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# PRIME MINISTER

FOR MEDIA

WEDNESDAY, 25 MARCH, 1981

## 35-HOUR WEEK

Attached is the text of a letter telexed to all State Premiers and the Chief Minister of the Northern Territory this afternoon.

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PRIME MINISTER

CANBERRA

My dear Premier,

The Commonwealth Government is deeply concerned about the implications of the present union campaign for a 35 hour working week. I am writing to propose that the union movement's campaign for shorter working hours be included on the agenda for the forthcoming Premiers' Conference.

Our concern has been heightened by the rise of 15.2% in ordinary time earnings in the December quarter 1980 over the corresponding quarter in 1979. This is substantially above the rate of increase in the cost of living for the same period and goes far beyond the capacity of the economy to pay higher wages.

The Commonwealth's opposition to the general introduction of shorter working hours is based on the severe adverse effects this would have on the Australian economy and, in particular, labour costs, the competitiveness of Australian industry, economic activity and employment.

A reduction of the working week from 40 to 35 hours will lead to increased overtime, a significant rise in unit labour costs of over 20% and add billions of dollars to the national wage bill.

Great opportunities are opening up for the Australian economy in the 1980's. It would be a national tragedy if the 35 hour week campaign, along with other serious inflationary pressures, were allowed to prevent their realisation.

The Commonwealth will be doing all within its own power to offer full support for employers in resisting the union campaign for shorter hours. We will be taking whatever action is available to us within the Commonwealth's contractual obligations, the taxation system, the Government's own employment areas and before industrial tribunals. We will be urging major Australian companies to support firms faced with industrial difficulties as a result of the shorter hours campaign.

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The adoption of a similar approach by State and Territory Governments in support of the Commonwealth's stand would be in the overall interests of the nation.

I ask that you join with me and other State Premiers and the Chief Minister at the forthcoming Premiers' Conference to consider seriously the action Governments can take to ensure Australia's economic prospects for the 1980's are not jeopardised by the shorter working hours campaign.

I have written in similar terms to all State Premiers and the Chief Minister.

Yours sincerely,

(Malcolm Fraser)