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ADDENDUM TO NOTE OF 25 MAY 1982 ON WAGES COUNCILS

Legal Aspects of the Abolition of Wages Councils

1. This note amplifies and clarifies paragraph 9 et seq of the above note relating to the legal status of the role of ACAS.

2. Initially there is no need under the provisions of S.4 or S.6 for the Secretary of State to refer his decision to abolish a Wages Council to ACAS. However, where a decision under S.4 is made, Schedule 1 to the Act applies. The consequence of this is if a relevant objection is made, the Secretary of State shall consider it and refer it to ACAS for enquiry and report; he must then consider the findings of ACAS although he is free to enforce the original draft order as it stands.

3. There would therefore appear to be some dichotomy between the conditionality of reference to ACAS under S.4 and S.6 and the practical unconditionality engendered by an objection under Schedule 1.

4. However, if a reference to ACAS does arise under Schedule 1 of the Act this would not change the recommendation of the original note; a bold strategy of eliminating the Wages Councils in the retail trade generally should be proposed and if an objection gives rise to a reference, then an appropriate timescale for ACAS' enquiry and report could be set (as in the Secretary of State's abolishing the Fair Wage Resolution), with a view to enforcing the original draft order.

3 June 1982

ALAN WALTERS

10 Downing Street,
London, SW1.

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20 May 1982

ALAN WALTERS

PRIME MINISTER

WAGES COUNCILS

1. We have examined the existing Wages Councils with a view to identifying those which are causing the most damage, shown at Table 1.

2. Wages Councils are likely to be most injurious if:

(a) there are severe limitations on employment prospects, particularly for the young;

(b) the average wage in a trade is high;

(c) the coverage is extensive; and

(d) the size of firm is small.

A Bold Programme

3. With these criteria the prime candidates for abolition are:

Retail Food
Retail Non-Food
Hairdressing
Unlicensed Refreshments
Licensed Non-Residential

Boot and Shoe repairing.
Ostrich feathers.

4. Most of the establishments which could be affected by Wages Councils are, of course, much smaller than the average size. Many are family businesses and are constrained from employing paid labour.

A Cautious Programme

5. If you wish to proceed more cautiously and did not wish to antagonise the large employers in, for example, the retail trades and licensed non-residential trades, you might begin by eliminating the Wages Councils for Hairdressing, Boot and Shoe Repairing, Aerated Waters, and finally, the absurdity of Ostrich Feathers. With the exception of Aerated Waters, the size of the establishments in these trades is very small indeed. The majority simply hire one worker.

Objections to Abolition

6. From past form it is likely that the objections will run along the following lines.

/(a) "Some employers

(a) "Some employers like them and would not wish to see them abolished."

This is, of course, true, particularly with respect to large employers; like any other established employer they wish to inhibit potential competition from small lower-wage firms as much as they possibly can. The state, through its Wages Councils, gives them this protection. It will be noted also that the Wages Councils consist of representatives of existing employers and representatives of trade unions, together with a so-called independent chairman (often the lecturer in industrial relations from a technical college or polytechnic). No-one represents the non-unionised, unemployed or the young who have not yet had the chance of a job. They have no vote, and no representation.

(b) "Wages Councils set only minimum rates and many employers voluntarily pay wages above such rates."

Then, we have heard at earlier E discussions, one gets "a better type of lad". This may well be true and is entirely acceptable. The trouble is there are only a limited number of "best lads", and we have to make sure that the mediocre or unpromising youth is not denied an opportunity for employment. "Creaming the labour market" is fine, but regulations should not ensure that the skimmed milk is consigned to the drain of unemployment.

(c) "There is no evidence that the wages would change as a consequence of abolishing Wages Councils."

But if this is the case, then we are pursuing an expensive administrative apparatus costing several millions a year of the taxpayers' money and many more millions of business expense, in order to achieve no results whatsoever. Wages Councils are pure waste.

(d) "The abolition of Wages Councils would be opposed by the trade unions."

