

IN THE AUSTRALIAN CONCILIATION AND ARBITRATION
COMMISSION

In the matter of the *Conciliation and Arbitration Act* 1904-1973

and of

the *Public Service Arbitration Act* 1904-1973

and of

NATIONAL WAGE CASE, 1974

and of

THE METAL INDUSTRY AWARD, 1971

(C Nos 1128 and 1853 of 1971)

(C No. 3257 of 1973)

and of

**THE SALARIED STAFF (QANTAS AIRWAYS LIMITED)
AWARD, 1970**

(C No. 1708 of 1970)

(C No. 3303 of 1973)

and of

THE GRAPHIC ARTS AWARD, 1957

(Nos 508, 514, 566 and 674 of 1954; C No. 483 of 1957)

(C No. 710 of 1974)

and of

**THE COMMONWEALTH PUBLIC SERVICE ASSOCIATION
(FOURTH DIVISION OFFICERS)**

Claimant

v.

THE PUBLIC SERVICE BOARD and others

Respondents

(C No. 760 of 1974)

and of

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

Claimants

v.

THE PUBLIC SERVICE BOARD and others

Respondents

(C No. 778 of 1974)

Variation of awards and determinations—Rates of pay—Male and female minimum wage—Automatic cost of living adjustments and their effect upon minimum wage—Examination of the economy—Effect of increased intensity of inflation upon wages and prices—Consideration of three-tiered wage system—Conciliation and Arbitration Act 1904-1973 ss. 34, 36, 44A—Public Service Arbitration Act 1920-1973 s. 15A—Decision issued.

On 7 and 14 December 1973 and 25 January 1974 applications were filed by the Electrical Trades Union of Australia (C No. 3257 of 1973), the Australasian Transport Officers Federation (C No. 3303 of 1973) and the Printing and Kindred Industries Union (C No. 710 of 1974) for orders varying the above awards.

1973.
MELBOURNE,
Dec. 18.
—
Moore J.

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On 17 December 1973 and 7 February 1974 applications to vary Determinations No. 10 of 1929 (C No. 760 of 1974) and Nos 19 of 1961 and 76 of 1963 (C No. 778 of 1974) were lodged by the Commonwealth Public Service Association (Fourth Division Officers) and The Professional Officers' Association Commonwealth Public Service Association and others.

Applications C Nos 3257 and 3303 of 1973 were listed before the Australian Conciliation and Arbitration Commission (Mr Justice Moore, President) in Melbourne on 18 December 1973. On the same day the President directed that the applications would come on for hearing on 19 February 1974.

Matters C Nos 760 and 778 of 1974 were listed before Mr Public Service Arbitrator Taylor on 22 January and 14 February 1974, respectively. In each matter application was made that the matters should, in the public interest, be dealt with by the Commission as provided by section 15A (1) of the *Public Service Arbitration Act 1904-1973*, namely by at least two presidential members of the Commission and the Arbitrator. The President directed that both matters should be so dealt with.

The applications came on for hearing before the Commission (Mr Justice Moore, President, Mr Justice Robinson, Mr Justice Ludeke, Mr Deputy President Isaac, Mr Public Service Arbitrator Taylor and Mr Commissioner Portus) in Melbourne on 19 February 1974, on which day pursuant to section 44A (2) of the *Conciliation and Arbitration Act 1904-1973*, the President, being of the opinion that a question is common to two or more of the said matters and that he considered that it was desirable to do so for the purpose of facilitating the hearing and determination of those matters directed that the said matters would be heard by the Commission as so constituted. On the same day application C No. 710 of 1974 was joined to the other matters and the hearing proceeded accordingly.

- R. A. Jolly with J. Marsh for The Federated Photo Engravers, Photo Lithographers and Photogravure Employees Association of Australia and another and with N. Polglase, J. Caesar, A. McLagan and H. Mitchell for the Electrical Trades Union of Australia and others.
- W. J. Richardson and H. Lowe for the Australasian Transport Officers Federation.
- W. F. Cox and A. A. R. Townsend for The Professional Officers' Association Commonwealth Public Service.
- P. Munro, R. L. Gradwell, I. Oldmeadow for The Commonwealth Public Service Association (Fourth Division Officers).
- B. J. Maddern, of counsel, for The Victorian Chamber of Manufactures and others and with S. W. Moon, I. Wilson and G. King for Qantas Airways Limited.
- P. A. E. McCormick and V. N. Moloney for the Public Service Board.
- J. F. Staples, Q.C., and M. G. Gaudron, of counsel, for the Minister for Labor for the Commonwealth of Australia (intervening).
- R. P. Dalton and I. E. Douglas, of counsel, for Her Majesty the Queen in the right of the State of Victoria and others (intervening).
- P. Munro, R. L. Gradwell and I. Oldmeadow for the Council of Commonwealth Public Service Organizations (intervening).
- E. J. Nicholls and J. R. Andrews for the Australian Public Service Federation (intervening).

1974.
Feb. 19-22,
26, 27;
March 5-8,
13-15, 19-2
26-29;
April 3-5;
May 2.
—
Moore J.,
Robinson J.
Ludeke J.,
Isaac D.P.,
Arb. Taylor
Commr
Portus.

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- W. J. Richardson* for the Australian Council of Salaried and Professional Associations (intervening).
W. F. Cox and *A. A. R. Townsend* for the Council of Professional Officers Associations (intervening).
E. Ryan for the Women's Electoral Lobby (intervening).
B. Olle for the Union of Australian Women (intervening).
D. D. Alley for the National Council of Women of Australia (intervening).

