

IN THE COMMONWEALTH CONCILIATION AND ARBITRATION  
COMMISSION

In the matter of the *Conciliation and Arbitration Act 1904-1970*

and of

**NATIONAL WAGE CASE, 1970**

and of

**THE VEHICLE INDUSTRY AWARD, 1953**

(Nos 318, 671 and 780 of 1948; 11 of 1949;  
180 of 1950; 808 of 1951; 134 of 1952)

(C Nos 1285 of 1970)

and of

**THE FEDERAL MEAT INDUSTRY INTERIM AWARD, 1965**

(C Nos 138 and 328 of 1963)

(C No. 1286 of 1970)

and of

**THE FURNISHING TRADES AWARD, 1964**

(C Nos 422 and 556 of 1961; 905 of 1962)

(C No. 1287 of 1970)

and of

**THE METAL TRADES AWARD, 1952**

(Nos 11 of 1949; 430 and 439 of 1950; 254 of 1951)

(C Nos 1383 and 1389 of 1970)

and of

**THE PROFESSIONAL OFFICERS' ASSOCIATION  
COMMONWEALTH PUBLIC SERVICE and others**

v.

Claimant

**THE PRIME MINISTER and others**

(C No. 1968 of 1970)

Respondents

and of

**POSTAL TELECOMMUNICATION TECHNICIANS ASSOCIATION  
(AUSTRALIA)**

v.

Claimant

**THE POSTMASTER-GENERAL and another**

(C No. 1969 of 1970)

Respondents

*Variation of awards and determinations—Rates of pay—Examination of economy—Economic position of the rural industry generally and of the woolgrowing industry in particular—Measurement of claims for increases against the test of*

## VARIATION—METAL TRADES AWARD

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(c) *Female Rates*—Subject to leading rates where 100 per cent will apply.

Any adult female employee classified as a draughtsman, planner or technical officer shall be paid the following percentages of the rates for male employees of the same classification.

## Date of effect (first pay period on or after)

14.8.1970	..	..	..	..	90 per cent of corresponding male rate
1.1.1971	..	..	..	..	95 per cent of corresponding male rate
1.1.1972	..	..	..	..	100 per cent of corresponding male rate

In calculating the rates the amounts shall be taken to the nearest 5 cents; any broken part of 5 cents in the result not exceeding 2 cents to be disregarded.

IV These variations shall come into operation from the beginning of the first pay period to commence on or after 1 January 1971 and shall remain in force until 30 September 1971.

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*economic capacity—Form of increase—Effect of increases upon inflationary pressures—Role of Commission as regards minimum wage—Minimum wage for adult males—Automatic quarterly adjustment of wage rates—Conciliation and Arbitration Act 1904-1970 ss. 34, 36, 44A—Public Service Arbitration Act 1920-1969 s. 15A—Decision issued.*

On 6 August 1970 and 9 and 10 September 1970 applications were filed on behalf of The Vehicle Manufacturers' Association of Australia and others, the Meat and Allied Trades Federation of Australia, The Victorian Chamber of Manufactures and another, The Amalgamated Engineering Union and others and the Association of Architects Engineers Surveyors and Draughtsmen of Australia for orders varying the above awards.

On 10 and 15 September 1970 applications to vary Determinations numbered 2 of 1939, 19 of 1961, 15 of 1964, 42 of 1965, 245 of 1967 and 255 of 1969 were lodged by the Postal Telecommunication Technicians Association (Australia) and The Professional Officers' Association Commonwealth Public Service.

The applications were listed before the Commonwealth Conciliation and Arbitration Commission (Kirby C.J., President) in Melbourne on 22 September 1970. In each matter application was made that the matters should, in the public interest, be dealt with by the Commission constituted as provided by section 34 (1) of the *Conciliation and Arbitration Act 1904-1970* namely by not less than three members of the Commission nominated by the President, at least one of whom is a presidential member, and as provided by section 15A (1) of the *Public Service Arbitration Act 1920-1969*, namely by at least two presidential members and the Public Service Arbitrator.

On the same day the President gave the following direction:

Having regard to the reasons for the applications of Mr Willis (for The Amalgamated Engineering Union and others) and Mr Richardson (for the Association of Architects Engineers Surveyors and Draughtsmen of Australia) for reference to a full bench I am of the opinion that each of the applications should in the public interest be so dealt with and I direct accordingly.

In addition to the five applications I have already mentioned which are under the *Conciliation and Arbitration Act* two applications have been lodged under the *Public Service Arbitration Act* which concern Commonwealth public servants under six determinations involving 25 Commonwealth departments and four Commonwealth authorities. These applications seek increases on similar grounds to those of the unions in outside industry and in proceedings which have already been held before the Public Service Arbitrator, Mr Chambers, oral applications have been made on behalf of the applicant associations concerned seeking reference to a full bench of the Commission pursuant to section 15 (a) of the *Public Service Arbitration Act*; also it was sought that they be joined eventually with the other applications now before me and become part of the *National Wage cases* of 1970. The respondents before Mr Chambers consented to a reference to a full bench.

I have had statutory consultations with Mr Chambers and informed him with his concurrence that I would make formal announcement at this hearing of my decision on the application for reference of these public service matters in order to save time and paper work for all concerned.