Even though Wages Councils have no effect, the trade unions regard them as a fig leaf. This argument may well

/be correct.

be correct. But if the trade unions use their resources to pursue opposition to Wages Councils, it will be at the expense of their opposition to some other labour measures, such as the Tebbit Bill. This diversion and dispersion of their opposition might be no bad thing. In terms of trade union power and popularity, we are in a better position for abolishing Wages Councils now than we have been in the past or, I think, are likely to be in the future.

ILO Convention 26 (1928)

7. It has been suggested that if we abolish Wages Councils we may be in breach of the ILO Convention. It is difficult to see how such a view can be adduced from the Articles of the Convention itself. Article 2 states that "Each Member which ratifies this Convention shall be free to decide, after consultation with the organisations, if any, of workers and employers in the trade or part of trade concerned, in which trades or parts of trades, and in particular in which home working trades or parts of such trades, the minimum wage-fixing machinery referred to in Article 1 shall be applied." Article 2, therefore, gives us the freedom, subject to "consultation", to set up or eliminate the minimum wage-fixing machinery. (A copy of the complete Convention is attached - Annex 1.) We can simply proceed under the provisions of Article 2 to propose, after consultations, to cease to apply Article 1 of the Convention.

8. The Attorney General has already pointed out that there are no effective sanctions which could be invoked if we were found to be in breach of the Convention; but it seems to us that our representatives at the ILO would have no difficulty in defending our abolition of Wages Councils, and we should simply instruct them to do so. That is what most other Member States would do.

The Role of ACAS

9. In his letter of 13 May, the Secretary of State for Employment said that "the statutory procedure would entail reference of the inevitable objections to a proposal for abolition to ACAS for independent investigation and report". So far as the Wages Councils Act 1979 is concerned, there is no statutory undertaking for the Secretary of State to refer the abolition of a Wages Council to ACAS.

/The Act is

The Act is explicit in making any such reference at the discretion of the Secretary of State. Sections 4(1) and 6(1) are the relevant ones. (Annex 2 shows Sections 4, 5 and 6 complete.)

"Section 4(1) The Secretary of State may at any time abolish a wages council by order made

(a) to give effect to an application in that behalf made to him in accordance with Section 5 below, or

(b) without any such application, subject however to the provision of Section 6 below.

Section 6(1) The Secretary of State

(a) shall in any case where an application for the abolition of a wages council has been made to him under Section 5 above and he does not thereupon proceed to the making of an order giving effect to the application,

(b) may in any other case where he is considering whether to exercise his power under Section 4 above to abolish or vary the field of operation of a wages council;

refer to the Service the question whether the council should be abolished or, as the case may be, its field of operation varied."

10. Essentially the Act arranges for the Secretary of State to refer the abolition to ACAS if he is uncertain or for some other reason cannot make up his own mind. The Department may have some "understanding" with the trade unions or employers that ACAS will have some central role to play, but there is no statutory requirement. [ACAS are preparing for a general review of Wages Councils (para 7.10 of the latest ACAS Annual Report).] There have been no ACAS references, however, with respect to abolition under the 1979 Act.

Our Record

11. There were 11 Councils abolished by the Labour Government 1974-1978 compared with one abolished by the present government in 1980 (Table 2).

/Abolition Now

Abolition Now

12. The positive case for abolishing them is, of course, well-known.

(a) Abolition will enable competitive wages to be offered to girls and youths - comparable in a relative sense to those which are offered by our competitors in Germany, Japan, France, etc.

(b) Abolition will expand employment.

(c) If employers are not charged high wages for young employees they will have an incentive to employ and train them, and make them more productive. Thus they will earn higher wages in their subsequent working life. Wages Councils inhibit training.* Similarly, the fact that at present employers are forced to pay high wages, prevents the employer from offering other non-monetary benefits which may well be better both for the employer and employee.

(d) The Wages Councils awards are often inconsistent with Government schemes, such as the Young Workers Scheme, designed to promote employment.

