

EMBARGO: 5.30PM**PRIME MINISTER**FOR MEDIATHURSDAY, 12 AUGUST 1982

The Prime Minister today released the attached text of a letter which he and other senior Ministers are sending to business and other community leaders, including State Premiers.



PRIME MINISTER

CANBERRA

"I am writing to draw your attention to the very significant recommendations of the Remuneration Tribunal released by the Treasurer and the Acting Prime Minister on August 8 and the Government's decision, announced on August 10, to accept them.

The Tribunal had been considering over recent weeks the level of salaries and allowances to apply to Ministers, other members of Parliament, Judges, senior Commonwealth public servants and other statutory officeholders.

The Tribunal recommended salary increases of about seven per cent, with the increase for members of Parliament being deferred for three months.

The Tribunal points to significantly larger increases which have been received by some other groups in the community and states that it has recommended a lesser rate of increase than it would have adopted were economic circumstances not as they are. The recommendations, and the Government's decision to accept them, set a very clear example of wage restraint, applying as it does to the most senior people in the Commonwealth public sector.

I believe that the Tribunal's conclusions have given due regard to the Government's submissions made in writing by myself and, reflecting the Government's serious concern, by the Treasurer in a personal appearance before the Tribunal.

The Commonwealth argued that in the exceptional economic circumstances which currently exist it was essential to set a lead to the community generally and that accordingly any wage increases should be substantially below the rate of inflation.

In support of this position, the Commonwealth pointed to widespread concerns about the threat that excessive wage increases pose for the recovery of the Australian economy and hence job opportunities. The submissions were in accord with the spirit of the recent Tripartite discussions between the Commonwealth, the ACTU and the CAI that Australia is facing a very serious economic situation and that, while emphases might differ, there is general agreement about a link between excessive wage increases and loss of jobs.

The Tribunal noted that it should, as the Government asked, take into account the state of the economy and, within proper limits, the effects which its decisions would have upon it. The Tribunal was persuaded that exceptional circumstances exist and that its recommendations could have the effects referred to by myself and the Treasurer.

With the Remuneration Tribunal having recognised the need for wage restraint and having set the example, I believe the onus is on all leading Australians to give support. If all major Australian companies follow the Tribunal's example of restraint at the senior levels of their own organisations, this will set a tone which will help us in achieving wage restraint throughout the workforce which is so vital, particularly in the cause of saving jobs.

For its part, consistent with the approach it took before the Remuneration Tribunal, the Commonwealth also made strong submissions recently to the Academic Salaries Tribunal on the need for restraint. The Academic Salaries Tribunal has now presented its findings, recommending an increase of seven per cent. I believe that these findings demonstrate recognition by the Tribunal of the pressing need for wage restraint in all sectors, and present a further and very welcome example to others, following the lead set by the Remuneration Tribunal.

The Commonwealth is also arguing strongly for restraint before a Full Bench of the Conciliation and Arbitration Commission in the current case involving Commonwealth public servants in the clerical and administrative areas.

The Government welcomes the initiatives taken by several major corporations in the private sector to give a lead in wage restraint in their own sphere. Indeed, in some cases companies have decided that in their present circumstances a complete freeze on executive salaries is appropriate. The Government hopes that the examples set will be widely followed.

Moreover, since restraint at all levels is vital to improving the competitiveness of all Australian companies, it is also to be hoped that the message of what is being achieved and the reasons why restraint is necessary will be conveyed to all company employees, and their co-operation and participation sought. This message might be presented on the basis of national data, and the figures relating to the particular enterprise.

Thus I seek your personal support in pursuit of the vital national objective of wage restraint. The stakes for the Australian economy and the Australian community are high. With a responsible approach we now have an opportunity to improve substantially our economic prospects."