

Extract from Australian Government Public Sector Workplace Bargaining Policy
3) Remuneration and Productivity

- 3.1 Agencies can only negotiate remuneration increases which are affordable, consistent with Australian Government policy, and offset by genuine productivity gains which satisfy the Australian Public Service Commissioner.
- 3.1.3 Genuine productivity gains are demonstrable, permanent improvements in the efficiency, effectiveness and/or output of employees, based on reform of work practices or conditions, resulting in measurable savings. Arbitrary reductions in staffing are not considered genuine productivity gains.
- 3.1.4 As remuneration increases without productivity improvements increase costs, any wage increases for Australian Government employees must come from strong productivity gains through enterprise bargaining. Productivity improvement is important in the public sector context as:
- the public sector is a large employer – its wage outcomes have a macroeconomic effect;
 - the public sector is a model employer – it should demonstrate best practice in a context where there is an identified need to improve national productivity;
 - the public sector is a provider of services in the economy – it should do so as efficiently and effectively as possible; and
 - the public sector spends taxpayer money – it must demonstrate responsible use of that money.
- 3.1.6 Examples of productivity initiatives include, but are not limited to:
- measures to improve workforce availability, such as reducing unscheduled absences or additional leave days;
 - initiatives to increase output per employee, including providing individuals with greater responsibilities or additional skills directly translating to improved outcomes;
 - initiatives to increase the span of control of employees (particularly at management levels);
 - restructuring delegations to improve efficiency and allow for decision making at lower levels where appropriate;
 - elimination of restrictive or inefficient work practices; and
 - improvements to the design, efficiency and effectiveness of agency procedures.
- 3.1.7 Productivity gains or savings made as a result of Government initiatives, including the annual efficiency dividend, will not be considered to be employee-related.
- 3.1.13 To avoid doubt, this policy applies to all aspects of remuneration other than disability or expense-related allowances. In the case of these allowances increases should not exceed relevant economic indicators or statistical measures.
- 3.6.1 Changes to incremental salary arrangements may be counted as productivity improvements where they result in cashable savings. Such changes may include more rigorous rules covering advancement of employees to higher increments.