(e) Minimum wage provisions tend to promote rather than alleviate poverty.+

(f) Contrary to casual commentary, minimum wage legislation tends to promote inequality. Those countries which have no such minimum wage rules, such as Taiwan, South Korea, and Japan, have been shown by the World Bank Studies to have had a remarkably large decrease in the extent of inequality and the greatest alleviation of poverty of all countries over the past two decades.++

/Conclusion

*M. Hashimoto Minimum Wages and On-the-job-Training, AEI London 1981.

+D.O. Parsons Poverty and the Minimum Wage, AEI London 1980

++Richard Layard has shown that, in the UK, the poverty families are little affected directly by minimum wage legislation.

Conclusion

13. The economic arguments are overwhelmingly in favour of the bold strategy of eliminating the Wages Councils in the retail trades generally. This would abolish minimum wages for about a million workers directly and would eliminate constraints on employment, particularly of the young, in many other businesses.

14. Wages Councils are to be discussed in E on 27 May. If you are generally content with the arguments and conclusions in this note, I would like to send the Chancellor a minute based on it, with a copy to your colleagues on E.

19 May 1982

ALAN WALTERS

TABLE 1

STATISTICAL ESTIMATES FOR SELECTED WAGES COUNCILS

		Number of establishments 1979	Estimated number of employees 1981	Number of employees per establishment	Estimated average male earnings 1981 (£/week)
1.	Retail Food	123,645	523,000	4.3	£108.67
2.	Retail Non-Food	107,279	564,000	5.3	£111.73
3.	Licensed Residential	29,227	624,800	21.4	£ 87.08
4.	Licensed Non-Residential	66,068	165,300	2.0	£ 91.04
5.	Unlicensed Refreshments	18,195			
6.	Hairdressing	33,908	83,500	2.5	£103.30
7.	Ostrich Feathers	38	100*	2.6	£ 92.10
8.	Boot and Shoe Repairing	2,622	5,000	1.9	£114.27
9.	Aerated Waters (2)	660	21,800	33.0	£117.60
	All Industries & Services				£118.40

Sources: DE Gazette, April 1981, Tables 1.4 and 5.4;
DE Industrial Relations Division;
New Earnings Survey, 1981.

*Guess

TABLE 2

PAST ABOLITION OF WAGES COUNCILS, 1945/1982

	Name of Council	Date of Abolition
1.	Furniture	1947
2.	Tobacco	1953
3.	Rubber reclamation	1955
4.	Chains	1956
5.	Rubber manufacturing	1958
6.	Drift net mending)	
	)	
7.	Fustian cutting)	1960
	)	
8.	Tin box)	
9.	Baking	1971
10.	Boot and floor polish	1974
11.	Brush and broom	1974
12.	Hair, bass and fibre	1974
13.	Stamped metalware	1974
14.	Holloware	1975
15.	Keg and drum	1975
16.	Paper box	1975
17.	Milk - England and Wales	1975
18.	Industrial canteens	1976
19.	Milk - Scotland	1976
20.	Road Haulage	1978
21.	Pin, hook and eye	1980

Sources: DE Gazettes and Industrial Relations Division
F.J. Bayliss: "British Wages Councils", Blackwell 1962.

Convention 26

CONVENTION CONCERNING THE CREATION OF MINIMUM WAGE-FIXING MACHINERY

The General Conference of the International Labour Organisation,

Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its Eleventh Session on 30 May 1928, and

Having decided upon the adoption of certain proposals with regard to minimum wage-fixing machinery, which is the first item on the agenda of the Session, and

Having determined that these proposals shall take the form of an international Convention,

adopts this sixteenth day of June of the year one thousand nine hundred and twenty-eight the following Convention, which may be cited as the Minimum Wage-Fixing Machinery Convention, 1928, for ratification by the Members of the International Labour Organisation in accordance with the provisions of the Constitution of the International Labour Organisation :

Article 1

1. Each Member of the International Labour Organisation which ratifies this Convention undertakes to create or maintain machinery whereby minimum rates of wages can be fixed for workers employed in certain of the trades or parts of trades (and in particular in home working trades) in which no arrangements exist for the effective regulation of wages by collective agreement or otherwise and wages are exceptionally low.

