



Australian Government
Department of Employment and
Workplace Relations



National Office

GPO Box 9879 CANBERRA ACT 2601

Ms Barbara Davis
First Assistant Commissioner
Business Support
Australian Electoral Commission
PO Box 6172
KINGSTON ACT 2604

Dear Ms Davis

I refer to our meeting of 3 May 2004 to discuss the Australian Electoral Commission's (AEC) draft certified agreement. I appreciate the effort that you have taken to clarify the productivity initiatives underpinning AEC's proposed salary increases.

I have now had the opportunity to consider all the information provided and while I acknowledge there are a range of issues impacting on AEC's ability to achieve productivity improvements, I do not believe that the proposed salary increases have been adequately justified. Consequently the current agreement does not meet the requirements of the Government's Policy Parameters for Agreement Making.

The major areas of concern relate to your remuneration policy and, in particular, the:

- quantum of the pay increases;
- lack of any significant productivity improvements; and
- 'retention' payment on certification.

In relation to the quantum of pay increases, the draft agreement proposes salary increases totalling 15% over three years, an average annual increase of 5%. These increases are well above the average wage increases in the Australian Public Service (APS) and the private sector. As you are aware, Policy Parameter 2 stipulates that *"improvements in pay and conditions are to be linked to improvements in organisational productivity and performance"*. Amongst other things, this parameter requires agencies to be mindful that above average pay increases in one agency can lead to pay pressures in other agencies.

Also inherent in Policy Parameter 2 is the need for agencies to have sufficient productivity improvements to justify pay increases. This requires agencies to adopt a holistic approach and use the opportunities afforded by agreement making to drive cultural change which, in turn, will lead to improvements in organisational productivity and performance. As discussed a potential area for such reform may be the restructuring of the Divisional network. I note your advice that the expansion of the current trial is subject to the agreement of the Joint Standing Committee on Electoral Matters, ie outside of your agency's control. The productivity measures within your agency's control that you have detailed appear insufficient to support the quantum of the proposed pay increases.

Finally, I would like to reiterate that it is unclear how the lump sum payment on certification could be linked to 'retention'. As emphasised in Workplace Relations Advice 2003/01, the use of bonus payments as a device to provide retrospective pay increases is clearly inconsistent with Government policy as reflected in the Policy Parameters.

Accordingly, I would encourage AEC to re-examine the proposed pay rises and productivity offsets, with the view to reducing the quantum of pay increases. I would also advise that the lump sum payment on certification is removed. As discussed at our meeting, one strategy you could consider is to offer modest across the board pay increase and link access to additional increases to individual performance outcomes, thus attracting, retaining and rewarding high performing employees. AWAs could also be used more widely and flexibly to reward high performing employees.

If you have any queries regarding our assessment of the agreement, please contact either Helen Marshall or me on 6121 7782 or 6121 7804 respectively. Please note that this advice is based on the current draft of your agreement. DEWR will need to conduct a formal assessment of the final agreement for consistency with the Policy Parameters prior to the commencement of the voting process.

Yours sincerely



Michael Maynard
Assistant Secretary

Workplace Relations Implementation Group

5 May 2004