

From: Hoad, Wendy <Wendy.Hoad@asc.com.au>
Sent: Wednesday, 14 May 2014 3:26 PM
To: s22 [REDACTED] s22 [REDACTED]
Cc: Wallace, Liam
Subject: ISSC Contractor Proposal Status Update
Attachments: 140514 Briefing_ISSC Weekly Update.pdf

Categories: s22 [REDACTED]

s22 [REDACTED] Attached is a status update in relation to the ISSC Contractor Proposal negotiations. We would like to arrange a time to discuss this in more detail with you – later this week if possible. Can you please send through your availability for a teleconference to Liam Wallace (liam.wallace@asc.com.au) and cc me?

Thanks
Wendy

Wendy Hoad
COMPANY SECRETARY

ASC Pty Ltd
694 Mersey Road North, Osborne
South Australia 5017
Telephone: 08 8348 7670
Mobile: s47F [REDACTED]
Email: wendy.hoad@asc.com.au

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S47G



From: Hoad, Wendy <Wendy.Hoad@asc.com.au>
Sent: Wednesday, 4 June 2014 1:26 PM
To: Hall, Stacie; § 22
Cc: Lloyd, Megan
Subject: FW: AWD Winter Review statement - June 2014
Attachments: AWD Winter Review statement - June 2014.docx

Categories: § 22

Attached for your review is draft press release approved by the Chairman and Managing Director.

Kind regards
Wendy

-----Original Message-----

From: Lloyd, Megan
Sent: Wednesday, June 04, 2014 12:53 PM Cen. Australia Standard Time
To: Bruce Carter (Bruce.Carter@fh.com.au); Hoad, Wendy; Ludlam, Steve
Subject: AWD Winter Review statement - June 2014

The request is that the approved release is sent to the following addresses:

stacie.hall@finance.gov.au

§ 22

§ 22

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Media information



ASC's response to AWD review recommendations

04 June, 2014

ASC welcomes the release of key findings and recommendations of the independent review into the Air Warfare Destroyer (AWD) program led by former US Secretary of the Navy Professor Don Winter.

ASC was a participant in the review process and is committed to working with the Federal Government to implement the actions necessary to successfully deliver this major naval defence program.

ASC is one member of the AWD Alliance, charged with the responsibility of delivering three AWDs. We continue to work with the program's major sub-contractors BAE Systems, Navantia and Forgas to deliver the best possible outcome to the Commonwealth, in its capacity as both shareholder and customer.

ASC has transformed the submarine maintenance program and is achieving international benchmark outcomes for the Collins Class Submarines.

We are committed to the safe and timely delivery of three Air Warfare Destroyers.

ASC Pty Ltd

ACN 008 605 034

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South Australia 5001

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MORE INFORMATION: Megan Lloyd

CONTACT:

s47F

megan.lloyd@asc.com.au

From: Hoad, Wendy <Wendy.Hoad@asc.com.au>
Sent: Friday, 20 June 2014 3:08 PM
To: s22
Subject: ISSC Briefing Paper
Attachments: ISSC Performance Period 2 - Briefing Paper 19 June 2014 (5).docx

Categories: s22

Hi s22, updated draft Briefing paper attached – a section on financial implications has now been included.

We look forward to discussing this further with you at 3.30pm Canberra time – please let us know a number to call.

Kind regards
Wendy

Wendy Hoad
GENERAL COUNSEL

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From: Hoad, Wendy <Wendy.Hoad@asc.com.au>
Sent: Monday, 23 June 2014 10:15 AM
To: s22
Cc: Hall, Stacie
Subject: ISSC CCP Briefing Paper
Attachments: ISSC Performance Period 2 - Briefing Paper 19 June 2014 (4).pdf; 120625 ISSC Finance Briefing Paper_Final.pdf

Categories: s22

Dear s22

Further to our meeting on Friday afternoon I now attach an updated Briefing Paper together with a copy of the 2012 ISSC Briefing Paper.

I will forward a copy of the letter sent to the Minister today shortly.

Kind regards
Wendy

Wendy Hoad
COMPANY SECRETARY

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Email: wendy.hoad@asc.com.au

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From: Hoad, Wendy <Wendy.Hoad@asc.com.au>

Sent: Wednesday, 16 July 2014 11:43 AM

To: Hall, Stacie; s22

Subject: FW: DRAFT MEDIA RELEASE & s22

Attachments: 140716 Draft MR.docx; ATT00001.txt

Importance: High

s22 s22

Dear Stacie, s22, attached is ASC's proposed draft media release and set out below if the s22 from the Chairman. We would like to send these out this afternoon – can you please review and advise whether you are happy with the proposed wording.

Kind regards
Wendy

Wendy Hoad
COMPANY SECRETARY

ASC Pty Ltd
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South Australia 5017
Telephone: 08 8348 7670
Mobile: s47F
Email: wendy.hoad@asc.com.au

s22

Media information



Ludlam to leave ASC

July 16, 2014

ASC Chief Executive Officer Mr Steve Ludlam is to leave ASC after almost five years at the helm.

Announcing Mr Ludlam's decision not to extend his contract today, ASC Chairman, Mr Bruce Carter, paid tribute to the work he has done to expand ASC's role beyond submarine maintenance and his oversight of significant efficiency improvements at ASC's Osborne facility.

"During Steve's time as head of ASC, we have seen the opening of the \$120 million shipyard at ASC South, at Osborne; substantial construction of the first Air Warfare Destroyer, HMAS *Hobart*, consolidation of the second AWD, HMAS *Brisbane*, and the start of block work for Ship 3, HMAS *Sydney*, as well as strong growth at our submarine maintenance facility at Henderson, in Western Australia" Mr Carter said.

"Steve has also played a key role in transforming the Collins Class submarine maintenance program, which was described recently by UK expert John Coles as 'remarkable' and an 'astonishing turnaround'."

Of the 25 recommendations in the original Coles Review, released in November 2012, 80 per cent have been achieved or are satisfactorily under way in just 15 months – putting ASC on track to achieve and even exceed global benchmarks by 2017.

"On behalf of the ASC Board and our partners in the Air Warfare Destroyer program, I wish Steve well," Mr Carter said.

Mr Ludlam will leave ASC this week. ASC's current General Manager – Collins Class Submarines, Stuart Whiley will become interim Chief Executive Officer.

Mr Whiley is currently responsible for all submarine maintenance activities at Osborne, South Australia, and Henderson, Western Australia. He has significant experience within ASC, having spent 25 years in various submarine and shipbuilding programs, project, schedule and engineering roles within the business. He also has more than 35 years of engineering experience in the Australian and UK naval defence industries.

MORE INFORMATION: Megan Lloyd

CONTACT:

s22, s47F

megan.lloyd@asc.com.au

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From: [REDACTED]
Sent: Wednesday, 16 July 2014 1:03 PM
To: Hoad, Wendy
Cc: Hall, Stacie
Subject: RE: DRAFT MEDIA RELEASE & [REDACTED] [SEC=UNCLASSIFIED]
Attachments: 140716 Draft MR.DOCX

[REDACTED]

[REDACTED]

UNCLASSIFIED

Wendy

As discussed, subject to some minor edits, the [REDACTED] media release are good to go.

Cheers

[REDACTED]

UNCLASSIFIED

From: Hoad, Wendy [<mailto:Wendy.Hoad@asc.com.au>]
Sent: Wednesday, 16 July 2014 11:43 AM
To: Hall, Stacie; [REDACTED]
Subject: FW: DRAFT MEDIA RELEASE & [REDACTED]
Importance: High