2. For the purpose of this Convention the term " trades " includes manufacture and commerce.

Article 2

Each Member which ratifies this Convention shall be free to decide, after consultation with the organisations, if any, of workers and employers in the trade or part of trade concerned, in which trades or parts of trades, and in particular in which home working trades or parts of such trades, the minimum wage-fixing machinery referred to in Article 1 shall be applied.

Article 3

1. Each Member which ratifies this Convention shall be free to decide the nature and form of the minimum wage-fixing machinery, and the methods to be followed in its operation :

2. Provided that—

(1) before the machinery is applied in a trade or part of trade, representatives of the employers and workers concerned, including representatives of their respective organisations, if any, shall be consulted as well as any other persons, being specially qualified for the purpose by their trade or functions, whom the competent authority deems it expedient to consult ;

(2) the employers and workers concerned shall be associated in the operation of the machinery, in such manner and to such extent, but in any case in equal numbers and on equal terms, as may be determined by national laws or regulations ;

(3) minimum rates of wages which have been fixed shall be binding on the employers and workers concerned so as not to be subject to abatement by them by individual agreement, nor, except with general or particular authorisation of the competent authority, by collective agreement.

Article 4

1. Each Member which ratifies this Convention shall take the necessary measures, by way of a system of supervision and sanctions, to ensure that the employers and workers concerned are informed of the minimum rates of wages in force and that wages are not paid at less than these rates in cases where they are applicable.

2. A worker to whom the minimum rates are applicable and who has been paid wages at less than these rates shall be entitled to recover, by judicial or other legalised proceedings, the amount by which he has been underpaid, subject to such limitation of time as may be determined by national laws or regulations.

Article 5

Each Member which ratifies this Convention shall communicate annually to the International Labour Office a general statement giving a list of the trades or parts of trades in which the minimum wage-fixing machinery has been applied, indicating the methods as well as the results of the application of the machinery and, in summary form, the approximate numbers of workers covered, the minimum rates of wages fixed, and the more important of the other conditions, if any, established relevant to the minimum rates.

Article 6

The formal ratifications of this Convention under the conditions set forth in the Constitution of the International Labour Organisation shall be communicated to the Director-General of the International Labour Office for registration.

Article 7

1. This Convention shall be binding only upon those Members whose ratifications have been registered with the International Labour Office.

2. It shall come into force twelve months after the date on which the ratifications of two Members of the International Labour Organisation have been registered with the Director-General.

3. Thereafter, this Convention shall come into force for any Member twelve months after the date on which its ratification has been registered.

Article 8

As soon as the ratifications of two Members of the International Labour Organisation have been registered with the International Labour Office, the Director-General of the International Labour Office shall so notify all the Members of the International Labour Organisation. He shall likewise notify them of the registration of ratifications which may be communicated subsequently by other Members of the Organisation.

Article 9

1. A Member which has ratified this Convention may denounce it after the expiration of ten years from the date on which the Convention first comes into force, by an act communicated to the Director-General of the International Labour Office for registration. Such denunciation shall not take effect until one year after the date on which it is registered with the International Labour Office.

2. Each Member which has ratified this Convention and which does not, within the year following the expiration of the period of ten years mentioned in the preceding paragraph, exercise the right of denunciation provided for in this Article, will be bound for another period of five years and, thereafter, may denounce this Convention at the expiration of each period of five years under the terms provided for in this Article.

Article 10

At least once in ten years, the Governing Body of the International Labour Office shall present to the General Conference

a report on the working of this Convention and shall consider the desirability of placing on the agenda of the Conference the question of its revision or modification.

Article 11

The French and English texts of this Convention shall both be authentic.

PART I

(2) If the Service is of opinion with respect to the workers with whom it is concerned or any of those workers whose position should, in the opinion of the Service be separately dealt with—

(*a*) that there exists machinery set up by agreement between organisations representing workers and employers respectively which is, or can be made by improvements which it is practicable to secure, adequate for regulating the remuneration and conditions of employment of those workers ; and

(*b*) that there is no reason to believe that that machinery is likely to cease to exist or be adequate for that purpose,

the Service shall report to the Secretary of State accordingly and may include in its report any suggestions which it may think fit to make as to the improvement of that machinery.