On 2 May 1974 the following decision was issued by the Commission:

Details of the various matters before us are as follows:

- C3257 of 1973—Application by the Electrical Trades Union of Australia and other organisations of employees to vary the Metal Industry Award 1971 as varied by increasing the rates prescribed therein for adults by \$11 per week and by providing for the automatic quarterly adjustment of such wage rates according to changes in the Consumer Price Index.
- C3303 of 1973—Application by the Australasian Transport Officers Federation to vary the Salaried Staff (Qantas Airways Limited) Award 1970 as varied by increasing the rates prescribed therein for adult males and females by an amount equal to 11 per cent plus \$2 per week.
- C710 of 1974—Application by the Printing and Kindred Industries Union to vary the Graphic Arts Award 1957 as varied by:
- (a) increasing the rates prescribed therein for adults by \$11 per week;
 - (b) by increasing the adult male minimum wage prescribed by the said award by \$11 per week and by making such wage applicable to adult females;
 - (c) by including a provision for the automatic quarterly adjustment of all wage rates prescribed by the award according to changes in the Consumer Price Index.
- C760 of 1974—Application by The Commonwealth Public Service Association (Fourth Division Officers) to vary Determination No. 10 of 1929 as varied by increasing the salaries prescribed therein by 11 per cent and by providing for the automatic quarterly adjustment of such salaries according to changes in the Consumer Price Index.
- C778 of 1974—Application by The Professional Officers' Association, Commonwealth Public Service to vary Determinations numbered 19 of 1961 as varied and 76 of 1963 as varied by increasing the salaries prescribed therein by 9 per cent and by providing for the automatic quarterly adjustment of such salaries according to changes in the Consumer Price Index.

The first three applications were made pursuant to the *Conciliation and Arbitration Act* 1904-1973 whilst the last two were made pursuant to the *Public Service Arbitration Act* 1920-1973. All five matters were heard together for the purpose of taking evidence and hearing argument.

Pursuant to section 36 of the *Conciliation and Arbitration Act*, the Minister for Labor on behalf of the Commonwealth intervened in the public interest in the three matters under that Act and was granted leave to intervene in the two matters under the *Public Service Arbitration Act*. Leave to intervene in the proceedings generally was granted to a number of interested bodies.

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THE ECONOMY

The outstanding feature of the Australian economy since the last national wage case is the increased intensity of inflation. This is illustrated in the following figures showing percentage increases in the Consumer Price Index (weighted average of six State capital cities):

				Percentage increase on previous quarter	Percentage increase on corresponding quarter of previous year
1972—	March	..	..	1.0	7.1
	June	..	..	0.9	6.2
	September	..	..	1.4	5.7
	December	..	..	1.2	4.5
1973—	March	..	..	2.1	5.7
	June	..	..	3.3	8.2
	September	..	..	3.6	10.6
	December	..	..	3.6	13.2
1974—	March	..	..	2.4	13.6

The relative price movements of the main components of the Index between March 1973 and March 1974 are shown by the following:

					Percentage Increase
Food	..	..	..	..	19.8
Clothing and Drapery	..	..	..	..	13.9
Housing	..	..	..	..	11.0
Household Supplies and Equipment	..	..	..	..	8.6
Miscellaneous	..	..	..	..	10.4
All Groups	..	..	..	..	13.6

Food prices (including meat) accounted for nearly half and meat prices alone for about a quarter of the increase in the Index.

This acceleration of price increases was associated with economic expansion. The level of demand, in the aggregate and in relation to its main components, has risen markedly. Production and employment have gone up. Overtime and vacancies have moved to peak levels but in the twelve months since the end of March 1973, the unemployment rate (persons, including school leavers, registered with the Commonwealth Employment Service) only fell from 1.47 per cent to 1.41 per cent. The state of excess demand is reflected in the widespread shortages of producer and consumer goods. The balance of payments on current account for the year has remained favourable and the level of international reserves is still high by normal standards despite an overall reduction due to capital outflow.

We note that Mr Staples, appearing for the Australian Government, submitted that 'inflation represents a major problem of economic management facing the Government and the community'. Mr Staples also detailed the various measures which the Government has taken to combat inflation generated internationally and internally—the exchange rate has been revalued upward, tariff rates have been reduced substantially, monetary policy has tightened up on bank lending and raised interest rates and the Prices Justification Tribunal has been established.

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The appropriateness of these measures as counter-inflationary policies was not questioned by the parties and the interveners. However, the A.C.T.U. and the employers drew on different explanations about the sources of inflation. The unions blamed international forces while the employers ascribed inflation principally to excessive wage increases. In support of its case, the A.C.T.U. referred to econometric studies of the Australian economy for the period 1960-72 while the employers submitted other publications to support a contrary view. We do not believe that these studies give us much assistance in the matters before us. Whatever may be said to have been the main inflationary forces in the past, our concern is with the present and the near future. It is clear that whatever their original sources, wages and prices interacting on each other, have risen substantially. Mr Staples has submitted that the various measures taken by the Australian Government can be expected to have a moderating effect on inflation. On the other hand, Mr Maddern pointed out that, in its submission in the last national wage case, the Government also appeared to be hopeful of its ability to control inflation but so far without visible signs of success.

Leaving aside the question of inflation, it could be said that since the last national wage case, the economy has had a prosperous year and has recovered from the recession of the year before. The outlook for the next year or two is somewhat clouded because of the international oil crisis, the rise in fuel costs and signs of a decline in international economic activity. Export income may be affected adversely by a decline in the overseas demand for meat and wool which is already in evidence. But it appears that aggregate domestic demand will be well sustained by the prospects of a continued high level of capital and consumption expenditure. Overall, the submissions made to us differed only in the degree of optimism about the near future of the economy, the differences arising mainly from the varying assessments concerning the international situation. Nobody suggested that a major general decline in economic activity was imminent in Australia.

THE COMMISSION'S TASK

One problem facing the Commission in considering the claims before it, is the relevance of the current inflationary situation and the probability of its continuance in the year ahead. Mr Staples has told us that 'the Government assumes full responsibility for the management of the economy and unhesitatingly accepts responsibility for the economic consequences, if any, that may flow from the adoption of any of its submissions' in the present case. He has also submitted that the Commission should not assume 'explicitly or implicitly, responsibility for economic guidance, economic leadership or economic regulation'.

