

IN THE AUSTRALIAN CONCILIATION AND ARBITRATION COMMISSION

Conciliation and Arbitration Act 1904

NATIONAL WAGE CASE

In the matter of notifications of industrial disputes between

THE AUSTRALIAN JOURNALISTS ASSOCIATION

and

JOHN FAIRFAX AND SONS LTD and others

in relation to wages and working conditions at metropolitan daily newspapers (C No. 3817 of 1982)

and

THE FEDERATED STOREMEN AND PACKERS UNION OF AUSTRALIA

and

ALTONA PETROCHEMICAL CO. LTD and others

in relation to wages and conditions

(C No. 612 of 1982)

AND

THE FEDERATED STOREMEN AND PACKERS UNION OF AUSTRALIA

and

AMOCO AUSTRALIA PTY LTD and others

in relation to wages and conditions

(C No. 613 of 1982)

and

TRANSPORT WORKERS' UNION OF AUSTRALIA

and

ALTONA PETROCHEMICAL CO. LTD and others

in relation to wages and conditions

(C No. 709 of 1982)

and

FEDERATED CLERKS UNION OF AUSTRALIA

and

ALTONA PETROCHEMICAL CO. LTD and others

in relation to wages and conditions

(C No. 874 of 1982)

and

ALTONA PETROCHEMICAL CO. LTD and others

and

THE AMALGAMATED METAL WORKERS' AND SHIPWRIGHTS UNION and others

in relation to wages and conditions

(C No. 3343 of 1982)

and

THE AMALGAMATED METAL WORKERS' AND SHIPWRIGHTS UNION and others

and

ALTONA PETROCHEMICAL CO. LTD and others

in relation to wages and conditions

(C No. 3344 of 1982)

and

THE AUSTRALIAN WORKERS' UNION

and

AMOCO AUSTRALIA LTD and others

in relation to wages and conditions

(C No. 3345 of 1982)

and

TRANSPORT WORKERS' UNION OF AUSTRALIA

and

A.A.A. CARRYING AND STORAGE CO. and others

in relation to wages and conditions

(C No. 1520 of 1982)

SIR JOHN MOORE, PRESIDENT

MR JUSTICE WILLIAMS

MR JUSTICE ROBINSON

MR JUSTICE LUDEKE

MR DEPUTY PRESIDENT ISAAC

MR DEPUTY PRESIDENT McKENZIE

MR COMMISSIONER SWEENEY

SYDNEY, 23 DECEMBER 1982

REASONS FOR DECISION

These proceedings were initiated by letter from the Minister for Employment and Industrial Relations requesting a listing of current applications for wage increases in transport, oil and journalists awards. This followed a letter to the President from the Acting Prime Minister on the outcome of the Special Premiers' Conference held on 7 December 1982.

The Commission is faced with an unprecedented situation.

Firstly, Australia is experiencing the worst economic recession since the 1930s.

Secondly, all eight Governments agree that a wages pause is necessary on economic grounds.

Thirdly, all eight Governments agree that action should be taken to freeze public sector wage and salary increases for a period of at least six months.

Fourthly, all Governments, with the exception of Victoria, have specified the action which has been taken or will be taken to ensure that a similar freeze is applied to private sector employees.

Fifthly, the Governments, including Victoria, have in a variety of ways, taken legislative and other action consistent with a wages pause, including action to stimulate employment and hold government charges.

That is the unprecedented environment in which the Governments come to this Commission seeking that it exercise its powers to complete the circle by extending the pause into that part of the private sector within the Commission's jurisdiction. Although consensus between Governments does not exist on all issues, including attendant economic measures and the important question of the duration of the pause, the core element of a pause of at least six months is a compelling factor which must weigh heavily with the Commission in its deliberations.

An outline of the material and submissions of the parties is set out as an Appendix.

THE ECONOMY

Central to the case for a pause was the state of the Australian economy. Three main developments have affected the economy adversely - a deep and prolonged world recession, a serious drought and a substantial increase in domestic labour costs.