(3) Where any such suggestions are so included, the Secretary of State shall take such steps as appear to him to be expedient and practicable to secure the improvements in question.

(4) If the Service is of opinion with respect to the workers with whom it is concerned or any of those workers whose position should, in the opinion of the Service, be separately dealt with—

(*a*) that machinery for regulating the remuneration and conditions of employment of those workers is not, and cannot be made by any improvements which it is practicable to secure, adequate for that purpose, or does not exist ; or

(*b*) that the existing machinery is likely to cease to exist or be adequate for that purpose,

and that as a result a reasonable standard of remuneration among those workers is not being or will not be maintained, the Service may make a report to the Secretary of State embodying a recommendation for the establishment of a wages council in respect of those workers and their employers.

(5) In considering for the purposes of section 1 above whether any machinery is, or is likely to remain, adequate for regulating the remuneration and conditions of employment of any workers, the Service shall consider not only what matters are capable of being dealt with by that machinery, but also to what extent those matters are covered by the agreements or awards arrived at or given thereunder, and to what extent the practice is, or is likely to be, in accordance with those agreements or awards.

Abolition of, or variation of field of operation of, wages councils.

4.—(1) The Secretary of State may at any time abolish a wages council by order made—

(*a*) to give effect to an application in that behalf made to him in accordance with section 5 below, or

(*b*) without any such application, subject however to the provisions of section 6 below.

(2) The Secretary of State may at any time by order vary the field of operation of a wages council.

(3) The power of the Secretary of State to make an order under this section varying the field of operation of a wages council shall include power to vary that field by excluding from it any employers to whom there for the time being applies, as members of an organisation named in the order, an agreement, to which the organisation or any other organisation of which it is a member or on which it is represented, is a party, regulating remuneration or other terms or conditions of employment of their employees.

(4) Any organisation so named shall if it has not already done so furnish the Secretary of State with a list of its members and shall from time to time, and also if so required by the Secretary of State, furnish him with particulars of any changes in their membership which have occurred since the list was furnished or, as the case may be, when particulars were last furnished to him.

(5) An order under this section abolishing or varying the field of operation of one or more wages councils may include provision for the establishment of one or more wages councils operating in relation to all or any of the workers in relation to whom the first mentioned council or councils would have operated but for the order, and such other workers, if any, as may be specified in the order.

(6) Where an order of the Secretary of State under this section directs that any workers shall be excluded from the field of operation of one wages council and brought within the field of operation of another, the order may provide that anything done by, or to give effect to proposals made by, the first-mentioned council shall have effect in relation to those workers as if it had been done by, or to give effect to proposals made by, the second-mentioned council and may make such further provision as appears to the Secretary of State to be expedient in connection with the transition.

(7) Where an order of the Secretary of State under this section directs that a wages council shall be abolished or shall cease to operate in relation to any workers, then, save as is otherwise provided by the order, anything done by, or to give effect to proposals made by the wages council shall, except as respects things previously done or omitted to be done, cease to have effect or, as the case may be, cease to have effect in relation to the workers in relation to whom the council ceases to operate.

(8) Schedule 1 to this Act shall have effect with respect to the making of orders under this section.

PART I

Applications for abolition of wages councils.

5.—(1) An application such as is mentioned in paragraph (*a*) of subsection (1) of section 4 above may be made to the Secretary of State either—

(*a*) by a joint industrial council, conciliation board or other similar body constituted by organisations of workers and organisations of employers which represent respectively substantial proportions of the workers and employers with respect to whom that wages council operates ; or

(*b*) jointly by organisations of workers and organisations of employers which represent respectively substantial proportions of the workers and employers aforesaid ; or

(*c*) by any organisation of workers which represents a substantial proportion of the workers with respect to whom that wages council operates.

(2) The grounds on which any such application may be made are that the existence of a wages council is no longer necessary for the purpose of maintaining a reasonable standard of remuneration for the workers with respect to whom that wages council operates.

References to the Service as to variation or revocation of wages council orders.

