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PRIME MINISTER

39/95

JOINT STATEMENT BY THE PRIME MINISTER, THE HON P J KEATING MP, AND THE ACTU.

Today the ACTU and the Government reaffirmed their Accord partnership and their joint pursuit of progressive economic, social and industrial relations reform.

The meeting noted the significant success in meeting the targets set out in Accord VII, signed in February 1993. At that time a commitment was made to the creation of at least 500,000 jobs over the next term of a Labor Government. This goal was met in March 1995, a year ahead of schedule, with the number of extra jobs now being 550,000.

Accord VII also had an inflation goal of price increases generally not exceeding those of our major trading partners. This target is being met comfortably, and the on-going success on the inflation side was confirmed last week with the release of data showing that the underlying rate of price increase continues to be lower than 2 per cent.

The trend to wage fixing through bargaining at industry and workplace levels is an essential part of the current Accord, and the sustained, orderly and accelerating movements in these directions are a significant feature of contemporary industrial relations reform.

Over the last two years an additional 30 per cent of workers on Federal Awards have registered enterprise agreements, with the number of employees in these arrangements now standing at 1.44 million, or nearly 60 per cent of all workers under Federal Awards. The Accord partners regret the relative lack of progress in enterprise bargaining under most State systems, which itself is evidence generally of the lack of strong leadership outside the Federal sphere.

Safety net adjustments in the award system have ensured that all workers who are not advantaged by the movement towards enterprise-based bargaining are able to be protected from real income reductions and the loss of award provisions. This has guaranteed that fairness has not been compromised, even with a significant reorientation towards decentralised negotiation. The Government remains committed to ensuring that the needs

of women, migrants and young people are adequately safeguarded under enterprise bargaining

Further improvements in the social wage have been achieved through expansions of child-care, the new parenting allowance which was announced in *Working Nation* and begins on July 1, and the Government's enhanced assistance to the long-term unemployed through the implementation of the Job Compact - a commitment without parallel internationally.

As stressed in Accord VII, there is a need to continue building a solid foundation for better retirement incomes, and progress has been maintained in this area. The introduction of award superannuation combined with the Superannuation Guarantee arrangements has meant that there has been a doubling in the proportion of workers covered. Once the luxury of the wealthy, superannuation is now a right - not a privilege - for all. Of course, the Accord partners remain committed to the maintenance of an adequate age pension as a safety net.

The Government and the ACTU will work towards establishing Accord VIII shortly after the Budget is delivered. Like all previous Accord arrangements, it will emphasise social protection in the context of progressive and efficient economic and industrial relations reforms. Matters of detail and specific commitments will depend on the initiatives of the Budget.

In the lead-up to the Budget, the ACTU and the Government reaffirm their resolve to sustain reductions in unemployment, and to reduce long-term unemployment in particular through the vigorous implementation of the policies of *Working Nation*. A further minimum jobs target will be announced in the new Accord.

Controlling inflation remains a priority of the Accord partners, and this Statement further endorses the need to keep price increases at low levels to protect workers' living standards. There will be a continuing commitment to maintaining low inflation as achieved in Accord VII.

The need to boost both national savings and retirement incomes and to achieve increased levels and coverage of superannuation are crucial elements of medium-term economic planning. But in so doing the implications for the contemporary living standards of lower paid workers must be taken into account.

Similarly, progress is expected in other areas of the social wage. Specifically, the Government has already acknowledged the case for publicly-financed maternity leave, a position supported by the Accord partners. The Government will be responding in this area in the Budget, and remains committed to the implementation of progressive social wage improvements.

There are times when economic circumstances demand that the stance of the Government's budget policy be reviewed. It is understood that this is such a

time and that the Budget needs to redress the overall balance between outlays and receipts. However, the important bottom line must be that revisions to fiscal arrangements show the utmost sensitivity to the needs of the economically and socially disadvantaged.

Partnerships between governments and the representatives of workers, and the substantial benefits that they deliver, should not be taken for granted. What has been achieved over the last twelve years would not have come about under the Federal Coalition. Future gains in the social wage, and fair and orderly transitions to more efficient working environments, would not be possible under the Federal Coalition.

The Liberal and National parties have shown no interest in or understanding of the Accord processes. They have opposed almost all wage increases since 1983, they have rejected socially innovative projects to assist the most disadvantaged, and they have consistently failed to support the Government's progressive and long-range planning for retirement incomes.

Of most concern for Australian workers and families is the Coalition's approach to industrial relations matters, in particular their hostility to the award system and their advocacy of individual work contracts. Such individual contracts would be implemented under the Coalition without any guarantees of leave loadings, redundancy payments, superannuation, penalty rates and paid holidays, and must mean lower rewards for the majority of workers.

The Australian incomes policy is perhaps the most successful social, economic and industrial relations reform partnership anywhere in the world. Its achievements illustrate the extraordinary potential for progressive improvement in the organisation of and rewards from work, and how these changes can be enacted without sacrificing the traditional Australian concern with a fair go for all.

CANBERRA
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