

GOVERNMENT DEPARTMENTS AND AGENCIES, WAGE POLICY

1879. Mrs C.L. Edwardes to the Treasurer

I refer the Minister to *The West Australian* dated 30 June 2003 and the article titled 'States plan to cap public sector wages' and ask -

- (a) does the Treasurer still claim that there is no common wage policy between the Labor States when the only offer on the table for the West Australian Police Service is the 3% reported to have been secretly discussed by Labor State Treasurers; and
- (b) does the Treasurer's reported position on the 3% pay rise hold across all Government employees?

Mr E.S. RIPPER replied:

- (a) The article to which the Member refers was in the Australian Financial Review on 30 June 2003.

It is financially responsible and entirely appropriate that the West Australian Government should adopt a public sector wages policy and to make Budget provision in accordance with that policy. The Government's wages policy aims to deliver real (better than inflation) wage increases to public sector workers.

While there is no common wages policy across the States, public sector wages have been a topic at meetings of State Treasurers. These discussions have revealed that wage increases in Western Australia have been consistent with those in other jurisdictions due to similar wage setting principles. In 2002/03, wages growth in Western Australia was the third highest in the nation at 3.8%, marginally below New South Wales (4.1%) and Victoria (4.0%). This result was also slightly stronger than wages growth in the private sector.

Public sector real wages have grown by around 1.6% in the first two years of this government; that is an increase of over 30% above the rate of inflation.

- (b) Government wages policy applies to public sector bodies as defined under section 3 of the Public Sector Management Act 1994 and to entities listed in Schedule 1 of the Act to the extent that the entities have received a lawful direction that the policy is to apply.

I would point out to the Member that the Gallop Government's wages record compares favourably to the level of increase recorded in the eight years of the previous government (at 2.7% per annum), given the Coalition's achievements are distorted by a number of factors which artificially inflated the average rate of increase such as the adjustment for the spike to offset the introduction of the GST which was a component of the increase recorded in their term of office. In addition, public sector conditions have altered for the better, for example, the introduction of a 37.5 hour week rather than a 40 hour week and the reintroduction of two annual public service holidays. This provides a benefit of 6.7% to the employee. In addition, the centrally funded portion of the wage increases under this Government has increased from half to two-thirds. This has meant that the Gallop Government has not asked agencies to fund the bulk of wage increases through savings in service delivery or productivity gains as was the case with the Coalition. In effect, agencies are now better able to utilise their budgets to enhance service delivery rather than tying up monies to accommodate wage increases.