase in unemployment, the reduction of overtime working, and to a lesser extent the substitution for some workers of part time employment in place of full time employment, which are features of the present economic situation, have led to a reduction of the earnings of the household spending population which in itself has already offset to some extent any additional demand which will be caused

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by a basic wage increase. On the whole in regard to demand we consider that an increase in the money basic wage limited to a restoration of the purchasing power of the basic wage to that of a year ago would make that wage a just and reasonable basic wage without endangering the economy.

We turn now to the adverse effect which it has been claimed would result to wool and other primary producers from an increase of 12s. in the basic wage. Wool in particular has declined in price and the rural employer's income has not kept in line with those in other sectors of the economy as is admitted on behalf of the unions. Further as we have said in our detailed examination of the wool industry "the wool-grower is suffering from a combination of lower prices and higher costs, the so-called cost-price squeeze, despite the fact that some of the rising costs are costs of improvements and increased rates of depreciation". We appreciate also that the sale of wool provides about forty per cent. of our export income and that investment in every possible way which will increase production should be encouraged and not unnecessarily hindered. This is particularly so at the present time when prices for our wool are low. The wool problem and the position of the other rural industries have been comprehensively dealt with earlier in these reasons leading to the conclusion there expressed that looking at the position as a whole and bearing in mind the gradual increase in prices of wool this season, we do not consider the state of the rural industries to be such as to preclude an increase in the basic wage at the present time. We now add, testing the increase of 12s. necessary merely to restore the purchasing power of the basic wage to what it was a year ago, that we are of opinion that this increase being otherwise just and reasonable should not be prevented by the difficult present position of the wool industry. In this regard we refer to what we have already said as to the more favourable position of beef and wheat.

So far as the competitive position of secondary industry is concerned we also think an increase of 12s. is within capacity. We appreciate the importance, so far as competition is concerned, of costs and prices in our economy and have discussed relevant aspects of the problems thereby posed in the earlier sections of this judgment. We draw particular attention to the paper by Dr. Coombs quoted in the primary industry section and the examples of lower costs in certain manufacturing enterprises discussed in the section dealing with the competitive position of secondary industry.

We have not lost sight of the importance to the economy of the state of our overseas reserves. For the reasons given in the immediately preceding discussion and in our separate treatment of overseas reserves as an indicator we do not think that the 12s. increase in the basic wage should be withheld because of the condition of our overseas reserves.

Having examined the problems bound up in the questions of excessive demand, wool and the competitive position of secondary industry and their interlocking with overseas trade and overseas reserves we consider that the economy has the present capacity to sustain an increase of 12s. At the same time, when we consider the amount of some £60 million which will be added to the spending power of wage and salary earners under present economic circumstances, we think that the increase of 12s.

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will bring the basic wage to the highest figure which the economy can sustain. Our assessment that the capacity of the economy can sustain an increase of 12s. and that that increase is the highest that can be sustained means that in our decision the basic wage would be increased from £13 16s. to £14 8s. without a consideration of standards other than the standards set by the 1960 basic wage. Nevertheless we consider the question of standards so important that we wish to make some observations on this subject and indicate why in present circumstances we consider the 1960 standard the most appropriate. So far as the standard of 1960 is concerned we are aware that since the 1960 basic wage case many wage and salary earners have been struggling in the face of price increases and a consequential fall in the purchasing power of their wages and salaries to fulfil the financial and often periodic obligations to which they may have become properly committed. In some cases they may even have had to deprive themselves and their families of goods and services in order to fulfil those periodic obligations. The fact that the pattern set for wage and salary earners so far as the basic wage element of their wages and salaries is concerned was set as recently as a year ago makes it desirable that, if the economy can afford it, that pattern should be continued. Nevertheless it should be made clear that in testing an increase of 12s. against the economic capacity of the economy we do so with a full knowledge that the nature of the economy is such that unfortunately there may be occasions, particularly because of external happenings over which we as a nation have no control, when our general standard of living may have to drop and when the wage and salary earner may have to face a fall in the purchasing power of his basic wage element from that of the year before. We do not, as we have indicated, consider that our present economic difficulties make the present such an occasion.