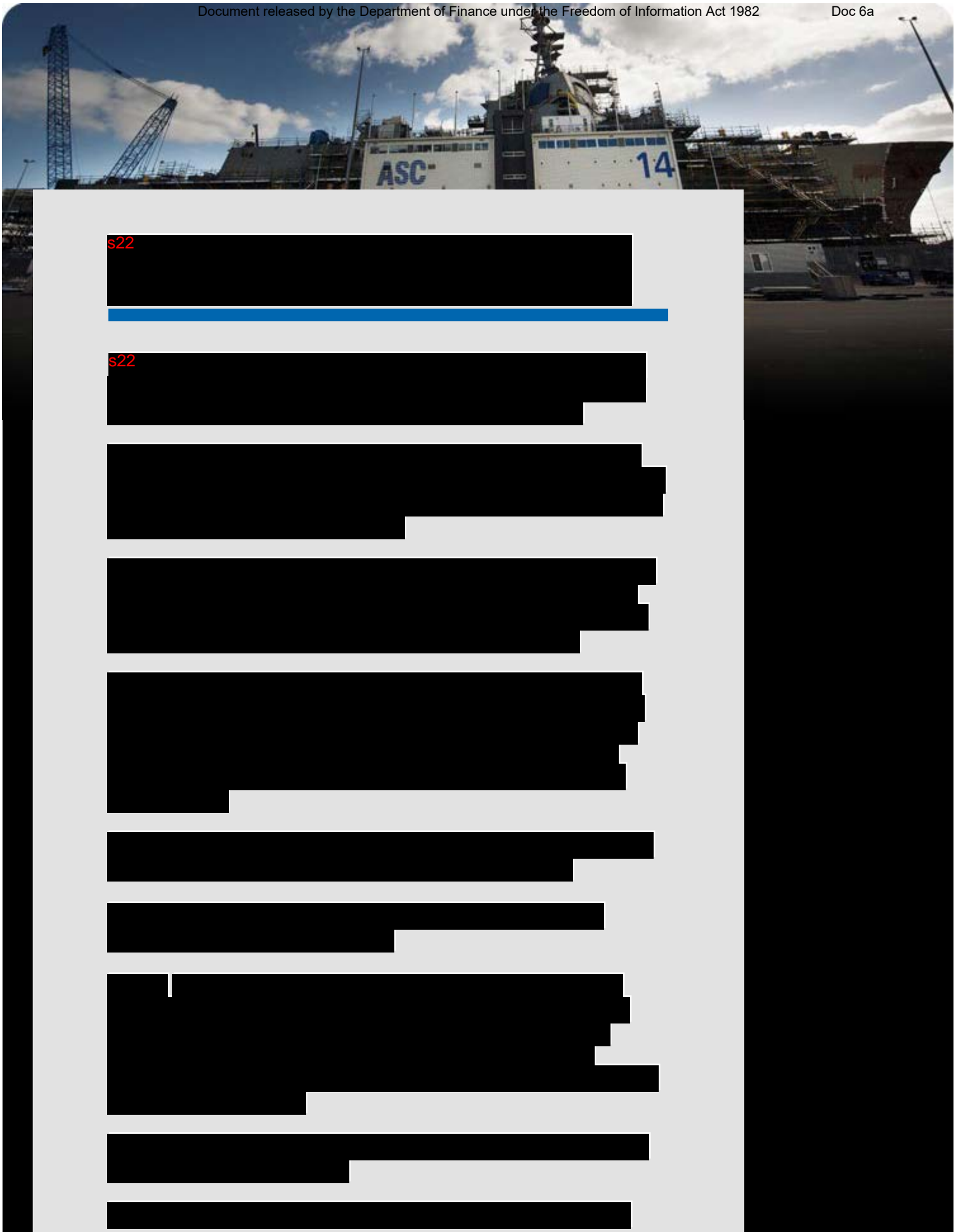
Dear Stacie, [REDACTED], attached is ASC's proposed draft media release and set out below if the [REDACTED] from the Chairman. We would like to send these out this afternoon – can you please review and advise whether you are happy with the proposed wording.

Kind regards

Wendy

Wendy Hoad
COMPANY SECRETARY

ASC Pty Ltd
694 Mersey Road North, Osborne
South Australia 5017
Telephone: 08 8348 7670
Mobile: [REDACTED]
Email: wendy.hoad@asc.com.au



s22 [Redacted text block]

s22 [Redacted text block]

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ASC



Media information

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Mr Whiley is currently responsible for all submarine maintenance activities at Osborne, South Australia, and Henderson, Western Australia. He has significant experience within ASC, having spent 25 years in various submarine and shipbuilding programs, project, schedule and engineering roles within the business. He also has more than 35 years of engineering experience in the Australian and UK naval defence industries.

MORE INFORMATION: Megan Lloyd

CONTACT:


megan.lloyd@asc.com.au

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South Australia 5001

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From: Hoad, Wendy <Wendy.Hoad@asc.com.au>
Sent: Tuesday, 9 September 2014 9:23 AM
To: s22
Cc: Hall, Stacie; Bruce Carter (Bruce.Carter@fh.com.au)
Subject: FW: Holding statement for approval
Attachments: ASC response to speculation on national shipbuilding.docx

s22

Hi s22

Please find attached statement prepared by ASC – it has also been reviewed and approved by the Alliance Comms team. I understand that our intent is to release this statement and then direct any media inquiries following today's visit to the statement.

I would be grateful if you could urgently review and approve the statement.

Kind regards
Wendy

Wendy Hoad
COMPANY SECRETARY

ASC Pty Ltd
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South Australia 5017
Telephone: 08 8348 7670
Mobile: s47F
Email: wendy.hoad@asc.com.au

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Media information



ASC's response to speculation on national shipbuilding

09 September, 2014

ASC Pty Ltd

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South Australia 5017GPO Box 2472, Adelaide
South Australia 5001www.asc.com.au

ASC is working closely with the Federal Government to ensure that the best possible capability is delivered to the Australian Defence Force through our maintenance of the Collins Class submarines and our role in construction of the Air Warfare Destroyers.

We remain engaged with the Government-led implementation team which was formed as a result of the Winter/White review into the AWD project. We are focussed on our improvement initiatives in collaboration with our Alliance partners and subcontractors. We are working on a first-of-class ship build and challenges are to be expected. We aim to meet these challenges to ensure the effective and efficient delivery of this capability.

The Coles Progress Review into the sustainment of the Collins Class submarine capability has shown that ASC is on track to meet the international benchmark of three submarines materially available at sea at all times by 2017.

We are committed to delivering our projects in a safe, timely and cost effective manner.

On Future Submarines

ASC maintains that it has the capability and experience to play a key role in the delivery and sustainment of a new or evolved submarine as part of the Future Submarine Program and is currently engaged with the Commonwealth of Australia as part of the Future Submarine Integrated Program Office.

MORE INFORMATION: Michelle Smith

CONTACT: michelle.smith@asc.com.au

From: s22
Sent: Tuesday, 9 September 2014 11:01 AM
To: Hoad, Wendy
Cc: Hall, Stacie; Bruce Carter (Bruce.Carter@fh.com.au); s22; Whiley, Stuart; s22
Subject: RE: Holding statement for approval [SEC=UNCLASSIFIED]

s22

s22

UNCLASSIFIED

Wendy

s 47C

In the event of media enquiries, ASC should, where possible, refer the questions to Defence.

I have consulted with the Finance Minister's Office on this issue.

s22

UNCLASSIFIED

From: Hoad, Wendy [<mailto:Wendy.Hoad@asc.com.au>]
Sent: Tuesday, 9 September 2014 9:23 AM
To: s22
Cc: Hall, Stacie; Bruce Carter (Bruce.Carter@fh.com.au)
Subject: FW: Holding statement for approval

Hi s22

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Wendy

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Email: wendy.hoad@asc.com.au

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From: Lloyd, Megan <Megan.Lloyd@asc.com.au>
Sent: Friday, 26 September 2014 10:25 AM
To: Hall, Stacie; §22
Subject: ASC Communications Strategy - AWD Reform
Attachments: 140926 Revised Communications Strategy - AWD Reform.doc

§22

Dear all,

As agreed, attached is the ASC Communications Strategy in preparation for the forthcoming Ministerial announcement.

The key pages are in the appendices:

§22

3) Media statement – page 12

§22

Please let me know of any concerns or changes as soon as possible.

Megan

Megan Lloyd
CORPORATE & EXTERNAL AFFAIRS MANAGER

ASC Pty Ltd
694 Mersey Road North, Osborne
South Australia 5017
Telephone: 08 8348 7421
Mobile: §47F
Email: megan.lloyd@asc.com.au

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s22 [Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

[Redacted]

MEDIA HOLDING STATEMENT – DRAFT (Appendix C)

Today our shareholder, the Minister for Finance Mathias Cormann, announced the Federal Government will commence work on structurally separating ASC's submarine and shipbuilding operations.

This process will start immediately and it is anticipated that it will be completed in early 2015. ASC has been advised that there is currently no change to Government policy regarding the ownership of ASC or its subsidiary companies.

The separation has been announced as part of the Federal Government's Reform Strategy implementation plan, following the Winter-White independent review into the AWD project earlier this year. ASC has provided significant input to the review and reform process and will continue to do so.

The AWD project has entered a time of heightened complexity with all three ships in different phases of construction. There is still plenty of work in ASC's shipyard and we expect the impact on workforce numbers to be limited.

There will be changes to the current organisation however ASC will continue to need an efficient and sustainable workforce focused on delivering highly complex programs that meet our customer expectations and commitments and demonstrate the benefits of a sustainable Australian naval industry.

