

**PRIME MINISTER**FOR PRESS12 JUNE 1976**JOINT PRESS STATEMENT - GOVERNMENT/UNION TALKS**

Representatives of the Government and the ACTU and other peak national Trade Union Councils met in Canberra over the last two days.

The meetings were chaired throughout by the Prime Minister.

The Trade Union representatives were led by the President of the ACTU, Mr Hawke.

A full list of those attending is attached.

The discussions were wide-ranging, frank and cordial.

A very constructive outcome was a decision to continue discussions at officer level between the Government and the peak councils.

It is expected these discussions will be on a continuing basis.

They will cover a number of areas, including:-

- . an on-going exchange of information on the economic situation;
- . manpower policies;
- . shipbuilding;
- . aboriginal welfare and employment.

In addition, discussions will also be taking place on certain technical matters relating to Medibank and possible appropriate modifications to the operation of the Prices Justification Tribunal.

A number of these discussions will commence next week.

Both sides recognised the value of the discussions over the past two days and agreed that it would be desirable to have similar discussions on policy issues of mutual concern from time to time.

The Economy

The discussions traversed the present state of the economy, the Government's overall strategies and its assessment of the future.

There was common concern about the present problems of the economy and agreement on the fundamental objectives to be sought. These included the reduction of inflation, the resumption of economic growth and a return to full employment.

Both sides recognised that under the present extraordinary economic conditions, there is an inter-relationship between inflation and the level of unemployment.

The Union representatives sought from the Government a detailed exposition of its strategies, including their economic and social implications.

The Government spelt out its strategies for policies to restore economic prosperity and the analysis of economic developments on which it is based. In doing so it emphasised that its policies should not be viewed piecemeal but seen as an integrated whole.

It believes that the slump in activity and employment, which accompanied the exceptionally high rate of inflation in 1974-75, has been halted and a tentative recovery begun.

It sees 1976-77 as a year of moderate growth in activity and employment. Taking the more optimistic side of possibilities, this employment growth may be sufficient to lead to a gradual reduction in the number of unemployed.

However, in the Government's view that prognosis could well prove optimistic unless there is further progress in curbing inflation and inflationary expectations. It is essentially because of the continuing inflationary environment that no marked early decline in unemployment can be categorically predicted at this time.

In the Government's view, any recovery which takes place without the clear prospect of continuing reduction in the rate of inflation from its present double-digit level is likely to be weak and short lived.

While the unions agreed that there were some signs supporting the Government's view about the recovery of the economy, they were less confident of this taking place.

The union representatives sought detailed elaboration of the Government's outlook for the economy. They were particularly concerned with prospects for employment and real household disposable incomes.

There were differences of view about the most effective ways of achieving the commonly shared objectives. The unions questioned some elements of the Government's approach and put forward various suggestions by way of alternatives.

Both the ACTU and the Government agreed on the importance of reducing unemployment.

The Trade Union movement drew attention to the need for maintaining real disposable income standards and achieving an increase in these standards as soon as possible.

It agreed with the Government that increases in real disposable income throughout the community are related to growth in productivity and in real output.

The Government for its part noted that this was a question not only of real award wages but also of cash benefits such as family allowances, the burden of personal taxation and of the rate of economic recovery affecting employment and overtime earnings.

The Government was impressed by the views put by the Trade Union movement concerning a general reduction in taxation whether direct or indirect.

The Government drew attention to its recent policies covering income tax indexation and family allowances. These reflect a significant reduction and redistribution of taxation in areas of need

Further, the Government noted that many sections believe they are deserving of tax relief. The Government will give full weight to the views expressed by the Trade Union movement concerning further relief for individuals as and when economic circumstances permit.

The Government remains committed to policies that will lighten the general burden of taxation and, in this, its objectives accord with the views expressed by the President of the ACTU.

The Union representatives acknowledged the relevance of the magnitude of wage claims in the present circumstances to the processes of economic recovery, including the achievement of full employment and a reduction in inflation.

MANPOWER POLICIES

The unions raised questions relating to the administration of unemployment benefit, job creation schemes, NEAT and NAAS, as well as the evolution of effective long-term manpower policies.

The Government accepted the unions' views that these should not be areas of political controversy, that immediate issues should be pursued with officials of the Department of Employment and Industrial Relations, and that they should work out an appropriate framework for wider and regular discussions involving other Departments.