Our examination of the basic wage since 1950 has shown that since the abolition of the automatic adjustment system in 1953 the standard of living procurable by the basic wage has not varied to the degree that appeared from movements in the "C" Series Index. For example, if the standard of the 1950 basic wage had been maintained according to the Consumer Price Index the basic wage fixed by the Court in June, 1956, would have been 3s. higher, that fixed by the Commission in May, 1957, would have been 6s. higher, that in May, 1958, would have been 5s. higher, that in June, 1959, would have been 5s. lower, and that in May, 1960, would have been 1s. higher. Thus the range of departure was from 6s. lower than the 1950 standard in 1957 to 5s. higher than that standard in 1959 and shows that in a period of economic changes the standard of 1950 which we regard, for reasons given later, as a boom standard was not unduly departed from.

In our present position we consider that the combined effect of the fact that we have now available to us an index regarded by the Statistician, Sir Douglas Copland and ourselves as more satisfactory than the old "C" Series Index and the fact that we now have the advantage of being able to look back and consider in retrospect the purchasing power as measured by the new index of the basic wages of between 1950 and 1960, together with the reasons given in each case, has put us in a position where the fixation and maintenance of a standard can more confidently be attempted

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than at any time since and including 1950. In addition to the reasons given in the judgments the detailed reviews in those judgments of the various indicators give us in retrospect a most helpful picture of the Australian economy as it was seen on seven different occasions in eleven years by those who had been able to make a comprehensive examination based on evidence, material and submissions from the representatives of parties, interveners and Commonwealth and State Governments. The decade under review illustrates the changing circumstances of Australia's economy as a trading nation when one considers for example the fluctuations over that period in the price of wool and in our overseas balances. Having been able to look at it in retrospect we consider we are now in a better position to attempt to overcome the difficulty of being able to effect a marriage between the maintenance of a standard and the fixation of a money amount within the capacity of the economy.

STANDARDS.

We turn now to discuss features of the other basic wages of the last decade and a consideration of possible adoption of one of them as an alternative standard. The 1950 basic wage, to maintain which would require a present increase of 14s., was fixed by the Court as a standard but we regard it as a boom standard and in this regard we adopt what the President said in his 1959 judgment:—

“It is clear that the dominant reasons for the increase of 20s. in 1950 were the favourable season and the high prices being received for our primary products. The decision was, and had to be, to fix a wage assessed on ‘boom’ conditions properly in expectation for the ensuing year. The standard was a boom standard and in my view when the boom had passed could not be presumed to be continuously maintained, its subsequent restoration having to depend upon the strength from time to time of the economy.”⁽¹⁾

The President's view in 1959 and our present view is confirmed by a consideration of the judgments of Foster and Dunphy JJ. who fixed the 1950 standard. The former in the “Conclusion” of his judgment said:

“This case was finished just as the new season's wool sales commenced and before it was known what the new prices were to be. So far they are almost twice last season's average and if they are maintained will mean £280 million unexpected income for the wool growers. These riches are almost embarrassing. They make such an addition to our inflationary pressure as to give rise to considerable concern. That they will swamp all other factors in this regard is clear; that there is now, at least for the ensuing year, a fund out of which additional wages could safely and I think properly be paid, is also clear, as well as providing ground for protecting those classes, or at least some of them, which will be so heavily hit by the inflation that will follow this enormous accretion to our spending power, with practically no increase in our goods—at least no increase until imports flow in in payment for our exported wool.”⁽²⁾

Dunphy J. in different passages remarked that—

“prices for wheat and wool in particular have reached astronomical proportions with no foreseeable limit to the demand”.⁽³⁾

and in the sentence in which he named the increase he would award referred to the then present times as “times of such rare general prosperity with no control over many price levels and when the £1 Australian is not

⁽¹⁾ 91 C.A.R. at p. 685.

⁽²⁾ 68 C.A.R. 698 at p. 819.

⁽³⁾ *Ibid.* at p. 831.

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revalued”⁽¹⁾ that he thought it appropriate “that the sum to be added to the needs and prosperity base should be £1 (one pound)”. The 1953 standard, to maintain which would require an increase of 13s., was in effect that of 1950 since it was the 1950 basic wage adjusted by application of the “C” Series Index. For the reasons given we reject both the 1950 and 1953 rates as appropriate for a present standard. This brings us to the fixations of 1956 and 1957. To maintain the purchasing power of these rates would require respectively present increases of 2s. and 6s. lower than the 12s. which we have decided the economy can sustain and for that reason combined with the fact that the 1960 rate is so much closer in point of time there is no point in discussing their features. To restore the purchasing power of the 1958 basic wage would require an increase of only 8s. or 4s. lower than the increase within present capacity and in addition that year was a year of Australian drought, world recession and of lower prices for our primary products.