From: Hall, Stacie
Sent: Friday, 26 September 2014 12:15 PM
To: Lloyd, Megan; s22
Cc: s22; 'Equid, Rod'; Croser, Peter
Subject: RE: ASC Communications Strategy - AWD Reform [SEC=UNCLASSIFIED]
Attachments: 140926 Revised Communications Strategy - AWD Reform - Finance comments.docx

s22

UNCLASSIFIED

Megan

Please see Finance changes tracked. Looks pretty good.

We expect any Ministerial announcement would be next week at the earliest.

Please liaise with Sasha/Alliance comms to support the Alliance being in a position to mobilise its internal comms in concert with ASC.

Regards

Stacie

Stacie Hall |

AWD Reform Taskforce

Department of Finance

T: 02 6215 2727 | **M:** 0418 963 046 | **E:** Stacie.hall@finance.gov.au

A: Treasury Building, 8 Parkes Place West, PARKES ACT 2600

UNCLASSIFIED

From: Lloyd, Megan [<mailto:Megan.Lloyd@asc.com.au>]

Sent: Friday, 26 September 2014 10:25 AM

To: Hall, Stacie; s22

Subject: ASC Communications Strategy - AWD Reform

Dear all,

As agreed, attached is the ASC Communications Strategy in preparation for the forthcoming Ministerial announcement.

The key pages are in the appendices:

s22

3) Media statement – page 12

s22

Please let me know of any concerns or changes as soon as possible.

Megan

Megan Lloyd
CORPORATE & EXTERNAL AFFAIRS MANAGER

ASC Pty Ltd
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Mobile: s47F
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s22 [REDACTED]

- s22 [REDACTED]
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- █ [REDACTED]
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- █ [REDACTED]
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s47F [REDACTED]

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[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]

MEDIA HOLDING STATEMENT – DRAFT (Appendix C)

Today our shareholder, the Minister for Finance Mathias Cormann, announced the Federal Government will commence work on structurally separating ASC's submarine and shipbuilding operations.

This process will start immediately and it is anticipated that it will be completed in early 2015. ASC has been advised that there is currently no change to Government policy regarding the ownership of ASC or its subsidiary companies.

The separation has been announced as part of the Federal Government's Reform Strategy implementation plan, following the Winter-White independent review into the AWD project earlier this year. ASC has provided significant input to the review and reform process and will continue to do so.

The AWD project has entered a time of heightened complexity with all three ships in different phases of construction. There is still plenty of work in ASC's shipyard and we expect the impact on workforce numbers to be limited.

There will be changes to the current organisation however ASC will continue to need an efficient and sustainable workforce focused on delivering highly complex programs that meet our customer expectations and commitments and demonstrate the benefits of a sustainable Australian naval industry.

From: Lloyd, Megan <Megan.Lloyd@asc.com.au>
Sent: Friday, 26 September 2014 2:59 PM
To: Hall, Stacie; s22
Subject: Draft media release - ASC and Project management
Attachments: ASC - new partnerships Sept 2014 - Rev 3.docx

s22

Dear all,

For review and comment is a draft media release for selected business and defence-related media.

It's extremely dry – but that's reflective of its subject matter.

ASC has just signed a Partnering Agreement with the International Centre For Complex Project Management (ICCPM). ICCPM is a not-for-profit company established to provide global leadership in the management of complex projects. ICCPM works with its partners and the international community to fund facilitate and conduct applied research that advances knowledge and practice in the management of complex projects.

The purpose of this agreement is to establish the terms and conditions under which ICCPM and ASC Pty Ltd will work together for mutual benefit, to improve the delivery of complex projects.

Megan

Megan Lloyd
CORPORATE & EXTERNAL AFFAIRS MANAGER

ASC Pty Ltd
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FOR APPROVAL**DATE****ASC SIGNS SIGNIFICANT NEW INTERNATIONAL AGREEMENTS**

ASC has signed two international stakeholder agreements that will support its mission to safely build and maintain Australia's frontline naval ships and submarines to world class performance and quality standards.

The company has signed a Partnering Agreement with the International Centre For Complex Project Management (ICCPM) and a Membership Agreement with Human Systems International (HSI).

ASC Interim CEO Stuart Whiley said the agreements would advance ASC's Project Management strategy to safely deliver on its customer and stakeholder commitments in cost, schedule and quality, through world class performance on complex engineering projects.

"An integral part of ASC's Project Management strategy is to develop our stakeholder networks with complementary organisations such as ICCPM and HSI, to deliver enduring improvement in our project management performance," Mr Whiley said.

The ASC's Partnering Agreement with ICCPM is designed to establish the terms and conditions under which ICCPM and ASC will work together for mutual benefit to improve the delivery of complex projects.

Mr Whiley said ASC looked forward to working closely with ICCPM, a not-for-profit company established to provide global leadership in the management of complex projects.

ICCPM seeks to advance knowledge and practice relating to major complex projects, in turn enabling the global community to better deliver complex projects with real social, environmental and economic benefits.

The complex project management initiative was first developed in 2005 by government bodies in Australia, the UK and US in conjunction with the defence industry. ICCPM was established in 2007 and support has since expanded to include governments from Canada and Singapore, as well as a growing number of global corporate partners including Lockheed Martin and Thales.

ICCPM CEO Deborah Hein said ASC's funding would contribute to ICCPM's business operations as well as be directed into training, education and services for ASC.

"ICCPM works with its partners and the international community to fund, facilitate and conduct applied research that advances knowledge and practice in the management of complex projects," Mrs Hein said.

In another important move, ASC has also signed a Membership Agreement with HSI, a global assessment and benchmarking company.

Mr Whiley said HSI had deep organisational insight, developed over 20 years of collecting best practice project, program and portfolio management data from commercial and government organisations around the world.

"The aim of this agreement is to gain access to HSI's learnings in 'best practice' in project management, enabling ASC to measure and benchmark ourselves against global standards in the area," he said.

“To do this we will use competitive, functional and generic benchmarking techniques, providing each member of the network with both qualitative (practice details) and quantitative (metrics) data which will identify potential improvements in project practices in their organisation, and to provide members with opportunities for learning.”

“HSI is delighted to be working with ASC as they progress and continuously improve their organisational project management capability. The network of member companies will be all the richer from having ASC sharing its great practices with the network as well as ASC learning from the other member organisations” Quote from Dr Alicia Aitken, Managing Director Asia Pacific.

For more information, please contact:

s47F



From: Hoad, Wendy <Wendy.Hoad@asc.com.au>
Sent: Monday, 15 December 2014 1:54 PM
To: Hall, Stacie
Subject: FW: Australian Government Public Sector Workplace Bargaining Policy [SEC=UNCLASSIFIED]
Attachments: Australian Government Public Sector Workplace Bargaining Policy.docx; ATT00001.txt

s22

Hi Stacie

Email below from Carl Murphy as discussed.

It would be useful to have a teleconference with you later this week to discuss the potential impacts of this Policy in more detail. I would be grateful if you could advise a convenient time for you.

Kind regards
Wendy

Wendy Hoad
GENERAL COUNSEL

ASC Pty Ltd
694 Mersey Road North, Osborne
South Australia 5017
Telephone: 08 8348 7670
Mobile: s47F
Email: wendy.hoad@asc.com.au

From: Murphy, Carl [<mailto:Carl.Murphy@finance.gov.au>]
Sent: Tuesday, 25 November 2014 8:00 AM
To: Hamilton, Christian
Subject: Australian Government Public Sector Workplace Bargaining Policy [SEC=UNCLASSIFIED]

UNCLASSIFIED

Hi Christian,

Further to our conversation last Friday, I undertook to send you a copy of the Public Sector Workplace Bargaining Policy, and it is attached. My apologies for not getting this to you sooner. As we discussed, I can confirm that it is the Government's expectation that ASC would comply with the policy, including in relation to negotiations for a new Enterprise Agreement.

Two key elements of the policy are that any proposed remuneration increases contained in an EA would require the agreement of the Australian Public Service Commissioner before they can be formally put to staff, and that then a proposed agreement would also need the signoff of the APS Commissioner. Underpinning these requirements are that any enhancements to remuneration would need to be offset by demonstrated productivity increases, and that agreements should be streamlined, focusing on entitlements.

As I mentioned, I suggest you have a look at the policy and then more than happy to have a conversation about it. We are in the

process of negotiating our next EA at present (the current one having expired in July this year) so are engaging with this policy on a daily basis.

