



## PRIME MINISTER

FOR MEDIA

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### PUBLIC SECTOR WAGES IN THE CAIN BUDGET

I find it extraordinary that Mr Cain should expect praise for the Victorian Government in relation to wage restraint. (The Herald, 26 October, 1982).

The Victorian Budget provides for an enormous 17.6% increase in public sector wage and salary payments in 1982-83. (See Budget Document No.5 page 73).

Even allowing for some carry-over from 1981-82 settlements, one can only conclude that the Victorian Government is prepared to allow substantial wage and salary increases for its public servants. For Mr Jolly refers in his Budget speech to the fact that the Budget is based "on the maintenance of public sector employment" (Budget Paper No. 1, p. 3) and to "approximately unchanged levels of employment" (Budget Paper No. 1, p. 8).

Indeed, Mr Cain himself concedes the point when he refers to "wage agreements which had reflected nothing more than community movement" (Herald, 26 October 1981). In current circumstances, it is essential that governments give a lead in wage restraint to the community.

The fact that Mr Cain complains about criticisms of his Government's wage policies shows his sensitivity on this issue. I had not even drawn attention to these public sector wage rises in the Victorian Budget.

I was making the point that the Commonwealth Budget established the conditions for wage restraint by making many average Australian families \$18 or \$19 a week better off, and that it was unfortunate that State Government Budgets undermined these conditions by taking back much of these benefits through increased State taxes and charges. I pointed out that on Eric Risstrom's figures, the cost of the Victorian Budget for Victorian families was \$12 a week on average. This is damaging enough in itself, but when it is combined with the excessive public sector increases in the Victorian Budget, it must inevitably damage the cause of wage restraint enormously.