The Commission has made plain in the past and it says so again that it does not seek to assume responsibility for these matters. Indeed, it does not possess the economic power to take on such economic responsibility even if it were minded to do so. The Commission makes its awards in national wage cases in furtherance of its dispute-settling role. It is also required under the Act to have regard to the state of the economy and the likely effects of its awards on the economy. Although the economic consequences of the Commission's actions are often referred to as though they are separate and distinct from the industrial consequences it should be emphasised that there often is a high degree of interaction between the two. The great difficulty which the Commission faces in this connection is to ascertain the nature and magnitude of its economic responsibilities and how much weight to give to them as against its industrial relations

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responsibilities. With the economy stretched to a high level of employment and faced with continuing inflation of an order which the Government describes as a 'major problem' how should the Commission respond to the following claims:

An increase of \$11 equal to 18 per cent in male minimum wages.

The extension of male minimum wages to adult females.

A total wage increase based on:

- (a) a flat increase of \$11 equal to 15 per cent of the average award rate at May 1973; or
- (b) a uniform increase of 9 per cent in current award rates; or
- (c) a uniform increase of 11 per cent in current award rates; or
- (d) a uniform increase of 11 per cent in current award rates plus \$2.

Minimum wages and all award rates to be adjusted henceforth quarterly and automatically for changes in the Consumer Price Index.

The issues before us may be considered conveniently under three heads:

1. Male and Female Minimum Wage.
2. Total Wage.
3. Automatic Cost of Living Adjustments.

MALE AND FEMALE MINIMUM WAGE

The A.C.T.U.'s claim for a minimum wage applicable to both adult males and females is based on the movement in prices and productivity since the last national wage case. This approach represents a departure from previous applications which were related to the increase in prices and productivity since 1953 and it is made in light of the Commission's observation in last year's national wage decision that claims based on rates fixed twenty years ago raise false expectations and conduce to industrial unrest.

The change in the Consumer Price Index between March and December 1973 and the estimated productivity increase were applied to the average Commonwealth award rate (adult males) at May 1973, to give an increase of \$11 per week or approximately 18 per cent in the minimum wage. Mr Jolly argued in favour of using a productivity measure related only to the market sector of the economy rather than the conventional gross domestic product at constant prices. The annual trend rate of the former he estimated to be 3.7 per cent as compared with about 2.5 per cent for the conventional measure. Because the difference in these measures is small by comparison with the rise in the Consumer Price Index, we do not propose to comment on the conceptual issues and the statistical problems involved.

The A.C.T.U.'s claim received general support from the other unions. The Australian Government proposed that the increase should be based on the movement in the Consumer Price Index between March 1973 and the most recent figure applied to the existing minimum wage. On the latest figure available during the hearing, namely December 1973, this involved an increase of \$6.54 per week; on the March 1974 figure the increase would be \$8.16. The Victorian Government (including its instrumentalities), while opposing the extension of the minimum wage to females, suggested that in view of the size of industry increases already granted and those then being negotiated in the metal trades, the male minimum wage should be raised substantially if it were to retain any meaning. The private employers were opposed to any increase in the minimum wage and to extending it to women.

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Ever since it came into being in 1966, the minimum wage has received special consideration from the Commission. Despite the absence of adequate information about the economic plight of those at the lower end of the pay scale, the Commission has, in recent years, been moved to award proportionately larger increases in the minimum wage than in total wage because unlike the latter, the minimum wage has been entirely within the control of the Commission and dependent on it for any improvement. Last year, the Commission lifted the minimum wage by a substantial amount, \$9 or approximately 18 per cent. We still have little information about the incidence and effect of the minimum wage and we must therefore continue to use our best judgment in the light of the movement in prices and the general wage level.

Another problem involved in fixing the minimum wage is the relevance of the worker's family responsibilities. There are, of course, limits to which the Commission can go to the aid of the low wage earner whose needs are magnified by family obligations. The first minimum wage was introduced in 1966 not as a family wage but simply as a wage for adult males. It was not until 1969 that family considerations were advanced by the A.C.T.U. and in 1972 the Commission noted that arguments relevant to the male minimum wage had been presented by the unions and considered by the Commission as including a family component. We have given further consideration to this question and are acutely conscious of the difficulty of doing adequate justice to the widely varying family obligations of workers on the minimum wage. We do not have the information to enable us to discriminate between the varying needs of such workers. In our awards, we do not distinguish between the married and the single worker, and we do not vary the wage in relation to the number of persons dependent on the worker. The Commission has pointed out in the past that it is an industrial arbitration tribunal, not a social welfare agency. We believe that the care of family needs is principally a task for governments. For the reasons mentioned we have decided that the family component should be discarded from the minimum wage concept.

The case for applying the minimum wage to adult male and female workers alike was argued by all the unions, the Australian Government, The Women's Electoral Lobby, the Union of Australian Women and the National Council of Women in Australia. We believe that a strong case has been made for acceding to the claim for equal treatment of adult male and female workers in respect of the minimum wage. The submissions made to us on this matter demonstrate not only widespread and deep social support but also the economic viability of this concept. The application of the principles propounded in the 1972 Equal Pay Case and the increase in award rates generally have lifted the pay of female workers substantially. The average Commonwealth award rate for adult females has risen from \$50.29 in December 1972 to \$62.17 in December 1973, an increase of 23.6 per cent. The increase for adult males in the same period was 13.3 per cent. In December 1973, female Commonwealth award rates averaged 82 per cent of male rates compared with 75 per cent a year earlier. With the further phasing in of the equal pay provision since December 1973, it would be reasonable to expect that the gap has narrowed further. The lowest rates applicable to adult females in most awards are now close to the present minimum wage. These developments make our proposal for the extension of the minimum wage to females economically feasible. We have, therefore, decided to award the same minimum wage to adult males and females.

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We believe that this step is a logical extension of the equal pay principles which the Commission set in motion in 1972 and which will be fully applied by the middle of 1975. The Commission said in the 1972 decision that 'award rates for all work should be considered without regard to the sex of the employee'. We believe that the time has come for the same to be said about the minimum wage. The cost of extending the present minimum wage to adult females has been variously estimated in round numbers at from \$50m to \$200m per annum which is a very small figure when expressed in terms of the overall wages and salaries bill. However, having regard to the level at which we propose to fix the male minimum wage, the concentration of female workers in certain industries and the large proportion of these who would be entitled to the new minimum wage, it would be wise to avoid overloading the costs of these industries by an immediate full application of that wage to adult females. A phasing in period will give industry time for adjustment and we have therefore decided to extend the male minimum wage to females in three steps. Adult females will be entitled to 85 per cent of the new male minimum wage from the date of its operation; 90 per cent by 30 September and 100 per cent by 30 June 1975.