The world recession has resulted in a collapse in the demand and prices of our main mineral exports and has halted the resources boom. It has also produced a more protectionist international trade environment creating potential difficulties for many of our exports and our import competing industries.

The drought together with the rise in farm costs is expected to nearly halve the net value of rural production during the current year.

The sharp increase in labour costs has resulted from general increases in pay and reductions in hours since the end of indexation flowing principally from the metal industry agreement of December 1981. Average Weekly Earnings appear to have risen by about 17 per cent in the September 1982 quarter on the corresponding quarter a year earlier, although there is some doubt on the reliability of the figure. Average Minimum Weekly Award Rates show a smaller increase of between 13 and 14 per cent in this period.

The inflation rate as measured by the Consumer Price Index has accelerated, rising progressively from 9.0 per cent in the September 1981 quarter to 12.3 per cent in the September 1982 quarter. Part of the increase was due to government induced price increases. The acceleration of wage and price increases in Australia has taken place at a time when our main trading partners are generally experiencing a substantial slowing down of wage and price increases.

Any one of these three developments without the others might have been tolerable. But in combination they have produced the most serious economic crisis since the depression of the 1930s. The signs of economic strain were evident in May this year when the Commission dealt with the ACTU's application which sought among other things a flow of the standard of wage increases of the metal industry agreement generally. On that occasion [Print E9700] the Commission remarked that the agreements resulting from the operation of "*the market*" had established a level of increases which was uncomfortably high in the prevailing economic circumstances. It noted that apart from the high rate of investment, not one major economic indicator was pointing in the right direction. And it expressed anxiety about the risk of leap-frogging and another round of wage increases.

The Commission also said:

“A high degree of uncertainty prevails about the future of the economy and what happens to the course of wages will have a critical bearing on the economy. This is especially so in view of the determination of the Commonwealth, as submitted to us, not to relax its economic policy to accommodate excessive and inflationary wage increases. The Commonwealth repeatedly emphasized that ‘any acceleration in the growth of labour costs is likely, in current circumstances, to fall primarily on reduced profitability and thus a slower employment growth and increased unemployment’.” (p.9)

Since then the economy has deteriorated further. The following depressing picture emerges from the material before us:

- * The likelihood of a 2 per cent fall in real Gross Domestic Product, something which has not happened since the 1930s. This prospect arises from the expected decline in real gross farm product by about 20 per cent and an expected small decline in real non-farm product.
- * Growth rates in private consumption and private investment are expected to be well down on the previous year. Private consumption is expected to show little or no growth at all while private investment, apart from the mining sector, is expected to show a substantial fall.
- * Average real unit labour costs have risen markedly in the last three quarters and are at the highest level since 1974-75.
- * The share of profits has fallen sharply in the year to the September 1982 quarter.
- * The number of full-time employed persons has declined persistently through most of this year. This decline has been offset by an increase in part-time employment, the level of total employed persons being 0.2 per cent higher in October 1982 than the corresponding month of 1981. But total employment is expected to decline by about 1 per cent in the current financial year.
- * Unemployment has continued to grow affecting both junior and adult workers, especially the latter. In November 1982, on a seasonally adjusted basis, 9.1 per cent (530,300) of the full-time labour force was unemployed while the total figure for both full-time and part-time unemployment was 8.6 per cent (603,300). The corresponding rates for November 1981 were 6.0 per cent for both. It is expected that with the entry of school-leavers into the labour force this summer, the total figure could rise to 10 per cent or even higher early in 1983.

Despite qualifications which may be made about the accuracy of each of the above statistics, they all point in the same direction and looked at together, they tell a very gloomy story.

THE CASE FOR A PAUSE

No one disputed the seriousness of the economic situation and the likelihood of a worsening of the unemployment position well into 1983 even with a wage pause. The question at issue is whether there should be a pause in wages and other labour cost increases, and how long this pause should be held.