6.—(1) The Secretary of State—

(*a*) shall in any case where an application for the abolition of a wages council has been made to him under section 5 above and he does not thereupon proceed to the making of an order giving effect to the application,

(*b*) may in any other case where he is considering whether to exercise his power under section 4 above to abolish or vary the field of operation of a wages council ;

refer to the Service the question whether the council should be abolished or, as the case may be, its field of operation varied.

(2) On a reference under this section of a question as to the abolition of a wages council the Service, if of the opinion that it is expedient to do so, may make a report to the Secretary of State recommending—

(i) the abolition of the wages council to which the reference relates, or

(ii) the narrowing of the field of operation of the council,

and (in either case), if the Service is of the opinion that it is expedient as aforesaid, also recommending the transfer of workers to the field of operation of another wages council, whether already existing or to be established.

(3) On a reference under this section as to the variation of the field of operation of a wages council the Service may make a report to the Secretary of State recommending any such variation (including the transfer of workers to the field of operation of any other wages council, whether already existing or to be established) which appears to the Service desirable in all the circumstances.

TABLE 1

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		Number of establishments 1979	Estimated number of employees 1981	Number of employees per establishment	Estimated average male earnings 1981 (£/week)
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*Guess

(*b*) without any such application, subject however to the provisions of section 6 below. PART I

(2) The Secretary of State may at any time by order vary the field of operation of a wages council.

(3) The power of the Secretary of State to make an order under this section varying the field of operation of a wages council shall include power to vary that field by excluding from it any employers to whom there for the time being applies, as members of an organisation named in the order, an agreement, to which the organisation or any other organisation of which it is a member or on which it is represented, is a party, regulating remuneration or other terms or conditions of employment of their employees.

(4) Any organisation so named shall if it has not already done so furnish the Secretary of State with a list of its members and shall from time to time, and also if so required by the Secretary of State, furnish him with particulars of any changes in their membership which have occurred since the list was furnished or, as the case may be, when particulars were last furnished to him.

(5) An order under this section abolishing or varying the field of operation of one or more wages councils may include provision for the establishment of one or more wages councils operating in relation to all or any of the workers in relation to whom the first mentioned council or councils would have operated but for the order, and such other workers, if any, as may be specified in the order.

(6) Where an order of the Secretary of State under this section directs that any workers shall be excluded from the field of operation of one wages council and brought within the field of operation of another, the order may provide that anything done by, or to give effect to proposals made by, the first-mentioned council shall have effect in relation to those workers as if it had been done by, or to give effect to proposals made by, the second-mentioned council and may make such further provision as appears to the Secretary of State to be expedient in connection with the transition.

(7) Where an order of the Secretary of State under this section directs that a wages council shall be abolished or shall cease to operate in relation to any workers, then, save as is otherwise provided by the order, anything done by, or to give effect to proposals made by the wages council shall, except as respects things previously done or omitted to be done, cease to have effect or, as the case may be, cease to have effect in relation to the workers in relation to whom the council ceases to operate.

(8) Schedule 1 to this Act shall have effect with respect to the making of orders under this section.

INTERNATIONAL LABOUR CONFERENCE

Convention 26

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Having been convened at Geneva by the Governing Body of the International Labour Office, and having met in its Eleventh Session on 30 May 1928, and

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2. For the purpose of this Convention the term " trades " includes manufacture and commerce.

Article 2

Each Member which ratifies this Convention shall be free to decide, after consultation with the organisations, if any, of workers and employers in the trade or part of trade concerned, in which trades or parts of trades, and in particular in which home working trades or parts of such trades, the minimum wage-fixing machinery referred to in Article 1 shall be applied.

