

(11208.) INDUSTRIAL CONCILIATION AND ARBITRATION
AMENDMENT ACT, 1936.—GENERAL ORDER FIXING BASIC RATES
OF WAGES.

In the Court of Arbitration of New Zealand.—In the matter of the Industrial Conciliation and Arbitration Amendment Act, 1936.—General Order fixing basic rates of wages for adult male workers and for adult female workers.

SECTION 3 of the Industrial Conciliation and Arbitration Amendment Act, 1936, reads as follows:—

“ 3. (1) The Court shall of its own motion, within
“ three months after the commencement of this Act, make a
“ general order fixing a basic rate of wages for adult male
“ workers employed in any industry to which any award or
“ industrial agreement relates, and, by the same or a similar
“ order, shall, within the same time, fix a basic rate of
“ wages for adult female workers so employed.

“(2) Any general order made under this section may
“ from time to time, at intervals of not less than six months
“ in any case, be amended by a subsequent general order made
“ by the Court, either of its own motion or on application
“ made to the Court by any industrial union or industrial
“ association.

“(3) Every general order made under this section shall
“ come into force on a date to be specified in that behalf in
“ the order.

“(4) In fixing a basic rate of wages under this section the Court shall have regard to the general economic and financial conditions then affecting trade and industry in New Zealand, the cost of living, and any fluctuations in the cost of living since the last order, if any, was made under the authority of this section.

“(5) The basic rate of wages for adult male workers fixed under the authority of this section shall be such a rate as would, in the opinion of the Court, be sufficient to enable a man in receipt thereof to maintain a wife and three children in a fair and reasonable standard of comfort.

“(6) Except as provided in the next succeeding subsection, while any general order fixing a basic rate of wages remains in force, no adult male or female worker employed in any industry to which any award or industrial agreement relates shall receive less than the basic rate of wages for male or female workers, as the case may be, anything to the contrary in any such award or industrial agreement notwithstanding.

“(7) Any general order made under this section may make provision for the issue to any worker of a permit to accept a wage lower than the basic rate of wages. The provisions of section one hundred and forty-five of the principal Act (providing for the issue of permits to accept a wage below that prescribed in any award for ordinary workers) shall, so far as applicable, apply with respect to the issue and duration of permits under this subsection.”

The section thus requires the Court, in fixing a basic rate of wages, to have regard to the general economic and financial conditions affecting trade and industry in New Zealand, and the cost of living.

New Zealand has recently been emerging from a period of depression of trade and industry that for several years has affected it, along with most other countries of the world.

Thus its total value of production which for the year 1928-29 stood at £126.6 millions rapidly fell until in the year 1931-32 it amounted to £83.6 millions. During succeeding years it has recovered, and for the year 1934-35 amounted to £97 millions. The amount for the year 1935-36 is not yet available, but it is estimated by one of the witnesses at £107 millions.

Export trade shows a somewhat similar movement. The total value of all exports which in 1928 stood at £55.5 millions fell by 1931 to £34.9 millions. During succeeding years it rose, in 1932 to £35.6 millions, in 1933 to £41 millions, in 1934 to £47.3 millions, and for the year ended August, 1936, it amounted to £55.3 millions.

A comparison of the movement of wage rates of male workers with that of retail prices (covering all groups of domestic expenditure, including rent) discloses the following position:

(Base July, 1914 = 1000)

Year.	Retail Prices.	Nominal Wage-rates.	Effective Wage-rates.
1914	1000	1000	1000
1928	1602	1656	1034
1929	1599	1658	1037
1930	1562	1665	1066
1931	1443	1542	1069
1932	1334	1418	1063
1933	1266	1363	1077
1934	1287	1375	1068
1935	1333	1377	1033

The figures for 1936 are not complete, but the interim figures indicate that the position of wages in relation to retail prices is not less favorable than in 1935.

It will thus be seen that the increase in wage-rates has more than held its own with the increase in retail prices.

Subsection (5) of the above-mentioned section declares that a basic rate of wages for adult male workers shall be such a rate as will enable a man in receipt thereof to maintain a wife and three children in a fair and reasonable standard of comfort.

Subsection (6) declares that while any general order fixing a basic rate of wages remains in force, no adult male or female worker employed in any industry to which any award or industrial agreement relates shall receive less than the basic rate of wages.

This latter subsection indicates that the basic wage to be fixed shall not be greater than would be appropriate to the least-skilled and least-remunerative type of work covered or likely to be covered by an award or industrial agreement.

The statutory provision requiring the fixation of a basic wage applicable to every industry to which any award or industrial agreement relates is new in New Zealand.

Basic or minimum wage rates have, however, been fixed under certain other New Zealand statutes.

Thus, under the Shops and Offices Act, minimum rates of pay have for many years been fixed.

Under the Shops and Offices Amendment Act, 1936, the minimum wage payable to any shop assistant after three years' service is £2 per week.

Under the Factories Act minimum wages similar in amount to the foregoing, are payable to any worker in a factory. Approximately one-third of all the workers in factories are females.