We now consider the 1959 rate to maintain which as a standard would require a present increase of 19s. The *Basic Wage Inquiry* of 1959 was held in a year which reflected a recovery from the drought and world recession of the previous year when a “cautious” increase of 5s. had been made. The adoption of the purchasing power of the 1959 basic wage would set a standard which the President then remarked was higher than 1950 and that we have already rejected as a boom standard. The 1959 basic wage not only had a purchasing power higher than the 1950 basic wage on the application to that wage of the “C” Series Index but its purchasing power was 5s. higher than the 1950 basic wage if the subsequently constructed Consumer Price Index had been applied to it.

Having therefore considered the standards of the seven basic wages of the last decade we regard as most appropriate for present adoption and for future maintenance the standard of 1960.

It follows from what we have said on the subjects of capacity, standards and productivity that the new basic wage, the standard of which will in our expectation and hope be maintained for some time, combines in the result our conclusions on fundamental factors in a three-fold way in that firstly it is fixed at the highest amount the capacity of the economy allows, secondly it adopts as a standard that set by the basic wage of 1960 and thirdly it takes account of productivity increases up to and including 1959-1960.

INFLATION.

Both the employers and the Commonwealth Government stressed the desirability of the Commission taking no steps which would aggravate what they submitted is an economic situation fraught with the danger of further inflation. They submitted this as a general proposition because they said increases in wages cause increases both in price and in demand. As far as prices are concerned we have already dealt with the question in our discussion of the wool industry.

In relation to demand it was asserted that any increase in the basic wage would inevitably be reflected in the wages bill of the country because all rates would go up, whether they contained over-award payments or not.

⁽¹⁾ 68 C.A.R. 837.

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There is, of course, no legal reason why any increase in the basic wage should not be absorbed by over-award payments to the extent possible. There is no legal reason, therefore, why an increase in the basic wage should automatically go to all employees and indeed Sir Douglas Copland contemplated that it would not. Those employers who do not attempt to absorb basic wage increases in over-award payments are doing so by their own act and not by any act of ours. We are aware, of course, that employers may find themselves unable to absorb basic wage increases in over-award payments either because of industrial pressure or because in the case of certain skilled tradesmen the market value of labour is higher than the minimum rate fixed by award. From the practical point of view it is probable that in times of prosperity some over-award payments will continue.

A similar point was made by Mr. Kingsley Laffer in *The Economic Record* of December, 1960, when he said: "It is therefore reasonable to interpret the large rise in real earnings relatively to real minimum award wages as indicating that to a small but increasing extent wage-determination is being taken out of the hands of arbitration tribunals. The ability of the latter to determine wages in such a way as to maintain price stability thus appears to be extremely limited."

Mr. Hawke submitted the only statistical material directed to inflation. He took the figures appearing in Table II A of the White Paper which deal with receipts and outlay of trading enterprises. While not suggesting that this gave the whole answer to the question of inflation he pointed out that this is the only statistical material put before us in an endeavour to show from what sector of the economy inflationary pressures may arise. He gave us the figures for 1952-1953 and 1959-1960. The table extended to cover the intervening years is as follows:—

	Percentage of Total Outlay. (Table IIA of White Paper.)	
	Wages.	Company Incomes.
	Per cent.	Per cent.
1952-1953	43.8	10.0
1953-1954	43.8	11.5
1954-1955	44.1	11.7
1955-1956	44.6	11.5
1956-1957	43.4	11.5
1957-1958	44.3	11.1
1958-1959	42.7	11.3
1959-1960	42.9	11.1

This material was not challenged by the employers. Therefore, to the extent that this is an indication of the degree to which inflation may be traced to one sector of the economy, it would appear that the sector of wages, salaries etc. is causing less inflationary pressure now than in 1952-1953, whereas company incomes are causing more.

We conclude that an increase in wages will cause some increase in costs and will stimulate demand. However, we are of opinion that the stimulation of demand resulting from our decision should not cause the general level

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of prices to rise in the existing circumstances. An increase of £60 million to the wages bill represents something less than two per cent. of the £3311 million paid as wages and salaries during 1959-1960 and restores demand only to the level of a year ago in so far as demand is related to the federal basic wage. In our view we should not refrain from awarding an increase which is otherwise just and reasonable on the ground that it may cause some slight inflationary pressure.

The Employers' Claim.

