Remuneration – the Government’s wages policy explained

What is the maximum remuneration increase available under the Workplace Bargaining Policy 2018 (the policy)?

The policy allows for remuneration increases to be negotiated up to an average of 2.0% per annum. Two percent is deemed to represent a fair pay offer which is competitive with economic indicators such as CPI and state and territory public sector wages policies.

Remuneration includes all salary-related payments made to employees. Examples include base salary, salary-related allowances such as first aid allowance, and casual loading.

Where the increase is averaged across the workforce, an agency may potentially offer higher pay increases to one group of staff but less to another. This may occur following a machinery of government change where there are pay parity variations across classifications. The average increase across the workforce must remain within the 2.0% per annum cap.

Are agencies given additional funding to cover remuneration increases?

No. Agencies can only offer remuneration increases which are affordable and funded from within their existing budget.

What is considered a reasonable spread of pay increases under the policy?

The policy requires there be a reasonable spread of increases over the life of a workplace arrangement.

For agencies commencing bargaining, it is considered reasonable for remuneration increases to be averaged across the life of the workplace arrangement as follows:

- 2.0% on commencement;
- 2.0% 12 months from commencement; and
- 2.0% 24 months from commencement.

Spreading out wage increases over time assists in affordability and ensures employees have pay increases to look forward to in the final year. By doing so, agencies can avoid the perception that employees have not had a reasonable pay increase in the period leading up to the next bargaining round.

Can agencies trade conditions for higher remuneration?

No. Conditions may not be traded off in exchange for a higher salary increase.
The policy allows agencies to trade-off conditions or entitlements of similar value as long as conditions are not enhanced overall and the trade-off is cost neutral.

The capacity, under the policy, to trade-off conditions or entitlements of similar value is intended to encourage agencies to develop arrangements that best suit business needs rather than as a means of obtaining increases to remuneration.

**Are agencies required to show detailed productivity calculations?**

No. The policy only requires agencies to broadly identify productivity improvements in support of proposed remuneration increases. It is not necessary to provide underpinning calculations.

**Is back-pay available?**

No. The policy requires remuneration increases to apply prospectively, meaning back-pay is not available. This is a long-standing principle adopted by successive governments.