In deciding on the increase in the male minimum wage we have taken account of the large increase awarded in the minimum wage last year, the rise in prices and award wages since then and the discarding of any family component concept. In the light of these considerations, we believe that all male minimum wages should be raised by \$8. We emphasise that inflation and wage increases outside national wage cases add weight to the case for a rise in the minimum wage rather than the opposite. The minimum wage can only move by action of the Commission and to have any real significance it must take account of price movements and general wage standards. In this respect, the considerations surrounding the determination of the minimum wage are not the same as those related to the total wage to be discussed below.

The unions and the Australian Government have asked that the minimum wage should henceforth be adjusted automatically every quarter for changes in the Consumer Price Index. We have decided against taking this step in view of the proposed conference outlined later. But to allay anxiety about the possibility of rapid erosion in the real value of the minimum wage, the Commission will review it in six months time.

The A.C.T.U. repeated its submission of last year that for a worker on the minimum wage, the minimum wage rather than the appropriate award rate should be used as the basis for calculating penalty rates. We still adhere to the view that conceptually the minimum wage is different from normal award rates. The minimum wage is determined on the considerations we have outlined above and without regard to work value. On this reasoning it would not be appropriate for penalty rates to be calculated on the basis of the minimum wage. We, therefore, affirm the Commission's decision of last year which rules currently, namely that penalty rates should be calculated on the basis of the relevant award rate for the particular job.

Last year a special note explaining the purpose of the minimum wage was inserted in the minimum wage clause of the Commission's awards as follows:

'Note—The purpose of fixing the minimum wage at the amounts above set out is to ensure to each adult male worker a minimum wage for a week's work performed in ordinary hours. The fixation of the minimum wage at the amounts mentioned does not give any reason for any change in award rates of pay which are below or above the appropriate minimum wage.'

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This explanatory note will be retained in awards with suitable amendment to allow for the eligibility of adult females to the minimum wage.

TOTAL WAGE

The applications for total wage increase ranged from a flat \$11 proposed by the A.C.T.U. to a uniform 11 per cent plus \$2 proposed by A.C.S.P.A.

Ever since 1967, it has been the hope of the Commission that the bulk of wage increases would come from national wage cases in which general increases on economic grounds would normally be awarded every year. This approach was elaborated in some detail in the 1969 National Wage Decision. The Commission's hope has not been fulfilled. In 1970, 1972 and again last year the Commission expressed its concern at the development of what has become known as the three-tiered wage system, with increases occurring as a result of national wage cases, industry awards and agreements, and overaward gains of varying amounts obtained from employers.

The problem was expressed in the 1971-72 National Wage Decision as follows:

'Despite the statements by the Commission in the 1969 National Wage case and fears expressed by it in the 1970 National Wage case and since, there has been a strong general growth in federal award wages and salaries occurring outside national wage cases and in many instances apparently without regard to what was said in those cases. Whereas the Commission in 1967 was hopeful that the introduction of total wages and annual reviews would bring about greater flexibility and industrial justice a continuance of what has occurred may require a new approach.

'In our opinion, in considering claims for a national wage increase it is essential in the current circumstances that when examining the economic situation, particularly the movements in prices and productivity and future trends in productivity, we should have regard to wage and salary movements which have occurred since the last national wage case. In our view to do otherwise would be to live in a partial vacuum. We reiterate that, while the system of national wage reviews continues, general increases in wages under federal awards should, in the main, emanate from national wage cases after examination of the economy and the effects which such an increase would have upon it. If, however, increases in wages, especially of a general nature, do occur we consider that the Commission may not be able to avoid taking them into account in deciding a national wage case.'⁽¹⁾

A more hopeful note was struck last year by the apparent slowing down of award increases outside the national wage case but this movement has not been sustained. Mr Dalton representing the Victorian Government demonstrated the growing significance of award increases mostly by consent outside national wage cases since 1967 in relation to key occupations in a number of important awards covering blue and white collar workers. Mr Maddern supplied a long list of recent industry awards to illustrate the broad coverage of industry wage settlements. Although these surveys did not include statistics of persons involved or provide any kind of weighted average figures, it is clear that they covered a large proportion of workers under Commonwealth awards.

(¹) 143 C.A.R. 290

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A more general picture showing the importance of award increases outside national wage cases is indicated by the following statistics:

Period	Weighted average minimum weekly wage rates (Adult males—Commonwealth awards)			National wage increases (Expressed as a percentage of ruling adult male weighted average Commonwealth award rates)	
	Percentage increase			Percentage	Date of operation
	Quarterly	Annual average	Percentage		
1968—March	3.3		
June	1.0		
September	1.5		
December	4.0		
				7.4	25 October 1968
1969—March	0.5		
June	0.3		
September	0.8		
December	1.5		
				5.6	19 December 1969
1970—March	2.7		
June	0.5		
September	1.1		
December	1.0		
				5.5	
1971—March	7.8		
June	0.8		
September	2.9		
December	2.3		
				12.1	1 January 1971
1972—March	1.0		
June	3.2		
September	2.4		
December	2.0		
				8.8	19 May 1972
1973—March	1.9		
June	5.7		
September	4.5		
December	1.2		
				12.7	29 May 1973

The most recent minimum weekly wage rate figures available relate to January 1974 and they show that since the last national wage case, average Commonwealth award rates had increased by 4.4 per cent. It is reasonable to suppose that industry increases since January, involving increases exceeding 15 per cent of award rates, will have lifted this figure significantly. The problem before us in the present case has been highlighted by the coincidence of negotiations in the metal trades which have resulted in a flat increase, payable as from 8 April, of \$15 which, expressed as a proportion of the fitter's wage, amounts to an increase of approximately 19 per cent. The percentage increases for the lower grades would, of course, be larger.