The employers' claim, as explained by Dr. Coppel, was for an increase in the standard hours of work from forty to forty-two with a concomitant increase in the weekly wage equivalent to two hours pay at ordinary rates. This was to be a temporary measure to have effect for four years after which time hours would revert to forty and the increased wage would remain. He submitted that such a measure was called for by the balance of payments crisis and that it would lead to increased productivity at stable prices. He put forward figures showing the prevalence of overtime in secondary industry and submitted that if hours were increased work in excess of forty hours would be more evenly distributed with consequent financial relief for men not getting overtime work. We are not persuaded that the consequences he anticipated would follow nor do we think that the state of the economy is such that standard hours should be increased. Accordingly this claim is dismissed.

EMPLOYEES ON LOWER MARGINS.

During the course of the proceedings the President said this:—

"I would like to hear any submissions which any party, intervener or the Commonwealth might wish to make on something which might be considered to have arisen from Sir Douglas Copland's evidence—that is, whether by prescription of the basic wage special consideration or treatment should or could as a matter of power be given to those employees who receive the basic wage without addition or the basic wage with a marginal addition of, say £1 per week or less."

A number of submissions were made to us in reply to this invitation, some going to jurisdiction and some going to discretion. We do not propose to discuss whether we have jurisdiction to do what is suggested by the President's words, because we have come to the conclusion that even if we have jurisdiction we would not, as a matter of discretion, make a differential basic wage at this time. In view of our conclusion on the capacity of the economy to sustain a general basic wage increase and because of our decision to award that general increase there is now no need for the special consideration or treatment which concerned the President at the time he invited submissions on the matter.

ANNUAL LEAVE DECISION.

The employers submitted that the reasons which led the Commission to refuse an increase in annual leave in 1960⁽¹⁾ should impel us now to refuse an increase in the basic wage. As will be seen from our earlier discussion, the state of primary industry has to some extent eased and the position of our balance of payments has to some extent become worse since the time of that judgment. But the question of the amount of money

(1) 96 C.A.R. 206.

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which a worker should receive is in our view more fundamental and more important to the worker than is the question of leave. What he receives as wages is vital to the standard of living of himself and his family and accordingly in our view reasons which might delay the granting of additional annual leave may not be of sufficient weight to delay a basic wage increase.

One other factor that must not be overlooked is that had there been an increase in annual leave with its subsequent effect on the economy we might not have been able to grant the present increase.

DECISIONS.

For the foregoing reasons the decisions of the Commission are—

1. The employers' claim for an increase in the standard hours of work from forty to forty-two with a concomitant increase in the weekly wage equivalent to two hours pay at ordinary rates is refused.
2. The unions' claim for restoration of automatic quarterly adjustments is refused.
3. The basic wages of adult male employees covered by federal awards will be increased by a uniform amount of 12s. per week.
4. The new rates will come into effect from the beginning of the first pay period commencing on or after 7th July instant subject to special cases.
5. For the specific reasons set out in the judgment we consider that in February next the only issue in regard to the basic wage should not be adjusted in accordance with any change in the Consumer Price Index and for the purpose of deciding that issue the Order giving effect to the decisions hereby announced will also provide for the adjournment of the application of the unions for increase of the basic wages under the Metal Trades Award to Tuesday, 20th February, 1962, in Melbourne, when such submissions thereon as are desired to be made will be heard.
6. The decision regarding increases in basic wages is applicable to all the applications which have been ordered by the Commission to be joined for hearing and decision with the original application and those joined applications are stood over to a date after 20th February, 1962, to be fixed by the Commission.

SCHEDULE OF AWARDS ETC. (BEING AWARDS, AGREEMENTS AND DETERMINATIONS, THE SUBJECT OF APPLICATIONS BEFORE THE COMMISSION AT THE HEARING).

Engine Drivers and Firemen's (General) Award, 1955.
 Engine Drivers and Firemen's (Melbourne City Council) Agreement, 1952.
 Engine Drivers and Firemen's (S.E.C.) Agreement, 1951.
 Engine Drivers and Firemen's (Electricity Trust of S.A.) Award, 1955.
 Engine Drivers and Firemen's (A.C.T.) Award, 1957.
 Agricultural Implement Making Award, 1936.

