



82/243  
9A.

## PRIME MINISTER

FOR MEDIA

SUNDAY, 19 SEPTEMBER 1982

### ELECTORATE TALK

In the last week a number of things have happened which will give Australians some encouragement that we can overcome our economic difficulties, and prepare for the world economic recovery when finally that comes.

Last Friday the Conciliation and Arbitration Commission announced its recommendation that nearly all Commonwealth public servants be granted pay increases of between about 6% and 6½%. While the Government would have preferred the increase to have been smaller the increases awarded are about half of the increase sought by the unions. The fact that the Arbitration Commission took its decision in the light of current economic difficulties and that it has recognised the need for wage restraint is most encouraging. It has also recognised the need for the public sector to give a lead in securing that restraint.

There is a growing recognition not just in the Arbitration Commission but in the community as a whole that if we pay ourselves too much as we did last year, then the Australian economy will become less competitive, profits will fall and our level of unemployment will rise still further. That growing recognition was apparent in earlier pay case decisions. The Remuneration Tribunal recommended a pay increase for Parliamentarians and senior public servants of 7%, a recommendation which the Government accepted, and the Academic Salaries Tribunal has recommended a pay increase for academics of 7%.

In Tasmania, a State particularly hard hit by the economic downturn, the Premier has called for a public service pay freeze, while in Western Australian, South Australia and the Northern Territory, public servants have got increases of around 6%. In New South Wales Mr Wran last month, rejected a recommendation for a pay increase of 14.3% for his senior public servants. In doing this Mr Wran said: "...it is essential that Governments exhort and practice wage restraint. The New South Wales Government takes the view that in the present exceptional economic climate a halt must be called to passing on cost of living increases as a full percentage of total wages."

I completely agree with that statement and it shows that many members of the Australian Labor Party, as well as other in the community, know that to revert to full wage indexation as the Labor Party's platform on industrial relations demands would only undermine our economy at this difficult time.

These recent pay settlements and in particular, Friday's recommendation on Commonwealth Public Servants' pay, show that most Australian governments, especially the Commonwealth Government, are setting an important example to the rest of the community. A number of leading companies have responded to the Government's call for restraint by either freezing salaries or granting very small salary increases to their executive staffs.

Later this year there will be a number of important pay negotiations involving notably the metal workers, transport workers and the storemen and packers. Last year these unions got enormous pay increases and in some cases shorter hours which not only undermined the competitiveness of those industries and therefore employment levels, but also set a benchmark which other unions were determined to equal.

This year I am confident that last year's mistakes will be recognised and that unions will accept the example set by the Commonwealth Government and most State Governments in recent pay settlements. I am also confident that they will recognise the contribution the Commonwealth Government has made to helping all Australians at this difficult time through the recent Budget which will give considerable tax relief and increased benefits to all Australians.

The strongest unions must realise that by acting selfishly without regard for those in the community who have little or no negotiating strength, people like pensioners and families with children to bring up, will be seriously damaged by excessive wage settlements. For its part, the Government will show absolute resolve to do all it possibly can to ensure that future wage settlements are not out of line with the pattern of settlements which have been emerging in recent months.

Another positive sign in the economy in recent days has been the heavy fall in interest rates on Commonwealth Treasury bonds. These rates have fallen by about 1½%. That decline is a reflection of lower interest rates overseas, in particular in the United States. Recent falls in a number of private sector rates here in Australia and a growing confidence in the Australian economy as a result of the recent Budget.

Although it is too early to conclude with complete confidence that overseas interest rates will continue to move downwards thereby bringing our own rates down further, this latest development is most welcome and will help further to rebuild confidence in our economy.

These recent developments on wages and on interest rates are early signs that things will improve for all Australians if international economic trends improve and if we continue to work together to restrain unrealistic wage settlements and are determined together to build Australia up.