



APS955/2482
24th February, 2015.

DEFENCE OFFERS LESS THAN NOTHING

The Secretary of the Department wrote to all civilian employees on Thursday, after his representatives had met with the unions. He advised in broad terms of the pay offer tabled by Defence.

On the Department's figures, the offer was 3.16% for three years **fully offset** by 3.16% of take-aways. For example, you would be expected to work an extra 30 minutes per week and you would lose two days of leave (which were part of the compensation negotiated for moving from a 36¾ to a 37½ hour week in 2002).

On the figures of our two unions, the take-aways are worth more than the alleged 3.16%. For example, ordinary weekly hours are (under Defence's proposal) to increase by 1.33%, yet the Department has only attributed "savings" of 1.05% to the change. It says that this is because Executive level employees are already commonly expected to work beyond the standard working week of 37½ hours.

Worse still, under the terms of Defence's proposal, the three years over which the increases apply will start only when the new DECA is approved by the Fair Work Commission, which Defence does not anticipate happening before July 2015, one year after the current DECA nominally expired. This means you are being offered an average annual increase in wages of 0.79% over four years.

Let's be clear. Defence is proposing, at best, that you receive (a net) nothing for those four years. Our two unions reckon that it is, in fact, even more miserable than that – that you will receive less than you give – before inflation is taken into account.

In reality, you are being offered a significant cut in the purchasing power of your wages – half the current historically low rate of inflation. The last page of this bulletin elaborates.

This latest proposed attack on your conditions is additional to those outlined in previous bulletins, which provided examples of Defence's:

- intended "streamlining" of the current DECA's content; and
- lack of respect for its engineering and scientific workforce.

It's Ideological!

On the first day of discussions to replace the current DECA, one of our two unions asked what proportion of Defence's total annual expenditure is represented by the wages of its civilian employees. The answer was:

- 5.8% exclusive of DMO; and
- 7.5% inclusive of DMO.

These proportions represent the totality of the wages the Department pays its APS workforce. The increases which should properly result from the current discussions would be a small fraction of this already small fraction.

The Department's intransigence more reflects the Abbott Government's ideology than sensible and respectful bargaining with a workforce valued by the Department.



Defence's offer and a response appropriate to it were discussed with the delegates of our two unions on a national telephone hook-up early this afternoon.

Your delegate has more information. Please confer with him or her.

Not happy with Defence's Offer? Want to push back?

Become an active member of the Defence physical science and engineering unions.

Again, consult your local union delegate.

PAST INFLATION

The Australian Bureau of Statistics tracks movements in the Consumer Price Index (CPI), which is the most commonly cited measure of inflation.

Between the December quarters of 2013 and 2014, the CPI rose by only 1.7% Australia-wide.

This is the most recently available figure. It is the lowest annual CPI figure since June 2012. Since that time, the figure has ranged quarter by quarter between a low of 1.2% and a high of 3.0%.

Over the past five years, the annual CPI figure has averaged 2.6%. Over the past 10 years, it has averaged 3.08%.

EXPECTED RATE OF INFLATION

Each quarter, the Reserve Bank of Australia issues a statement on monetary policy. In it, the Bank makes an inflation forecast.

In its most recent statement, issued on 6th February, the Bank forecast that:

- in December 2015, CPI would be running at between 2 and 3%; and
- between June 2016 and June 2017 inclusive, it would be running at between 2.25 and 3.25%.

BARGAINING OUTCOMES ELSEWHERE

The Department of Employment issues a report each quarter on trends in federal enterprise bargaining.

The most recent of those reports was for the September quarter of 2014. Agreements approved in that quarter provided average annualised wage increases of:

- in the public sector – 3.9%
- in the private sector – 3.4%
- in all sectors – 3.5%

The public sector agreements approved in that quarter included those within higher education.