

"The Question: Should public servant pay be capped? Four articles by experts"  
(25-26 June 2011 / *The Sydney Morning Herald*)

**The Adviser John Egan :** From a government's perspective, this question is about cost and efficiency. Is the issue wage levels or the rate of increase? Should the discussion extend to more highly paid professional and technical staff, as well as senior executives in public service?

There is a significant diversity of jobs in the public sector, from senior executives, professional, technical and administrative staff providing community services through to operating business enterprises. Many of these roles require well-trained and dedicated people deserving of fair pay and recognition of their contribution to the national good.

From the perspective of cost and efficiency, the challenge is broader than base-pay levels or pay increases and embraces terms and conditions of employment, including rostered days off; overtime payments; productivity; and the quality of leadership.

A key weakness of tribunals adjudicating on this diversity of public sector employees is, just like the private sector, that one size does not fit all. If a pay increase of 2 per cent, 3 per cent or 4 per cent is considered appropriate for the least well-paid to meet living costs, should that flow through the entire workforce?

At what level of pay should performance be a more significant determinant of wage levels and wage increases?

Productivity is clearly a challenge in the public sector. If a commitment to efficiency and continuous improvement is not an embedded principle in government workforces, taxpayers are often paying more than they should for service and other outputs. As in the private sector, budget constraints lead to an audit of resources and an examination of staff performance.

Given the pressure on the Australian economy, with low unemployment, some of these cost pressures and wage challenges may well be addressed by the government considering the outsourcing of contracts and the sending of jobs offshore, releasing public servants to pursue more satisfying opportunities in the private sector.

Clearly one of the challenges in the public sector is meeting round-the-clock demand when employees have two to five weeks of RDOs available, plus personal carer's leave, plus public holidays, plus annual leave. In a national (public) workforce of one million this is likely to require governments to employ an extra 100,000 people, adding between \$5 billion and \$7 billion to the nation's wage cost.

It is unlikely the challenge is one of wage levels or wage increases alone but more likely to be one of quality of leadership, clarity in government of accountability and training to ensure efficiencies are comparable to the best-run private companies.

...end.