



National Campaign Headquarters

15 August 2013

Nadine Flood
National Secretary
Community and Public Sector Union
5/191-199 Thomas Street
Haymarket NSW 2000

Dear Nadine

We are writing in the context of the 2013 election campaign to clarify the Rudd Government's approach to a number of issues that have been raised with us on behalf of CPSU members.

Supporting jobs in the Australian Public Service

A re-elected Rudd Government is committed to maintaining public service jobs at levels sufficient to ensure the efficient and effective maintenance of Government service delivery, and the delivery of our significant policy reform agenda.

Too often the political and media cycle is captured by a perverse notion that somehow public sector workers are less important, or less deserving of support, than their 'blue collar' counterparts. We recognise that nothing could be further from the truth and that APS employees are at the 'coal face' of essential public services, and are crucial to government reform agendas. Without the diligence, professionalism and dedication of APS employees, many of whom are CPSU members, government and political party policy would simply be a set of ideas, not the sort of progressive and lasting reform that is core to the Australian Labor Party and successive Labor governments.

The Rudd Government believes that we have struck the right balance between supporting jobs in the short term and returning the Budget back to surplus in the medium term. Unlike our political opponents, we will not engage in harmful, misguided cuts to the bone because this would only hurt jobs, families and ultimately damage the economy. Such cuts would profoundly damage services delivered to Australians by the APS, from Centrelink and Medicare to the Bureau of Meteorology and new policy measures such as DisabilityCare Australia.

As you are aware, in its August 2013 Economic Statement the Government increased the public service efficiency dividend to 2¼ per cent for three years from 1 July 2014. A re-elected Rudd Government is committed to this measure, which is appropriately managed at Departmental and agency level. However, we are prepared to consider alternative public sector savings which meet the efficiency dividend outcome and believe savings should not impact unduly on the overall number of APS jobs. We are committed to work with the CPSU to achieve this aim.

It is possible that public sector savings that meet the efficiency dividend outcome may be achieved through a range of measures, including targeted non-staff savings at the agency and sector wide levels; and the possibility of mergers or a reduction in the number of public service agencies. A re-elected Rudd Government will work in consultation with the CPSU on targeted savings including a review of Commonwealth agencies with a view to undertaking consolidations or mergers where appropriate.

The Commonwealth will also explore whether targeted savings measures could alleviate APS job reduction pressures that may arise through the implementation of the efficiency dividend.

We understand that CPSU members in the Department of Human Services have raised particular concerns about the pressures on service delivery and the need to maintain job numbers. The Department of Human Services is a critical element of the Government's service delivery architecture. Given the particular issues the CPSU has raised regarding the pressures on the Department of Human Services, ensuring savings measures do not further increase pressure on services will be an area of focus in considering savings.

A re-elected Rudd Government, through the Department of Finance and Deregulation, will work with the CPSU on these matters prior to the 2014-2015 Federal Budget. The outcomes of this process will be reported to the Minister for Finance and Deregulation and inform budget preparations prior to the application of the increased efficiency dividend on 1 July 2014.

The APS in the regions

The APS is also an employer of local significance in a number of remote areas and regional centres in Queensland, the Northern Territory, Tasmania, Western Australia, South Australia and cities such as Geelong and Newcastle. As such, we recognise that a blunt implementation of some policy tools may result in acute and unintended consequences for local jobs. In conducting its targeted review, a re-elected Rudd Government will work to ensure the maintenance of overall APS job numbers in such regions.

Outsourcing and job security

In certain circumstances, the use of outsourcing arrangements is an appropriate tool that enables the Commonwealth to be flexible, engage appropriate subject matter expertise and maximise value for the taxpayer. However, the Government does not support outsourcing being used to undermine the entitlements of employees or to undermine the APS as a career-based public service which recognises that the usual basis for engagement is as an ongoing APS employee.

We understand that CPSU members have raised concerns about job security, and in particular the potential impact of agency outsourcing of certain functions which are core to the delivery of essential public services. We would welcome feedback from the CPSU and its members on specific examples of where such concerns may have arisen. We understand that the CPSU also seeks amendment to the *Fair Work Principles* to include additional protections for public sector workers that support maintaining the overall level of public service jobs. A re-elected Rudd Government will engage in further discussions with the CPSU about potential amendments to the *Fair Work Principles* to meet this aim.

In order to ensure that Commonwealth outsourcing arrangements remain appropriate and proportionate, a re-elected Rudd Government will commission a review of Commonwealth outsourcing arrangements by the Australian Public Service Commission, to be undertaken in consultation with the Department of Education, Employment and Workplace Relations, other agencies as appropriate and the CPSU. The review will consider the use and extent of outsourcing arrangements across the APS, the impact of these arrangements on the employment relationship and service delivery, and whether it is appropriate for these matters to be addressed in the next round of APS bargaining. The review will report to the Minister for Public Service and Integrity.

APS Bargaining

The Rudd Government has taken an in-principle decision to move towards a model where core APS-wide terms and conditions are negotiated in good faith at a service wide level under central management with the remaining conditions negotiated in good faith at agency level. We confirm that a re-elected Rudd Government will pursue the full implementation of this decision.

We trust that the steps outlined in this letter reassure the CPSU and its members that Rudd Labor will act in the best interests of the APS and its hardworking employees. We look forward to working with you and your members to ensure that the APS remains an integral and outstanding part of Commonwealth policy formulation, implementation and service delivery.

This letter has been agreed with relevant portfolio Ministers including the Minister for Finance and Deregulation.

Yours sincerely

A handwritten signature in blue ink that reads "Bill Shorten". The signature is fluid and cursive, with a long horizontal stroke at the end.

HON BILL SHORTEN MP