



PRIME MINISTER

48/94

STATEMENT BY THE PRIME MINISTER, THE HON P J KEATING MP

AGREEMENT WITH THE ACTU TO IMPLEMENT ACCORD MARK 7

The Treasurer, Ralph Willis, the Minister for Industrial Relations, Laurie Brereton, and I met today with the ACTU's Wages Negotiating Committee to discuss the implementation of Accord Mark 7, "Putting Jobs First".

The Accord partners reaffirmed Accord Mark 7, particularly its objectives of achieving a minimum of 500,000 net additional jobs over the three years to 1996 and cementing low inflation as a feature of the Australian economy. The Government proposed, and the ACTU agreed, that a package involving the two remaining Safety Net Wage Adjustments in Accord Mark 7 should, in this International Year of the Family, also incorporate consideration of direct assistance to workers with family responsibilities.

The partners agreed:

- (1) to support before the Australian Industrial Relations Commission second and third Safety Net Wage Adjustments of \$8.00 per week not before 1 July 1994 and 1 July 1995 respectively, to be applied where agreement at enterprise level is not achievable in line with the processes set out in Accord Mark 7.
- (2) that there should be a minimum period of 6 months between the first (already achieved) and second safety net adjustments and a minimum period of 12 months between the second and third safety net adjustments; and
- (3) that for next year's Budget, the Government will have further negotiations with the ACTU about ways to assist families, and in that context give consideration to introducing a maternity allowance paid through the Social Security system, in the spirit of ILO Convention 103 (Maternity Protection).

This is a landmark agreement in the Accord mould which provides a sure foundation for sustaining the low inflation recovery in which the essential and characteristic Australian concerns for social equity continue to be addressed.

A copy of the Agreement concluded today is attached.

CANBERRA
1 JUNE 1994

**AGREEMENT BETWEEN THE FEDERAL LABOR GOVERNMENT AND
THE AUSTRALIAN COUNCIL
OF TRADE UNIONS REGARDING CONTINUING
IMPLEMENTATION OF ACCORD MARK 7 -
"PUTTING JOBS FIRST"**

Canberra, 1 June 1994

The Accord partners hereby reiterate and reaffirm their shared commitment to promoting sustainable job growth and substantially reducing unemployment.

Accord Mark 7 - "Putting Jobs First" - was agreed in February 1993, to apply for the period 1993-1996 upon re-election of the Labor Government.

In the Accord tradition "Putting Jobs First" is a comprehensive approach to economic and social policy, based on co-operation not conflict. Its basic objectives are:

- . to increase employment by a minimum 500,000 net additional jobs over three years;
- . to maintain low levels of inflation;
- . to continue the devolution of wage fixation by encouraging bargaining at industry and workplace levels involving employees and their unions;
- . to ensure that all workers are protected by a safety net of minimum award wages and conditions and have access to arbitration;
- . to provide access to arbitrated safety net award adjustments;
- . to increase living standards over time through:
 - increases in real wages associated with improving productivity and implementing flexibility at industry and workplace levels consistent with the objective of low inflation;
 - further improvements in the social wage, including substantial tax cuts, child care improvements, education and training;
- . to provide a solid foundation for a long term retirement policy by improving the level of employer provided superannuation support in line with the SGC schedule;
- . to continue the process of increasing equity in pay and conditions of employment for women workers;
- . to give further consideration to measures designed to assist workers with family responsibilities.

Accord Mark 7 commits the Labor Government to "gearing the policy instruments at its disposal towards achieving a minimum of 500,000 net additional jobs" over the three years to 1996. The ACTU considers that the Working Nation package, together with the federal Budget, fully reflects that commitment.

With more than 230,000 additional jobs created since February 1993, the Accord partners agree that the recovery is on track to surpass the minimum target of 500,000 additional jobs.

Moreover, the Training Wage Award, combined with the White Paper package, will enable Australia to attack directly that hard-core problem of long-term unemployment in a uniquely Australian way, improving equity in the community and efficiency in the national economy.

Accord Mark 7 commits the union movement to work towards "wage outcomes which are consistent with Australia maintaining an inflation rate comparable with those of our major trading partners". The Labor Government considers that the track record of low inflation rates achieved in Australia in the early 1990s fully reflects that commitment.

The Accord partners agree that the 1990s must cement low inflation as a feature of the Australian economy.

Workplace bargaining is proceeding consistent with the broad Accord framework subject to the effective safety net provided uniquely in Australia by the award system.

The first safety net wage increase contemplated in Accord Mark 7 has been achieved, albeit not in the agreed form. The parties remain committed to the process as agreed in Accord Mark 7, and will support access to the Accord Safety Net Adjustments (including the first) for all groups unable to reach an enterprise agreement, recognising there shall be no double counting.

It is appropriate, in view of the continuing economic recovery and continuing achievement of the Accord's key objectives, that the quantum of the second and third Safety Net Wage Adjustments now be agreed between the parties, so the matter can be progressed expeditiously through the Australian Industrial Relations Commission.

The Labor Government has proposed, and the ACTU has agreed, that a package involving the two remaining Safety Net Adjustments should, in this International Year of the Family, also incorporate consideration of direct assistance to workers with family responsibilities.

Such an initiative is envisaged and embraced by Accord Mark 7's key objectives. It complements and builds upon other initiatives, namely the significant increase in payments to low income families and in the number of child care places; the child care rebate which recognises that the cost of child care as an expense in earning an income; and the Home Child Care Allowance and Parenting Allowance which redirect assistance to parents caring for children at home.

In agreeing to consider initiatives to directly assist workers with family responsibilities as part of an Accord package, the Government sought the unions' agreement to Safety Net Adjustments less than the maximum contemplated in Accord Mark 7. In view of the low inflation outlook, the ACTU has agreed.

Accordingly:

- (1) The Accord partners will support before the AIRC second and third Safety Net Wage Adjustments of \$8.00 per week not before 1 July 1994 and 1 July 1995 respectively, to be applied (consistent with the Accord framework) where agreement at enterprise level is not achievable in line with the processes set out in Accord Mark 7, at paragraphs 5.10 - 5.13;
- (2) there should be a minimum period of 6 months between the first and second safety net adjustments and a minimum period of 12 months between the second and third safety net adjustments;
- (3) for next year's Budget, the Government will have further negotiations with the ACTU about ways to assist families, and in that context give consideration to introducing a maternity allowance paid through the Social Security system, in the spirit of ILO Convention 103 (Maternity Protection).

This is a landmark Agreement in the Accord mould which provides a sure foundation for a sustained low inflation recovery in which the essential and characteristic Australian concerns for social equity remain in the policy mainstream.