It is generally accepted that these metal trades increases will have extensive application. It is accepted also that these increases relate at least in part to the same considerations which the Commission is asked to evaluate in this national wage case. For instance, Mr Jolly conceded that the very price movements which

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are part of the ACTU's application before us for \$11 and future cost of living adjustments are ingredients in the metal trades claim which has so recently been settled.

The private employers supported by the Victorian Government submitted that these circumstances have wholly pre-empted any further total wage increase in the coming year and that we should, therefore, reject the application for a total wage increase. Mr Maddern showed that for the period 1968-69/1972-73, average male award rates moved ahead of the sum of the increase in the Consumer Price Index and productivity measured in terms of gross domestic product at constant prices; and that even by Mr Jolly's measure of productivity of the market sector (trend rate of 3.7 per cent per annum), the real award rate movement has satisfied the ACTU's prices and productivity formula.

Mr Jolly urged the Commission to disregard wage increases outside national wage cases, a submission which he justified as assisting in moving the average real award rate into line with the productivity trend since 1953, the year when cost of living adjustments were abandoned. Thus although the ACTU has formally modified the basis of its national wage claim by taking last year's national wage award as its starting point, it appears that fundamentally its overall approach to wage fixation is still in terms of a starting point for real award rates going back twenty years. The Commission has repeatedly rejected the 1953 starting point and we do so again. We are not disposed to ignore current wage changes outside national wage cases. Our problem is how to quantify them, how to establish the extent to which these increases have been generally and equitably distributed among workers under Commonwealth awards and what weight to give them.

On the question of quantification, we are handicapped by the lack of up-to-date wage statistics, the latest of which go back to January 1974. We have noted the evidence of settlements which have taken place since then and while we are not prepared to ignore them, we are not in a position to express them as weighted average and relate this to the corresponding figure following the last national wage case. The information placed before us by the employers shows that the many awards made in recent months vary widely as to amount, date of operation and duration. The flow-on implications of recent settlements apply with varying time lags and there are those who are relying on the national wage case for a significant part of their wage increase this year. We believe that we should assist these groups of employees. We are aware that in doing so we will also be awarding the same total wage increase to those who are already ahead because of the tendency for national wage increases to be built into industry settlements. But this is unavoidable in the present circumstances.

The rationale underlying the submission of the private employers and the Victorian Government that industry increases have wholly pre-empted any further total wage increase this year is that any such increase awarded by us would simply add to the rate of inflation. The Commission has not refrained in the past from awarding an increase if there was a just cause for doing so even if its action would lead to a rise in prices. We affirm this approach in the present case. With inflation running at the current high rate and having noted the observations of the Prices Justification Tribunal on the part played by wage costs in its recommendations for price increases, we are very conscious of the burden of adding to inflation. We are also conscious of our statutory duty to 'have regard . . . to the state of the national economy and the likely effects on that economy of

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any award that' we may make. But in the present conflict between doing justice to groups of wage earners and adding to inflation, we believe that our duty is to the former.

Another consideration which has led us to decide to award a total wage increase this year is the inbuilt historical expectation that some increase will emanate from national wage cases. The Commission in the last national wage decision referred to a 'community expectation' being warranted and pointed out that opposition to the claims 'did not extend to an argument that national distribution of economic increases should cease as a matter of principle, from and including the present case'. This expectation is also reflected in provisions and undertakings in many industry awards and agreements for national wage increases to be added to existing award rates. However, we have been asked in these proceedings to dispel this expectation for the future. In the light of the current scale of industry increases we agree that the expectation can no longer be warranted as a matter of course. We take up this point again in connection with automatic cost of living adjustments which we discuss below.

We have considered the various claims including the form of the total wage increase. Bearing in mind all the arguments put to us, the nature of pay movements occurring in the community, the large increase in the minimum wage we have awarded, and the proposed extension of the minimum wage to females, we have decided to follow last year's course. The increase in the total wage will be a combination of an increase of 2 per cent on current award rates plus \$2.50 as a flat amount and will apply to adult male rates and adult female rates. Male and female juniors and apprentices will receive proportionate increases.

AUTOMATIC COST OF LIVING ADJUSTMENTS

The system of automatic cost of living adjustments or wage indexation, to use fashionable terminology, received considerable prominence in this year's submissions. On this occasion the unions were strongly supported by the Australian Government in their claim for quarterly indexation. But there were important differences among the proponents of the system as to its form of application. The unions represented by Mr Jolly argued in favour of flat amount adjustments to all award rates, the amount being derived by applying the percentage change in the Consumer Price Index to the average Commonwealth award wage rate. The Australian Government favoured flat amounts derived by the application of the percentage change in the Consumer Price Index to the minimum wage. The bodies represented by Messrs Richardson, Munro, Cox and Nicholls strongly opposed both these methods in favour of a uniform percentage adjustment of total wage rates, the percentage being derived from the change in the Consumer Price Index. The private employers and the Victorian Government were opposed to indexation in any form.

We have had the benefit of detailed examinations of the history of cost of living adjustments in Australia but we consider that history to be largely irrelevant to the resolution of the issues before us in 1974. We have had also many interesting references to overseas experiences and discussions of indexation but we treat these with considerable caution; Australia has a very different institutional setting and the application of overseas practices out of context may produce unexpected and unforeseen consequences.

The Commission has for some time made it plain that in national wage cases, past price movements as reflected in the Consumer Price Index play a significant part in its decisions. The main reason for repeated rejection by the Commission

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of the claim for a restoration of automatic quarterly cost of living adjustment has been the Commission's preference, under a system of annual reviews, to keep wage adjustments under its direct control in order to be able to apply the size and form of increase in pay in a flexible way from year to year depending on the circumstances prevailing at the time. With the moderate price movements which have occurred until recently, the extent of erosion in the real value of the minimum wage over the year between annual reviews has been small and, indeed, as the Commission pointed out in last year's decision, the anticipated price increase could be allowed for to some extent.

However, the magnitude and pace of recent price increases do throw into question the adequacy of annual adjustments of the minimum wage. It is for this reason that the Commission will review the minimum wage in six month's time.