On the same grounds that I have announced concerning the applications for outside industry I make the direction sought for those under the *Public Service Arbitration Act*. The position therefore is that there have now been seven matters directed by me to be referred to a full bench of the Commission, five of

1970.  
MELBOURNE,  
Sept. 22.  
—  
Kirby C. J.  
Oct. 20-23, 27-  
30;  
Nov. 5, 6,  
10, 11, 17,  
18, 20,  
Dec. 14.  
—  
Moore J.,  
Williams J.,  
Aird J.,  
E. A. Chambers  
Public Service  
Arbitrator,  
Senr  
Commr  
Taylor.

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them under the *Conciliation and Arbitration Act* and two of them under the *Public Service Arbitration Act*. The benches under our Act would have to be constituted differently: they would have to be presidential members and the Commissioner concerned in the particular industry when we are proceeding under the Commonwealth *Conciliation and Arbitration Act* and they would have to be presidential members of the Commission together with the Public Service Arbitrator in matters coming under the *Public Service Arbitration Act*.

It will be desirable eventually for the matters all to be heard together, although that will be a matter for the benches concerned and not for me now but it is almost certain that the matters will be heard together. Before the hearing of the National Wage cases I will make an order under section 44A of the *Conciliation and Arbitration Act* which will enable that to be done if the members of the bench so desire.

On 16 October 1970 the President, being of the opinion that questions are common to each of the said matters, gave a direction that the Commission constituted by all the persons who constitute the Commission for the purpose of the said matters may take evidence or hear argument or take evidence and hear arguments for the purpose of all the said matters.

The applications came on for hearing before the Commonwealth Conciliation and Arbitration Commission (Moore, Williams and Aird JJ., Deputy Presidents, Public Service Arbitrator Chambers and Senior Commissioner Taylor) in Melbourne on 20 October 1970.

*B. J. Maddern*, of counsel, for The Vehicle Manufacturers' Association of Australia and others.

*G. F. J. Dethridge*, solicitor, for the Angliss Group and others.

*P. A. E. McCormick* and *V. N. Moloney* for the Public Service Board and another.

*R. Willis* for The Australasian Meat Industry Employees Union and others and with *J. Halpenny* for The Amalgamated Engineering Union and others, and with *T. L. Addison* for the Australasian Society of Engineers, *A. McLagan* for the Electrical Trades Union of Australia, *J. W. Bevan* for The Boilermakers' and Blacksmiths' Society of Australia and *M. E. Heagney* for The Federated Ironworkers' Association of Australia.

*W. J. Richards*, *G. Butcher* and *G. L. Walker* for the Association of Architects Engineers Surveyors and Draughtsmen of Australia.

*W. F. Cox*, *R. W. Cupit* and *D. S. Watson* for The Professional Officers' Association Commonwealth Public Service.

*P. Munro*, *K. Turbet* and *W. Mansfield* for the Postal Telecommunication Technicians Association (Australia).

*J. A. Keely*, Q.C. and *K. D. Marks*, of counsel, for the Attorney-General of the Commonwealth of Australia (intervening).

*E. J. Nicholls* and *J. Andrews* for the Australian Public Service Federation (intervening).

*K. H. McLeod* and *R. D. Williams* for the Australian Council of Salaried and Professional Officers Association (intervening).

*P. Barnes* for The Association of Professional Engineers, Australia (intervening).

*P. Munro*, *K. Turbet* and *W. Mansfield* for the Administrative and Clerical Officers' Association, Commonwealth Public Service and others (intervening).

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*[The Commission*

*W. F. Cox, R. W. Cupit and D. S. Watson for the Australian Council of Professional Associations (intervening).*

*E. S. Cole for the Australian Wool Growers and Graziers Council (intervening).*

On 14 December 1970 Moore J., Deputy President, on behalf of the Commission issued the following statement:

We have reached unanimous decisions in all the matters before us and we have reduced our reasons to writing.

We have examined the economy over the last year and also the prospects for the ensuing year and have concluded that an increase in wages is justified.

As to the form of the increase we are conscious of the desirability of doing what we can for the lower paid workers but we are also aware of the problems which might arise if we awarded a comparatively large flat money increase. We have had considerable discussion about trying to implement in some just and sensible way a combination of both, namely, part flat money increase and part flat percentage increase, but in the area of increases which we have considered we have not been able to work out a satisfactory combination.

Having weighed the arguments and having regard to what we propose as to the minimum wage we consider that in all the circumstances of this case we should again this year award a flat percentage increase to all wages other than the minimum wage for adult males. We emphasise, as earlier benches have, that this does not bind future national wage benches in any way.

As to the amount of the increase we have had to balance the probable economic effect of our decision against other considerations, mainly of equity, which would arise if we awarded less than we propose.

If we are not realistic in our attitude to wage fixation, then those who look to the Commission as their main source of wage increases, and there are many who do, will be treated inequitably while more and more those who are strong enough to do so will seek increases in the field. If in the present state of the economy and in the atmosphere of general affluence which exists in the community we failed to give a reasonable increase we would be failing in our duty. However, we wish to emphasise that the material before us both from the unions and the employers disclosed a state of affairs which if continued may inhibit the Commission in future national wage cases. This material shows union pressure for wage increases outside the Commission leading to concessions from employers, sometimes granted too easily, which favour the industrially strong.

Making the best value judgment we can, we consider an increase of 6 per cent to be economically sustainable and industrially just. This percentage will be applied to the award wages and salaries of all adults, male and female, though not to the minimum rate for adult males which we deal with separately. Male and female juniors and apprentices should also receive the same percentage increases as adults. We emphasise that the above percentage is a percentage increase of award wages and not of wages actually paid.

