



Ministerial Media Statements

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Changes make public sector more flexible

Thursday, 13 June 2013

- **Suite of measures to bring WA public sector up-to-date and introduce flexibility and cost savings**
- **Voluntary redundancies for up to 1,000 people and targeted severances**
- **Cap on public sector wages bill**
- **New CPI-based Public Sector Wages Policy**

The State Government has announced a suite of reforms to improve the efficiency of the public sector and deliver substantial savings to Western Australian taxpayers.

Premier Colin Barnett said the reforms would provide for the voluntary redundancy of up to 1,000 full-time staff or equivalent, potentially saving about \$75million a year.

Mr Barnett said the changes - approved by State Cabinet this week - also included a cap on the salaries budgets of government departments to keep them at current 2012-13 levels (plus CPI) and a new Wages Policy to ensure wage increases were kept in line with the rate of inflation.

Treasurer Troy Buswell said the salaries budget had grown by an average of 8.6 per cent every year since 2008-09 and this could not be sustained.

These additional measures had the potential to generate savings in excess of \$2billion over the next four years.

"The WA public sector's salaries budget represents about 45 per cent of WA Government spending, so in a changing economic environment, as we look to responsible budget measures, this is an obvious area to look at. However, it is very important to note that under a new Wages Policy, no-one is worse off and the real wages of public sector workers will be protected," Mr Buswell said.

The Premier said the Government had increased the voluntary separation benefits.

"In addition to offering three weeks' pay for every year of service, we have temporarily increased the payment made in lieu of notice from 12 to 20 weeks, making for a maximum payout of 72 weeks' salary," he said.

Mr Barnett said the State Government would also amend the Public Sector Management Act to give agencies the ability to, as a last resort, pay out and retrench surplus employees who could not - or would not - be redeployed.

"It is important that WA Government agencies have the ability to run their organisations in the most efficient way, in line with contemporary management practice," he said.

The Premier said the measures would help deliver a more accountable, flexible and responsive public sector.

"There are many reasons why the nature of a government department's activities might alter, changing its staff requirements. For example, there could be changing demand for services, certain programs might end, or there could be advances in technology that see some services delivered differently or more effectively," he said.

"These changes will give departments the necessary flexibility and allow them to operate much more effectively; enable them to better respond to changing conditions and, most importantly, will lead to better use of government resources."

Mr Barnett said WA was the only jurisdiction in Australia that currently did not have the capacity to utilise involuntary severance measures.

"I'm certain all West Australians would consider it unacceptable for someone to be employed, paid a wage at taxpayer expense, and not be engaged in productive work," he said.

“While job security is always important, gone are the days when it was appropriate for people to regard a job in the public service as life-long tenure.”

The Premier said directors general would be encouraged to target the redundancy packages to underemployed and surplus staff in non-core areas. There are presently 76 public sector workers registered for redeployment.

Involuntary redundancies would only be invoked after employees had been given the opportunity to take up the more generous voluntary severance package and after measures to redeploy the staff had been exhausted.

The Treasurer said the new CPI-based Public Sector Wages Policy - which will have legislative backing to ensure the Government’s fiscal situation and strategy, including the Wages Policy, will be taken into consideration in rulings made by the WA Industrial Relations Commission and the Salaries and Allowances Tribunal - would apply to agreements that expire after November 1 this year.

Mr Buswell said these measures did not represent a recruitment freeze.

Fact File

- **State Government employs about 150,000 employees across more than 100 agencies**
- **The enhanced voluntary redundancy scheme will come into effect on July 1 and closes on December 31, 2013**
- **Government has implemented three successful rounds of voluntary redundancy schemes**
- **In the past four years, 1,138 full-time equivalent staff took a severance package, resulting in ongoing savings of \$54million pa**

Premier's office - 6552 5000

Treasurer's office - 6552 6400