The position with regard to the total wage is different for reasons connected with the problem of the three-tiered wage system which we have already noted. The current applications are made in circumstances where the operation of the three-tiered system has again been challenged and where the Commission has found it necessary to declare that expectation of national wage increases on an annual basis can no longer be warranted as a matter of course.

The 'circumstances' are well known and reference has already been made to them. In particular, an increase of \$15 will be applied to all classifications as a settlement in the metal trades case, that settlement has an almost pre-ordained flow touching a great number of wage and salary earners and the settlement is not only simultaneous with this decision but involves consideration of common criteria and has application for a similar period of twelve months.

This double counting no doubt prompted Mr Jolly to agree that the Commission might feel it had a transitional problem on the claim for wage indexation. In other words, regardless of the intrinsic merits of indexation, the Commission might feel inhibited in the short term from implementing any scheme of compensation for future price movements when it is acknowledged that such price movements were a significant factor in major settlements recently reached, including metal trades. Awards adopting the metal trades \$15 increase in the forthcoming twelve months must, in the absence of counter indications, be placed in the same category.

It is clear therefore, that the problem described by Mr Jolly as transitional will still be live for most, if not all, of the next twelve months. Indeed, its disappearance at any time will be difficult to recognise unless there is acceptance by the parties that it has disappeared. While it was argued before us that the advent of indexation could be expected to bring about some change in the wage fixation environment, it is far from clear what the nature of those changes would be and how much general support they would command. In the absence of an acceptable consensus on these matters, the Commission has little alternative but to treat indexation as adding a new tier to the available methods of wage fixation.

We have considered whether, despite the lack of definition in criteria and method presented by the applicants, there exists some industrial relations logic which should persuade the Commission to act.

In this connection we were asked by Mr Jolly and Mr Staples to assume that wage claims and industrial disputation will be abated by the introduction of indexation. Taken by itself this can be little more than a pious hope. An almost identical approach was adopted by Mr Willis in 1970 in seeking to persuade the

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Commission to reflect more realistically the demands of the trade union movement on prices and productivity. The Commission granted a 6 per cent increase but in 1971 there was no abatement either in the rate of outside wage increases or in the level of working days lost from industrial disputes.

It is not necessary to treat the gap between assumption and fact left by the 1970 experience as decisive. Of more significance is the fact that in these proceedings any reliance on industrial relations logic for indexation is weakened by the fundamental conflict between the two major claimant groups.

As already mentioned, those supporting flat rate indexation ask the Commission to assume abatement of wage claims and industrial disputation. Those supporting percentage indexation ask the Commission to assume that introduction of a flat rate system will lead to consequential industrial disputation and wage claims for restoration of relativities. Private employers, while opposing any form of indexation, agree that consequential claims and disputation are inevitable if a flat rate method were introduced. We have been urged to discount this view either on the ground that it is inaccurate or exaggerated or on the ground that the Commission should prefer an egalitarian approach to an approach which maintained existing relativities.

The conflict between the applicants is not merely a matter of mechanics, nor is it simply an issue for academic debate. Some move to egalitarianism may be desirable in wage fixation and indeed certain aspects of recent national wage decisions might be viewed in that light. But these developments cannot be used as independent support for indexation in general or flat rate indexation in particular.

Although it may seem like stating the obvious, claiming indexation does not leave the Commission simply with the task of selecting the method it likes best or dislikes least. The question of whether indexation should be introduced is inseparably bound up with the several unresolved areas already discussed, namely, the challenge to the three-tiered system, the double counting involved in consideration of common criteria in national and industry cases, the assumption concerning abatement of wage claims and industrial disputation and the fundamental conflict attaching to the alternative methods of implementation. The industrial relations elements of the conflict are crucial to the case for the applicants and central to the operations of the Commission.

We have been impressed by the suggestions that indexation could have positively beneficial economic, social and industrial implications but, having regard to what we have said, we are not prepared to add indexation to the available methods of wage fixation.

The applicants for indexation and the Australian Government explicitly complain about the results of the present wage fixation methods. Private employers and the Victorian Government are equally critical of the present wage environment. There appears to be general dissatisfaction with the current situation with no opportunity being given for a consensus on change.

In last year's national wage case the Commission remarked in connection with the prevailing wage fixing practices and the questions posed thereon in the 1971-72 National Wage decision as follows:

'Although we appreciate the thoughtful submissions of the parties and have been assisted by their presentation, they have only served to convince us that, in present circumstances, adopting some other approach to national wage than the customary one is impractical. We emphasise "in present circumstances" as our finding of impracticability does not solve the problem of what has been described as a three-tiered wage system whereby the overall movements may come from national wage cases, industry

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cases and overaward payments. It is a problem which may be insoluble except by some consensus of view reached between the interested parties either inside or outside national wage proceedings.⁽¹⁾

We believe wage and salary earners generally would favour changes taking place in the existing methods of wage fixation so that a form of indexation could appropriately attach. The submissions put by the Australian Government also seem to suggest that some change in present wage fixation methods may be justified.

There may well be a give and take package on wage fixation procedures under which employers and employees would be prepared to include some form of indexation. These procedures may require both employers and employees to move from their present expressed positions but in an atmosphere of compromise we would hope that interaction between the conflicting views may well produce a satisfactory result.

The Commission in 1974 has been provided with a fresh approach to the case for indexation and if this 'new look' can provide the catalyst for significant long term improvement in industrial relations for Australia, then bold experimental steps should be adopted by the Commission for the fullest exploration of its potential.

For this purpose the President will call a conference of the principal parties who appeared before us and will seek the full assistance, co-operation and facilities of the Australian Government. The main purpose of the conference will be to see whether consensus can be reached on the two interacting issues—wage fixation methods and wage indexation. This step is taken in pursuance of the objects of the Act and in particular to that object which refers to the provision of 'means for preventing and settling industrial disputes not resolved by amicable agreement, including threatened, impending and probable industrial disputes, with the maximum of expedition and the minimum of legal form and technicality'.