Regards

Carl Murphy | First Assistant Secretary

Corporate Services Division

Chief Operating Officer Group

Department of Finance

T: 02 6215 2575 | **s47F** | E: carl.murphy@finance.gov.au

A: John Gorton Building, King Edward Terrace, PARKES ACT 2600

UNCLASSIFIED

Finance Australian Business Number (ABN): 61 970 632 495

Finance Web Site: www.finance.gov.au

IMPORTANT:

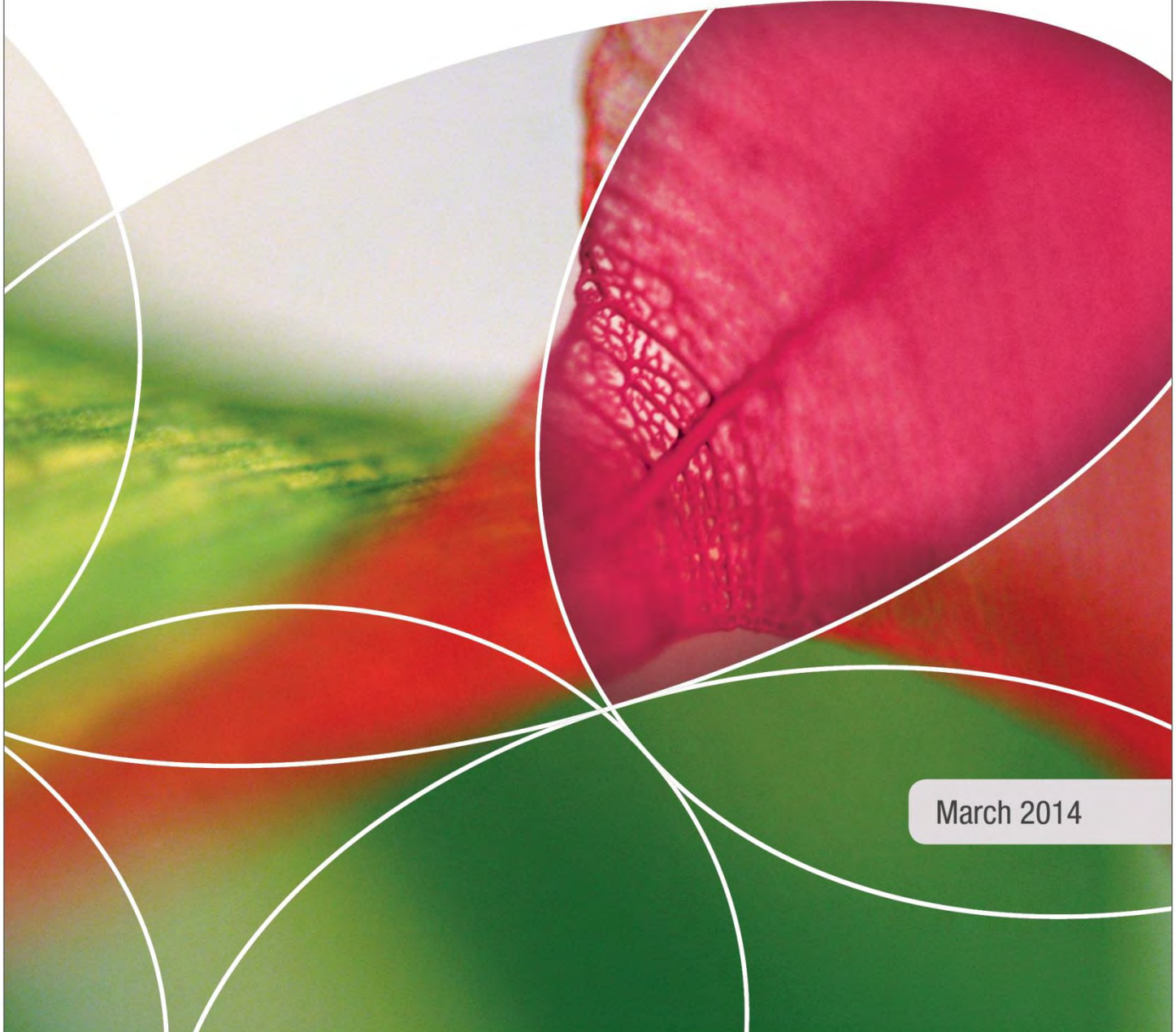
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Australian Government
**Australian Public Service
Commission**

Australian Government Public Sector Workplace Bargaining Policy

*Effective leadership Diverse workforce Capable organisations and workforce **Employee conditions** APS Values*



March 2014

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Australian Government Public Sector Workplace Bargaining Policy

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Introduction

The Australian Government has agreed that the following policy arrangements will apply to the Australian Public Service (APS) and non-APS Australian Government agencies, including Members of Parliament Staff. This document supersedes both the Australian Public Service Bargaining Framework published in January 2011 and the Australian Government Employment Bargaining Framework published in September 2009.

Ministers will direct (or where they are not able to direct, strongly encourage) the non-APS agencies in their portfolios, including Government Business Enterprises, to apply the same policies that apply to the APS, so far as this is practical within the context of operations.

These arrangements exclude the Australian Defence Force.

Agencies' responsibilities

Agency Heads are responsible for managing workplace relations matters in their agency, including enterprise bargaining, in a manner consistent with relevant Commonwealth legislation, this policy and other relevant Australian Government policies.

When bargaining for enterprise agreements, agencies must not reach agreement, including 'in-principle agreement', with bargaining representatives on any matter that is inconsistent with Government policy unless the agency Minister and Public Service Minister have granted an exemption in relation to that matter. Where an agency holds discussions with, or responds to, proposals by bargaining representatives, in respect of such matters the agency should advise the bargaining representatives that it cannot reach agreement in relation to those matters without first obtaining the approval of the Ministers.

Agencies will give genuine consideration to all matters under negotiation; supported by the approval processes set out in this policy.

Agency Heads will be accountable for ensuring that their agencies comply with this policy.

Partnership with the Australian Public Service Commission

The Australian Public Service Commission (APSC) provides support and advice to agencies on the Australian Government's employment and workplace relations policies in order to promote effective agreement making across the sector. In addition to the service provided to agencies by the APSC, the APSC requests that agencies:

- respond to requests made by the APSC within a timely fashion;
- advise the APSC about any significant workplace relations matters; and
- provide data to the APSC as requested to assist with workforce reporting requirements.

Legal Advice

The Department of Employment is the administering department for the *Fair Work Act 2009* (Fair Work Act). Agencies are reminded that, under clause 10 of the Legal Services Directions, the Department of Employment should be given the opportunity to be consulted on any request for legal advice on the interpretation of the Fair Work Act, as well as given requests for and copies of such legal advice. Copies of legal advice on the Fair Work Act should be provided to:

Chief Counsel
Workplace Relations Legal Group
Department of Employment
GPO Box 9880
CANBERRA ACT 2601

Given the APSC's role in Australian Government workplace relations, agencies are requested to provide copies of any legal advice sought on the Fair Work Act, *Public Service Act 1999* (Public Service Act), *Long Service Leave (Commonwealth Employees) Act 1976* and *Maternity Leave (Commonwealth Employees) Act 1973* to:

Legal Adviser
Australian Public Service Commission
16 Furzer Street
PHILLIP ACT 2606

Interpretation and Definitions

In this policy:

- The 'Public Service Minister' is the Minister Assisting the Prime Minister for the Public Service;
- The 'agency Minister' in relation to an Australian Public Service (APS) agency is that APS agency's Minister;
- The 'agency Minister' in relation to a non-APS agency is that non-APS agency's Minister;
- 'The Ministers' refers to the Minister Assisting the Prime Minister for the Public Service and the relevant agency Minister.

The paragraphs marked with an asterisk (*) are only applicable to APS agencies and/or the parliamentary departments as indicated.

