

16 August 2024

Hon. Tim Pallas
Minister for Industrial Relations
Level 4, 1 Treasury Place
East Melbourne, VIC 3002

Email: tim.pallas@parliament.vic.gov.au.

Cc: euan.wallace@dpc.vic.gov.au

Dear Minister Pallas,

Request to Remove the 3% Public Sector Pay Cap

NPAV has serious concerns regarding the current 3% pay cap for public sector workers in Victoria resulting from the Victorian Government Wages Policy. This cap is hugely affecting the ability of the Victorian public health services to retain and incentivise staff. Recent reports have shown that 75,000 highly trained staff have left the system since the beginning of COVID-19, citing pay and conditions as primary reasons for their departure. That is one in five exiting the system, creating a substantial reduction in available staff and further compounding the workload pressures on a system that was already in crisis. The current system is failing to provide safe and effective health services to Victorians, and it is costing lives.

Nurses report severe workplace stress due to inadequate staffing levels, poor skill mix, personal safety concerns, and bullying. This is exacerbated by personal financial difficulties due to ever-increasing cost-of-living pressures. Nurses in Victoria have effectively experienced a continuous and compounding pay cut over time due to the Wages Policy, when compared to other state public sector Nurses. This has led to Victorian public sector Nurses being the lowest-paid in the country.

Inflation in Australia has surged over the last 2 years, with an Annual Consumer Price Index (CPI) peaking at 7.8% in December 2022 and remaining high at 3.8% in the 12 months to June 2024. This increase in inflation obliterates any base rise for Nurses, making it increasingly difficult for them to manage the rising costs of living. The costs of essential goods and services, such as housing, utilities, and groceries, have all seen substantial increases, placing additional financial strain on workers.

The current 3% cap on wage increases must be removed. It does not adequately reflect the real cost of living adjustments required to maintain a reasonable standard of living and stifles any meaningful opportunity for public sector employees to negotiate a fair wage increase through enterprise bargaining. This has been apparent in recent enterprise bargaining negotiations, with Nurses and Paramedics being required to take industrial action to have their voices heard.

The modest pay rises of recent years have been subsumed by the enormous inflation we are witnessing, leaving many Nurses living paycheck to paycheck, with some on the brink of homelessness. This is totally unacceptable for highly trained professionals who have people's lives in their hands, especially when the government appears to have resources to put towards politicians and construction pay rises that eclipse Nurses' wages.

Nurses have been at the forefront of ensuring the health and safety of our community, especially during the unprecedented challenges posed by the COVID-19 pandemic. Their commitment and hard work deserve recognition and fair compensation that reflects the current economic environment. Removing the 3% pay cap would show the government's commitment to equitable and fair labour practices.

NPAV calls for the government to remove the 3% pay cap to allow for more flexible and fair wage negotiations that can better address the needs of our public sector Nurses. NPAV urges you to review this matter with the utmost urgency and consider the long-term benefits of ensuring that our public sector workers are fairly compensated.

Thank you for your attention to this important issue. We look forward to your positive response and are available to discuss this matter further at your convenience.

Sincerely,

Jenny Spencer
State Coordinator
Nurses Professional Association of Victoria (NPAV)