

EMBARGO 8.00 P.M. SATURDAY 29 JUNE 1974

ADDRESS BY THE PRIME MINISTER, MR E.G. WHITLAM, Q.C., M.P.,  
TO THE SECOND NATIONAL CONVENTION OF THE INDUSTRIAL RELATIONS  
SOCIETY - "INDUSTRIAL RELATIONS - THE POWER GAME"

CHEVRON HOTEL, SURFERS PARADISE, SATURDAY 29 JUNE 1974

THIS IS MY SECOND ADDRESS AS PRIME MINISTER TO THE INDUSTRIAL RELATIONS SOCIETY OF AUSTRALIA. SINCE I SPOKE TO YOU JUST OVER A YEAR AGO AT TERRIGAL, I SUPPOSE I HAVE LEARNED MORE ABOUT THE SORT OF "POWER GAME" THAT TOOK PLACE IN THE BRITISH TV SERIES THAT CARRIED THAT TITLE. I HAVE HAD ONE EXPERIENCE THAT NEVER SEEMED TO THREATEN THE ORDERED MACHIAVELLIAN LIVES OF THE PROTAGONISTS OF THAT SERIES - I HAVE SURVIVED AN ELECTION. HAVING SAID THAT, I WILL IGNORE THE OBVIOUS ALLUSION TO TV DRAMAS CONTAINED IN THE TITLE OF YOUR SEMINAR. INSTEAD, FOR A MOMENT I WILL PURSUE AN ANALOGY APPROPRIATE TO OUR SPORTS-MINDED NATION.

IN THE POWER GAME OF INDUSTRIAL RELATIONS, THE AUSTRALIAN GOVERNMENT HAS A MOST PECULIARLY MIXED ROLE. AS A LAW-MAKER, IT HAS SOME OF THE ATTRIBUTES OF THE GOVERNING BODY OF A SPORTING CODE. IT HAS SOME OF THE FUNCTIONS OF AN UMPIRE OR REFEREE IN HELPING TO SEE THOSE RULES IMPLEMENTED. AT TIMES IT ACTS AS A COACH IN HELPING TO GUIDE THE OPPOSING TEAMS IN THE PLAYING OF THE GAME. AND, AS A MAJOR EMPLOYER, THE GOVERNMENT IS ALSO, OF COURSE, A KEY PLAYER. THE ONLY ROLE IT HAS ABANDONED SINCE 1972 IS THAT OF TRYING INEFFECTUALLY TO BE THE EQUIVALENT OF THE JUDICIAL TRIBUNAL OF A SPORT IN COLLECTING FINES FOR WHAT SOME MIGHT JUDGE TO BE FOUL PLAY. DESPITE THE COMPLEXITY OF ITS POSITION, THE OBJECTIVE OF THE GOVERNMENT'S ROLE IS CLEAR: IT MUST SEEK TO REDUCE THE HEAT, MINIMISE THE CONFLICT IN INDUSTRIAL RELATIONS.

TO DO THIS IT MUST PURSUE TWO GOALS. IT MUST CREATE A BODY OF LAWS TO ENABLE AUSTRALIA TO HAVE THE MOST MODERN INDUSTRIAL SYSTEM TO AVOID UNNECESSARY CONFLICTS. IT MUST ALSO HELP CREATE AN ECONOMIC AND SOCIAL ENVIRONMENT IN WHICH THE FINANCIAL CAUSES OF MANY DISPUTES ARE AS MUCH AS POSSIBLE ERADICATED.

THE PROVISION OF MODERN INDUSTRIAL LAWS WAS THE PRIME AIM OF THE AMENDMENTS TO THE CONCILIATION AND ARBITRATION ACT WHICH THE GOVERNMENT INTRODUCED INTO THE PARLIAMENT LAST YEAR. THESE AMENDMENTS WERE TWICE REJECTED BY THE SENATE AND THE GOVERNMENT WAS OBLIGED TO SHELVE THEM, AT LEAST TEMPORARILY. ONE OF THE MOST IMPORTANT AIMS CONTAINED IN THOSE AMENDMENTS WAS THE ENCOURAGEMENT OF THE AMALGAMATION OF TRADE UNIONS.

