

## SECOND READING SPEECH

### Crown Employees (Salaries) Bill 2014

Madam Speaker, I move that the Crown Employees (Salaries) Bill 2014 now be read a second time.

The Government is committed to fixing the budget and laying the foundations for Tasmania's future. In framing the 2014-15 Budget, the Government was faced with 1000 job cuts embedded in the forward estimates, left by the Labor-Green Government.

Treasury's advice was plain, and I quote from its Analysis of Budget Risks, April 2014 Report "... in the absence of other savings strategies, the current Forward Estimates imply that further savings, equivalent to in excess of 1000 FTEs need to be achieved."

The task, then, was to identify these 'other savings strategies' in a way that balances the need to put the Budget onto a sustainable pathway, while preserving the emerging economic confidence that is evident in Tasmania with the election of a majority Liberal Government.

Madam Speaker we have worked hard to avoid public sector job losses. We have found savings across government as well as additional revenues from our government businesses to offset the need for more job losses.

In confronting this difficult legacy, the Government has two objectives – offset to the maximum degree possible the job losses that were embedded in the Budget; and to maintain service delivery to the Tasmanian community.

The Government took the difficult decision to pause wage growth across the public sector to deliver savings to reduce the embedded job cuts. Given the choice between job cuts and

pausing wage growth, the Government found in favour of preserving jobs.

This Bill is a critical component of the Government's 2014-15 Budget and through the Forward Estimates.

The Government has already demonstrated budget discipline with a pay pause on senior executive salaries, members of Parliament, ministerial staff and board fees. This Bill enables the same measure to be implemented across all Crown employees.

The policy intention is to ensure an appropriate balance between public sector wage increases and the availability of funds for the delivery of government services. The policy objective is to lessen the number of public sector job cuts whilst achieving a sustainable fiscal outcome for Tasmania.

A balanced wages policy underpins fiscal sustainability. With employee and superannuation costs now around \$2.4 billion in the General Government sector, and comprising around 46 per cent of the total State budget, the ability to control our budget position is heavily dependent on achieving predictable salaries expenditure.

Today, public sector wages are more than 150 million dollars per year higher than forecast just three years ago, and over the past decade employment costs have grown by more than 80 per cent.

The reason that the legislation specifies the default rate of increase across the public sector of 2 per cent is to support Budget certainty.

This legislation will save an estimated 50 million dollars over a full year, which is the equivalent of over 500 public sector jobs. If these savings are not delivered through the pay pause, those 500 positions would need to be found across Government in order to put the Budget onto a sustainable pathway.

The Government believes that there are 500 public servants and their families who would be much better off with a pay pause than no pay at all.

I want to put on the record that we appreciate the incredibly valuable work that public sector employees do each and every day to provide services to the Community. This is the very reason that we believe a pay pause is preferable to job cuts. We are committed to delivering high-quality services by a skilled and effective public sector.

I will now turn to elements of the Bill.

Due to the diversity of salary arrangements, the only way that the Government can implement a pay pause across the whole State Government sector is through specific legislation.

The Bill imposes a pay pause for a twelve month period for each group of Crown employees, whether they are covered by awards, agreements, instruments of appointment, contracts of employment or other instruments. The pause will start immediately before the next scheduled wage increase contained in the relevant employment instrument, and will last for 12 months.

Crown employees include State Service employees, police, Parliamentary employees, Governor staff and ministerial staff.

The Bill also defers salary progression for all Crown employees for a period of twelve months from their next anniversary date when a salary progression increment was due.

There are no changes to other remuneration arrangements, such as access to overtime, higher duties and promotions.

Salary increases will then be limited to a default rate of 2 per cent annually. Provision is made in the Bill for regulations to vary wage increases from the default rate.

By this mechanism, the Government will be able to consider implementing a wages outcome greater than 2 per cent where the State's economic and fiscal circumstances warrant such an outcome.

Presently, the Tasmanian Industrial Commission through the *Industrial Relations Act 1984* has broad discretion to determine public sector wage outcomes. The Bill includes amendments to the Industrial Relations Act, that will ensure that the Tasmanian Industrial Commission makes decisions in relation to salaries and salary-related allowance increases that properly take account of and give effect to the requirements of this Bill.

Schedule 2 of the Bill specifies matters concerning specific groups of employees in relation to applications before the Tasmanian Industrial Commission prior to 28 August 2014. Any final salary increases outcomes determined by the Tasmanian Industrial Commission in these cases will take effect. Future salary increases will be paused commencing from the day after the date the determination takes effect with the next salary increase due on the date for each group in Schedule 1.

It is important to note that the Tasmanian Industrial Commission will continue to play a role in the ongoing need for dispute resolution and overseeing that future increases are within the requirements of the legislation. The Tasmanian Industrial Commission has an ongoing responsibility to ensure that the public interest and Tasmania's fiscal, budget and economic situation are carefully considered in determinations in which they are involved.

The amendments in this Bill will ensure the Tasmanian Government contains public sector expenditure, provides efficient service delivery and invests available money wisely and most importantly save public sector jobs.

Madam Speaker, I commend the Bill to the House.