Definitions

ACT Public Service	Australian Capital Territory Public Service
Agencies	Any Australian Government employer (APS and non-APS), including Members of Parliament Staff, excluding the Australian Defence Force
APS	Australian Public Service
APS agency	An agency that employs employees under the <i>Public Service Act 1999</i>
APSC	Australian Public Service Commission
APS Code of Conduct	The APS Code of Conduct is at section 13 of the <i>Public Service Act 1999</i>
APS Employment Principles	The APS Employment Principles are at section 10A of the <i>Public Service Act 1999</i>
APS Values	The APS Values are at section 10 of the <i>Public Service Act 1999</i>
Broadband	A grouping of duties across numerous classifications
Classification Rules	Public Service Classification Rules 2000, made under subsection 23(1) of the <i>Public Service Act 1999</i>
Commissioner	Australian Public Service Commissioner
Commissioner's Directions	Australian Public Service Commissioner's Directions 2013
Fair Work Act	<i>Fair Work Act 2009</i>
Fair Work Regulations	<i>Fair Work Regulations 2009</i>
LSL Act	<i>Long Service Leave (Commonwealth Employees) Act 1976</i>
Maternity Leave Act	<i>Maternity Leave (Commonwealth Employees) Act 1973</i>
NES	National Employment Standards in the <i>Fair Work Act 2009</i>
Non-APS agency	A Commonwealth authority or Commonwealth company that engages employees under its own enabling legislation
Public Service Act	<i>Public Service Act 1999</i>
SES	Senior Executive Service
'The Ministers'	The Minister Assisting the Prime Minister for the Public Service and the relevant agency Minister
Workplace arrangement	A common law agreement, enterprise agreement or a determination, including Public Service Act determinations or workplace determinations made under relevant employing legislation

Australian Government Public Sector Workplace Bargaining Policy

1) Employment Arrangements

- 1.1 Terms and conditions of employment for non-Senior Executive Service employees should be set out in enterprise agreements at the APS agency level, unless otherwise agreed by the Ministers.*
- 1.2 Enterprise agreements should be at least three years' duration.
- 1.3 APS agencies are required to maintain classification structures and work level standards consistent with the APS Classification Rules issued under the *Public Service Act 1999*, as updated periodically.*

2) Affordability and Funding

- 2.1 Improvements in pay and conditions are to be funded from within existing budgets, without the redirection of programme funding.
- 2.2 If the total cost of a proposed agreement is not affordable within an agency's existing budget, the Ministers must not approve the agreement.

3) Remuneration and Productivity

- 3.1 Agencies can only negotiate remuneration increases which are affordable, consistent with Australian Government policy, and offset by genuine productivity gains which satisfy the Australian Public Service Commissioner.
- 3.2 Agency Heads are accountable for ensuring that the annual remuneration increases for senior executive employees are consistent with Australian Government policy.
- 3.3 Remuneration increases should apply prospectively unless exceptional circumstances apply and have the approval of the Ministers.
- 3.4 Sign-on bonuses should not be offered during bargaining unless approved by the Ministers.
- 3.5 Existing pay scales should not be modified to provide for new top pay points, removal of existing pay points, or other mechanisms to accelerate salary advancement.

- 3.6 Changes to incremental salary arrangements may be counted as productivity improvements where they result in cashable savings. Such changes may include more rigorous rules covering advancement of employees to higher increments.

4) Employment Conditions

- 4.1 Core APS terms and conditions of employment should not be enhanced unless otherwise approved by the Ministers.*
- 4.2 In recognition that the new Australian Government scheme will apply to all Commonwealth agencies, agencies should not seek to vary current paid parental leave entitlements, pending commencement of the new scheme.
- 4.3 Under legislated provisions, APS agencies and the parliamentary departments will ensure the portability of accrued paid leave entitlements where employees move between APS agencies, the Parliamentary Service and the Australian Capital Territory Public Service, providing there is no break in service.*
- 4.4 Long service leave should only be granted in blocks of at least seven calendar days per occasion and should not be broken by other forms of leave.
- 4.5 Workplace arrangements should incorporate leave provisions that support the release of community service volunteers for emergency services duties and Defence Reservists for peacetime training and development.
- 4.6 APS agency workplace arrangements should include compulsory redeployment, reduction and retrenchment arrangements for employees identified as excess to requirements.*
- 4.7 Redundancy provisions, including severance pay and retention periods, should not be enhanced beyond existing arrangements, unless otherwise required by legislation, or approved by the Ministers.

5) Employee Relations

- 5.1 All arrangements will comply with relevant legislation, this policy and other relevant Australian Government policies.
- 5.2 The right for an employee to belong to a union will be respected, as will the right for an employee not to belong to a union.
- 5.3 Agencies should make provision for consultative arrangements with employees (and where employees choose, their representatives) regarding employment and employee relations matters.

6) Performance Management

- 6.1 It is expected that all employees (other than probationary employees) will have a formal annual performance agreement in place which clearly identifies key performance expectations and related indicators of performance and the required workplace behaviours expected of the employee, and contains learning and career development goals.
- 6.2 Performance management clauses in enterprise agreements should contain clearly defined principles and entitlements. Any procedural or descriptive content should be confined to policy documents outside of an enterprise agreement.
- 6.3 An employee is not to advance through a classification or broadband pay scale if they have not performed at a satisfactory level at a minimum.

7) Enterprise Agreement Content

- 7.1 Enterprise agreements should:
 - a. Be streamlined, clear and easy to read and contain clauses that either:
 - i. are required by legislation and support the effective operation of the instrument; or
 - ii. provide entitlements to employees; and
 - iii. do not impose restrictive work practices and other arrangements that confine the operations of the agency, or in the case of the APS, the Service as a whole, or curb the effective operation of legislation.
 - b. Include:
 - i. a dispute resolution term equivalent to the model term in the Fair Work Regulations;
 - ii. a consultation term equivalent to the model term in the Fair Work Regulations; and
 - iii. an individual flexibility term that allows employees to enter individual flexibility arrangements in respect of certain listed matters. Agencies are encouraged to bargain for a broader range of matters over which employees can enter into individual flexibility arrangements.

c. Not include:

- i. unlawful and/or objectionable terms as outlined in the *Fair Work Act 2009*;
- ii. terms that contradict, alter or limit the effect of provisions in the *Public Service Act 1999* or relevant employing legislation.

7.2 Agencies must not supplement or enhance the right of entry provisions in the *Fair Work Act 2009*.

8) Approval Requirements for Enterprise Agreements and Other Collective Arrangements

8.1 Agencies are expected to comply with any instructions issued by the APSC in relation to this policy.

- a. Agencies must not offer a proposed remuneration increase until the Australian Public Service Commissioner is satisfied that proposed remuneration increases are affordable and offset by genuine productivity gains, in consultation with the Secretary of the Department of Finance.
- b. Before making any wages offer, an Agency Head must be satisfied that the proposed remuneration increases, and any other enhancements to terms and conditions which have a fiscal impact, are affordable from within existing and known future budget allocations and would not require the diversion of programme funds or additional supplementation.

All agreements proposing remuneration increases need to be supported by the agency's Minister. Where the Department of Finance and/or the APSC indicates that it considers an agency's proposed workplace arrangement is not affordable or not supported by appropriate productivity gains, the agency must revise the proposal to ensure it is affordable.

- c. Agencies are not permitted to reach agreement, including 'in-principle agreement', with bargaining representatives on any matters that are inconsistent with Government policy unless the Ministers have approved exemptions in relation to those matters.

At the conclusion of bargaining

- d. A draft enterprise agreement, or other collective arrangement, must be provided to the APSC for assessment against Government policy prior to an agency seeking the Ministers' approval of the agreement. Such drafts are to be accompanied by a Remuneration, Funding and Productivity Declaration signed by the Agency Head.

- e. Agencies will be required to provide the APSC with evidence that the proposed agreement has met the Government's policy objectives, including:
 - i. the total cost of the proposed agreement;
 - ii. productivity initiatives arising from the agreement; and
 - iii. the extent to which objectives relating to the removal of restrictive work practices and the maintenance of the core APS terms and conditions of employment have been met.
- 8.2 The Ministers' approval of the agreement must be received before the agreement is put to a vote of employees.

AUSTRALIAN GOVERNMENT PUBLIC SECTOR WORKPLACE BARGAINING POLICY

SUPPORTING GUIDANCE

Part 1 – Employment Arrangements

- 1.1 Terms and conditions of employment for non-Senior Executive Service employees should be set out in enterprise agreements at the APS agency level, unless otherwise agreed by the Ministers.*
- 1.2 Enterprise agreements should be at least three years' duration.
- 1.3 APS agencies are required to maintain classification structures and work level standards consistent with the APS Classification Rules issued under the *Public Service Act 1999*, as updated periodically.*

1.1 Non-Senior Executive Service terms and conditions

- 1.1.1 It is Australian Government policy that terms and conditions for non-Senior Executive Service (SES) employees are negotiated separately by each agency in an enterprise agreement made under the Fair Work Act.
- 1.1.2 Where the relevant enterprise agreement does not provide arrangements suitable for an individual employee, an agency may make an individual flexibility arrangement with the employee to vary the necessary terms of the enterprise agreement in relation to that employee pursuant to the applicable flexibility clause. All individual flexibility arrangements must comply with legislative requirements, including meeting the Better Off Overall Test.
- 1.1.3 The Fair Work Act requires an individual flexibility term to be included in an enterprise agreement. An employee and employer may enter into an individual flexibility arrangement to trade off certain terms and conditions of employment, as outlined in the relevant enterprise agreement, in exchange for other benefits, providing the employee will be better off overall against the enterprise agreement.
- 1.1.4 An APS agency's flexibility term is expected to be the sole mechanism for providing additional or different terms and conditions to those otherwise available through an enterprise agreement for individual non-SES employees. Individual determinations made under the Public Service Act, or other employing legislation, or supplementary common law arrangements, should not be used to set terms and conditions for non-SES employees unless required in exceptional circumstances and such practices have been agreed to by the Ministers. Agencies wishing to adopt alternative arrangements should consult with the APSC in the first instance.

