



PRIME MINISTER

E. & O.E. - PROOF ONLY

EXTRACT OF SPEECH TO BUSINESS BREAKFAST, DARWIN - 19 NOVEMBER 1983

Because we have unions overwhelmingly now - over 99.5 per cent of them, have accepted the Accord, and they have signed on the line in a way which has never happened in the history of this country. They have accepted the decision of the Conciliation and Arbitration Commission for the 4.3 and have got that on the condition that they make no extra claims. You know it has never happened before and so business knows what they are wages position is and they know that when the next hearing comes in six months time they know what the order of increase is likely to be. They know that prima facie the Commission will move to adjust wages, the price movement has incurred, not to increase the real value of wages but to maintain the purchasing power of those who are employed and those who constitute the greatest single element in the gross national product of this country as private consumer demand which if not maintained in real terms is going to have a depreciating accelerating affect on economic growth.

Now, when we come into 1984, therefore, we will have the combined 1.6 per cent of the September quarter and whatever the December quarter is, and let me say this to you. It is my expectation that that December quarter will not be a large increase and then after February/March hearing you will have the impact of the March quarter which will be a negative figure in the CPI, we believe, because of the impact of Medicare. So that by the time you come to the next hearing in September you will have negative March quarter, I think a low June quarter, so that you're looking at 1984 - the businessmen of Australia are looking at 1984 with a wage increase, I would think, of no more than the order by the Commission - 4-5 per cent, if that.

Now, I ask you to compare that sort of situation with the experience that you've had in the past. That's why we are able to say to you with confidence a low level of wage increases in 1984 and an associated low level of inflation. Now, you can see that these things are not happening and will not happen by chance. They are happening as a result of deeply thought threw, hardly worked at proposals which involve not only, if I may say so, the intelligence and application of the Government and those directly associated with it and they involve bringing into acceptance of an economic strategy the basic element of the community, that is the business sector and the trade union movement and that is why the economy is already showing a very significant movement, that it is in 1983 and why more importantly

as we go into 1984 and beyond, the elements of the Australian community can look forward to growth with containable inflation in a way that it hasn't been able to do in your recent experience, indeed for a very long time.