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Title:

Press release: Wage restraint

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STATEMENT

from the Premier

August 27, 1975.

Date.....

Embargo.....

State Administration Centre,
Victoria Square, Adelaide,
South Australia 5001
228 4811

WAGE RESTRAINT.

Temporary wage restraint is essential if the Australian economy is to be stabilised and a check is to be made on inflation, the Premier, Mr. Dunstan, said today.

Mr. Dunstan was making a Ministerial Statement in the House of Assembly concerning the Government's attitude on temporary wage restraint.

Mr. Dunstan said that the South Australian Government regarded the Australian Conciliation and Arbitration Commission's April decision to forward wage indexation as a principle in wage fixing was a right and proper course of action.

The Premier said that the South Australian Government regarded the Commission's decision as responsible and that this view had also been expressed by other State Premiers even though in some cases their Governments had initially opposed wage indexation.

Mr. Dunstan said that his Government considered it to be of the utmost importance that the purchasing power of wages should be maintained and not eroded by increases in prices. He said that in order to combat inflation, wage increases should be temporarily confined to quarterly adjustments based on movement in the price index, apart from dealing with anomalies.

"This means that for the timebeing, grounds for seeking wage increases are very limited".

"Unless something is done to contain the rate of inflation, it appears inevitable that the number of persons unemployed will continue to increase".

"The Government considers that it is preferable for there to be some wage and price restraint than for uncontrolled increases in wages to result in increasing unemployment".

Mr. Dunstan said that at the Premiers' Conference in August 1974, he had sought the co-operation of all Australian Governments' in the adoption of a series of measures that could form a viable anti-inflationary package. He said that his proposals resulted in five joint Commonwealth-State Working Parties being appointed to recommend practical methods by which wages and costs could be contained. Subsequently, the Conciliation and Arbitration Commission commenced the 1975 Wage Case resulting in the April indexation decision in principle.

Mr. Dunstan said that the Commission's words were "that some form of wage indexation would contribute to a more rational system of wage fixation, to more orderly, more equitable and less inflationary wage increases and to better industrial relations, provided that consideration was part of the package which included appropriate wage fixing principles and the necessary 'supporting mechanisms' to ensure their stability".

The Premier said that in the April decision the Commission set out the wage fixing principles it proposed to adopt as a basis for the introduction of wage indexation and had invited submissions regarding those principles and the period for which they should operate.

He said that at present the Commission is hearing these submissions.

Mr. Dunstan said that the Commission had indicated that apart from quarterly increases to compensate for price increases, and yearly reviews to consider productivity increases, the only grounds which would justify pay increases would be -

- (a) changes in work value, such as changes in the nature of the work, the skill and responsibility required, or the conditions under which the work is performed. This would normally apply only to some classifications in an award, although in rare cases it might apply to all classifications;
- (b) catch-up of community movements.

Mr. Dunstan said that after the Commission's decision had been handed down, the Australian and State Ministers of Labour and Industry and one of the Commonwealth-State Working Parties to which he had referred earlier, met to discuss the extent to which a uniform approach could be made by the seven Governments to the Commission.

He said this process is now underway in the adjourned hearing of the National Wage Case that commenced on July 29.

Mr. Dunstan said that as a result of State Cabinet consideration of the matter, he had written to all Ministers asking that Government Departments and instrumentalities conform to the Commission's wage restraint principles. He said that the Minister of Labour and Industry had been authorised to intervene before State industrial tribunals in cases that affect State Government employees, to urge the adoption of the Australian Commission's principles in all State awards.

Mr. Dunstan said that as soon as the Australian Commission has given its decision in the current National Wage Case, the Minister of Labour and Industry will make application to the State Industrial Commission to apply the same principles as the Australian Commission decides upon.

He said that the Government is proposing to amend the Industrial Conciliation and Arbitration Act to repeal the provision of that Act relating to the living wage so there will be no impediment to quarterly adjustment being applied to employees under State awards: A Bill for this purpose will shortly be introduced requiring the Industrial Commission to certify that any industrial agreements must not be contrary to the public interests before an agreement can be registered.



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