Our decision about the minimum wage for adult males has caused us great concern. In all the circumstances, particularly the nation's current general prosperity, we are prepared again to give the minimum wage earner special treatment and to increase the minimum wage by \$4.00 per week. For instance, the figure in the Metal Trades Award for Sydney will be \$47.10 per week and that for Melbourne will be \$46.30. We find it hard to see how future benches can continue to give him special treatment in the absence of more information

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such as the actual living standards of people on or near the minimum wage, how many there are, how many would be affected by any future claim and what effect the introduction of minimum wage has had generally in industry.

Because the Pastoral Industry Award is not before us and because we have not heard The Australian Workers' Union we consider that we should say no more than that Mr Cole has persuaded us to state our intention that our new minimum wage should not automatically apply in that award. Whether in fact it is made to apply will be a matter for the Commission however constituted which has to deal with it when and if an application is made by The Australian Workers' Union.

As to the unions' claim for automatic quarterly adjustment, we are conscious of the desirability of attempting to maintain the purchasing power of award wages and we agree that movements in past prices are significant when we are dealing with national wages. Despite the able arguments put by Mr Willis we are however of the view that the Commission can better maintain control over its award wages if it retains the present system and does not introduce the system which he envisages. We come to this conclusion not only because of earlier similar decisions but also because we have a positive preference for the maintenance of the present system.

It is our view that this decision fits into the pattern of wage fixation which other benches of the Commission have created in recent years. Our decision in this case confirms the view stated by the Commission in the *Oil Companies Case*<sup>(1)</sup> that the fruits of national growth should be distributed generally in national wage cases. We have made this distribution in as equitable a manner as we can and in consonance with earlier stated principles.

We realise that in cases such as those now before us there is a thin line between submissions intended to persuade us and submissions which more closely resemble propaganda intended for consumption outside the Commission. On the present occasion this line has been crossed, by both unions and employers, more often than was in our view necessary. These transgressions distract us from our task which is difficult enough without them. Nor do they assist in deciding the issues before us. We would suggest to all concerned that in future they scrutinise their submissions to ensure that their propaganda content is minimal.

Figures before us indicate that every increase of one per cent in award wages will increase the national wages bill by approximately \$120m per annum. On that basis the 6 per cent we have decided upon will add about \$720m to that bill. If this large award increase is not followed by restraint in claims in the field, the Commission may be frustrated in its desire to ensure that the results of economic progress are distributed as equitably as possible to all.

The increases which we award will operate from the beginning of the first pay period to commence on or after 1 January 1971.

Details of the orders will be found in the reasons for decision which we now publish. The form of the order in each matter will be settled by the Registrar with recourse to a member of the bench concerned.

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*On the same day the following reasons for decision were issued by the Commission:*

## REASONS FOR DECISION

*The Claims*

The claims before the Commission on this occasion fall into the following groups:

- (a) applications dated 6 August 1970 by various organisations of employers to vary the Vehicle Industry Award, The Federal Meat Industry Interim Award and the Furnishing Trades Award respectively by increasing the wage rates for adult employees by amounts equal to 2 per cent,
- (b) an application dated 9 September 1970 by The Amalgamated Engineering Union and others to vary Part I of the Metal Trades Award by increasing the rates included in clause 3 (Minimum Wage—Adult Males), clause 4 (a) (Weekly Wage Rates—Adult Females) and clause 4 (b) (Weekly Wage Rates—Adult Males) Division A to Division OA inclusive by \$9.00 per week and by including a provision for the adjustment of the total wage rates each quarter according to changes in the Consumer Price Index,
- (c) an application dated 10 September 1970 by the Association of Architects Engineers Surveyors and Draughtsmen of Australia to vary Part II, Section III of the Metal Trades Award by increasing by an amount equal to 16 per cent the adult male rates shown in clause 4 (Wages) and the resultant amount to be applied to the adult female rates shown therein.

All the above matters, which were referred under section 34 of the Act, were heard together.

- (d) Two applications made in September 1970 under the *Public Service Arbitration Act* which were referred pursuant to section 15A of that Act. These applications, which were by The Professional Officers' Association Commonwealth Public Service and the Postal Telecommunication Technicians Association (Australia) respectively sought to vary six determinations of the Public Service Arbitrator by increasing by an amount equal to 16 per cent all current salaries shown in the determinations.

These matters also were heard together and, the President having made a direction under section 44A of the *Conciliation and Arbitration Act*, were joined with the other matters for the purposes of taking evidence and hearing argument.

Pursuant to section 36 of the Act, the Attorney-General, on behalf of the Commonwealth of Australia, intervened in the public interest in the various matters which were filed in the Commission. Interventions by various associations of employees and the Australian Woolgrowers' and Graziers' Council were allowed in all matters.

The Commission therefore has before it:

- (a) a claim by private employers to increase the minimum wage for adult males by 2 per cent and a claim by the unions for an increase of \$9.00 per week,
- (b) a claim by private employers to increase all other adult rates by 2 per cent, a claim by blue collar workers to increase rates by \$9.00 per week and a claim by white collar workers to increase rates by 16 per cent, and

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- (c) a claim by blue collar workers for quarterly adjustment of all rates according to changes in the Consumer Price Index.

Accordingly we must consider:

- (a) whether there should be any increase in award rates generally, and if so the form it should take and how much it should be,
- (b) what should be the amount of the minimum wage for adult males, and
- (c) whether rates should be adjusted automatically according to alterations in prices.