In support of the pause, the Commonwealth, Queensland, Western Australia, Tasmania, and the Northern Territory, submitted that:

“...what happens to labour costs is of central importance to economic and unemployment prospects. Substantial moderation in such costs is needed to: avoid further retrenchments and losses of employment; allow cash flow and profitability to be restored; ease further pressures on Australian inflation; make the relative cost of labour more attractive to employers; contribute to an improvement in Australia’s competitive position; bring about a fall in inflationary expectations and thereby allow declines in overseas interest rates to be more fully transmitted to domestic interest rates; and finally to improve, through all these channels, business and consumer confidence and thus investment and employment growth.

If the present wage/profit imbalance is not reversed, deterioration in the economy and employment levels will be worse than necessary and ultimate recovery will be unnecessarily slow.”

The private employers argued in similar terms. They also submitted:

“. . . what the Commission in its decision in this matter will be determining is, firstly, how slowly will the economy grow, if it grows at all, and, secondly, what level of unemployment will be reached. Unfortunately, as the trend statistics clearly show, the downward momentum has already been built up. All that can be done at this stage is to arrest the economy’s continued slide. It is this, and in this, that the Commission is currently being asked to help.”

New South Wales said:

“. . . in support of the claim for the wage pause we adopt and accept the general thrust of the Commonwealth’s submissions, except in those areas where we have pointed to different considerations.”

These “different considerations” are set out in the Appendix.

South Australia said that the principal reason why:

“. . . the concept of a pause has received some support from the South Australian Government in that it may assist in providing a break in the inflation cycle and thereby contribute to a slowing of the trend to even higher unemployment.”

The ACTU and Victoria contend that a pause should not be imposed until a summit conference of Commonwealth and State Governments, the ACTU and the private employers has examined the issue of a pause in the context of other economic measures in order to reach a consensus on a total package. It was said that to impose a pause without such consensus and without stimulatory economic actions would have harmful economic and industrial consequences. Victoria submitted that there would be substantial economic benefits from a six month wage pause provided that it was applied:

“ . . . in a context which has three elements in it: (a) a greater degree of stimulation of the economy; (b) a search for consensus and (c) that the pause is the beginnings of a process of re-establishing a centralised wage fixing system.”

We are mindful of the strong wish of the ACTU and Victoria for a consensus on the wage issue as part of a package including other economic measures. While the Commission has consistently subscribed to the importance of consensus in national wage issues and has tried to assist in this connection wherever possible, we do not believe that it would be proper for us to call for a summit conference to deal with a total package of economic measures as proposed by Victoria. This is a matter for the various governments, the unions and the employers. Consistent with its statutory responsibilities, the Commission should confine itself to matters more directly related to wages and conditions and the method of their determination.

We note the proposal put by New South Wales that in implementing a pause, the Commission should call conferences and if necessary hearings with a view *“to establishing an appropriate method of adjusting wages at the expiration of the pause”*. This proposal received no support from any other participant and in the circumstances we do not intend at this stage to call such conferences.

The economic consequences of a wage pause cannot be predicted with certainty. It is as the ACTU has said a complex issue. On the arguments put, the consequences for the economy will depend on the balance between the effect of an immediate decline in household real income on consumption and investment demand, and the effect of stability in wages and other labour costs on investment, export and import demand. The ACTU and Victoria differ strongly from other parties on what the balance of the opposing effects will be - a net increase in demand or the opposite.

In the last twelve months Australia has experienced a substantial increase in wages and real unit labour costs at a time when there has been a marked slowing down of wage increases and inflation in our main trading partners. With the economy in recession and a further decline predicted we do not believe that Australia can now afford another round of wage increases. The effect on inflation, unemployment and business confidence could be serious indeed. We conclude therefore that the circumstances warrant a pause from further general increases in labour costs.

In coming to this conclusion we should not be understood as suggesting that all that needs to be done on the economic front is a pay pause. The ACTU, Victoria and South Australia have maintained that further stimulatory action may be needed to turn the economy round. But even if such action were necessary, if it is to be successful, a period of stability in pay and other labour costs is called for. The Commonwealth and most of the States have taken or are taking action to stabilise pay and conditions in the public sector. We believe that the urgency of the situation calls for a similar course in the private sector.

