Gladys Berejiklian
Premier of NSW

Dominic Perrottet
Treasurer

MEDIA RELEASE

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NSW GOVERNMENT PAUSES PAY RISES TO PROTECT AND CREATE JOBS

The NSW Government will pause pay rises for the next 12 months to protect public service jobs as unemployment spikes across NSW.

The latest jobs data from the ABS shows 221,400 people have been put out of work and wages are falling across the State since COVID-19 first reached NSW.

The policy change will see current pay levels retained, with an unprecedented guarantee of no forced redundancies for all workers who are not senior executives across the NSW public sector for a year.

This pause will save NSW taxpayers around $3 billion.

Pausing pay rises will enable the Government to focus on preserving existing public sector jobs while also stimulating job-creation as NSW confronts the prospect of a deep recession and contraction of the economy.

Premier Gladys Berejiklian said while the decision was difficult, it was the fairest one for the people of NSW.

“Whilst we are recovering from the health consequences of the pandemic we have yet to come to terms with the economic shock. Job security is essential on our path to recovery,” Ms Berejiklian said.

“The only way NSW will come out of this crisis in a strong position is if we all make sacrifices, and that’s what we’re asking our own workforce to do because we are all in this together.”

ABS data shows that between 14 March and 2 May this year, total employee wages for NSW fell by 4.9 per cent, despite total wages growing in a small number of sectors including public administration and safety, health and social services, education and training. For workers in accommodation and food services, manufacturing, and professional, scientific and technical services, total wages plunged by more than 12 per cent.

Treasurer Dominic Perrottet said the people of NSW were relying on the Government to make job retention and creation a top priority.

“This is a tough decision, but it’s for the greater good of our people and our State,” Mr Perrottet said.

“Nearly 90 per cent of NSW workers are in the private sector, and many of them have already suffered forced stand-downs, leave without pay, significant pay cuts, job uncertainty or losing their livelihoods altogether. The government needs its focus squarely on rebuilding the economy and regenerating jobs.

“The RBA has forecast that the national unemployment rate will reach 10 per cent by the middle of the year, and the massive queues outside Centrelink show how hard it already is, so we will use every bit of fiscal firepower to get NSW working again.

“We have to do whatever it takes to make sure we do not end up with a group of long-term unemployed workers who were forced out of the workforce or young workers who never get a go.

“Pausing pay rises to save and create jobs is the right thing to do, and I think most people would agree on that - especially the people whose pay has actually gone backwards, or whose jobs are gone.”

This is the first change to the Government’s public sector wages policy in nine years. Over that time, the NSW public sector wage has increased by just under a cumulative 25 per cent - an average annual increase of 2.6 per cent.

The NSW labour force is comprised of around 4.2 million people, with the latest Public Service Commission data showing NSW public service workers numbered 407,999 as of June 2019.

The new wages policy will be implemented by regulation and will apply prospectively. For workers with agreements already struck, the pay rise pause will apply for the first 12 months of their next agreement.

The pausing of pay rises will be applied to all positions across the Government, including those within State Owned Corporations, departmental secretaries and executives, and follows the Government’s decision to reject a pay rise for Liberal and Nationals MPs.

The latest ABS data shows the NSW unemployment rate rose 1.1 percentage points to 6.0 per cent in April this year, with over 221,400 fewer people employed in NSW from March to April 2020.