Under the Agricultural Workers Act, 1936, the minimum rate of pay for an agricultural worker of the age of twenty-one years and upwards employed on a dairy farm is fixed at £2 2s. 6d. per week, plus board and lodging. Where board and lodging is not provided the minimum rate of pay shall be increased by 17s. 6d. per week, making a wage of £3 a week.

In Australia, under statutes somewhat similar in scope and design to our own, basic wage-rates have, for many years, been fixed both by the Commonwealth arbitration tribunals, and by the various State arbitration tribunals.

The basic weekly wage-rates at present prevailing there appear to be as follows:—

Rates fixed by Commonwealth Court of Arbitration for each Capital City.

	£	s.	d.	
Sydney	3	10	0	} Man, wife, and two children.
Melbourne	3	6	0	
Brisbane	3	4	0	
Adelaide	3	7	0	
Perth	3	8	0	
Hobart	3	9	0	

Rates fixed by State Industrial Tribunals.

—	Males.			Females.		
	£	s.	d.	£	s.	d.
New South Wales	3	10	0	1	18	0
Queensland .. .	3	14	0	1	19	0
South Australia	3	6	0	1	13	0
Western Australia	3	12	0	1	18	11

Victoria and Tasmania have not declared basic rates, but they follow the Commonwealth rates to a large extent.

We have carefully considered the whole of the evidence tendered before us, and the submissions of the respective advocates.

We fix the basic wage-rates as follows:—

For adult male workers: £3 16s. per week.

For adult female workers: £1 16s. per week.

At the hearing a question was raised as to the meaning to be given to the word "adult" as used in the section. In our opinion the word must be given its ordinary and natural meaning. It means, we think, a person who has attained to legal majority—*i.e.*, a person of the age of twenty-one years and upwards.

An under-rate worker's permit may, on the terms set out in section 145 of the principal Act, be issued to any worker affected by this order.

This order shall come into force on the 2nd day of November, 1936.

Dated this 2nd day of November, 1936.

[L.S.]

E. PAGE, Judge.

DISSENTING OPINION OF MR. MONTEITH.

In this, the first basic-wage fixation in New Zealand, I believe that a new base should be adopted. In the past, when measuring the cost of living and applying it to wages, different starting points were used to the detriment of wages; also after starting with one rule of measurement it was changed during the period of measurement. Such, in my opinion, is not desirable.

In Australia when the first basic wage was fixed by Mr. Justice Higgins in the "Harvester" case, away back in 1907, he said "There was sound warranty for the ascertainment of the "real family unit, and the cost of providing something like the "standard which families of well-employed labourers had "already reached."

In this case the family unit is definitely set out in the statute (wife and three children). If to-day we applied the test of the wage of a well-employed labourer with the family unit set out above, we would have to take into consideration the wage-rate to-day being paid to such workers and their average earnings and then adopt the suggestion that that amount was sufficient to meet the requirements of the family unit. Mr. Justice Higgins also adopted the principle "that the actual wage upon which "well-situated labourers are at the time maintaining the average "family unit could justifiably be taken as a criterion of what "industry can probably pay to all labourers." These principles have been adopted as a minima base, and while advancement on these is reasonable and desirable, no industrial Court has taken

a retrograde step since. If we were to adopt this base, I think the figure below named would at least be fully justified when one considers the course of life from the age of full responsibility—twenty-one years—the young man's need of saving to allow of entering the marriage state, later the responsibility of parentage, and later the autumn of life—old age. When one remembers that it is the lot of many workers to remain on or about the basic wage for years, I cannot agree than less than £3 17s. 6d. will give to them a reasonable standard of living.

In addition, I believe the universal trend of economic thought to-day is from the low-wage to high-wage theories; in fact, low-wage theories have failed. This also is a certainty: the worker on the basic wage is a consumer who, during the normal course of life, will have to spend all to live. He works to obtain the wherewithal to live.

One Chancellor of the Exchequer in England said "Higher wages have proved that what is morally right is economically sound. Higher wages have increased, not decreased, the volume of employment. Higher wages, as has been pointed out, increase the demand for goods and every staple trade of the country is stimulated by the increased purchasing-power of the working classes."

To-day the well-employed labourer with the family unit living frugally must be receiving at least £3 17s. 6d. per week. It may be stated that the rate of £3 16s. is higher than awarded in any State of Australia, but it has to be remembered that in New South Wales, for a family of wife and one child, the rate to-day is £3 10s., and if another two children are added the family income would be £4, as the child endowment scheme in New South Wales gives 5s. per child in excess of one, so the comparable rate would be £4. I think the standard on a weekly basis should therefore not be below £3 17s. 6d., as I believe this has already been reached by the average well-employed general labourer.

The percentage rate for women in comparison with the basic men's rate has in various countries been in the average—

	Per Cent.		Per Cent.
France	52	U.S.A.	57
Australia	53	Denmark	58
Britain	56	Sweden	61

Taking into consideration the fact that if a woman has served three years she gets £2 at the age of twenty-one under the Shops and Offices Act and the Factories Act, I believe a woman at twenty-one should get at least £1 19s. per week.