However we are not persuaded on present economic indications that the pause should last twelve months. In the current changing economic climate it is more difficult than usual to make economic judgments bearing on a substantial period ahead. The world economic situation could change significantly in less than a year's time. Accordingly, we believe that we should adopt a pause for six months and review the situation at the end of the period. The Commission will therefore sit on 28 June 1983 to consider whether or not the pause should continue. What further action the Commission should then take will depend on the outcome of this review.

In reaching our conclusion we note that New South Wales suggested a six months pause after which there should be a review of the situation, that South Australia suggested a hearing before the end of the six months pause and that in its application to the Queensland Commission the State Government, while asking for a twelve months pause, also asks that a review be carried out as at 30 June 1983 *“to determine if there has been any amelioration in the factors which are the grounds for this application”*.

We are reinforced in our conclusions by two important recent decisions. On 23 November 1982 in a matter concerning the New South Wales Public Service the Industrial Commission of New South Wales in Court Session said in a general announcement:

“The Commission is unanimous in issuing a general ruling in respect of newly raised claims, falling outside the principles of the decision we now make, and applicable to awards in both the public and private sectors, that the Commission, conciliation commissioners and conciliation committees should exercise a policy of wage restraint and moderation in the climate of the current economic circumstances until the end of June 1983, subject to further determination by the Commission in Court Session.

“We also consider that parties to awards, in their negotiations and settlements, should exercise a similar policy of wage restraint and moderation.”

On 6 December 1982 a five member bench of the Industrial Conciliation and Arbitration Commission of Queensland in a basic wage decision said:

“The Commission has unanimously determined that until June, 1983, it will superimpose upon any existing wage fixing principles, a policy of wage moderation and restraint. The extent to which that policy succeeds will be one of the factors to be taken into consideration when the next review is undertaken.”

We have already noted that since then the Queensland Government has moved the Commission to grant a twelve months wage pause.

The pause must rest on an equitable base. To this end a limited number of exceptions related to special circumstances will need to be made. In particular, the pause should not apply to cases which come within the parameters of the metal industry standard. In this connection we draw attention to the following passage in the National Wage Decision of 14 May 1982: [Print E9700]

“But it must be borne in mind that the application of the metal industry standard would bear more heavily on some industries than others and it would be wise for the parties to give serious consideration to the circumstances of particular industries in order to decide what standard should apply and if so, how it should apply.

We note, for example, that some increases were staggered over time; and in relation to the mid-term adjustment, the date of operation was varied to suit particular cases. It would follow that in those areas which have already been adjusted in excess of the first instalment of the metal industry standard, the mid-term adjustment should be correspondingly less than that obtained in the metal industry, and indeed there may be grounds for no mid-term adjustment at all.”(p.55)

We set down below the guidelines which we regard as necessary to operate during the period of the pause. The success of the pause will depend on these guidelines being applied consistently by the parties and the Commission. Any departure from them could impair the viability of the pause and threaten the employment prospects of many thousands of persons.

GUIDELINES

A policy of restraint should apply to any proposal for an increase in wages, salaries or allowances, reduction of hours, or improvement in other conditions of employment, whether by award, overaward or agreement. The Commission will guard against any contrived arrangement which would circumvent this approach.

The following guidelines will apply from the date of this decision until 30 June 1983 and thereafter until altered or rescinded by a National Wage Bench.

1. There should be no increase in wages or salaries in Federal awards. The only exceptions to this will be awards which have not been varied at all since the abandonment of indexation or which have moved by less than the metal industry standard. Even in such cases, prima facie no further increase should be awarded if a first instalment and mid-term adjustment have been made consistent with the National Wage decision of 14 May 1982 [Print E9700] That decision contemplated that adjustments less than the metal industry standard might be appropriate. Further, where the first increase is less than the first instalment of the metal industry standard, it does not necessarily mean that the mid-term adjustment should be correspondingly more.

Where there is doubt whether an agreement of the parties exceeds the metal industry standard or where the parties are unable to agree on the proper application of the May 1982 National Wage decision, the matters should be referred to a Full Bench. In such cases we would expect the relevant employers to make application for reference under section 34 of the Act.