THE EXCESSIVE NUMBER OF UNIONS IS ONE OF THE GREAT PROBLEMS BEDEVILING INDUSTRIAL RELATIONS IN AUSTRALIA. THERE HAS BEEN A SLIGHT DECLINE IN THE NUMBER OVER THE YEARS—FROM 375 IN 1956 TO 305 IN 1972 — BUT THAT IS STILL TOO MANY. OF THOSE UNIONS, 158 HAD LESS THAN 1,000 MEMBERS; 82 HAD BETWEEN 1,000 AND 5,000 MEMBERS; 28 BETWEEN 5,000 AND 20,000; 23 BETWEEN 20,000 AND 50,000; AND ONLY 14 HAD A MEMBERSHIP OF OVER 50,000. ONE NEEDS TO LOOK NO FURTHER THAN GOVERNMENT INSTRUMENTALITIES TO GET SOME IDEA OF THE EFFECT THIS HAS. A TOTAL OF 28 UNIONS ARE REPRESENTED IN THE POSTMASTER-GENERAL'S DEPARTMENT; WORKERS IN THE SYDNEY MAIL EXCHANGE ARE COVERED BY NO LESS THAN 20 UNIONS. THE WORKFORCE OF TRANS-AUSTRALIA AIRLINES IS COVERED BY NO FEWER THAN 26 UNIONS. THE MEN AND WOMEN EMPLOYED BY THE COMMONWEALTH RAILWAYS BELONG TO 14 UNIONS.

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I NEED ONLY DESCRIBE AN AIRLINE JOURNEY TO INDICATE THE ABSURD COMPLEXITY THAT EXISTS. IF I WERE TO FLY FROM SYDNEY TO MELBOURNE I WOULD RUN THE GAMUT OF AT LEAST 8 UNIONS. MY FLIGHT BOOKING WOULD BE TAKEN BY A MEMBER OF THE FEDERATED CLERKS UNION. I WOULD BE DRIVEN TO THE AIRPORT BY A MEMBER OF THE TRANSPORT WORKERS UNION. MY PLANE SEAT WOULD BE ALLOCATED BY A MEMBER OF THE FEDERATED CLERKS UNION. MY BAGGAGE WOULD BE TAKEN BY A MEMBER OF THE TRANSPORT WORKERS UNION. THE PASSENGER LIST WOULD BE CHECKED BY A MEMBER OF THE AIRPORT TRANSPORT OFFICERS' FEDERATION. SECURITY FOR THE FLIGHT WOULD BE HANDLED BY A MEMBER OF THE FEDERATED MISCELLANEOUS WORKERS' UNION. THE AIRCRAFT WOULD BE CHECKED BY MEMBERS OF THE PROFESSIONAL RADIO ENGINEERS INSTITUTE OR THE AUSTRALIAN SOCIETY OF ENGINEERS OR THE AMALGAMATED METAL WORKERS' UNION OR THE ELECTRICAL TRADES UNION, OR THE ASSOCIATION OF LICENSED AIRCRAFT ENGINEERS. THE PLANE WOULD BE FUELED BY A MEMBER OF THE TRANSPORT WORKERS UNION. IT WOULD BE CLEARED FOR TAKE-OFF BY THE CIVIL AIR OPERATORS' OFFICERS ASSOCIATION. IT WOULD BE CREWED BY MEMBERS OF THE FEDERATION OF AIR PILOTS, THE FLIGHT ENGINEERS ASSOCIATION AND THE AIR HOSTESSES ASSOCIATION. THE FOOD SERVED ON THE PLANE WOULD BE COOKED BY THE LIQUOR TRADES UNION.

THE EXCESSIVE NUMBER OF UNIONS CREATES PROBLEMS BOTH FOR THEIR MEMBERS AND FOR THE COMMUNITY AS A WHOLE. THE FRAGMENTATION OF UNION RESOURCES IN TERMS OF STAFF, FINANCE AND FACILITIES IMPOSES LIMITATIONS ON THE EFFECTIVENESS OF THEIR WORK. THE RESEARCH RESOURCES OF UNIONS ARE MEAGRE AND SUFFER BADLY IN ANY COMPARISON WITH HIGHLY ORGANISED EMPLOYER ORGANISATIONS. THE FRAGMENTATION CAN LEAVE UNIONS IN AN ALMOST IMPOSSIBLE POSITION IF THEY ARE DEALING WITH A WELL ORGANISED EMPLOYERS GROUP OR A MAJOR COMPANY. TAKE THE EXAMPLE OF EMPLOYEES OF ~~THE~~<sup>A</sup> MULTI-NATIONAL CORPORATION. THE AUSTRALIAN EMPLOYEES OF SUCH A CORPORATION MIGHT

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WELL BELONG TO 6 UNIONS OR MORE. IN ANY NEGOTIATIONS THOSE UNIONS ARE CONFRONTED BY AN ORGANISATION WITH THE BACKING OF ENORMOUS FINANCIAL POWER AND OTHER RESOURCES. IT PLACES THE EMPLOYEES AT AN ENORMOUS DISADVANTAGE FOR THEIR INTERESTS TO BE REPRESENTED BY DIFFERENT GROUPS OF VARYING SIZE WHEN CONFRONTED BY SUCH CORPORATE COHESION. THE DISPERSAL OF UNIONS MUST ALSO INEVITABLY DIMINISH THEIR POLITICAL INFLUENCE.

