



Parliamentary Budget Office - Election Policy Costing

NSW Parliament • Parliament House, Macquarie Street Sydney NSW 2000

Referred By: Australian Labor Party

Proposal No: A123

Date Referred: 15/11/2018

Date Published: 18/03/2019

Proposal Title: Wages Policy

Cluster: Treasury

General Government Sector Impacts

	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-2022 \$'000	4 year Total \$'000
Expenses (ex. depreciation)	-	-	-	-	-
Depreciation	-	-	-	-	-
Less: Offsets	-	-	-	-	-
Revenue	-	-	-	-	-
Net Operating Balance:	-	-	-	-	-

Capital Expenditure	-	-	-	-	-
Capital Offsets	-	-	-	-	-
Net Capital Expenditure:	-	-	-	-	-

Net Lending/(Borrowing):	-	-	-	-	-
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Total State Sector Impacts

Net Lending/(Borrowing):	-	-	-	-	-
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Notes and costing assumptions

The policy proposes, from 1 July 2019, to abolish the wage cap set out in the *Industrial Relations (Public Sector Conditions of Employment) Regulation 2014* and repeal section 146C of the *Industrial Relations Act 1996* (which allows policies binding on the Industrial Relations Commission to be made by the executive government).

While arbitration would no longer be artificially limited by law, a new wages policy will be adopted simultaneously that keeps the 2.5% target and links any remuneration increases beyond this to productivity improvements.

There will be no financial impact as government agencies will continue to be funded for wage increases of 2.5% per year. However, the PBO is unable to estimate the scale or cost (if any) of benefit increases above 2.5% per year. This is because any benefits would occur on an agreement-by-agreement basis and, for many government services, the impact on the budget of agreed productivity improvements is uncertain.