2. Only in circumstances where a new process or method of work has been introduced warranting the creation of a separate classification should a new rate of pay be established in an award.
3. Only in circumstances which could not have been foreseen at this date should increases in existing award allowances or service increments be permitted or a new allowance or service increment created.
4. Agreements which have been reached by this date to introduce a 38-hour week may be approved by Full Benches subject to the same close scrutiny of labour costs and other relevant factors as the Commission is currently applying. No other applications for a 38-hour week should be approved nor should any agreement or application for less than 38 hours be approved.

These guidelines extend to all part heard cases.

THE PRESENT APPLICATIONS

We turn now to the specific applications before us.

Journalists

In respect of the pay claim of The Australian Journalists Association, it was contended by the Association that this matter was properly before another Full Bench of the Commission on a section 34 reference. The matter was part heard by that Bench and it was submitted that we should refer this matter back to that Bench for final determination.

The essence of the matter before that Bench was whether the mid-term adjustment had been made in accordance with the principles enunciated in the May 1982 National Wage Case decision. The Association argued that the issue about the mid-term adjustment has not been fully resolved in line with those principles; while the employers argued that the 4 per cent increase already awarded fully satisfied the terms of those principles as applied to the circumstances of the industry.

As this is a matter which concerns issues arising from the application of the May 1982 National Wage decision, we have decided that it should be referred back to the Full Bench which has been hearing this matter. The Association's application would of course be considered against the background of the guidelines set out above.

Transport

The transport matter relates to a recently found dispute on pay and conditions between the Transport Workers' Union of Australia (TWU) and a large number of respondent employers, a substantial proportion of whom are members of the Australian Road Transport Federation (ARTF).

The Commonwealth submitted that recent history had shown that wage increases in the award of those concerned in this dispute tended to flow to other awards. Further, it was argued, the transport workers concerned had already received increases in accord with the “*community wage round*” and the current claim if granted would go beyond the standard of that round.

The ACTU and the ARTF submitted that the parties had conferred following the finding of dispute and that further conferences have been arranged. They asked that the matter be referred back to the panel concerned with the dispute to enable conciliation proceedings to continue. The ARTF conceded that these proceedings would take place in an environment created by the result of the present case.

We accede to the request of the ACTU and ARTF and refer this matter back to Mr Deputy President Isaac. The decision we have come to in these proceedings will of course have a bearing on the outcome of the TWUs claims.

Oil

The oil industry awards were the subject of a decision of a Full Bench of the Commission on 25 November 1982. The Commission ratified a 7 per cent average wage increase operative from 1 August 1982 but deferred until the New Year consideration of a further increase to operate from 1 January 1983, averaging 8 per cent discounted by \$6.50 per week for health insurance contribution.

The Commonwealth argued that in the context of the wage pause, the Commission should not ratify the increase as such ratification would serve as a basis for claims in other industries.

The ACTU on behalf of the oil industry unions asked that this matter be referred back to the Full Bench which heard the application in the first instance. The ACTU argued that the agreement should be honoured by both parties and claimed that the oil industry stood alone.

The oil industry employers, relying upon their submissions made to the earlier Full Bench in support of ratification, made no submissions to us as to whether the agreement should be ratified or not.

We are not persuaded that if the increase sought is ratified by the Commission it can be confined to the oil industry. In view of the decision we have reached in regard to the pause and the concern we have expressed about another wage round being generated at this time, we have decided to refrain from ratification of the January 1983 increases agreed between the parties. This decision takes the place of the decision of the earlier Full Bench to reassemble early in the New Year.

APPENDIX

OUTLINE OF THE MATERIAL AND SUBMISSIONS OF THE PARTIES

On 8 December 1982, the Acting Prime Minister announced to the Parliament the outcome of a Special Premiers' Conference which had been held the previous day: he stated that at the Conference, the Commonwealth, the Premiers of the six States, and the Chief Minister of the Northern Territory had agreed to effect a pause in wages in the public sector. It was agreed also that concerted action be taken before tribunals and by other means to achieve a similar pause in the private sector.