It would not be appropriate to list all the issues for inclusion on the agenda of the proposed conference. However, we should indicate that the present composition of the Consumer Price Index should not inhibit the reaching of a consensus in principle, and further, that if a consensus were reached, the timing of implementation could be a matter of agreement.

We emphasise that the conference will be concerned only with the methods of wage fixation and not with the level of wages themselves.

FORM OF ORDERS

The Commission constituted by Mr Justice Moore, President, Mr Justice Robinson and Mr Justice Ludeke, Mr Deputy President Isaac and Mr Commissioner Portus makes the following orders:

METAL INDUSTRY AWARD, 1971 AS VARIED

In part I of the award:

1. The symbol '(i)' appearing after the prefix '(a)' at the beginning of clause 8 will be deleted.
2. The rates prescribed by sub-clause (a) of clause 8 as at 23 May 1974 will be increased by an amount equal to 2 per cent of the existing rate calculated to the nearest 10c less than 5c to go to the lower amount and 5c or more to go to the higher amount plus \$2.50 per week.
3. Paragraph (ii) of sub-clause (a) of clause 8 will be deleted.

(1) 149 C.A.R. 75

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4. The rates prescribed for leading hands in sub-clause (b) of clause 8 as at 23 May 1974 will be increased by an amount equal to 2 per cent of the existing rate calculated to the nearest 10c less than 5c to go to the lower amount and 5c or more to go to the higher amount.

5. Sub-clauses (a) and (b) of clause 9—Minimum Wage—Adult Males—will be deleted and the following substituted therefor:

9—MINIMUM WAGE—ADULTS

(a) Notwithstanding the provisions of clause 8 of this part of this award an adult employee whose weekly wage rate payable pursuant to the said clause 8 for ordinary hours of work together with overaward payments is less than the undermentioned amount appropriate to his or her geographical location, shall be paid in addition an allowance of such amount as will bring his or her rate of pay for such hours to the said appropriate amount for that week.

<i>Adult Males</i>							Per week
							\$
New South Wales	..	..	..	..	..	..	68.80
Victoria—							
Yallourn	..	..	..	..	..	..	68.65
Elsewhere	..	..	..	..	..	..	68.00
Queensland	..	..	..	..	..	..	66.30
South Australia—							
Whyalla and Iron Knob	..	..	..	..	..	..	68.10
Elsewhere	..	..	..	..	..	..	67.60
Tasmania—							
Within 16 kilometres of the Chief Post Office, Launceston	..	..	..	..	..	..	68.30
Elsewhere	..	..	..	..	..	..	68.70

Adult Females

From the beginning of the first pay period to commence on or after 23 May 1974 until the beginning of the pay period in which 30 September 1974 occurs, an amount equal to 85 per cent of the amount payable to an adult male working in the same locality.

From the beginning of the pay period in which 30 September 1974 occurs until the beginning of the pay period in which 30 June 1975 occurs, an amount equal to 90 per cent of the amount payable to an adult male working in the same locality.

Thereafter—the same amount as is payable to an adult male working in the same locality.

The said percentages shall be calculated to the nearest 10c less than 5c to go to the lower amount and 5c or more to go to the higher amount.

(b) Where such an employee has been absent from duty in a week in circumstances entitling his or her employer to deduct payment for the time of non-attendance he or she shall be paid for the ordinary hours worked during such week at the rate of the said appropriate amount per week.

6. Delete from the note at the foot of clause 9 the word 'male'.

7. The weekly wages other than the special payments and the rates for leading hands in Part B of clause 37 as at 23 May 1974 will be increased by an amount equal to 2 per cent of the existing rate calculated to the nearest 10c less than 5c to go to the lower amount and 5c or more to go to the higher amount plus \$2.50 per week.

8. The rates for leading hands in Part B of clause 37 as at 23 May 1974 will be increased by an amount equal to 2 per cent of the existing rate calculated to the nearest 10c less than 5c to go to the lower amount and 5c or more to go to the higher amount.

9. The weekly wages in Part C of clause 37 as at 23 May 1974 other than the additional amounts in that part will be increased by an amount equal to 2

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per cent of the existing rate calculated to the nearest 10c less than 5c to go to the lower amount and 5c or more to go to the higher amount plus \$2.50 per week.

SALARIED STAFF (QANTAS AIRWAYS LIMITED) AWARD 1970 AS VARIED

The rates prescribed by clause 6 as at 23 May 1974 will be increased by an amount equal to 2 per cent of the existing rate calculated to the nearest dollar less than 50c to go to the lower amount and 50c or more to go the higher amount plus \$130 per annum.

GRAPHIC ARTS AWARD 1957 AS VARIED

1. The rates for adults prescribed in clause 15 as at 23 May 1974 will be increased by an amount equal to 2 per cent of the existing rate calculated to the nearest 10c less than 5c to go to the lower amount and 5c or more to go to the higher amount plus \$2.50 per week.

2. Sub-clauses (a) and (b) of clause 15A—Minimum Wage—Adult Males—will be deleted and the following substituted therefor:

'15A—MINIMUM WAGE—ADULTS

(a) Notwithstanding the provisions of clause 15 of this award an adult employee, whose weekly wage rate payable pursuant to the said clause 15 for ordinary hours of work together with overaward payments is less than the undermentioned amount appropriate to his or her geographical location, shall be paid in addition an allowance of such amount as will bring his or her rate of pay for such hours to the said appropriate amount for that week.

Adult Males

	Per week
	\$
Within the Shops and Factories District of Brisbane as constituted under the <i>Factories and Shops Act</i> 1900-1958 of the State of Queensland	66 30
Within the County of Cumberland, and also in the Parish of Maitland, the City of Newcastle, and 'A' Riding, 'B' Riding and 'D' Riding of the Lake Macquarie Shire within the County of Northumberland	68 80
Within the metropolitan district of Melbourne as proclaimed for the purposes of the Victorian Apprenticeship Act, and within the cities of Ballarat, Bendigo, Geelong and the town of Geelong West, and the boroughs of Eaglehawk, Newtown and Chilwell and Sebastopol	68.00
The metropolitan area of Adelaide as defined in the <i>Industrial Code</i> 1920-1963 of the State of South Australia	67.60
Within a radius of 15 miles of the General Post Office, Perth ..	68.10
Within a radius of 15 miles of the General Post Office, Hobart ..	68.70

Adult Females

From the beginning of the first pay period to commence on or after 23 May 1974 until the beginning of the pay period in which 30 September 1974 occurs, an amount equal to 85 per cent of the amount payable to an adult male working in the same locality.