THE COMMUNITY SUFFERS BECAUSE THE LARGE NUMBER OF UNIONS GIVES RISE TO DEMARCATION DISPUTES WHICH ARE A COMMON OCCURRENCE IN THIS COUNTRY. AN EXAMPLE OF THE PROBLEM CAN BE FOUND IN THE POSTMASTER-GENERAL'S DEPARTMENT WHERE AT LEAST SIX UNIONS OR ASSOCIATIONS ARE ELIGIBLE TO COVER EMPLOYEES IN THE TECHNICAL GRADES. ACTION BY ONE ORGANISATION TO IMPROVE THE CAREER STRUCTURE OR TO CHANGE THE RANGE OF WORK OF ITS MEMBERS CAN IMPINGE ON THE RIGHTS OF MEMBERS OF OTHER ORGANISATIONS.

DEMARCATION DISPUTES ARE A READY SOURCE OF PUBLIC EXASPERATION WITH UNIONS. IT IS NOT SURPRISING IF THE PUBLIC BECOMES EXTREMELY ANNOYED THAT IT IS DENIED A BASIC SERVICE FOR SOME TIME BECAUSE OF A STRIKE FOUGHT NOT EVEN OVER WAGES AND CONDITIONS BUT BECAUSE OF A POWER STRUGGLE BETWEEN UNIONS.

YET THE CONCILIATION AND ARBITRATION ACT AT PRESENT MAKES IT UNNECESSARILY DIFFICULT FOR UNIONS TO AMALGAMATE. AT PRESENT, FOR AN AMALGAMATION PROPOSAL TO BE ADOPTED, TWO CONDITIONS MUST BE SATISFIED: AT LEAST HALF THE MEMBERS MUST VOTE AND MORE THAN HALF OF THE FORMAL VOTES MUST BE IN FAVOUR OF THE AMALGAMATION. IN CONTRAST, THE GOVERNMENT'S AMENDMENTS WOULD MAKE IT NECESSARY MERELY FOR A MAJORITY OF THOSE VOTING TO APPROVE OF AMALGAMATION; IT WOULD NO LONGER BE NECESSARY FOR 50% OF THE UNION MEMBERS INVOLVED TO VOTE ON THE ISSUE.

ALTHOUGH IT HAS BEEN TWICE REBUFFED BY THE SENATE, THE GOVERNMENT WILL PERSIST IN ITS ATTEMPTS TO ACHIEVE THIS VITAL LEGISLATIVE CHANGE.

THE GOVERNMENT IS ALSO DETERMINED TO SIMPLIFY THE PRESENT SYSTEM OF INDUSTRIAL REGISTRATION. AUSTRALIA HAS FIVE INDUSTRIAL ARBITRATION REGISTRATION SYSTEMS. THE AUSTRALIAN CONCILIATION AND ARBITRATION ACT REQUIRES AN EMPLOYER OR EMPLOYEE ORGANISATION TO BE REGISTERED UNDER THE ACT BEFORE IT CAN REPRESENT ITS MEMBERS IN THE AUSTRALIAN CONCILIATION AND ARBITRATION SYSTEM. THERE IS A SIMILAR REQUIREMENT IN THE INDUSTRIAL ARBITRATION LEGISLATION IN NEW SOUTH WALES, QUEENSLAND, SOUTH AUSTRALIA AND WESTERN AUSTRALIA. THE EFFECT OF REGISTRATION UNDER EACH OF THESE LEGISLATIVE SYSTEMS IS THAT EACH REGISTRATION CREATES AN ORGANISATION WITH ITS OWN LEGAL IDENTITY. THIS CREATES ABSURD COMPLICATIONS IN INDUSTRIAL RELATIONS, COMPLICATIONS WHICH WERE POINTED OUT BY THE AUSTRALIAN INDUSTRIAL COURT IN THE CASE OF MOORE V DOYLE IN FEBRUARY 1969. AT THE CONCLUSION OF THEIR JUDGMENT IN THAT CASE, CHIEF JUSTICE SPICER, MR JUSTICE SMITHERS AND MR JUSTICE KERR (AS HE THEN WAS) SAID:

"A SYSTEM OF TRADE UNION ORGANISATION IS URGENTLY NEEDED WHICH WOULD ENABLE THE ONE BODY TO REPRESENT ITS RELEVANT MEMBERS IN BOTH THE FEDERAL AND STATE ARBITRATION SYSTEMS AND IT SHOULD BE POSSIBLE FOR FEDERAL AND STATE AUTHORITIES TO EXAMINE THE QUESTION WHETHER ORGANISATIONS AND TRADE UNIONS CAN BE PROVIDED WITH SUCH A SYSTEM.