*Should there be any increase in wages generally?*

The private employers have asked for an increase and so have all unions whether applicants or interveners. The claims have been positively opposed only by the Australian Woolgrowers' and Graziers' Council. The Commonwealth Public Service Board made no submissions on this issue. The Commonwealth Government at the end of its main submissions said:

'We believe that the claims must be measured against the test of economic capacity. Because of recent trends, in which wages have run far ahead of productivity, capacity to pay further increases in wages without inducing further price increases is clearly very limited indeed. We recognise the difficulty the Commission may find in this. We certainly know that the Commission, of itself, cannot bring to a halt the processes in the economy about which we are concerned. We strongly submit, however, that the Commission should reach a decision, the effect of which will not accentuate prevailing inflationary pressures.'

As on previous occasions, we have examined the economy over the last year and also the prospects for the ensuing year. The following is a brief summary of the situation as we see it based on the material put before us.

In 1969-70 the economy once again grew strongly.

Gross national product at constant prices is estimated to have increased by 5.5 per cent. There was a strong demand for labour and employment increased significantly due particularly to the number of married women entering the work force and the continued high level of migration. During the year the total net inflow of migrants was approximately 113,000. In April 1970 there was an excess (seasonally adjusted) of vacancies over unemployed of 9,400. There had been some slowing down in the rate of growth of employment since then but this trend tended to reverse in September and October. The demand for labour is still strong and the number of persons registered for employment is low. According to the Commonwealth, unemployment at the end of September was 1.2 per cent of the work force after seasonal adjustment. The amount of overtime worked during the year was at record levels.

Manufacturing output generally maintained a significant growth and the production of many rural products increased, important exceptions being cereals (particularly wheat) and sugar. Overall the volume of rural production fell by only about 4.1 per cent from the record level of the previous year but farm income fell sharply by about 17 per cent.

Demand during 1969-70 was exceptionally strong. Personal consumption expenditure increased by 9.6 per cent. The value of retail sales increased significantly, although the rate of increase slowed to some extent during the early months of 1970-71. Private gross fixed capital expenditure increased by 9.8 per cent in 1969-70 compared with 13.0 per cent in the previous year. Private investment spending on dwellings rose by 14.6 per cent compared with 17.3 per cent in the previous year.



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Non-farm stocks increased by \$578m but on the other hand, farm stocks increased by only \$36m.

Although minimum weekly wage rates in Commonwealth awards rose by 5.1 per cent during the year 1969-70 (including the effect of the decision in the 1969 *National Wage Case*)<sup>(1)</sup> average weekly earnings rose, during the same period, by 8.9 per cent. The Consumer Price Index (Six Capital Cities) rose by 3.7 per cent during 1969-70.

Exports during 1969-70 increased by 24 per cent to \$3,981m. The increases were broadly based but exports of iron ore, coal, base metals, machines and transport equipment grew in particular, as did rural exports (despite the heavy fall in wool prices). Imports rose by 12 per cent to \$3,584m, giving a trading surplus of \$397m. However the net deficit on invisible transactions increased to \$1,227m and at the same time net capital inflow declined. The net balance of payments situation was a surplus of \$37m. Australian holdings of gold and net foreign assets increased by \$124m. The balance of payments outlook for 1970-71 is said by the Commonwealth to be encouraging, although the rate of increase in exports is expected to slow. The outlook for private capital inflow is regarded by the Commonwealth as better than it was 12 months ago.

During 1969-70 the overall picture was a rise in output and employment and, with the exception of some sections of the rural sector, the economy was in a strong position. However, demand pressures were increasing and inflationary pressures were evident. Monetary policy measures designed to restrain demand pressures were introduced. Although demand, particularly in relation to housing has been reduced to some extent, the pressures still appear to be strong. Indeed in the first months of 1970-71 there seems to have been a renewal of the upward tendency.

The prospect throughout 1970-71 is for a continuance of strong demand. A further increase in output is expected and it is anticipated that gross national product will once again increase by about 5.5 per cent at constant prices. Overall it is expected that 1970-71 will be a year of strong economic growth.

Although conditions in some rural areas were unfavourable, production in the rural industry held up fairly well during 1969-70 and as mentioned before the total volume of rural production was estimated to be only 4.1 per cent below the record level of the previous year. However, as also mentioned earlier, rural incomes declined by about 17 per cent, due in particular to lower prices for wool and wheat. The fall in wool prices was, on average, about 15 per cent. The average price for the year was 37.55 cents per lb, the lowest for 22 years, and for the first four months of 1970-71 it had declined to 29.04 cents. On the other hand, prices in other important sectors, such as meat, have increased. Overall it would seem that some important sections of the rural industry would be in difficulty in absorbing further cost increases.

Any increase at all was strongly opposed by the Australian Woolgrowers' and Graziers' Council and Mr Cole examined in some detail the economic position of the rural industry and in particular that of the woolgrowers. The Commonwealth Government also made special submissions about the rural sector. We are, of course, conscious of the plight of the woolgrower in particular and the fall in wool prices can only be described as dramatic. Although it was claimed that the woolgrower was faced with the squeeze of increases in prices paid on the one hand and falls in prices received on the other, this has occurred mainly because prices

(1) 129 C.A.R. 617

## NATIONAL WAGE CASE, 1970

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received have declined. The relative stability in the index of prices paid in the last year or so is revealed by the following figures:

1967-68	118
1968-69	120
1969-70	121

(base 1953-54 = 100)

Neither the woolgrowers nor the Commonwealth claimed that wages in the rural industry should not be increased if we considered that wages generally should be increased. Further as was stated in the 1969 *National Wage Case* the fundamental problems of the woolgrowers cannot be solved by this Commission.

