

Department of Innovation, Industry and Regional Development

Workforce Victoria
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**Public Service Departments and Agencies
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UPDATED WAGES POLICY FOR DEPARTMENTS AND BUDGET FUNDED AGENCIES

The Victorian Government public sector wages policy includes maintenance of the real value of wages, together with the ability to negotiate higher increases based on productivity.

The Government recently endorsed the following public sector wages funding policy covering departments and their budget funded agencies:

Effective until 11:59am on 4 May 2009:

Existing wages policy will be implemented at a guideline rate of 3.25 per cent (including conditions) annualised over the life the agreement, made up of:

- indexation funded through the Departmental Funding Model; and
- up to a further 0.75 per cent increase for demonstrated service delivery improvements, funded within existing departmental forward estimates.

Any increases above the guideline rate of 3.25 per cent must be funded by real bankable productivity cost offsets.

Effective from 12:00pm on 4 May 2009:

A guideline rate of 2.5 per cent (including conditions) annualised over the life of the agreement, made up of:

- indexation funded through the Departmental Funding Model; and
- further increases above 2.5 per cent to be directly funded by real bankable productivity cost offsets.

Implementation

Parties to current negotiations will have until 11:59am on 4 May 2009 to reach heads of agreement which are approved by Government under the 3.25 per cent guideline rate parameters.

In order to access the 3.25 per cent guideline rate parameters, agreements that expire after 4 May 2009 or for which management logs have not been approved must:

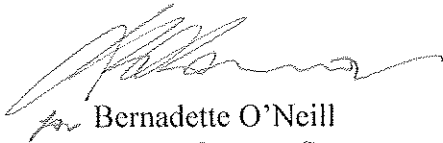
- be subject to an application by the relevant portfolio Minister/s to Government for approval of management logs prior to 11.59am on 4 May 2009; and
- the parties to negotiation must then reach a heads of agreement, which is approved by Government prior to 11:59am on 4 May 2009.

Real bankable productivity cost offsets are productivity increases which will result in cash savings to offset the costs of any agreed wages outcome.

Process

The capacity of a department to fund wage increases above the indexation provided under the Departmental Funding Model (including any real bankable productivity cost offsets) must be demonstrated to Government in the course of the approval process for wage agreements including management logs and final agreements.

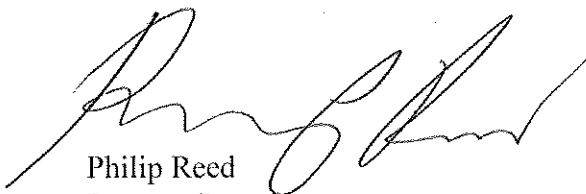
It is important to reiterate that the Government sets a guideline rate and ultimately it is the responsibility of departments and budget-funded agencies to ensure, and adequately demonstrate to Government, that their agreement outcomes can be fully funded within all existing policy parameters.



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