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Oven, Stove, Bedstead and Fender Making Award, 1939.
 Vehicle Industry Award, 1953 (including appendices A and B).
 Carpenters and Joiners Interim Award, 1953.
 Carpenters and Joiners (A.C.T.) Award, 1953.
 Timber Workers Award, 1950.
 Furniture Trades Award, 1952.
 Flour Millers Award, 1949.
 Confectioners Award, 1959.
 Rubber Plastic and Cable making Industry Award, 1957.
 Manufacturing Grocers Award, 1948.
 Food Preserves Award, 1960.
 Saddlery, Leather and Canvas Workers Award, 1951.
 Tanning Industry and (Furred Skins) Awards, 1948 and 1947.
 Gelatine and Glue Workers Award, 1948.
 Rope and Cordage Industry Award, 1951.
 Wool and Basil Workers Award, 1957.
 Felt Hatting Award, 1948.
 Stonemasons (South Australia and Victoria) Award, 1960.
 Stonemasons (N.S.W.) Award, 1959.
 Stonemasons (A.C.T.) Award, 1952.
 Textile Industry (Cotton Section) Award, 1951.
 Textile Industry (Knitting Section) Award, 1951.
 Textile Industry (Miscellaneous Section) Award, 1951.
 Textile Industry (Rayon Section) Award, 1951.
 Textile Industry (Woollen and Worsted Section) Award, 1951.
 Clothing Trades Award, 1960.
 Dry Cleaning and Dyeing Award, 1960.
 Footwear Manufacturing Industry Award 1951/7/8.
 Footwear (Wood Heel, etc.) Manufacturing Award, 1951.
 Graphic Arts Award, 1957.
 Country Printing Award, 1959.
 Northern Territory News Services Agreement, 1954.
 Television Industry Award, 1960.
 Professional Radio Employees (Aircraft Radio Officers) Award, 1949.
 Professional Radio Employees (Marine Inspectors) Basic Wage Award, 1953.
 Radio Technicians (Broadcasting Stations) Award, 1957.
 Aviation Radio Technician Award, 1955.
 Marine Radio Officers Basic Wage Award, 1953.
 Gas Industry Award, 1959.
 Ship Painters and Dockers Award, 1960.
 Pulp and Paper Industry Agreements, 1952-54.
 Liquor Trades (Hotels and Wine Saloons) Award, 1959.
 Liquor Trades (Wine and Spirit Stores, N.S.W.) Award, 1957.
 Liquor Trades (Yeast and Vinegar Section) Award, 1961.
 Liquor Trades (Breweries) Award, 1950.
 Liquor Trades (Distilleries Victoria) Award, 1948.
 Liquor Trades (Marine Stores) Award, 1961.
 Liquor Trades (Malsters) Award, 1950.
 Liquor Trades (Aerated Waters) Award, 1956.
 Commonwealth Hostels Award, 1958.
 Liquor and Allied Industries (Aerated Waters) A.C.T. Award, 1957.
 Liquor and Allied Trades (Hostels, etc.) A.C.T. Award, 1955.
 Liquor and Allied Trades (Catering) A.C.T. Award, 1955.
 Theatrical and Amusement Employees Award, 1947.
 Theatrical Employees (Stadiums) Award, 1950.
 Theatrical Employees (Night Trotting Courses) Award, 1949.
 Theatrical Employees (Motion Picture Production) Award, 1959.
 Theatrical Employees (Film Processing) Award, 1958.
 Theatrical Employees (Drive-in Theatres) Award, 1956.
 Theatrical Employees (Sound Engineers) Award, 1954.
 Theatrical Employees (Recreation Grounds) Award, 1952.
 Musicians Award, 1960.