The Agreement did not extend to a consensus on all the terms of the proposed pause. The Commonwealth, the States of Queensland, Western Australia and Tasmania, and the Northern Territory decided that they would support a period of twelve months; the Acting Prime Minister stated that New South Wales, Victoria and South Australia would be seeking six months, although before us Victoria presented a somewhat different view. It emerged also that there were differences on the question of the action to be taken in respect of such matters as standard hours, conditions of employment and professional and non-wage incomes.

On 16 December 1982, the Salaries and Wages Pause Bill completed its passage through the Commonwealth Parliament. Under this legislation, the principal powers of remuneration-fixing authorities will be suspended insofar as those powers relate to Commonwealth employment. For a period of twelve months, the authorities will be unable to increase rates of remuneration by way of salary, wages or allowances, or reduce working hours. The remuneration-fixing authorities include the Public Service Arbitrator, the Public Service Board and, so far as Commonwealth employment is concerned, the Australian Conciliation and Arbitration Commission. The Remuneration Tribunal and the Academic Salaries Tribunal will be deprived of their power to hold any inquiries or to make any determinations or reports.

The thrust of the Commonwealth policy has been taken up by Queensland, Western Australia, Tasmania and the Northern Territory; in these proceedings they and the Commonwealth spoke with one voice and sought from the Commission a declaration of "*Wage Pause Principles*". These reflected their fundamental position that for the next twelve months economic considerations should be paramount in wage fixation; in light of current serious economic circumstances, there should be no increase in wages, salaries or other payments which go to make up remuneration, nor should there be increase in allowances or reduction in standard hours of work. Western Australia envisaged that the pause would embrace all conditions of employment.

It has been estimated that the Commonwealth legislation will effectively freeze the remuneration of some 470,000 persons at current levels for twelve months. The savings to the Commonwealth Budget so achieved will amount to approximately \$300 million, and this will be expended on employment-related projects. New South Wales indicated that it expected to be able to employ 4,000 persons for a year on the State's share of these funds.

Except for Tasmania, it was acknowledged that it was not intended to truncate the completion of the current "*community wage round*", provided the criteria set by the decision in the National Wage Case May 1982 were not exceeded. Tasmania was concerned that this exemption might have serious consequences for employment if it were given universal application and, in that Government's view, only increases agreed upon or decided prior to commencement of the pause should be permitted.

It was proposed that at the end of the pause the Commission, in determining whether there should be any adjustment of wages and salaries or any reduction in working hours, will have regard to capacity to pay, but in any event there should be no increases on the basis of increases foregone during the pause.

The States supporting the Commonwealth proposals, and the Northern Territory, informed the Commission of the actions they have taken and propose to take. In Queensland, the Government has applied to the Industrial Conciliation and Arbitration Commission for a declaration of policy by the Commission that it will, during the next twelve months, observe a pause in salaries, wages, allowances, and any improvement in award conditions that would increase unit labour costs. The Government proposes that the Commission will conduct a review to determine as at 30 June 1983 if there has been any amelioration in the factors which are the grounds for the application.

In Western Australia, Parliament is being recalled on 23 December 1982 and the Government will introduce legislation to effect a wage pause in the public and private sectors. Additionally, the Western Australian Industrial Commission is obliged by legislation to consider any National Wage Decision by this Commission and to give effect to that decision unless it is satisfied that there are good reasons not to do so. The Government of Western Australia has also undertaken not to increase State taxes or charges for the remainder of the financial year.

The Parliament of Tasmania has adopted legislation which will implement a pause of twelve months. It will apply to all classification of employees not covered by awards of this Commission and will operate to prevent remuneration-fixing authorities from awarding increased rates of pay and allowances the reduction of ordinary hours of work will also be prohibited, unless a corresponding reduction in rates of pay is made.