Having looked at all the matters referred to above we consider an increase in wages is justified. We do not consider that the situation of rural industries is such that it should be used to deny an increase to wage earners generally when the economy is in an overall strong position.

*What form should the increase take?*

With the introduction of total wage in 1967 a flat money increase was awarded. In 1968 a flat money increase was again awarded, whereas in 1969 a flat percentage was awarded except in the case of the minimum wage which was increased by a flat money sum. It has always been emphasised that the way in which national wage benches should alter total wages would remain a matter for each bench concerned. We agree with that view and accordingly we propose to consider what is the best method of awarding a general increase this year.

Because we are working in the field of arbitration one significant factor must be the attitude of the parties. As to wages other than the minimum wage, the private employers, the Commonwealth Public Service Board and the white collar unions all asked that any increase be a flat percentage. They all asked for this essentially for the same reason, namely to maintain existing percentage relativities. This, in their submission, would produce the fairest result and be least likely to cause industrial unrest. On the other hand the blue collar unions again asked for a flat money increase to all wages on the ground that since the abolition of quarterly adjustments in 1953 the lower paid workers have received considerably less in percentage additions to their incomes than the higher paid workers. They argued that a flat money increase would enable all workers to receive the same additional amount of goods and services but would enable the low wage earners to expand their command of goods and services by a greater percentage than their higher paid colleagues. On the other hand, it was submitted by Mr Maddern that since the Metal Trades Work Value decisions the lower paid classifications have, because of the 1968 *National Wage Decision*,<sup>(1)</sup> received greater percentage increases than fitters and other higher skilled employees. Also, the disparate increase in the minimum wage for adult males in 1969 favoured the lower wage earners.

We are conscious of the desirability of doing what we can for the lower paid workers but we are also aware of the problems which might arise if we awarded a comparatively large flat money increase. We have had considerable discussion about trying to implement in some just and sensible way a combination of both, namely, part flat money increase and part flat percentage increase, but in the area of increases which we have considered we have not been able to work out a satisfactory combination.

(1) 124 C.A.R. 463

Having weighed the arguments and having regard to what we propose as to the minimum wage we consider that in all the circumstances of this case we should again this year award a flat percentage increase to all wages other than the minimum wage for adult males. We emphasise as earlier benches have that this does not bind future national wage benches in any way.

*What should be the amount of the increase?*

Speaking generally, private employers asked for a 2 per cent increase for all employees, the white collar workers 16 per cent and the blue collar workers \$9.00 per week, an increase of this amount to a fitter being approximately 16 per cent. The claims made by both groups of unions involved an exercise going back to 1953 and adjusting for price and productivity movements since then. The unions argued strongly that the failure of the Commission in previous cases to adjust wages in accordance with movements in prices and productivity since 1953 had resulted in claims outside the Commission for increases in wages, industrial discontent and an increase in the drift between award wages and actual earnings. We agree with many benches before us in refusing to go back to 1953. Independently of their views we hope that the history from then to the present will in future be left to rest in peace and not suffer its annual exhumation. We have directed our attention to what has happened in the year since the last national wage case and what is expected to happen in the year to come.

We had before us a great deal of debate on inflation, on our role as regards inflation and what effect any general increase in wages would have on inflationary pressures. We regard our role as primarily one of regulating industrial relations though we realise we must consider the economic consequences of what we do and we should not take any step likely to cause adverse economic consequences overall. In our view, in national wage cases the Commission should, in the public interest, award the highest rates which in its opinion the economy can sustain.

There are conflicting economic views on the relationship between movements in wages and movements in prices. The unions argued that inflation is caused more by increased demand than by increased wage costs and produced some economic writings in support of this. The employers submitted on the other hand that both increased demand and increased wage costs were factors leading to inflation and were almost inextricably mixed. They produced some other economic writings in support of this. The Commonwealth was inclined to the view that demand-pull might appear to be of more significance in causing inflation in the short term but that cost-push was more significant in the long term.

Without in any way decrying the expertise of the authors of the various writings put to us we consider it pertinent to quote one passage from an article *Rising Prices for Ever?*—W. B. Reddaway (Lloyds Bank Review, July 1966)—

'Why, then, cannot the economists and econometricians settle the question whether cost inflation has a real existence or not? There are really two different points to the answer. The first is that, in formal terms, the problem is very difficult to define at all precisely, and the answer is liable to turn on the precise way in which it is defined. As so often in economics, much depends on the assumptions made about "other things", and a simple *ceteris paribus* clause can cover a multitude of different possibilities. And the second, which is connected with the first, is that the statistical tests available for settling the issue, when this is defined in what I would consider the most relevant form, are not sensitive enough to give a conclusive answer.'

All the economists referred to before us agree that increased wages might cause price increases though they had differing points of view as to the degree of price rise which would flow from a particular wage increase. We accept that an increase in award wages may have an influence on prices and the larger it is the larger the impact is likely to be. Apart from any effect on costs one reason

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for this is that an increase in award wages will itself generate demand. The overall state of the economy will also be relevant at any particular time. In any case increases in wages are only one factor which may cause an increase in prices. We have already expressed our view about the state of the economy. In our opinion the increase we propose to award will cause some increase in prices but will also result in an increase in real wages. The amount of such an increase in prices is impossible to predict, particularly if the employers' submission about the length of time lag in price increases is correct. In their view the effects of last year's national wage decision have not yet been fully worked out in prices.