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Actors (Theatrical) Award, 1960.
 Actors (Television) Award, 1957.
 Actors (Touring Companies) Award, 1958.
 Announcers (Commercial Broadcasting) Award, 1956.
 Clerks (Shipping) Award, 1948.
 Clerks (Oil Companies) Award, 1960.
 Clerks (Wool Stores) Award, 1955.
 Clerks (Airway Operating Industry) Award, 1959.
 Clerks (A.C.T.) Award, 1954.
 Insurance Officers (Life Superintendents) Award, 1960.
 Insurance Officers (Clerical Indoor Staffs) Award, 1958.
 Bank Officials (Federal) Award, 1959.
 Bank Officials (Hobart Savings Bank) Award, 1961.
 Bank Officials (Launceston Bank for Savings) Award, 1961.
 Bank Messengers (Federal) Award, 1960.
 Railway Miscellaneous Grades Award, 1960.
 Railways Traffic, etc., Wages Staff Award, 1960.
 Railways Metal Trades Grades Award, 1953.
 Railways Salaried Officers Award, 1961.
 Salaried Officers (Department of Railways, N.S.W.) Award, 1955.
 Railways (N.S.W.) Carpenters and Joiners Award, 1956.
 Locomotive Enginemen's Award, 1956.
 Pastoral Industry Award, 1956.
 Hop Industry Award, 1956.
 Dried Fruits, etc. Award, 1957.
 Oil Refinery Employees (Shell) Agreement, 1953.
 Wineries Award, 1952.
 Road Construction, &c., Workers (South Australia) Agreement, 1950.
 Australian Workers Union Construction and Maintenance Award, 1958.
 Australian Workers Union Construction Workers (M.M.B.W.) Agreement, 1958:
 Australian Workers Union Construction and Maintenance (W.A.) Award, 1961.
 Gold and Metalliferous Mining Award, 1960.
 Fruitgrowing Industry Award, 1949.
 Watchmen, Cleaners and Caretakers (A.C.T.) Award, 1953.
 Laundry Employees (Private Employees) A.C.T. Award, 1959.
 Miscellaneous Workers (A.C.T.) Award, 1960.
 Canberra Milk Depot Employees (A.C.T.) Award, 1960.
 Australian Workers Union (S.E.C.) Coal Winning Award, 1958.
 Australian Workers Union (S.E.C.) Award, 1958.
 Australian Workers Union (Chemical Workers) Awards, 1960.
 Tramway Employees (Melbourne) Award, 1958.
 N.S.W. Tramway and Omnibus (Traffic Section) Award, 1952.
 N.S.W. Tramway and Omnibus (Non-Traffic Section) Award, 1961.
 S.A. Tramway and Omnibus Award, 1955.
 Tramways (S.E.C.) Award, 1955.
 Municipal Officers (Adelaide City Council) Award, 1955.
 Municipal Officers (Bendigo Sewerage Authority) Award, 1959.
 Municipal Officers (Brisbane City Council) Transport Award, 1955
 Municipal Officers (Geelong Waterworks and Sewerage Trust) Award, 1960.
 Municipal Officers (Melbourne City Council) Award, 1955
 Municipal Officers (Melbourne and Metropolitan Tramways Board) Award, 1955.
 Municipal Officers (N.S.W.) Award, 1959.
 Municipal Officers (Queensland) Award, 1959.
 Municipal Officers (Richmond City Council) Award, 1959.
 Municipal Officers (Rockhampton City Council) Award, 1959.
 Municipal Officers (Victoria) Award, 1959.
 Municipal Officers (Victorian Water and Sewerage Authorities) Award, 1960.

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IN THE COMMONWEALTH CONCILIATION AND ARBITRATION
COMMISSION.

In the matter of the *Conciliation and Arbitration Act 1904-1961*

and of

THE MUNICIPAL OFFICERS (ADELAIDE CITY COUNCIL)
AWARD, 1955

(No. 345 of 1955).

(C No. 589 of 1961).

Variation of award—Basic wage for adult males and adult females—Conciliation and Arbitration Act 1904-1961 s. 33 (1)(b)(d)—Award varied.

1961.
SYDNEY,
May 23;
July 4.

Kirby C.J.,
Ashburner and
Moore JJ.

On 3rd May, 1961, an application was filed on behalf of The Municipal Officers Association of Australia for an order varying the above award dated 20th January, 1956.⁽¹⁾

The application sought an order varying the said award *re* the basic wage prescribed thereby for adult male and adult female employees.

The application came on for hearing before the Commonwealth Conciliation and Arbitration Commission in Presidential Session (Kirby C.J., President, Ashburner and Moore JJ., Deputy Presidents), in Sydney, on 23rd May, 1961.

G. W. Donnar for The Municipal Officers Association of Australia.
No appearance for the employer.

On the same day the Commission ordered that the hearing of the application be joined with the hearing of a similar application before the Commission for variation of an award made under the Act and known as the Metal Trades Award, 1952.

On 4th July, 1961, the Commission delivered judgment⁽²⁾ and made the following order on this application:—

Order and prescribe:—

That the said award be and the same is hereby varied in manner following that is to say:—

I. By deleting from sub-clause (a) of clause 4 the amount "£707" and by inserting in lieu thereof the amount "£738".

II. By deleting from sub-clause (b) of clause 4 the amount "£530" and by inserting in lieu thereof the amount "£553".

III. The foregoing variations shall come into operation from the beginning of the first pay period commencing on or after the 7th day of July, 1961, and shall remain in force until the 30th day of September, 1961.

IV. The application is stood over to a date after the 19th day of February, 1962, to be fixed by the Commission.

(¹) 83 C.A.R. 837.

(²) *Supra*, 376.