WE HAVE DECIDED TO REFER OUR JUDGMENT IN THIS MATTER AND

THESE REMARKS TO THE ATTORNEY-GENERAL FOR THE COMMONWEALTH IN THE HOPE THAT IT MAY BE POSSIBLE, AFTER CONSULTATION BETWEEN COMMONWEALTH AND STATE ATTORNEYS-GENERAL, THE TRADE UNIONS, BOTH FEDERAL AND STATE, AND OTHER INTERESTED GOVERNMENT AUTHORITIES TO ARRANGE FOR THE EXAMINATION OF THE IMPORTANT ORGANISATIONAL MATTERS TO WHICH WE HAVE REFERRED."

DESPITE THIS URGENT APPEAL THE PREVIOUS GOVERNMENT AND THE NON-LABOR STATE GOVERNMENTS DID NOTHING. SO IN JANUARY LAST YEAR I WROTE TO THE PREMIERS OF NEW SOUTH WALES, QUEENSLAND AND WESTERN AUSTRALIA SUGGESTING THAT THEY MIGHT CONSIDER ADOPTING A SOUTH AUSTRALIAN PROPOSAL AIMED AT PROVIDING SOLUTIONS TO THE PROBLEM. THE PROPOSAL PROVIDED FOR THE "RECOGNITION" OF A STATE BRANCH OF A FEDERAL UNION UNDER STATE INDUSTRIAL ARBITRATION LEGISLATION. A "RECOGNISED" STATE BRANCH WOULD NOT HAVE A LEGAL IDENTITY DISTINCT FROM THE FEDERAL UNION BUT WOULD EXIST AS A PORTION OF THE FEDERAL UNION AND ACT AS THE FEDERAL UNION WITHIN THE STATE INDUSTRIAL JURISDICTION. THE PREMIER OF QUEENSLAND INDICATED THAT HIS STATE DID NOT FAVOUR THE FEDERAL BODY OF THE UNION BEING THE BODY RECOGNISED UNDER STATE LAW. THE PREMIER OF NEW SOUTH WALES SAID THAT HIS GOVERNMENT WAS STILL CONSIDERING THE MATTER. WESTERN AUSTRALIA DID NOT REPLY.

THE AUSTRALIAN GOVERNMENT HAS APPOINTED AN INQUIRY UNDER MR JUSTICE J.B. SWEENEY TO EXAMINE THE PROBLEMS DISCLOSED BY THE MOORE V DOYLE CASE. THE JUDGE HAS BEEN ASKED TO EXAMINE THE DESIRABILITY OF A SYSTEM OF ORGANISATION AND/OR REGISTRATION WHICH WOULD ENABLE THE ONE BODY TO REPRESENT ITS MEMBERS IN BOTH AUSTRALIAN AND STATE ARBITRATION SYSTEMS, HOW THIS COULD BE ACHIEVED, THE EFFECT OF EXISTING REGISTRATION SYSTEMS ON EMPLOYER

AND EMPLOYEE ORGANISATIONS AND THE PROBLEMS AND DIFFICULTIES TO WHICH THE PRESENT SYSTEMS GIVE RISE. WESTERN AUSTRALIA AND NEW SOUTH WALES HAVE INDICATED THEY WOULD CO-OPERATE WITH THE COMMITTEE, WHILE THE QUEENSLAND PREMIER SAID, AFTER THE QUEENSLAND INDUSTRIAL REGISTRAR HAD INFORMED MR JUSTICE SWEENEY OF THE STATE GOVERNMENT'S POLICY, THAT THE QUESTION OF HOW HIS GOVERNMENT WOULD BE ABLE TO FURTHER ASSIST THE COMMITTEE WOULD BE KEPT UNDER REVIEW. HIS REPORT IS EXPECTED ABOUT THE END OF THIS MONTH.

I TURN NOW TO THE SECOND GOAL WHICH THE GOVERNMENT MUST PURSUE TO HELP MAINTAIN HARMONIOUS INDUSTRIAL RELATIONS: THE CREATION OF AN ECONOMIC AND SOCIAL ENVIRONMENT IN WHICH THE FINANCIAL CAUSES OF MANY DISPUTES ARE MINIMISED. IT SHOULD BE CLEAR TO ALL BY NOW THAT MUCH OF THE GOVERNMENT'S ACTIVITY IS DEDICATED TO THIS END. OUR POLICIES AND PROGRAMS HAVE BEEN DIRECTED TOWARDS REDUCING AND EVENTUALLY ERADICATING INEQUALITIES IN OUR SOCIETY WHILE AT THE SAME TIME MAINTAINING A HEALTHY PATTERN OF EFFICIENT ECONOMIC GROWTH. AT THIS POINT I WOULD LIKE PARTICULARLY TO EMPHASISE OUR EFFORTS TO CREATE A MORE EQUAL SOCIETY. THE ACHIEVEMENT OF EQUALITY MEANS MUCH MORE THAN SIMPLY PROVIDING HIGHER WAGES AND SALARIES. IT MEANS PROVIDING A RANGE OF COMMUNITY SERVICES TO SATISFY THE REASONABLE NEEDS OF ALL CITIZENS AND TO CREATE REASONABLE OPPORTUNITIES FOR ALL CITIZENS. THIS IN TURN MEANS THE CREATION OF THE BEST COMMUNITY SERVICES THAT THE COUNTRY CAN AFFORD.