1.2 Duration of enterprise agreements

- 1.2.1 An enterprise agreement should be at least three years' duration from the date of commencement. Agencies may bargain a longer agreement up to the legislated maximum of four years from the date of commencement.

1.3 Compliance with Classification Rules*

- 1.3.1 Section 23 of the Public Service Act provides the Australian Public Service Commissioner (the Commissioner) with the authority to make rules about the classifications of APS employees. The *Public Service Classification Rules 2000* (the Classification Rules) allow employees and their duties to be classified on the basis of work value and enable the grouping of classifications at comparable levels.
- 1.3.2 APS agencies must ensure that the classification structures contained in enterprise agreements and other industrial instruments are consistent with the Classification Rules. Approved classifications are only those that appear in Schedules 1 and 2 of the Classification Rules.
- 1.3.3 To promote consistency in classification management and work value across the APS, the Commissioner intends to amend the Classification Rules with effect from 1 July 2014. It is strongly recommended that agencies consult with the APSC for clarification on matters relating to the impending changes to the Classification Rules.
- 1.3.4 Agencies should seek to implement the revised requirements, which for some may require a change to the structure and operation of existing classification arrangements, as part of their agreements. In exceptional circumstances, the APSC may consider alternative arrangements, particularly where these arrangements form part of a transition strategy to fully comply with the requirements and principles outlined below.

Work level standards

- 1.3.5 As part of the recent APS Classification Review, new work level standards have been developed for the APS levels 1 to 6 and the Executive level 1 and 2 classifications. The Commissioner intends to make the new work level standards mandatory.
- 1.3.6 APS-wide work level standards, once incorporated into the Classification Rules, will be legally binding. It is therefore unnecessary for agencies to include references to work level standards (the APS-wide or existing agency standards) in enterprise agreements. Where agreements do contain references to work level standards, agencies must ensure that enterprise agreements not provide for other standards.

Training classifications

- 1.3.7 It is recommended that agencies specify remuneration levels for each of the Training Classifications specified in the Classification Rules even if all Training Classifications are not routinely used, to facilitate the engagement of trainees during the life of the agreement.
- 1.3.8 Agencies that facilitate advancement to a classification following a training program that is above the operational classification specified in the Classification Rules must conduct a detailed work value assessment against the higher classification using the APS work level standards and provide this to the APSC.

Broadbanding classifications

- 1.3.9 A local title can be given to a broadband in addition to the approved classifications being broadbanded. Agreements should be drafted in a way that allows the agency and employees to clearly identify, at any point in time, what approved classification each employee holds.

1.3.10 In establishing a broadband, agencies must take into account the APS Employment Principles relating to merit and community access to employment opportunities. To meet the intent of the APS Employment Principles, all new agency broadbands must be structured so there are at least two breaks between the APS Levels 1 to 6 that require an open, competitive selection process. For example:

- APS 1-3, APS 4-5, APS 6 or
- APS 1-4, APS 5, APS 6 or
- APS 1-2, APS 3-4, APS 5-6.

1.3.11 Broadbanding the Executive Level classifications is not appropriate due to the level of responsibility, management, leadership, complexity, judgement and accountability expected at these levels. As such, agencies are not permitted to introduce new broadbands that include the Executive Level 1 and Executive Level 2 classifications.

1.3.12 The three band classification framework for the SES cannot be broadbanded.

Minimum advancement requirements

1.3.13 As a minimum, each broadband must contain a number of 'barriers' which require an employee to meet specific training, development and performance criteria before they may advance to the next level in the broadband. Furthermore, an employee can only advance through the broadband where:

- a. sufficient work is available at the higher classification level; and
- b. they have gained the necessary skill and proficiencies to perform the more complex work; and
- c. performance is satisfactory.

Part 2 – Affordability and Funding

- 2.1 Improvements in pay and conditions are to be funded from within existing budgets, without the redirection of programme funding.
- 2.2 If the total cost of a proposed agreement is not affordable within an agency's existing budget, the Ministers must not approve the agreement.

2.1 Improvements in pay and conditions are to be funded from within existing budgets, without the redirection of programme funding

- 2.1.1 The Australian community expects to receive value for money in terms of efficient and effective public policy and public services, delivered at a reasonable cost. The cost of remuneration and other employee benefits represents a significant expenditure for Australian Government agencies. As employee costs are taxpayer funded, it is the Australian Government's expectation that agencies manage these costs carefully from within existing budget allocations, and do not make commitments which are unaffordable or out of line with community standards and expectations.
- 2.1.2 An agency must not make offers or agree to proposals unless relevant approvals have been obtained, and the Agency Head is satisfied that the proposals are affordable.
- 2.1.3 Improvements to pay and conditions must be funded from within existing agency budget allocations for the life of an enterprise agreement or other workplace arrangement. Agencies are to only offer proposals that are affordable taking into account factors such as any approved funding increases including annual indexation, the application of all efficiency dividends, known future costs and the long term impact of increases to superannuation and leave liabilities.
- 2.1.4 Agencies should ensure that they have a detailed understanding of the financial implications of any changes to remuneration or other terms and conditions being considered. To that end, agencies should undertake a detailed cost assessment of a proposed enterprise agreement, or other workplace arrangement, to ensure affordability of remuneration increases and other improvements to terms and conditions over the life of the proposed agreement. Agencies should also seek to assess any potential increases in costs from the flexibility clause and from the implementation of any incomplete reviews of terms and conditions contained within the agreement, or reviews to be completed within the life of a new agreement.

No redirection of programme funding

- 2.1.5 Agencies are not to assign funding from agency programmes and initiatives to fund improvements in employee terms and conditions. Other offsets to fund improvements are not to result in reductions in output or services, or increases in charges.

Certification and assessment of affordability

- 2.1.6 A detailed affordability assessment will be conducted in relation to any proposed remuneration increases. This process is detailed at Part 3.
- 2.1.7 At the time of seeking final assessment and approval of the proposed agreement, agencies must provide the APSC with certification from the Agency Head of the affordability of the proposed agreement.

- 2.1.8 Notwithstanding this, any proposed agreement may be subject to enhanced scrutiny by the Department of Finance in relation to affordability, where the APSC considers that a referral to the Department of Finance would be appropriate.
- 2.2 If the total cost of a proposed agreement is not affordable within an agency's existing budget, the Ministers must not approve the agreement.**
- 2.2.1 Where the Department of Finance and/or the APSC indicates that it considers an agency's proposed workplace arrangement is not affordable, the agency must revise the proposal to ensure it is affordable.
- 2.2.2 Where an agency's proposed workplace arrangement requires approval under this policy, and the Department of Finance and/or the APSC has indicated that it considers an agency's proposed workplace arrangement is not affordable, the relevant agency Minister and the Public Service Minister must not approve the proposed arrangement.

Part 3 – Remuneration and Productivity

- 3.1 Agencies can only negotiate remuneration increases which are affordable, consistent with Australian Government policy, and offset by genuine productivity gains which satisfy the Australian Public Service Commissioner.
- 3.2 Agency Heads are accountable for ensuring that the annual remuneration increases for senior executive employees are consistent with Australian Government policy.
- 3.3 Remuneration increases should apply prospectively unless exceptional circumstances apply and have the approval of the Ministers.
- 3.4 Sign-on bonuses should not be offered during bargaining unless approved by the Ministers.
- 3.5 Existing pay scales should not be modified to provide for new top pay points, removal of existing pay points, or other mechanisms to accelerate salary advancement.
- 3.6 Changes to incremental salary arrangements may be counted as productivity improvements where they result in cashable savings. Such changes may include more rigorous rules covering advancement of employees to higher increments.