In discussing price rises Mr Willis submitted that in the past the Commission had been over-concerned with inflation. We do not agree with this comment. Nor do we think that the Commission has proceeded upon an assumption that wage rates approved by it are responsible alone for price movements. It could fairly be said that the Commission has never had any specific knowledge as to the precise economic impact of its decisions but it is not alone in this respect. In any event no figures seem to be available which would enable any precise measurement. What the Commission has sought to do on each occasion is to evaluate as well as it could the material presented and reach a conclusion as to what should be done to wage levels in its awards in all the circumstances.

Although on the material before us we broadly accept the argument that Australia's overseas trading position is not adversely affected if our rate of inflation is no greater than the rate of inflation in countries which compete with us for markets, this does not relieve the Commission of the responsibility of considering the likely impact of its decisions on prices in this country. We have also had to balance the probable economic effect of our decision against other considerations, mainly of equity, which would arise if we awarded less than we propose.

If we are not realistic in our attitude to wage fixation, then those who look to the Commission as their main source of wage increases, and there are many who do, will be treated inequitably, while more and more of those who are strong enough to do so will seek increases in the field. If in the present state of the economy and in the atmosphere of general affluence which exists in the community we failed to give a reasonable increase we would be failing in our duty. However, we wish to emphasise that the material before us both from the unions and the employers disclosed a state of affairs which if continued may inhibit the Commission in future national wage cases. This material shows union pressure for wage increases outside the Commission leading to concessions from employers, sometimes granted too easily, which favour the industrially strong. Considerable reference was made by Mr Maddern to this aspect. We hope that our decision will do something to ameliorate the situation and that in future national wage cases it will not be necessary to devote so much time to these matters.

Specific matters which we have looked at in this case include recent movements in prices and award wages. The Consumer Price Index figure referred to in last year's national wage case was for the June quarter 1969. From that quarter to the September quarter 1970 the Consumer Price Index has moved up by 4.4 per cent and from the September quarter 1969 by 3.8 per cent. The average minimum weekly rates for adult males under Commonwealth awards have moved from \$52.07 at the end of December 1969 to \$52.59 at the end of August 1970, a movement of 1 per cent. For the year 1969-70 the increase in productivity has been estimated at 2.2 per cent. The annual increase in productivity over the past 15 years has been of the order of 2.5 per cent and from 1964-65 to 1969-70, 3.1 per cent.

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[*The Commission*]

We have not looked at any of the above factors in isolation one from another but we have considered them in the context of the overall economic situation, including the prospects for next year.

Making the best value judgment we can we consider an increase of 6 per cent to be economically sustainable and industrially just. This percentage will be applied to the award wages and salaries of all adults, male and female, though not to the minimum rate for adult males which we deal with separately. Male and female juniors and apprentices should also receive the same percentage increases as adults.

We emphasise that the above percentage is a percentage increase of award wages and not of wages actually paid.

*Minimum Wage for Adult Males*

Although in their original applications none of the unions made any claim for a different increase in the minimum wage, in the course of his submissions Mr Willis put a special case for the minimum wage and received the support of the white collar unions. The employers opposed any special treatment for the minimum wage, arguing that their suggested 2 per cent increase should apply also to it.

Mr Willis argued that the current minimum wage is 'thoroughly inadequate to meet the requirements' that the trade union movement considered to be essential. He submitted that 'such a wage should . . . be such that would enable its recipient to obtain such a standard of living as would be acceptable by current community standards'.

He used three main arguments. One was that if the basic wage of 1953 had been adjusted for prices and productivity since then an increase of \$11.40 would need to be added to the current Six Capital Cities minimum wage to equate it to that figure. Another was that the Western Australian Industrial Commission had recently increased its minimum wage to \$49 per week.

As to the updating of the 1953 basic wage we reject it not only for the reasons we reject this historical approach generally but also because minimum wage is different from basic wage and came into existence only in 1966. As was said in the 1969 *National Wage Case*:

'Minimum wage is not the same as basic wage as it relates only to males and is inapplicable unless the actual paid wage for the working of ordinary hours would otherwise be less than the minimum wage.'<sup>(1)</sup>

Although the decision of the Western Australian tribunal was made on material not before us and in an entirely different proceeding involving only considerations going to that State whereas our responsibility is nationwide, it does provide some supplementary support for the special treatment we propose to give the minimum wage.

The third argument used by Mr Willis arose from the evidence of Mr H. P. Brown, Reader in Economic Statistics in the Australian National University. Mr Brown who is a well known authority in the field of economic statistics gave us a preliminary analysis of some of the results of the survey of household expenditures and consumer finances of 5,500 households conducted by the Macquarie University and the University of Queensland for 1966-67. Mr Brown's analysis covered 145 households broken up into those whose weekly expenditure was from \$34 to \$36, \$36 to \$38, \$38 to \$40, \$40 to \$42, \$42 to \$45 and \$45 to \$50. In the first group there were 8 households, in the second 12, in the third 6,

(<sup>1</sup>) 129 C.A.R. at p. 625

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in the fourth 9, in the fifth 36 and in the sixth 74. These were actual expenditures but with certain exclusions, notably the purchase of motor vehicles and interest and repayments on owner-occupied houses. Mr Brown very fairly stated:

'The specific information now made available was selected as being that most likely to be relevant to the Commission in the current case and is presented more in the spirit of general assistance to the Commission than as indicating any views as to the level at which the Commission should fix the minimum wage.'

He also said:

'I did not attempt to find out what was the actual expenditure of a minimum wage household or how many minimum wage households there were.'

Nevertheless we found the analysis interesting and of some assistance to us in assessing the minimum wage. However, we feel bound to point out that the survey was not directed at our task and Mr Brown's sample was very small.