IT IS NO COINCIDENCE THAT IN OUR FIRST 13 MONTHS IN OFFICE WE HAVE CONCENTRATED SO MUCH OF OUR EFFORTS IN THE FIELDS OF EDUCATION, HEALTH AND URBAN AND REGIONAL DEVELOPMENT.

AN INCREASED WAGE ALONE IS NOT GOING TO ENSURE THAT A WORKER'S CHILDREN WILL RECEIVE A PROPER EDUCATION. AN INCREASED WAGE WILL NOT GUARANTEE THAT WORKER'S FAMILY ACCESS TO HIGH QUALITY MEDICAL AND HOSPITAL CARE AT A REASONABLE COST. AN INCREASED WAGE WILL NOT GRANT HIM ADEQUATE TRANSPORT, ROADS, CHILD CARE FACILITIES, RECREATION OUTLETS AND THE LIKE. IT WILL NOT EVEN NECESSARILY GUARANTEE HIM PROPER HOUSING, PARTICULARLY IF HE LIVES IN A CITY WITH RAMPANT INFLATION IN LAND PRICES.

THE PROVISION OF ADEQUATE SERVICES AND OPPORTUNITIES OF THIS KIND MUST DEPEND ON BROAD COMMUNITY ACTION; AND THAT MEANS GOVERNMENT ACTION. THAT IS WHY SO MUCH OF OUR PUBLIC SPENDING HAS BEEN DIRECTED TOWARDS BUILDING NEW SCHOOLS AND TRAINING NEW TEACHERS; TOWARDS ESTABLISHING COMMUNITY HEALTH CENTRES AND HOSPITALS IN CLOSE PROXIMITY TO WHERE PEOPLE (NOT JUST DOCTORS) LIVE; TOWARDS THE PROVISION OF BASIC FACILITIES IN THE MASS OF SUBURBS WHICH HAVE BEEN NEGLECTED SINCE THEIR EMERGENCE IN THE POST-WAR YEARS; TOWARDS THE CREATION OF NEW CITIES; AND TOWARDS THE BUILDING OF MORE HOUSING FOR LOW-INCOME EARNERS.

FORTUNATELY, THE ELECTORATE HAS JUST GIVEN THE GOVERNMENT A FURTHER THREE YEARS IN WHICH TO PURSUE THESE GOALS. THEIR FULL ACHIEVEMENT WILL, OF COURSE, TAKE LONGER THAN THAT. BUT WHEN THEY ARE ACHIEVED, WAGE AND SALARY EARNERS WILL NO LONGER BE QUITE AS DEPENDENT ON THEIR PAY PACKETS FOR THE SATISFACTION OF THESE NEEDS. THIS WILL, IF YOU LIKE, MOVE ALL OF US AT LEAST SOME DISTANCE AWAY FROM WHAT MIGHT BE TERMED AN INCOMES MENTALITY. EQUALITY OF OPPORTUNITIES AND SERVICES MUST IN ITSELF REDUCE SOME OF THE CAUSES OF CONFLICT IN OUR SOCIETY AND IN INDUSTRIAL RELATIONS.



TO ACHIEVE THESE GOALS - AND INDEED TO ACHIEVE ANY KIND OF RE-ALLOCATION OF RESOURCES - WE MUST, OF COURSE, MAINTAIN A HEALTHY ECONOMY. I WOULD EMPHASISE MY USE OF THE WORD MAINTAIN IN MY LAST SENTENCE. CONTRARY TO WHAT SOME PROPHETS OF DOOM ARE NOW SAYING, AUSTRALIA HAS AN ESSENTIALLY HEALTHY ECONOMY. DESPITE WHAT OUR ECONOMIC JEREMIAHS MIGHT SAY, THE LAST 18 MONTHS HAVE BEEN MARKED BY EXCEPTIONALLY RAPID GROWTH. LET ME GIVE A FEW EXAMPLES TO DEMONSTRATE THIS. GROSS NATIONAL EXPENDITURE ROSE IN REAL TERMS BY 12.4 PERCENT IN THE YEAR TO THE MARCH QUARTER OF 1974, COMPARED WITH 1.5 PERCENT IN THE PREVIOUS YEAR AND 2 PERCENT IN THE YEAR BEFORE THAT. GROSS NON-FARM PRODUCTION INCREASED BY 7.2 PERCENT COMPARED WITH 4.2 PERCENT AND 3.3 PERCENT IN THE PREVIOUS TWO YEARS. CIVILIAN EMPLOYMENT INCREASED BY MORE THAN 200,000 OR 4.5 PERCENT, THE LARGEST PERCENTAGE INCREASE IN ANY COMPARABLE PERIOD SINCE 1967. ALTHOUGH THE SHARE MARKET MIGHT NOT REFLECT IT, COMPANY INCOME HAS INCREASED BY 18.9 PERCENT.