Article 3

1. Each Member which ratifies this Convention shall be free to decide the nature and form of the minimum wage-fixing machinery, and the methods to be followed in its operation :

2. Provided that—

(1) before the machinery is applied in a trade or part of trade, representatives of the employers and workers concerned, including representatives of their respective organisations, if any, shall be consulted as well as any other persons, being specially qualified for the purpose by their trade or functions, whom the competent authority deems it expedient to consult ;

(2) the employers and workers concerned shall be associated in the operation of the machinery, in such manner and to such extent, but in any case in equal numbers and on equal terms, as may be determined by national laws or regulations ;

(3) minimum rates of wages which have been fixed shall be binding on the employers and workers concerned so as not to be subject to abatement by them by individual agreement, nor, except with general or particular authorisation of the competent authority, by collective agreement.

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1. Each Member which ratifies this Convention shall take the necessary measures, by way of a system of supervision and sanctions, to ensure that the employers and workers concerned are informed of the minimum rates of wages in force and that wages are not paid at less than these rates in cases where they are applicable.

2. A worker to whom the minimum rates are applicable and who has been paid wages at less than these rates shall be entitled to recover, by judicial or other legalised proceedings, the amount by which he has been underpaid, subject to such limitation of time as may be determined by national laws or regulations.

Article 5

Each Member which ratifies this Convention shall communicate annually to the International Labour Office a general statement giving a list of the trades or parts of trades in which the minimum wage-fixing machinery has been applied, indicating the methods as well as the results of the application of the machinery and, in summary form, the approximate numbers of workers covered, the minimum rates of wages fixed, and the more important of the other conditions, if any, established relevant to the minimum rates.

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2. It shall come into force twelve months after the date on which the ratifications of two Members of the International Labour Organisation have been registered with the Director-General.

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As soon as the ratifications of two Members of the International Labour Organisation have been registered with the International Labour Office, the Director-General of the International Labour Office shall so notify all the Members of the International Labour Organisation. He shall likewise notify them of the registration of ratifications which may be communicated subsequently by other Members of the Organisation.

Article 9

1. A Member which has ratified this Convention may denounce it after the expiration of ten years from the date on which the Convention first comes into force, by an act communicated to the Director-General of the International Labour Office for registration. Such denunciation shall not take effect until one year after the date on which it is registered with the International Labour Office.

2. Each Member which has ratified this Convention and which does not, within the year following the expiration of the period of ten years mentioned in the preceding paragraph, exercise the right of denunciation provided for in this Article, will be bound for another period of five years and, thereafter, may denounce this Convention at the expiration of each period of five years under the terms provided for in this Article.

Article 10

At least once in ten years, the Governing Body of the International Labour Office shall present to the General Conference

a report on the working of this Convention and shall consider the desirability of placing on the agenda of the Conference the question of its revision or modification.

Article 11

The French and English texts of this Convention shall both be authentic.

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(2) If the Service is of opinion with respect to the workers with whom it is concerned or any of those workers whose position should, in the opinion of the Service be separately dealt with—

(*a*) that there exists machinery set up by agreement between organisations representing workers and employers respectively which is, or can be made by improvements which it is practicable to secure, adequate for regulating the remuneration and conditions of employment of those workers ; and

(*b*) that there is no reason to believe that that machinery is likely to cease to exist or be adequate for that purpose,

the Service shall report to the Secretary of State accordingly and may include in its report any suggestions which it may think fit to make as to the improvement of that machinery.

(3) Where any such suggestions are so included, the Secretary of State shall take such steps as appear to him to be expedient and practicable to secure the improvements in question.

(4) If the Service is of opinion with respect to the workers with whom it is concerned or any of those workers whose position should, in the opinion of the Service, be separately dealt with—

(*a*) that machinery for regulating the remuneration and conditions of employment of those workers is not, and cannot be made by any improvements which it is practicable to secure, adequate for that purpose, or does not exist ; or

(*b*) that the existing machinery is likely to cease to exist or be adequate for that purpose,

and that as a result a reasonable standard of remuneration among those workers is not being or will not be maintained, the Service may make a report to the Secretary of State embodying a recommendation for the establishment of a wages council in respect of those workers and their employers.

(5) In considering for the purposes of section 1 above whether any machinery is, or is likely to remain, adequate for regulating the remuneration and conditions of employment of any workers, the Service shall consider not only what matters are capable of being dealt with by that machinery, but also to what extent those matters are covered by the agreements or awards arrived at or given thereunder, and to what extent the practice is, or is likely to be, in accordance with those agreements or awards.