We are prepared to assume, as the Commission did last year, that people on low incomes have special problems which we can to some extent alleviate. In the three national wage cases since the minimum wage was introduced it has received special treatment in only one, namely 1969. We are anxious to give as much assistance as we can to those who need it most, but we are an arbitral tribunal and not an administrative social welfare agency.

This part of our decision has caused us great concern. In all the circumstances, particularly the nation's current general prosperity, we are prepared again to give the minimum wage earner special treatment and to increase the minimum wage by \$4.00 per week. However, we find it hard to see how future benches can continue to give him special treatment in the absence of more information such as the actual living standards of people on or near the minimum wage, how many there are, how many would be affected by any future claim and what effect the introduction of minimum wage has had generally in industry.

We are taking this step on the same understanding as in the 1969 case. We also adopt the following words from that decision:

'We think it is necessary to add that it is not our intention that any total wage other than a minimum wage for adult males which at present appears in an award should be increased because of the increase we have now granted in minimum wages. When the minimum wage was introduced in 1966 it was described as being "designed to meet the circumstances of employees in the lowest classifications who are in receipt of award rates and no more. It is not intended to affect the wage of any employee who is already receiving the prescribed minimum through overaward payments".<sup>(1)</sup> The new amounts of minimum wages have been arrived at with the same intention.'<sup>(2)</sup>

*Woolgrowers and minimum wage for adult males*

Mr Cole for the woolgrowers put three alternative propositions. The first was that we should grant no increase in wages at all, the second that if we granted an increase no special increase should be granted to the minimum wage and the third that if we granted an increase in wages generally and a special increase to the minimum wage we should give special treatment to the pastoral industry and not automatically apply the new minimum wage to the Pastoral Industry Award. In view of our overall decision only the third of these need be discussed.

Mr Cole argued with considerable emphasis that the station hand (the only classification in the Pastoral Industry Award subject to the minimum wage) works and lives in conditions so different from workers in cities and country towns that not all the considerations which led the Commission to award a minimum rate of the level found in the Metal Trades Award are appropriate for station hands. He instanced a number of costs, particularly the cost of meat and housing which he said were less for station hands than for other employees affected by the minimum

<sup>(1)</sup> 115 C.A.R. 93 at p. 103      <sup>(2)</sup> 129 C.A.R. at p. 626

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wage. He also discussed the economic situation of the pastoral industry, drawing attention to the marked fall in wool prices and to the fall in real incomes of many woolgrowers. The Pastoral Industry Award is not before us, but Mr Cole submitted that we should make it clear that our new minimum wage should not apply to it. Mr Willis submitted that the various matters reviewed by Mr Cole were before the Commission in the recent *Pastoral Industry Award Case* in which a 40 hour week was claimed for station hands and if they were relied on as a basis for refusing to increase the minimum wage in the pastoral industry, it would amount to double counting.

Because the award is not before us and because we have not heard The Australian Workers' Union we consider that we should say no more than that Mr Cole has persuaded us to state our intention that our new minimum wage should not automatically apply in the Pastoral Industry Award. Whether in fact it is made to apply will be a matter for the Commission however constituted which has to deal with it when and if an application is made by The Australian Workers' Union.

*Automatic Quarterly Adjustments*

Mr Willis submitted that the Commission should adopt the following procedure. Each year there would be a national wage case and in between such cases there would be automatic quarterly adjustments of total wages for price movements according to the Six Capital Cities figure of the Consumer Price Index. The role of each annual national wage case would then be to decide by what amount real wages should be increased. If during any year the employers considered that real capacity was declining they could seek a suspension of the automatic quarterly adjustment system until the next national wage case when the whole matter could be thrashed out. The employers would have to establish only a *prima facie* case to succeed in having quarterly adjustments suspended. The unions are prepared to agree that quarterly adjustments would not occur until prices as measured by the Consumer Price Index had moved up by 1 per cent. The effect of his submission was that if in the first quarter after a national wage case there was an increase of 0.6 per cent in prices there would be no automatic adjustment. If in the succeeding quarter there was a further increase of 0.6 per cent then there would be an automatic adjustment of 1.2 per cent unless as stated earlier the employers established a *prima facie* case that the adjustment should not take place.

Mr Willis further submitted that over recent years the Commission has laid continuing emphasis on the importance in national wage cases of considering price movements which have occurred since the preceding national wage case. He said that if this attitude is based on the view that wages are important only for the goods and services which they can buy, equity requires wages to be adjusted for price increases. Once this is acknowledged as a proper concept for the annual wage review there is no reason in his submission to refuse to restore the quarterly adjustment system in the way he outlined. Put another way, his submission was that the Commission should not allow its award wages to erode for price movements for 12 months, and that his scheme would allow the Commission continuously to control its award wages. He also quoted some overseas material indicating that wages are moved in some other countries in relation to movements in price indexes, but we found this material of little help in deciding the present issue.

We are conscious of the desirability of attempting to maintain the purchasing power of award wages and we agree that movements in past prices are significant when we are dealing with national wages. Despite the able arguments put by

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Mr Willis we are however of the view that the Commission can better maintain control over its award wages if it retains the present system and does not introduce the system which he envisages. We come to this conclusion not only because of earlier similar decisions but also because we have a positive preference for the maintenance of the present system.

Therefore we have not found it necessary to discuss the detailed criticism which Mr Willis made of decisions given from time to time for the abolition of and failure to restore automatic quarterly adjustments. We also point out that the present claim goes further than earlier claims because it seeks automatic adjustment of total wages and not merely of basic wages.