- 3.1 Agencies can only negotiate remuneration increases which are affordable, consistent with Australian Government policy, and offset by genuine productivity gains which satisfy the Australian Public Service Commissioner.**
 - 3.1.1 Where an agency is considering any remuneration increase, the Commissioner's view must be sought before any position is put or offer made in bargaining, and again if that is later varied. In forming a view, the Commissioner may seek the advice of the Department of Finance as appropriate. Where an increase is being considered, agencies should be mindful of the community's expectations with regards to public sector remuneration.
 - 3.1.2 Agencies must not offer any proposed remuneration increases until the Commissioner is satisfied that proposed remuneration increases are affordable within an agency's existing budget and offset by genuine productivity gains. This paragraph does not prevent agencies from bargaining in relation to other matters whilst approvals in relation to the agency's remuneration offer are sought.
 - 3.1.3 Genuine productivity gains are demonstrable, permanent improvements in the efficiency, effectiveness and/or output of employees, based on reform of work practices or conditions, resulting in measurable savings. Arbitrary reductions in staffing are not considered genuine productivity gains.

3.1.4 As remuneration increases without productivity improvements increase costs, any wage increases for Australian Government employees must come from strong productivity gains through enterprise bargaining. Productivity improvement is important in the public sector context as:

- the public sector is a large employer – its wage outcomes have a macroeconomic effect;
- the public sector is a model employer – it should demonstrate best practice in a context where there is an identified need to improve national productivity;
- the public sector is a provider of services in the economy – it should do so as efficiently and effectively as possible; and
- the public sector spends taxpayer money – it must demonstrate responsible use of that money.

3.1.5 Agencies must provide information to the Commissioner on:

- the total impact of any proposed changes on the agency's estimates of current remuneration expenditure in each year of the proposed agreement including, but not limited to, the impact of any remuneration increases, adjustments to increment structures, re-profiling of the payment schedule for remuneration increases (e.g. 'front loading' of remuneration increases in the first year of an agreement), changes to rates of, or eligibility for, allowance payments;
- the financial impact of any proposed changes to other terms and conditions;
- employee-related productivity and savings initiatives which will fund any remuneration increases; and
- affordability of the agency's proposed arrangements, including an undertaking that there will be no redirection of programme funding.

3.1.6 Examples of productivity initiatives include, but are not limited to:

- measures to improve workforce availability, such as reducing unscheduled absences or additional leave days;
- initiatives to increase output per employee, including providing individuals with greater responsibilities or additional skills directly translating to improved outcomes;
- initiatives to increase the span of control of employees (particularly at management levels);
- restructuring delegations to improve efficiency and allow for decision making at lower levels where appropriate;
- elimination of restrictive or inefficient work practices; and
- improvements to the design, efficiency and effectiveness of agency procedures.

3.1.7 Productivity gains or savings made as a result of Government initiatives, including the annual efficiency dividend, will not be considered to be employee-related.

3.1.8 While productivity improvements must arise from agency (rather than Government) initiatives, agencies may include productivity initiatives which arise from cooperation or collaboration with other agencies, such as shared services or systems. Evidence of such shared initiatives must show appropriate apportionment of productivity gains or savings.

3.1.9 Agencies must also provide information to the Commissioner on their projected operating statement over the duration of the proposed agreement to help assess the affordability of proposed changes.

- 3.1.10 Agencies must also give consideration to the implications of the proposed remuneration changes and productivity offsets for the sustainability of the proposed arrangements beyond the duration of the proposed agreement.
- 3.1.11 Agencies should consider the broader labour market implications and relativities of their proposed remuneration arrangements, both in the APS context and with reference to other labour markets in which they operate (both geographic and occupational). If necessary, the APSC will seek information from agencies on the labour market impacts of proposed remuneration arrangements.
- 3.1.12 Attachment A provides a template for the provision of this information. As a minimum, agencies must provide the evidence outlined at Attachment A, including detailed information on employee costs, productivity offsets and the agency's operating statement. The APSC and/or the Department of Finance may seek additional information if required to assess the proposal.
- 3.1.13 To avoid doubt, this policy applies to all aspects of remuneration other than disability or expense-related allowances. In the case of these allowances increases should not exceed relevant economic indicators or statistical measures.
- 3.2 Agency Heads are accountable for ensuring that the annual remuneration increases for senior executive employees are consistent with Australian Government policy.**
- 3.2.1 Agency Heads are to ensure that remuneration increases for SES employees are within the Government's policy parameters.
- 3.2.2 Agency Heads are to ensure that their SES remuneration principles and policies are consistent with Government policy including any other SES remuneration policy which may be separately issued. The APSC is to be consulted where an Agency Head believes that there is a business need for arrangements which are inconsistent with Government policy, in addition to ensuring that these are underpinned by productivity and are affordable. In forming a view, the APSC may consult with the Department of Finance as appropriate.
- 3.2.3 Agencies are required to provide the APSC with details of their SES remuneration policy or strategy if requested.
- 3.3 Remuneration increases should apply prospectively unless exceptional circumstances apply and have the approval of the Ministers.**
- 3.3.1 Should an agency consider that exceptional circumstances exist such that it is necessary to include a remuneration clause in an enterprise agreement or collective arrangement which applies retrospectively, the agency is to consult with the APSC.
- 3.4 Sign-on bonuses should not be offered during bargaining unless approved by the Ministers.**
- 3.4.1 Sign-on bonuses and other bonus payments during the life of an agreement which are increases in remuneration must be approved by the Ministers. For the avoidance of doubt, bonuses will be considered as part of an agency's remuneration increase and subject to the same costing rules and processes as other remuneration increases.
- 3.4.2 Agencies considering such bonuses must seek approval before undertaking any discussion with other bargaining representatives or agreeing to any proposal put by other bargaining representatives. As a sign-on bonus is a mechanism through which

bargaining could be concluded following the exhaustion of other avenues, it is expected that the use of sign-on bonuses will be rare, and must not form part of any initial agency position in bargaining.

- 3.4.3 Consideration of sign-on bonuses will be subject to affordability, and the advice of the Department of Finance may be sought.
- 3.5 Existing pay scales should not be modified to provide for new top pay points, removal of existing pay points, or other mechanisms to accelerate salary advancement.**
- 3.6 Changes to incremental salary arrangements may be counted as productivity improvements where they result in cashable savings. Such changes may include more rigorous rules covering advancement of employees to higher increments.**
- 3.6.1 Agencies may consider reforming salary structures. Pay scale re-structuring is to be cost neutral, or create cost savings. Any pay structure adjustments which increase costs are remuneration increases and will be treated accordingly under the process described at Part 3.1. Any changes to salary structures which increase or decrease cost will be considered in relation to affordability.

Part 4 – Employment Conditions

- 4.1 Core APS terms and conditions of employment should not be enhanced unless otherwise approved by the Ministers.*
- 4.2 In recognition that the new Australian Government scheme will apply to Commonwealth agencies, agencies should not seek to vary current paid parental leave entitlements, pending the commencement of the new scheme.
- 4.3 Under legislated provisions, APS agencies and the parliamentary departments will ensure the portability of accrued paid leave entitlements where employees move between APS agencies, the Parliamentary Service and the Australian Capital Territory Public Service, providing there is no break in service.*
- 4.4 Long service leave should only be granted in blocks of at least seven calendar days per occasion and should not be broken by other forms of leave.
- 4.5 Workplace arrangements should incorporate leave arrangements that support the release of community service volunteers for emergency services duties and Defence Reservists for peacetime training and development.
- 4.6 APS agency workplace arrangements should include compulsory redeployment, reduction and retrenchment arrangements for employees identified as excess to requirements.*
- 4.7 Redundancy provisions, including severance pay and retention periods, should not be enhanced beyond existing arrangements, unless otherwise required by legislation, or approved by the Ministers.

4.1 Core APS terms and conditions should not be enhanced

- 4.1.1 An agency must not agree to enhancements to any existing terms and conditions relating to the matters set out in [Attachment B](#), unless the Ministers grant the agency an exemption permitting such enhancements.
- 4.1.2 Paragraph 4.1.1 does not prevent agencies from seeking to make other changes to existing terms and conditions, including to change those terms and conditions to better reflect community expectations or to promote a greater degree of alignment between APS agencies.
- 4.1.3 Where an agency wishes to seek an exemption that would allow it to offer an enhancement to a term or condition (which may include where a change is proposed pursuant to paragraph 4.1.2), the agency is required to submit a business case to the APSC. The APSC will then seek a decision from the Minister in relation to the exemption. Agencies are strongly encouraged to consult with the APSC in relation to the development of any business case.

Cashing out of personal/carer's leave

- 4.1.4 It is Australian Government policy not to provide for the cashing out of any personal/carer's leave. Agencies should not enter into any such arrangements, including through workplace policies and practices.

