LEGISLATIVE COUNCIL

C041

QUESTION WITHOUT NOTICE
(Of which some notice has been given)

Tuesday, 17 February 2015

Hon Sue Ellery to the Minister for Mental Health representing the Treasurer.

Will the Treasurer table any written advice provided to public sector agencies on the implementation of the Public Sector Workforce Renewal policy, if not why not?

I thank the Hon. Member for some notice of this question.

The Government's Public Sector Workforce Renewal policy is set out in the 2014-15 Government Mid-year Financial Projections Statement (the Mid-year Review).

The implementation of the policy is being worked through between Treasury and agencies as part of 2015-16 Budget process and is the subject of consideration by the Economic and Expenditure Reform Committee and Cabinet. Initial advice on the operation of the policy was provided to agencies in December 2014. I table the attached document.

The savings resulting from this policy will be reflected in the 2015-16 Budget at an agency level.

M Nahan

Government of **Western Australia**
Department of **Treasury**

Our ref : 00244414
Enquiries : Department of Treasury agency analyst

ATTN: CHIEF EXECUTIVE OFFICER

NEW CORRECTIVE MEASURE – PUBLIC SECTOR WORKFORCE RENEWAL

As part of the 2014-15 Mid-year Review (released today), Cabinet has approved a new corrective measure – the workforce renewal policy, to apply from 1 January 2015.

The policy seeks to achieve significant salary savings over the forward estimates, in light of the substantial budget management challenges facing the State.

Savings are to be achieved by harvesting a proportion of the salary (and on-costs) where an employee permanently ceases employment at a public sector body through resignation, retirement, permanent transfer or appointment to a position at another public sector body, or dismissal for a breach of discipline or substandard performance.

Savings will be harvested from agencies' salaries budgets on the basis of *aggregate* separations, providing flexibility to replace some employees who leave on a 'like for like' basis but by doing so, others may not be able to be replaced at all, or will need to be replaced with employees at a lower classification or on a part-time basis (see further below).

The following key elements of the policy are highlighted:

- for permanent separations of specified front-line employees (police officers, teachers, nurses, medical practitioners, fire fighters, train drivers and child protection workers), the harvested saving will be 10% of salaries. For all other employees, 40% of salaries will be harvested as a saving;
- separations of casual staff or those on short-term contracts (less than 12 months) will not be covered by the policy;
- the policy does not cover employees whose remuneration is set by the Salaries and Allowances Tribunal;
- the policy also does not cover current or future redundancies or redeployments; and

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- all general government agencies and the Public Transport Authority will be covered by the policy (only agencies with less than 30 FTEs and Parliamentary Services are excluded from the policy).

Public sector bodies may seek to use a number of strategies, including but not limited to organisational restructuring and/or job redesign, to meet service outcomes under this policy.

In managing any structural reform, employing authorities are reminded of their obligations to comply with:

- the requirements of any binding award, order or industrial agreement under the *Industrial Relations Act 1979*;
- *Minimum Conditions of Employment Act 1993*;
- *Public Sector Management Act 1993* – particularly section 8 on human resource management principles;
- relevant Commissioner's Instructions; and
- Public Sector Standards in Human Resource Management.

For the Mid-year Review, the estimated savings have been included in a global provision within Treasury. In the lead-up to the 2015-16 Budget, Treasury will work with agencies to quantify agency-level budget adjustments.

Adjustments will be based on estimated separations and associated salary costs (including an escalation factor of 20 per cent on base salaries to cover on-costs such as superannuation). If actual separations differ significantly from those assumed in the estimation of harvested savings, agencies will have the opportunity to raise this as part of a future Budget process.

Treasury analysts will be in contact with your agency in January 2015 in order to obtain the relevant data.

Thank you for your assistance in this matter. If you have any queries, please contact your agency's Treasury analyst in the first instance.

Yours sincerely

M. Barnes

Michael Barnes
ACTING UNDER TREASURER

22 DEC 2014