SOME PROBLEMS DO EXIST IN CERTAIN INDUSTRIES. BUT IT WOULD BE WRONG TO SEE ALL OF THOSE DIFFICULTIES AS INDICATING AN OVERALL ECONOMIC PROBLEM OR, TO BE DEFENSIVE FOR A MOMENT, TO BLAME THE GOVERNMENT FOR THEM. IT IS SURELY AT LEAST QUESTIONABLE FOR A CAR MANUFACTURER TO BLAME THE GOVERNMENT FOR ITS FAILURE TO CAPTURE A LARGE ENOUGH SHARE OF THE MARKET FOR ITS PRODUCTS WHEN THE LATEST FIGURES FOR MOTOR VEHICLE REGISTRATIONS SHOWS THEY ARE RUNNING AT A HIGH LEVEL.

THE FACT REMAINS, HOWEVER, THAT AUSTRALIA, IN COMMON WITH OTHER COUNTRIES, IS UNDERGOING A PERIOD OF EXCESSIVE INFLATION. IN CASE ANYONE SHOULD THINK THAT THIS IS A NEW DISCOVERY FOR US, SOME OF YOU MAY REMEMBER MY ADDRESS TO THE INDUSTRIAL RELATIONS SOCIETY IN MAY LAST YEAR. "IT HAS ALREADY BECOME CLEAR," I SAID THEN, "THAT THE THREAT OF INFLATION WILL BE THE MOST SERIOUS ECONOMIC PROBLEM FACING GOVERNMENT." AT ANOTHER POINT IN MY ADDRESS I SAID: "LET THERE BE NO DOUBT OF HOW SERIOUSLY MY GOVERNMENT REGARDS THIS PROBLEM OR THE STRENGTH OF OUR DETERMINATION TO TACKLE IT." WE HAVE EXHIBITED SUCH A DETERMINATION EVER SINCE WE CAME INTO OFFICE. AS SOON AS WE WERE ELECTED IN 1972, WE REVALUED THE DOLLAR TO CUT THE PRICE OF IMPORTS AND WE ESTABLISHED THE DEPOSIT REQUIREMENT TO REDUCE THE INFLOW OF FOREIGN MONEYS. WE EFFECTIVELY REVALUED THE DOLLAR TWICE AFTER THAT. WE HAVE TIGHTENED MONETARY POLICY TO REMOVE THE EXCESSIVE AMOUNT OF MONEY IN THE ECONOMY. IN JULY WE CUT ALL TARIFFS BY 25% IN ORDER TO DECREASE THE PRICE OF IMPORTS AND TO RESTRAIN LOCAL PRICE RISES BY INCREASING COMPETITION. WE HAVE ESTABLISHED THE PRICES JUSTIFICATION TRIBUNAL WHICH HAS UNDOUBTEDLY PLAYED A SIGNIFICANT ROLE IN RESTRAINING PRICE INCREASES. WHATEVER OUR CRITICS MIGHT SAY, WE EVEN RESTRAINED THE GROWTH IN GOVERNMENT EXPENDITURE.

DESPITE THESE MEASURES, WE NEED TO TAKE FURTHER ACTION TO BEAT INFLATION. THE VERY BUOYANCY WHICH HAS BEEN A FEATURE OF OUR ECONOMIC GROWTH HAS HAD ITS DISADVANTAGES; DEMAND HAS CONTINUED TO BE EXCESSIVE. THAT IS WHY, AT THE PREMIERS CONFERENCE EARLIER THIS MONTH, I ANNOUNCED FURTHER MEASURES TO CURB INFLATION. THE AUSTRALIAN GOVERNMENT IS EXAMINING ITS OWN EXPENDITURE PROGRAMS SO THAT IT CAN PLAY ITS PART. I SAID THEN THAT WE WOULD LIMIT THE BUDGET ALLOCATION FOR THE POST OFFICE IN 1974-1975 TO NOT MORE THAN THE ACTUAL AMOUNT ALLOCATED IN 1973-1974; WE WOULD PUT RESTRAINTS ON CAPITAL WORKS AND OTHER CAPITAL EXPENDITURE BY THE GOVERNMENT; WE WOULD ABOLISH THE PETROLEUM PRODUCTS PRICES SUBSIDY SCHEME; WE WOULD LIMIT THE GROWTH OF THE AUSTRALIAN PUBLIC SERVICE; WE WOULD REDUCE THE AMOUNT RECOMMENDED FOR SPENDING ON ROADS BY THE BUREAU OF ROADS. AT THE SAME TIME THE GOVERNMENT FOUND IT NECESSARY TO HOLD DOWN THE INCREASE IN FINANCIAL ASSISTANCE TO BE PROVIDED TO THE STATES IN 1974-1975. IN DOING THIS, I CALLED ON THE STATES TO PLAY THEIR PART IN BEATING INFLATION.