Abolition of, or variation of field of operation of, wages councils.

4.—(1) The Secretary of State may at any time abolish a wages council by order made—

(*a*) to give effect to an application in that behalf made to him in accordance with section 5 below, or

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(*b*) without any such application, subject however to the provisions of section 6 below. PART I

(2) The Secretary of State may at any time by order vary the field of operation of a wages council.

(3) The power of the Secretary of State to make an order under this section varying the field of operation of a wages council shall include power to vary that field by excluding from it any employers to whom there for the time being applies, as members of an organisation named in the order, an agreement, to which the organisation or any other organisation of which it is a member or on which it is represented, is a party, regulating remuneration or other terms or conditions of employment of their employees.

(4) Any organisation so named shall if it has not already done so furnish the Secretary of State with a list of its members and shall from time to time, and also if so required by the Secretary of State, furnish him with particulars of any changes in their membership which have occurred since the list was furnished or, as the case may be, when particulars were last furnished to him.

(5) An order under this section abolishing or varying the field of operation of one or more wages councils may include provision for the establishment of one or more wages councils operating in relation to all or any of the workers in relation to whom the first mentioned council or councils would have operated but for the order, and such other workers, if any, as may be specified in the order.

(6) Where an order of the Secretary of State under this section directs that any workers shall be excluded from the field of operation of one wages council and brought within the field of operation of another, the order may provide that anything done by, or to give effect to proposals made by, the first-mentioned council shall have effect in relation to those workers as if it had been done by, or to give effect to proposals made by, the second-mentioned council and may make such further provision as appears to the Secretary of State to be expedient in connection with the transition.

(7) Where an order of the Secretary of State under this section directs that a wages council shall be abolished or shall cease to operate in relation to any workers, then, save as is otherwise provided by the order, anything done by, or to give effect to proposals made by the wages council shall, except as respects things previously done or omitted to be done, cease to have effect or, as the case may be, cease to have effect in relation to the workers in relation to whom the council ceases to operate.

(8) Schedule 1 to this Act shall have effect with respect to the making of orders under this section.

PART I

Applications for abolition of wages councils.

5.—(1) An application such as is mentioned in paragraph (*a*) of subsection (1) of section 4 above may be made to the Secretary of State either—

(*a*) by a joint industrial council, conciliation board or other similar body constituted by organisations of workers and organisations of employers which represent respectively substantial proportions of the workers and employers with respect to whom that wages council operates ; or

(*b*) jointly by organisations of workers and organisations of employers which represent respectively substantial proportions of the workers and employers aforesaid ; or

(*c*) by any organisation of workers which represents a substantial proportion of the workers with respect to whom that wages council operates.

(2) The grounds on which any such application may be made are that the existence of a wages council is no longer necessary for the purpose of maintaining a reasonable standard of remuneration for the workers with respect to whom that wages council operates.

References to the Service as to variation or revocation of wages council orders.

6.—(1) The Secretary of State—

(*a*) shall in any case where an application for the abolition of a wages council has been made to him under section 5 above and he does not thereupon proceed to the making of an order giving effect to the application,

(*b*) may in any other case where he is considering whether to exercise his power under section 4 above to abolish or vary the field of operation of a wages council ;

refer to the Service the question whether the council should be abolished or, as the case may be, its field of operation varied.

(2) On a reference under this section of a question as to the abolition of a wages council the Service, if of the opinion that it is expedient to do so, may make a report to the Secretary of State recommending—

(i) the abolition of the wages council to which the reference relates, or

(ii) the narrowing of the field of operation of the council,

and (in either case), if the Service is of the opinion that it is expedient as aforesaid, also recommending the transfer of workers to the field of operation of another wages council, whether already existing or to be established.

(3) On a reference under this section as to the variation of the field of operation of a wages council the Service may make a report to the Secretary of State recommending any such variation (including the transfer of workers to the field of operation of any other wages council, whether already existing or to be established) which appears to the Service desirable in all the circumstances.