Over 60 per cent of public servants of the Government of the Northern Territory have had a wages pause for some time and it will operate until 1 July 1983. The Territory Government has made known to the Public Service Commissioner its support for the twelve months pause and the jurisdiction in respect of the public sector of this Commission, the Public Service Arbitrator and local tribunals will be suspended by the Commonwealth's Salaries and Wages Pause legislation. The private sector work force is regulated by awards of this Commission.

The other States have differing views on the course to be followed, although only Victoria does not propose that a wages pause be adopted immediately. New South Wales agreed with the Commonwealth that there should be a wage pause in both the private and public sectors of the economy. The State acknowledged that the present economic situation is serious and with certain exceptions, accepted the general thrust of the Commonwealth's submissions. The State was prepared to support a pause for six months, after which there should be a review. At that time, consideration could be given to the question whether the pause should be continued or terminated. The State contemplated a halt to increases in rates of pay and allowances under Federal and State awards, but its policy does not extend to standard hours and other conditions of employment, nor does it cover professional and non-wage incomes. However, in the event that a pause is implemented, the State Government will make a reference pursuant to s.30 of the Industrial Arbitration Act (N.S.W.) to the industrial Commission to have the decision of this Commission adopted by that Tribunal. The State will take action, short of legislation, in respect of overaward payments in the private sector.

New South Wales proposed two further concepts for incorporation in the principles of a wage pause:

First, there should be provision to deal with anomalous or very exceptional cases, particularly to include employees who have not participated in the current wage round.

Second, there should be a series of conferences on the Commission's initiative, including consultations with State tribunals to establish an appropriate method of adjusting wages at the expiration of the pause. The State favours re-introduction of a centralized wage fixation system, with appropriate principles laid down by the national tribunal.

The New South Wales Government has already announced that there will be no further increases in State charges and certain taxes before 30 June 1983 and it is intended that the State Prices Commission will take a more active role in price surveillance.

South Australia accepted and supported the concept of a wage pause for a period of six months. In the event that the Commission adopted such a pause, it is the State's intention that the principles thereby established be translated into the State area, both in the public and private sectors.

South Australia submitted that it should be recognized that inequities would become apparent and that there should be a mechanism to deal with them. There should also be provision to adjust the wages of employees who may not have participated in the most recent round of community wage movements. The State recognized the need for some positive action to be taken at the termination of the pause; there should be a review of the economy towards the end of the pause, but no commitment should be made at this stage to any particular wage adjustment at that time. South Australia would favour a return to an orderly centralized system of wage fixation, subject to the state of the economy.

The South Australian Government proposes to strengthen its price surveillance arrangements; it will also maintain government fees and charges at present levels until June 1983 to demonstrate its commitment to the concept of a wages pause.

As did all the other States, Victoria expressed its deep concern about the deterioration in the economic situation and the rise in unemployment. Nevertheless, the State did not agree that the remedy lay in an immediate wages pause; in brief, its view was that “. . . a six months pause in the context of a return to centralized wage fixation with a move towards consensus and greater stimulation of the economy would have significant benefits for the economy.” Victoria placed great store on the value of a national conference involving Federal and State Governments, employers and unions to develop a consensus; in the event that the Commonwealth was unwilling to convene such a gathering, the Commission should take the initiative. The proposed conference would aim to achieve by consensus and negotiation the following package for the private sector:

- (a) A return to a centralized wage fixing system;
- (b) a greater degree of economic stimulation which is an essential pre-condition for agreement with a wage pause;
- (c) in this context a six-month wage pause until after 30 June 1983 after taking account of the diversity of existing arrangements within the private sector;
- (d) agreement concerning a rational adjustment to wages at the end of the pause.

Subject to these conditions the Victorian Government would support a Victorian public sector pause for six months until after 30 June 1983 and would seek to achieve this through negotiations currently planned under existing agreements.

With a few exceptions, Victoria has halted any adjustments to State taxes and charges until 30 June 1983 and it is intended that a price surveillance mechanism be established based on consumer complaints.

Private employers generally were represented by the Confederation of Australian Industry; they asked the Commission to declare that the national economy cannot support any increase in labour costs for the next twelve months and that any such increases would have undesirable effects on employment and be opposed to the national interest. They proposed an inquiry at the end of twelve months into the state of the economy to determine whether and what increases can at that time be justified on the expected future performance of the economy.

