



NTPS GENERAL BULLETIN 10/2013

UPDATE - Union Response to Revised Offer (3% p.a. over 4 years)

Disappointingly, yesterday the unions rejected my [revised offer issued on 24 July 2013](#) and did not offer any compromise in order to progress bargaining. Although the unions acknowledged the many retractions and concessions I made in the revised offer, they reported that there were still a number of key issues to be resolved before agreement could be reached.

I advised the unions that while I was prepared at this point to keep the offer available, I am concerned that the unions have rejected moderate efficiencies in exchange for 3% p.a. over a 4 year term which I believe to be fair and reasonable in the prevailing economic circumstances. Other public sector jurisdictions have offered lower salary increases (2 to 2.5% p.a.) or are seeking a reduction in staffing levels to achieve efficiencies.

The current proposed 3% p.a. salary offer and funding the Superannuation Guarantee (SG) increases over and above the salary offer exceeds the average forecast Darwin CPI over the forward estimates period. However, CPI is only one factor taken into consideration in determining wages and conditions in bargaining. Under the *Fair Work Act*, the object of making an agreement is *to provide a simple flexible and fair framework that enables collective bargaining in good faith particularly at the enterprise level for the enterprise agreement that delivers productivity benefits*. It is also appropriate that the employer's ability to meet the costs of agreement outcomes be taken into consideration.

I have extended an invitation to the unions to return to bargaining should the unions reconsider their position and reiterated my hope for the parties to reach agreement as soon as possible so that employees can receive a pay increase at the earliest possible time. As you know, the current agreement expires tomorrow and I have reminded the unions of the Government's Wages Policy that wage increases will occur on the date of the first pay period commencing on or after the parties reach final agreement on all matters, or the expiry date of the current agreement, whichever is the latter and that there will be no back pay. I will continue to report any further developments.

CPI Explained

I am aware that the CPI is a major concern for employees and the unions advised it is the core reason for rejecting the current offer because they believe the current offer is below CPI.

While I acknowledge this is a difficult area, it is important that employees understand how CPI is measured. The Department of Treasury and Finance (DTF) measures and reports on annual CPI in two ways. The first is what is called an 'annual calculation' and is a quarter to quarter comparison (eg the rate for the June quarter 2012 compared with the June quarter 2013). The second is called a 'year on year' calculation which compares the 4 quarters in 2011-12 to the 4 quarters in 2012-13. Both are valid, however, the DTF prefers to use the latter measure - the year on year measure of inflation - as it is more stable and reflects the longer term growth and movement in CPI. This is the way DTF has always reported on CPI in the budget papers.

The 'annual calculation' to the June quarter is 3.9% (the data the union has reported). The 5 year average CPI growth for Darwin to 2016-17, based on the 'annual calculation' is reported to be 2.9%. However the 'year on year' rate is 3.1% which is the preferred data relied upon by DTF in developing estimates. [DTF CPI June Quarter Bulletin](#).

Feedback

Should you wish to express a view on the offer or make a suggestion you can provide your feedback to me directly at www.enterpriseagreements.nt.gov.au/general_feedback. All feedback will be treated confidentially.

More Information

To keep you informed the OCPE has a webpage dedicated to enterprise agreement negotiations under the [Enterprise Agreement Negotiation Updates page](#).

The website will be updated regularly with the latest information on negotiations, including bulletins, information sheets and other material.

A handwritten signature in blue ink, appearing to read 'Ken Simpson'.

KEN SIMPSON
Commissioner for Public Employment

8 August 2013