SHIPBUILDING

The meeting discussed the grave situation in the shipbuilding industry particularly at Newcastle and Whyalla. The continued existence of the industry is endangered by low productivity and intense competition from imports. The cost of the existing subsidy is already high. In 1975/76 it will exceed \$42m. and a much higher subsidy will be needed if orders are to be obtained.

Both short and long term aspects of the problem were discussed including the need to consider it in the context of the total transport industry. Establishment of a national shipbuilding body was considered and it was agreed that the Department of Industry and Commerce and other Departments would hold further discussions next week, first with management and then

with shipbuilding unions.

MEDIBANK

The Government explained the background to its decisions aimed at ensuring universal coverage for health care, of placing a direct responsibility for health costs on individuals according to their capacity to pay and of widening the choice of individuals.

The unions made it clear that they had been strongly opposed to the Government's original proposals. Although the changes subsequently announced represented a very substantial improvement, there were still aspects on which they sought further clarification. These included the basis on which Medibank (Private Insurance) would compete with private health funds and the level of the levy.

Again, arrangements were made for discussions next week aimed at further clarification of the technical issues involved.

The Government indicated that it would shortly be issuing explanatory literature on the options open to individuals so that they would be able to make appropriate choices.

The Government indicated that insofar as these changes resulted in increases in the Consumer Price Index, then, for the purpose of adjustment to award wages for movements in the Consumer Price Index under the wage indexation principles, the Commonwealth would not be arguing that the index should be

"discounted" for these particular increases.

PRICES JUSTIFICATION TRIBUNAL

The unions pressed strongly for the maintenance of the Prices Justification Tribunal, at the same time recognising that there was scope for some changes in the existing machinery.

The Government indicated that it was disposed to the continuation of the Prices Justification Tribunal in an appropriately modified form. It noted, however, that it would wish to wait till after its discussions with the employers on 2 July before reaching a final view. Meanwhile, arrangements were made for further technical level discussions between the Government and the unions on this matter.

INDUSTRIAL LEGISLATION

The unions, while conceding that the legislation on postal ballots was an improvement on the Government's original proposals, reiterated in the strongest terms their basic opposition to the legislation and urged that it should not be proclaimed.

The Government, while maintaining its view that it wished to give every member of a union and employer organisation adequate opportunity to choose those who should be responsible for conduct of the affairs of the organisation, noted the unions' view.

ATTENDANCE

GOVERNMENT:

The Rt. Hon. Malcolm Fraser, M.P., Prime Minister.

The Rt. Hon. J.D. Anthony, M.P., Deputy Prime Minister.

The Hon. P.R. Lynch, M.P. Treasurer.

Senator The Hon. Robert Cotton, Minister for Industry & Commerce.

The Hon. A.A. Street, M.P., Minister for Employment & Industrial
Relations.

The Hon. J.W. Howard, M.P., Minister for Business & Consumer
Affairs.

The Hon. R.J.D. Hunt, M.P., Minister for Health.

The Hon. P.J. Nixon, M.P., Minister for Transport.

Ministers were accompanied by the Permanent Heads of their Departments. The Chairman of the Public Service Board, the Chairman of the Prices Justification Tribunal, the Chairman of the Medibank Review Committee and the Deputy Governor of the Reserve Bank were also present.

UNIONS:

Australian Council of Trade Unions (ACTU)

Messrs. R.J. Hawke	-	President
P. Nolan	-	Assistant Secretary
C.O. Dolan	-	Senior Vice-President
J. Roulson	-	Junior Vice-President
Hon. J.P. Ducker, MLC.	-	Executive Member
C. Fitzgibbon	-	Executive Member
E. Williams	-	Executive Member

accompanied by Mr R. Jolly, Mrs J. Marsh, Mr W. Kelty (Research Officers) and Mr L. Scharr (Industrial Officer).

Australian Council of Salaried & Professional Associations (ACSPA)

Messrs. P. Reilly - Federal President
J. Crewe - Honorary Treasurer

Council of Australian Government Employee Organisations (CAGEO)

Messrs. K. Turbet - Federal President
R. Gradwell - Acting Federal Secretary

accompanied by Mr. I. Oldmeadow, Research Officer.