THE GOVERNMENT'S MEASURES HAVE INEVITABLY AROUSED SOME HOSTILITY. IT IS BEING SAID THAT THE AUSTRALIAN GOVERNMENT IS FORCING THE STATES TO RAISE TAXES AND CHARGES. IT IS ONLY FAIR TO POINT OUT THAT IT COULD BE JUST AS EASILY SAID THAT THE STATES ARE TRYING TO FORCE THE AUSTRALIAN GOVERNMENT TO RAISE ITS TAXES AND CHARGES. FOR IF MORE MONEY IS NEEDED FOR STATE SERVICES IT CAN BE MADE AVAILABLE IN ONE OF ONLY TWO WAYS: EITHER BY THE COMMONWEALTH RAISING MORE MONEY AND PASSING IT ON TO THE STATES OR BY THE STATES THEMSELVES RAISING EXTRA MONEY. IT IS ALL VERY WELL FOR THE STATES TO EXPECT THE COMMONWEALTH TO CARRY THE FULL OPPROBRIUM FOR UNPOPULAR MEASURES AIMED AT RAISING EXTRA MONEY.

I DO NOT THINK IT IS UNREASONABLE OF THE AUSTRALIAN GOVERNMENT TO EXPECT THE STATES TO SHARE IN SUCH <sup>a</sup> PROBLEM. THERE IS ANOTHER POINT TO BE MADE ABOUT THE ACCUSATION THAT THE AUSTRALIAN GOVERNMENT IS FORCING THE STATES TO RAISE TAXES AND CHARGES. OUR MAIN EMPHASIS HERE IS, IN FACT, ON ECONOMIC RATIONALITY. PUBLIC ENTERPRISES - BOTH COMMONWEALTH AND STATE - MUST GO CLOSER TO PAYING THEIR OWN WAY; THEIR SERVICES MUST BECOME MORE CHARGES ON USERS AND LESS CHARGES ON TAXPAYERS. AT THE SAME TIME, THEY MUST BECOME MORE EFFICIENT. ADMITTEDLY ALL GOVERNMENTS IN AUSTRALIA FACE THE PROBLEM THAT IT IS LEFT TO THEM TO CONDUCT THE LEAST PROFITABLE ENTERPRISES. BUT THIS SHOULD BE NO EXCUSE FOR AVOIDING RATIONAL CHARGES AND EFFICIENT OPERATION. THE AUSTRALIAN GOVERNMENT IS ACCEPTING ITS SHARE OF THE RESPONSIBILITY IN THIS DIRECTION. IT ASKS NO MORE THAN THAT OF THE STATES.

AT LEAST SOME OF THE CRITICISM THAT HAS BEEN DIRECTED AGAINST US HAS COME FROM THE VERY PEOPLE WHO HAVE URGED ACTION UPON US AND EVEN AT TIMES OVER THE VERY MEASURES THEY HAVE SUGGESTED. THE PRICE OF LAND AND HOUSING IS A GOOD EXAMPLE. ONE OF THE MOST DAMAGING ELEMENTS IN THE INFLATIONARY BOOM IN THE PAST YEAR OR SO HAS BEEN THE SOARING PRICE OF HOUSES. NOW, DUE TO THE CUTTING DOWN OF THE PREVIOUSLY EXCESSIVE FLOW OF FINANCE INTO BUILDING, HOUSE PRICES APPEAR TO BE TENDING TO FLATTEN OUT. PRICES OF COSTLIER HOUSES HAVE TENDED TO DROP. WHILE NO GOVERNMENT LIKES TO SEE INTEREST RATES FOR HOME-BUYING INCREASE UNDULY, WE MUST PURSUE THIS SITUATION FOR A WHILE IF WE ARE TO HAVE ANY CHANCE OF DELIVERING A SOLID BLOW TO INFLATION IN THIS AREA. WE MUST DESTROY THE SELF-FULFILLING PROPHECY OF MANY PEOPLE THAT THE PRICE OF LAND WILL ALWAYS RISE MORE RAPIDLY THAN INFLATION. WE MUST ALSO REDUCE THE EXCESS DEMAND IN THE PRIVATE SECTOR OF THE BUILDING INDUSTRY IF WE ARE TO ACHIEVE ANY MEANINGFUL RESULTS IN THE FIELD OF PUBLIC HOUSING!

