Submission to the APSC Review 2018 3 July 2018

**How to break the deadlock!**

I work in the Department of Defence for Capability Acquisition and Sustainment Group (CASG) and would like to reflect on the recent Enterprise Bargaining process.

The Defence Enterprise Collective Agreement (DECA) 2012-2014 nominally expired on 30 June 2014 while the new Defence Enterprise Agreement 2017-2020 had an effective date of 16 Aug 2017 – a gap of over 3 years. Many excuses from both sides as to the causes of the delay will only further highlight to me and others that the process is broken.

The effect of the delays was an effective 4 year freeze in pay levels for APS. There are far reaching, ongoing implications of this including a large pay disparity with the ADF, a widened gap to the private sector and ongoing issues with recruitment.

CASG operates in an environment where APS, ADF and Defence contractors work together – often in the same workplace. Pay and conditions differences are now very obvious. The current government approach and bargaining process will find it very difficult to resolve this pay gap.

A concept being touted by senior management in the HR area describes a situation where staff would move fairly fluidly between Defence Industry and back to the APS with skills developed and retained in the wider sector. This concept cannot work where a large pay disparity exists. In the past retiring ADF members were a source of technical skills for the APS and Defence was also sometimes able to recruit from Defence Industry. The results are impacting now - we are having extreme difficulties in attracting suitable candidates without going to Individual Flexibility Arrangements (i.e. going outside the standard pay scales).

Defence is losing the skills required to be a Smart Buyer (ageing workforce) and with recruitment options curtailed there will need be a focus on this and on growing skills internally.

Another concern regarding the bargaining process is that the government, unions and public officials involved in the negotiations operate with an adversarial win/lose approach. This flows down in communications to staff and creates division and a negative vibe in the workplace which significantly impacts on productivity and goodwill. There has also been a significant loss of trust in the process and senior management.

A significant factor in the bargaining process issues is the government’s bargaining framework “ no back dating of pay” policy which creates an environment where delays (deliberate or otherwise) are extremely advantageous to the government (lower wage bill, lower superannuation costs etc.) and a big disadvantage to employees. Bargaining stops when governments move to election mode and there appears to be many reasons for delays in negotiations.

Although all the examples and issues described above relate to Defence, I assume that similar issues exist across other agencies. The government needs to value the contributions of APS and ensure the staff are as professional, effective and productive as possible. Creating an effective bargaining process without all the negativity will assist in this outcome. My suggestion is to introduce a pressure relief valve into the negotiation process so all parties would be able to bargain in good faith.

APS Agreements should have embedded a standard process for pay rises post nominal expiry dates to remove the emotion and suspect motivations regarding pay rises. A suitable Australian Bureau of Statistics index could be chosen and a formula described to allow pay rates to stay in step with the market and costs of living and avoid all the follow on issues and angst.

This solution would be negotiated into the “Operation of Agreement” section alongside the nominal expiry date. A specific ABS index would be called out with a formula and timings (say each 6 months). This would hold the level playing field and not impact on negotiations for future increases for productivity etc.

This solution may also encourage the parties to reach agreement before the nominal expiry dates for agreements.

For your consideration.

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