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PRIME MINISTER

FOR PRESS

F76/58

MARCH 26, 1976

EXTRACT FROM TRANSCRIPT OF RADIO INTERVIEW WITH STEVE RAYMOND OF 2UE

QUESTION: Mr. Fraser, your fairly savage attack on General Motors Holden in Parliament yesterday, was that a considered statement or did you just happen to blow your cool?

P.M. No. It was thoroughly considered and discussed with the Minister for Employment and Industrial Relations. I don't think it was a savage attack either. It was just stating the facts, because there had been a full bench decision of the Arbitration Commission hours before, and the company just went against the full bench decision. Now we sometimes criticise some trade unions for not abiding by decisions of the Arbitration Commission, by seeking more or doing something differently, and if a great corporation is going to break the rules set down by the Commission, I think it deserves similar criticism.

QUESTION: There have been some dire threats made overnight about possible drastic cutbacks on future purchases from Holden by the Government?

P.M. Well I don't think those threats were made by the Government. They certainly haven't been made by myself, because if we have contracts we keep them. But I did see some speculation in the newspapers about types of action.

QUESTION: Would you contemplate action along these lines?

P.M. I prefer that this matter be settled industrially, by an acceptance that the rules of the Arbitration Commission be abided by and I would be very disappointed if General Motors Holden knowing the Government's view -- didn't pay greater attention to the words of the Arbitration Commission. You know, we used to have a very healthy export in motor cars and in Holdens in particular. Now because of inflation and some changed trading circumstances, they find themselves priced out of export markets which I think has been running for the whole industry at 60 or 70 thousand units. Under those circumstances there is a responsibility I believe not only to the company and its shareholders but also to the country in which the corporation happens to be operating. That needs to be more widely recognised.

QUESTION: Inflation and unemployment are the two biggest headaches facing us at the moment, and wage indexation was an attempt by the former government to solve these problems. Could I ask you to clear the air sir at least for my own satisfaction, are you for indexation now or would you like to see it scrapped?

P.M. Well, there have been many misunderstandings about what indexation means. The common view, and I can understand it is the view that wage indexation and the guidelines

laid down by the Commission meant that every quarter whatever was in the Consumer Price Index would flow through into increased wages. The first principle laid down by the Arbitration Commission makes it plain that that is not so, and that it is open to the parties to argue not for a percentage increase but for a flat rate increase or even for no increase. The Commission states that the CPI will be applied unless the parties before the Commission argue otherwise. It wasn't meant to be automatic.

QUESTION: But wasn't that the inference you gave leading up to the election with the knowledge that the CPI was predicted to turn out at least around 5%?

P.M. We said that we would support the wage indexation agreement, but we also have a responsibility to try and establish full employment and overcome inflation. We are not going to establish full employment again and we are not going to overcome inflation unless there is restraint, not only by corporations but also restraint by wage earners and trade unions. Many people are coming to realise the constant round of wage and price increases really isn't making anyone better off. After the last 6.4% increase a large number of companies immediately said "Well, we are going to the prices tribunal to get higher prices". We are sitting on a merry go round and we have to get off the merry go round.

QUESTION: I am not an economist but someone who is respected as much as Professor Matthews says that tax indexation will only work if it is fully implemented in the next budget - either all or nothing at all. Could you explain your strategy in introducing it in stages?

P.M. Well, our strategy is to go as far as we can in the next budget. But there is a cost - the total cost last year I think would have been \$1,200 million. If indexation had been implemented in the last budget on top of all the other expenditure by the Commonwealth Government then instead of approaching \$5,000 million, the deficit would have been over \$6,000 million. There is obviously a limit to the extent that that process can go on. So what we have said is that the extent to which we can implement tax indexation in the next budget will depend on the success we have in restraining Government expenditure. Now what we have done so far can be regarded as an initial step towards cutting out extravagance, but I have made no bones about the fact that there are going to be harder decisions ahead of us in our efforts to restrain the unreasonable growth of Government expenditure. Upon the success of that will depend upon the extent to which we can and will introduce tax indexation. We certainly will make a start.

QUESTION: Mr. Fraser, is it true you are considering major amendments to the Conciliation and Arbitration Act?

P.M.

Some amendments are being considered, yes certainly. The Minister for Employment and Industrial Relations will announce these at the appropriate time but it was in our policy to introduce secret ballots for the election of all elected officials of industrial organisations and that includes employer organisations not just trade unions. There are some other amendments that we will also want to make.

QUESTION: Along what lines?

P.M.

Well some of the amendments will be along the lines of amendments mooted by the previous Labor Government but which were never introduced, giving the Minister power to appeal against the decision of single commissioners to the full bench, e.g., where they felt that was necessary in the public interest. These matters will be unfolded at the proper time by Mr. Street.

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