NONE OF THE DECISIONS THAT WE HAVE HAD TO MAKE HAVE BEEN EASY. WE WILL BE EXTREMELY VIGILANT TO MAKE SURE THAT, IF ANY UNPREDICTABLE OR EXTREME RESULTS FLOW FROM OUR MEASURES, WE CAN TAKE APPROPRIATE ACTION. I CERTAINLY GIVE THAT PLEDGE IN THE AREA OF EMPLOYMENT. DESPITE THE MORE SENSATIONAL HEADLINES, DOES ANYONE REALLY BELIEVE THAT THE AUSTRALIAN LABOR PARTY, WHICH OWES ITS EXISTENCE AND SURVIVAL TO WAGE AND SALARY EARNERS, WOULD PURSUE POLICIES DESIGNED TO PUT THOSE PEOPLE OUT OF WORK? WE CAME INTO GOVERNMENT, PLEDGED TO RESTORE FULL EMPLOYMENT. WE ACHIEVED THAT OBJECTIVE VERY QUICKLY. WE WILL CONTINUE TO PURSUE IT.

THE KIND OF ADJUSTMENT WHICH WE ARE TRYING TO MAKE TO THE AUSTRALIAN ECONOMY IS A COMPLEX AND DIFFICULT EXERCISE. WE HAVE ALREADY SHOWN A FLEXIBILITY OF APPROACH TO MEET CHANGED NEEDS OR OVERCOME PROBLEMS THAT MIGHT ARISE. OUR RELAXATION OF THE OVERSEAS CAPITAL DEPOSIT REQUIREMENTS AND OF STATUTORY RESERVE DEPOSITS ARE EXAMPLES OF THIS FLEXIBILITY. THERE CAN BE NO DENYING, HOWEVER, THAT DEMAND INFLATION HAS BEEN A PROBLEM FOR SOME TIME AND ACTION TO COUNTER<sup>IT</sup> HAS BEEN NECESSARY.

WHAT WE MUST DO NOW IS AVOID ANOTHER PROBLEM, COST-PUSH INFLATION. TO DO THIS, WE WILL NEED THE CO-OPERATION OF THE WHOLE COMMUNITY. INDUSTRY MUST MODERATE ITS PRICE INCREASES. AS I HAVE MENTIONED, THE PRICES JUSTIFICATION TRIBUNAL HAS HELPED IN THIS AREA. IF THE SENATE IS WILLING, WE WILL BAN COLLUSIVE PRICE FIXING BY COMPANIES. EMPLOYEES MUST ALSO PLAY THEIR PART. WE CANNOT CONTINUE TO HAVE ANNUAL WAGE AND SALARY INCREASES OF THE ORDER OF 20%.

EMPLOYEES SEEKING THESE INCREASES ARE IN DANGER OF BECOMING LIKE SQUIRRELS IN A CAGED WHEEL: NO MATTER HOW FAST THEY RUN, THE WHEEL (INFLATION) ONLY GOES FASTER - THEY STILL DO NOT ADVANCE.

IT IS FOR THIS REASON THAT THE GOVERNMENT IS INTERESTED IN THE IDEA OF SOME FORM OF REGULAR COST OF LIVING ADJUSTMENTS TO WAGES AND SALARIES, OR WAGE INDEXATION, TO USE THE CURRENTLY POPULAR TERM. EMPLOYEES WOULD NO LONGER FEEL COMPELLED TO SEEK HUGE INCREASES AS A HEDGE AGAINST INFLATION IF THEY WERE OFFERED SOME REAL INCOME PROTECTION. WE THEREFORE WELCOME THE DECISION OF THE CONCILIATION AND ARBITRATION COMMISSION IN ITS 1974 NATIONAL WAGE CASE JUDGMENT TO CALL A CONFERENCE "TO SEE WHETHER CONSENSUS CAN BE REACHED ON THE TWO COUNTERACTING ISSUES - WAGE FIXATION METHODS AND WAGE INDEXATION".

THERE IS NO DOUBT THAT A REVIEW OF THESE ISSUES IS TIMELY. THE NATIONAL WAGE INCREASE OF ABOUT \$4-\$5 A WEEK BECOMES QUITE MEANINGLESS IN PROTECTING THE INTERESTS OF THE LOWER PAID WORKERS WHILE INDUSTRY AWARDS ARE BEING INCREASED BY AGREEMENT IN INDEPENDENT NEGOTIATIONS AT LEVELS RANGING FROM \$15 TO \$25 A WEEK. THE ULTIMATE RESULT OF THIS PROCESS WILL BE THAT THE WAGES OF WORKERS IN INDUSTRIES COVERED BY STRONG UNIONS WILL INCREASE DISPROPORTIONATELY TO THOSE OF WORKERS WHO RELY ENTIRELY ON THE COMMISSION FOR WAGE MOVEMENTS. THE IDEA OF WIDENING THE WAGE NEGOTIATING PROCESS WHICH TAKES PLACE IN SUCH INDUSTRIES AS THE METAL TRADES ON AN ANNUAL BASIS TO INCLUDE ALL SECTORS OF INDUSTRY IS, IN THE GOVERNMENT'S VIEW, A GOOD ONE IF IT CAN BE ACHIEVED.

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