From the beginning of the pay period in which 30 September 1974 occurs until the beginning of the pay period in which 30 June 1975 occurs, an amount equal to 90 per cent of the amount payable to an adult male working in the same locality.

Thereafter, the same amount as is payable to an adult male working in the same locality.

The said percentages shall be calculated to the nearest 10c less than 5c to go to the lower amount and 5c or more to go to the higher amount.

(b) Where such an employee has been absent from duty in a week in circumstances entitling his or her employer to deduct payment for the time of non-attendance he or she

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shall be paid for the ordinary hours worked during such week at the rate of the said appropriate amount per week.'

3. In the Note to clause 15A the word 'male' will be deleted.

4. Appropriate variations to clause 11 will be made to give effect to the variations now made to clause 15 of the award.

5. The rates for leading hands prescribed by paragraph (i) of sub-clause (b) of clause 54 as at 23 May 1974 will be increased by an amount equal to 2 per cent of the existing rate calculated to the nearest 10c less than 5c to go to the lower amount and 5c or more to go to the higher amount.

6. The rates appearing in the second column of the table in paragraph (i) of sub-clause (c) of clause 54 as at 23 May 1974 will be increased by an amount equal to 2 per cent of the existing rate calculated to the nearest 10c less than 5c to go to the lower amount and 5c or more to go to the higher amount plus \$2.50 per week.

7. The rates prescribed by clause 4 of appendix I as at 23 May 1974 will be increased by an amount equal to 2 per cent of the existing rate calculated to the nearest 10c less than 5c to go to the lower amount and 5c or more to go to the higher amount plus \$2.50 per week.

The orders in these three matters will come into force as from the beginning of the first pay period to commence on or after 23 May 1974 and will remain in force for a period of 12 months.

* * * * *

The Commission constituted by Mr Justice Moore, President, Mr Justice Robinson and Mr Justice Ludeke, Mr Deputy President Isaac and Mr Public Service Arbitrator Taylor makes the following orders:

PUBLIC SERVICE DETERMINATION NO. 10 OF 1929 AS VARIED

The rates appearing in sub-clause (5) of clause 1B, in sub-clauses (a), (b) and (c) of clause 12 and in Schedule 'A' including those in notes (a) to (f) inclusive at the end of the Schedule as at 23 May 1974 will be increased by an amount equal to 2 per cent of the existing rate calculated to the nearest dollar less than 50c to go to the lower amount and 50c or more to go to the higher amount plus \$130 per annum.

PUBLIC SERVICE DETERMINATION NO. 19 OF 1961 AS VARIED

The rates appearing in sub-clause (1) of clause 1 including the note in the proviso thereto as at 23 May 1974 will be increased by an amount equal to 2 per cent of the existing rate calculated to the nearest dollar less than 50c to go to the lower amount and 50c or more to go to the higher amount plus \$130 per annum.

PUBLIC SERVICE DETERMINATION NO. 76 OF 1963 AS VARIED

1. The rates appearing in sub-clause (1) of clause 1 including those in notes (i) and (ii) and those in the proviso to the sub-clause as at 23 May 1974 will be increased by an amount equal to 2 per cent of the existing rate calculated to the nearest dollar less than 50c to go to the lower amount and 50c or more to go to the higher amount plus \$130 per annum.

2. The rates appearing in sub-clause (1A) of clause 1 as at 23 May 1974 will be increased by an amount equal to 2 per cent of the existing rate calculated to the nearest dollar less than 50c to go to the lower amount and 50c or more to go to the higher amount plus \$130 per annum.

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The orders as to these three determinations will come into force as from the beginning of the first pay period to commence on or after 23 May 1974.

In view of the terms of these three awards and these three determinations no variations are required for juniors or apprentices as they will receive the prescribed percentages of the new adult rates.

The form of the orders as to the three awards will be settled by the Registrar with recourse to a member of the bench concerned and the determinations varying the three Public Service determinations will be settled by the Public Service Arbitrator.

The Commission adjourns to a date to be fixed the applications in the Metal Industry and Graphic Arts Awards so far as they concern the minimum wage.

IN THE AUSTRALIAN CONCILIATION AND ARBITRATION
COMMISSION

In the matter of the *Conciliation and Arbitration Act 1904-1973*

and of

THE RAILWAYS METAL TRADES GRADES AWARD, 1953

(Nos 428 of 1949; 169, 359 and 637 of 1950; 199 and 309 of 1952)

(C No. 2286 of 1974)

Variation of award—Wage rates for metal ticket and badge makers—Eveleigh Metal Ticket Shop—Award varied by consent.

On 4 April 1974 an application was filed on behalf of the Australian Railways Union and others for an order varying the above award dated 12 June 1953 as reprinted on 12 May 1971.⁽¹⁾

1974.
MELBOURNE,
May 2.
Commr
Neil.

The application came on for hearing before the Australian Conciliation and Arbitration Commission (Mr Commissioner Neil) in Melbourne on 2 May 1974.

R. Jowett for the Australian Railways Union.

J. B. Andrews and *C. V. May* for The Public Transport Commission of New South Wales.

R. A. Jennison for The Victorian Railways Board.

On the same day the following order was made by the Commission:

Order and prescribe by consent:

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

IN PART III—NEW SOUTH WALES RAILWAYS METAL TRADES GRADES

I By deleting from clause 3, Wage Rates, Adult Males, item number 97 and by inserting in lieu thereof the following:

Number	Classification or class of work	Rate per week
97	Metal ticket and badge makers Eveleigh Metal Ticket Shop	\$ 66.00

II The foregoing variation shall come into operation as from 7 April 1974 and shall remain in force until 6 April 1975.

⁽¹⁾138 C.A.R. 409