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PRIME MINISTER

FOR PRESS

25 APRIL 1977

HEADS OF GOVERNMENT AGREEMENT

PRICES AND INCOMES PAUSE

The Prime Minister today sent the following message to all Premiers:

On 13 April, the Heads of Government in Australia:

- * agreed to call for a three month halt in price and wage increases
- * agreed that such restraint was urgently needed if Australia is to overcome its current economic problems
- * committed themselves to work for this voluntary pause.

We believed our agreement, with the backing of all seven governments and the goodwill of all major parties for the future well being of Australia, offered a chance to resolve Australia's economic problems more rapidly. Our agreement was unprecedented. We put aside political divisions in the interests of the community as a whole.

All Heads of Government also agreed that this "vital endeavour to help overcome inflation" could founder if steps for its implementation were delayed. It was for this reason that we all agreed that a national conference should not be convened.

Despite this agreement, three State Governments saw fit in proceedings before the Commission on 19 April, and without any prior consultation with the other Heads of Government, to support a trade union proposal for a national conference. Moreover, that proposal was for a conference to discuss the state of the economy, and not the implementation of the prices and wages pause called by all Heads of Government. Indeed, the total proposal, incorporating as it did the concept of application of the March Quarter CPI movement or equivalent direct tax cuts, was a complete denial of the prices and incomes pause envisaged under the Heads of Government agreement.

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We made it clear from the outset, in discussions with employer and employee groups, that agreement in principle with the Heads of Government Agreement was vital if the prices and wages pause on a voluntary basis is to be successful. Without that commitment in principle to the objectives of the Agreement no pause could work; no conference could have any hope of success. The unions have specifically refused to give that agreement in principle. Union leaders have refused to commit themselves to the principle even on a personal basis.

It is a matter of extreme regret that the trade union proposal - and its endorsement by three State Governments - followed upon the union advocate's pouring scorn on the Heads of Government Agreement and all who had signed it.

In their agreement, the Heads of Government also agreed: "Governments would not expect either the business organisations or the union organisations to agree to such voluntary restraint arrangements without agreement by the others."

You are aware - and indeed have stated - the fact that a large measure of business support has been shown for the voluntary pause. The Conciliation and Arbitration Commission itself stated on 19 April: "Employers generally have agreed with the Governments about prices" You will also appreciate that the general support achieved for a prices pause can be eroded if Governments' support for a wages pause is weak.

It is for this reason, and consistent with the Commonwealth Government's committing itself to working towards achievement of the objective of the Heads of Government Agreement that I telexed you on 20 April stating, inter alia:

"In view of unwillingness and inability of peak employee councils to agree on wages pause, would you be prepared to join in an approach to the Conciliation and Arbitration Commission to use its good offices to assist in achieving the prices and incomes pause envisaged by our agreement".

My intention here was to ask the Commission to use its good offices to assist in obtaining union agreement, at least in principle, to the initiative which you and all other Heads of Government in Australia agreed was urgently needed if our current economic problems were to be overcome. Without such agreement in principle there would clearly be no chance of Heads of Governments Agreement objective being achieved.

If we do not take this action, we will not, in my view, be carrying out the commitment we freely made on 13 April, and we will be letting down those very substantial members in the community who have responded positively to the initiative to which we all agreed.

The Commonwealth Government is not prepared to treat its commitment lightly. It is not prepared to disregard the wide public support already achieved.

I again ask you: would you please advise me urgently whether you are prepared to join in an approach, as outlined, to the Conciliation and Arbitration Commission.