*General Comments*

It is our view that this decision fits into the pattern of wage fixation which other benches of the Commission have created in recent years. Our decision in this case confirms the view stated by the Commission in the *Oil Companies Case*<sup>(1)</sup> that the fruits of national growth should be distributed generally in national wage cases. We have made this distribution in as equitable a manner as we can and in consonance with earlier stated principles.

We realise that in cases such as those now before us there is a thin line between submissions intended to persuade us and submissions which more closely resemble propaganda intended for consumption outside the Commission. On the present occasion this line has been crossed, by both unions and employers, more often than was in our view necessary. These transgressions distract us from our task which is difficult enough without them. Nor do they assist in deciding the issues before us. We would suggest to all concerned that in future they scrutinise their submissions to ensure that their propaganda content is minimal.

We would also like to comment on the 'wages drift' and the use of average weekly earnings in this regard. Particular emphasis was placed in this case on the differences between the movements in average weekly earnings and average minimum weekly award rates for adult males. Since the mid-1960's the increase in the drift had tended to slacken, although in 1969-70 the wages drift, on the figures at present available, seems to have accelerated again. However, a simple comparison between the two sets of figures can be both dangerous and misleading. For instance, the average weekly earnings figures include not only many people not covered by the minimum weekly award rate figure, such as those on salaries, many of whom obtain their increases by award, but it also includes all overtime and shift work earnings. None of these is included in the minimum weekly award rate figure.

In its 1969 *National Wage Decision*, the Commission made a number of observations as to wage fixation in the Federal sphere. These observations were made with a view to assisting those who work under Federal awards and those who participate in making them. Mr Maddern, for the private employers, and Mr Cox, for The Professional Officers' Association Commonwealth Public Service referred to these observations. Mr Maddern asked the Commission to re-affirm them and both he and Mr Cox asked for additions to be made thereto. This we do not propose to do as in our view the observations require neither addition to nor confirmation by us.

Figures before us indicate that every increase of 1 per cent in award wages will increase the national wages bill by approximately \$120m per annum. On that basis the 6 per cent we have decided upon will add about \$720m to that bill.

(1) 134 C.A.R. 159



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If this large award increase is not followed by restraint in claims in the field, the Commission may be frustrated in its desire to ensure that the results of economic progress are distributed as equitably as possible to all.

## FORM OF ORDERS

The Commission constituted by Moore, Williams and Aird *JJ.*, and Mr Senior Commissioner Taylor makes the following orders:

*Metal Trades Award*

The rates in clause 3 of Part I of the Metal Trades Award, minimum wage—adult males, will be increased by \$4.00 per week. The rates for males appearing in clause 4 (b) of Part I of the Award will be increased by 6 per cent in each case, except for Divisions S, T and V, to which no increase will be applied. The increases to be applied in Divisions P, Q and R will be such that the percentage is to be applied only to the amounts which appear in those Divisions. Percentages are to be calculated and added to the current wages and the results rounded off into multiples of 10c, less than 5c to go to the lower multiple and 5c or more to go to the higher. In view of the terms of the Award no variations, other than those to Division, Q, are required for females, juniors and apprentices as they will receive the prescribed percentages of the new adult rates.

The rates in clause 4 (a) and (b) of Section III of Part II of the Metal Trades Award will be similarly increased. The increases in the extra rates for leading draughtsmen, leading tracers, senior production planners and senior technical officers will be such that the percentage is to be applied only to the amounts which appear for those classifications.

*Vehicle Industry Award*

The rates in clause 2A, minimum wage—adult males, of the Vehicle Industry Award will be increased by \$4.00 per week. The rates for males appearing in clause 2 of the Award will be increased by 6 per cent in a similar manner to the variations applying to the Metal Trades Award, except that as to any daily rates the results are to be rounded off into multiples of 1 cent, less than .5c to go to the lower multiple and .5c or more to go to the higher.

In view of the terms of the Award no variation is required as to females, juniors and apprentices. They will receive the prescribed percentages of the new adult rates.

*Furnishing Trades Award*

The rates in clause 12A, minimum wage—adult males, of the Furnishing Trades Award will be increased by \$4.00 per week. The rates for males appearing in clause 12 and those for females appearing in clause 13 (other than classification 19) of the Award will be increased by 6 per cent in a similar manner to the variations applying to the Metal Trades Award. In view of the terms of classification 19 no variation is required thereto.

*The Federal Meat Industry Interim Award*

The rates prescribed by clauses 10, 11 (b) and 13 (e) (i) and (ii) of Part I and clause 1 of Part II of The Federal Meat Industry Interim Award will be increased by 6 per cent in a similar manner to the variations applying to the Metal Trades Award.

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The variations in all matters will come into force as from the beginning of the first pay period to commence on or after 1 January 1971 and will remain in force until 30 September 1971.

*Public Service Determinations*

The Commission constituted by Moore, Williams and Aird *JJ.* and Mr Public Service Arbitrator Chambers makes the following determination, to operate from the beginning of the first pay period to commence on or after 1 January 1971.

The rates for adult males appearing in clause 1 of each of the determinations before the Commission will be increased by 6 per cent.

In view of the terms of the determinations no variation is necessary in respect of adult females and juniors. They will receive the prescribed percentages of the new appropriate adult male rates.

*Settlement of Orders*

The form of the order\* in each matter will be settled by the Registrar with recourse to a member of the Bench concerned.

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\* See *Supra* 261, 217, 197, 207 and 192