In the view of the private employers, a pause in all award matters which have the potential to increase an employer's costs would be the greatest single contribution that could be made at this time; it may be some considerable time before the benefits of any pause will be apparent, but the employers emphasized that if there is no respite, and another wage round is permitted to develop, unemployment will be even worse, and the consequences would be little short of disastrous. They held to the view that there should be no exceptions to a policy of total restraint, although it was recognized that the Commission had recently expressed a different view in the Banks Case [Print F1359].

The Australian Council of Trade Unions stated unequivocally its opposition in principle to a wages freeze: it could see no benefit to industrial relations or to the economy in such a step. The ACTU's doubts were not based only on the failure of wage freezes in general, but also upon the inadequacies of the proposals put forward for the Australian environment. The Council pointed out that there was no clear basis for genuine agreement among the participants; there was no common agreement between the Commonwealth and the States, nor were the unions voluntary participants. There was to be no change in economic policy, in particular no change in the tight monetary policy currently in place.

In the ACTU's view, the lack of equity in the proposals was to be seen in the absence of direct measures to constrain price increases and the limited regulation of non-wage incomes. It warned that to the extent that overaward payments are not controlled, pressure will mount as relativities are distorted. It objected to the failure to provide a proper procedure for dealing with anomalies and inequities and pointed to the problems associated with terminating the proposed freeze: it was designed to permanently reduce real wages, since there was to be no catch-up at the end, yet there was no clear policy to have effect at that time. It was pointed out also that no estimates had been made of the impact on unemployment, inflation or growth, which would permit an assessment of the effects. Despite the proposals, there has been no guarantee of job security; in addition, if the freeze was to be in place for twelve months, this would mean that by December 1983, many workers would not have had a wage increase for eighteen months. The ACTU submitted that the confusion between the positions taken by the States will generate havoc in the field, because of different expectations held by workers under Federal and State awards in the same establishment.

The ACTU's submission was not limited to criticism of the proposals. Holding a commitment to the view that wages policy must be integrated into economic policy, the Council reiterated its belief that an equitable and viable centralized wage fixation system based on cost of living adjustments was essential for industrial relations and economic stability. On 2 and 3 September 1982, the Council held a conference of affiliated unions, and from that conference emerged a comprehensive package of integrated economic policies. As part of the package, the idea was advanced of the establishment of a National Employment Fund, to be financed collectively. The contribution by workers would be made by foregoing half the benefits of tax indexation. The proposals for the Fund have been adopted as ACTU policy. The Council saw the combination of real wage maintenance and the implementation of the National Employment Fund as providing the basis for further discussion and greater consensus leading to a better economy in the near future.

Further, the ACTU believed that there should be a national economic conference comprising Federal and State Governments, private employers and the ACTU, aimed at determining a course of action to attack the current economic position; the Commission was asked to refrain from handing down any decision on these proceedings until consultation had taken place through the medium of such a conference. The Commonwealth's response to the ACTU's call for a summit conference was that while the proposal "*merits longer-term consideration*", the wage pause should be implemented as soon as possible.

The Council of Professional Associations submitted that a programmed wage pause would be unsatisfactory and is unnecessary. But should a pause be introduced, the CPA urged as a condition that all sections of the workforce should have the opportunity to have their salary levels fixed on an appropriate relative position. Participation in the latest round of adjustments to wages and salaries should not be a bar to this opportunity being available; the CPA submitted that if anomalies and inequities are cemented into the period of a pause, pressures would be created and a situation counter-productive to the purpose of the pause would develop.

The Australian Public Services Federation and the State Public Services Federation regarded the Commonwealth legislation and its proposals in these proceedings as the antithesis of the beliefs consistently held by both Federations. They believe that the real value of wages should be maintained, not only in the interests of equity, but also because of the importance of maintaining stability of purchasing power. They submitted that the outcome of the proposals was at best a matter of speculation, and they rejected them.

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