4.2 Parental leave entitlements

- 4.2.1 The Government's intention is for its new paid parental leave scheme to commence on 1 July 2015. Accordingly, agencies are advised not to disturb current arrangements.
- 4.2.2 In addition, agencies should not include terms in enterprise agreements that seek to supplement the entitlement that the new paid parental leave scheme will provide.

4.3 Portability of leave entitlements *

- 4.3.1 APS workplace arrangements are to retain portability of accrued annual leave and personal/carer's leave entitlements (however described), with future entitlements being those prevailing at the receiving agency. Entitlements to leave will subsequently accrue at the rate applying in the receiving agency.
- 4.3.2 The provisions of the *Parliamentary Service Act 1999* and the *Australian Capital Territory Government Service (Consequential Provisions) Act 1994* require APS agencies to recognise certain leave accrued in these services. Accordingly, workplace arrangements should provide for the portability of annual and personal/carer's leave (however described) between the Parliamentary Service and the APS, and accrued leave between the ACT Public Service and the APS. Workplace arrangements should also provide for the portability of personal/carer's leave between the ACT Public Service and the APS as this is the basis of ongoing inter-government agreement.
- 4.3.3 The portability of leave within the APS requires receiving agencies to act on the advice of an employee's former employing agency in determining their accrued leave entitlement. For example, agencies have previously used a range of terms to describe personal/carer's leave in their workplace arrangements and have done so for varying reasons. A receiving agency is required to recognise leave accrued in an employee's former agency, even if the purpose for which it was provided is not recognised in the receiving agency's agreement. However, leave accrued from commencement with the receiving agency will generally accrue in accordance with that agency's arrangements, unless specified otherwise.
- 4.3.4 Certain other terms and conditions of employment set out in Commonwealth legislation and applying to the APS will continue to apply and cannot be overridden by workplace arrangements. In particular, these include long service leave, maternity leave, workers' compensation and occupational health and safety.
- 4.3.5 Agencies considering whether to recognise prior service with, or seek to transfer other leave balances from, other bodies such as non-APS authorities or State Government agencies (other than for long service leave purposes) must consult with the APSC and the Department of Finance before proceeding.

4.4 Approval of long service leave

- 4.4.1 Long service leave is credited to an eligible employee in calendar months. The minimum period of long service leave that may be taken is seven calendar days. This will ensure there is no potential for an employee to access their long service leave in a way that would provide a more advantageous entitlement than that envisaged by the LSL Act.

4.5 Arrangements supporting the release of community service volunteers and Defence Reservists

- 4.5.1 The Australian Government expects agencies to promote the benefits of community service and Defence Reserve service to their employees and expects agencies to lead the way in employment policies and practices which support the release of employees for these purposes.
- 4.5.2 Agencies should note their obligation to provide community service leave in accordance with the requirements of the National Employment Standards (NES). Agencies should also cater for unpaid leave to community service personnel for emergency services duties encompassing leave for regular training, all emergency services responses, reasonable recovery time and ceremonial duties.
- 4.5.3 Attachment C outlines the public sector leave policy recommended to Australian Government employers by the Defence Reserves Support Council.

4.6 Compulsory redeployment, reduction and retrenchment provisions *

- 4.6.1 All enterprise agreements, determinations and where relevant, common law agreements, must provide for access to compulsory redeployment, reduction and retrenchment (RRR) for excess APS employees. This will ensure that agencies maintain the capacity to resolve excess employee situations by either:
- moving the employee to a suitable job at or below their substantive classification level (with or without the employee's agreement); or
 - terminating the employee's employment under section 29 of the Public Service Act if the employee does not wish to accept voluntary retrenchment (or in the case of an SES employee, an incentive to retire payment) and there is no useful work for the employee to perform.

Minimum entitlement under the National Employment Standards

- 4.6.2 The typical APS redundancy benefit for non-SES employees (as set out in the *APS Award 1998* and replicated in most agency agreements) is two weeks' pay per year of continuous Commonwealth service (with a pro-rata amount for completed months of service). The amount of pay varies from a minimum of four weeks to a cap at 48 weeks.
- 4.6.3 While generally more favourable than the NES, some of the typical APS provisions are less favourable than the NES for employees with between two and three years' service, and three and four years' service. This means that for some employees made redundant during these periods, the NES will apply instead of the APS scale. Agencies should therefore ensure that redundancy payment provisions contained within new enterprise agreements and other workplace arrangements for non-SES employees are consistent with (but do not exceed) the NES entitlements for employees with two to three, and three to four years' service.

4.6.4 Table 1 below outlines the key differences between the NES entitlement and the typical APS provisions as described above:

Table 1: Key differences between the NES and APS Redundancy entitlements

Length of service	NES Redundancy	Typical APS Redundancy
Less than 1 year	Nil	4 weeks
At least 1 year but less than 2 years	4 weeks	4 weeks
At least 2 years but less than 3 years	6 weeks	4 weeks + pro rata for completed months of service
At least 3 years but less than 4 years	7 weeks	6 weeks + pro rata
At least 4 years but less than 5 years	8 weeks	8 weeks + pro rata
At least 5 years but less than 6 years	10 weeks	10 weeks + pro rata
At least 6 years but less than 7 years	11 weeks	12 weeks + pro rata
At least 7 years but less than 8 years	13 weeks	14 weeks + pro rata
At least 8 years but less than 9 years	14 weeks	16 weeks + pro rata
At least 9 years but less than 10 years	16 weeks	18 weeks + pro rata
At least 10 years but less than 11 years	12 weeks	20 weeks + pro rata
11 years or more	12 weeks	22 weeks up to a max of 48 weeks

Retention periods to be reduced by National Employment Standards entitlement

4.6.5 Where an agency wishes to negotiate a retention period into a workplace arrangement (i.e. to provide non-SES employees with the option to take a retention period in lieu of a redundancy payment), the interaction between the retention period and the redundancy entitlements provided by the NES should be taken into account. The redundancy entitlement under the NES must be paid to an employee even if they elect to take a retention period.

4.6.6 To avoid double-dipping on redundancy entitlements, there should be a mechanism built into all relevant workplace arrangements that reduces a retention period by the equivalent number of weeks that an eligible employee would be entitled to under the NES. For example, if an employee was entitled to elect to take a four month retention period and they were also entitled to eight weeks' redundancy pay under the NES, the employee's retention period of four months should be reduced by eight weeks.

Flexibilities for Redeployment, Reduction and Retrenchment arrangements

4.6.7 Agencies are able to adapt their redundancy provisions to meet their specific needs, subject to the test of no enhancement of existing arrangements and the requirements described above. The APSC is able to provide further advice to agencies on these issues.

Specific arrangements for SES employees

- 4.6.8 Section 37 of the Public Service Act provides that an Agency Head may give notice in writing to an SES employee stating that the employee will become entitled to a payment of a specified amount if the employee retires within a period specified in the notice – i.e. an incentive to retire.
- 4.6.9 The purpose of this provision is to facilitate change and effectively manage an agency's SES workforce particularly in downsizing situations. It is likely that most situations involving excess SES employees will be managed under section 37 of the Public Service Act.
- 4.6.10 Clause 7.3 of the Australian Public Service Commissioner's Directions 2013 (the Commissioner's Directions) sets out the minimum requirements that must be met in relation to an Agency Head giving notice to an SES employee under section 37 of the Public Service Act. The Commissioner's Directions provide that the Commissioner must have agreed to the amount to be paid to the employee in these circumstances. A workplace arrangement should not bind the Commissioner to a certain level of payment for redundancy or retrenchment and as such should be silent on the quantum of the payment. The Commissioner's Directions also provide that an employee must be given access to independent financial advice and career counselling.
- 4.6.11 As this incentive to retire provision requires the agreement of the individual SES employee, workplace arrangements applying to SES employees should continue to include provisions that make it clear that the employee may be redeployed to other duties, including at a lower level, or have their employment terminated without their agreement on the grounds that they are excess to an agency's requirements.
- 4.6.12 However, it is inappropriate for SES workplace arrangements to include provisions which provide a redundancy benefit or similar type of payment to persons whose employment is terminated involuntarily under section 29 of the Public Service Act. Similarly, SES workplace arrangements should not include retention arrangements for excess SES employees.
- 4.6.13 In addition, section 38 of the Public Service Act provides that before an Agency Head can terminate the employment of an SES employee under section 29 of the Public Service Act, the Commissioner must have issued a certificate stating that all the relevant requirements of the Commissioner's Directions made under subsection 11A(1) of the Public Service Act have been satisfied in relation to the proposed termination and the Commissioner is of the opinion that the termination is in the public interest.
- 4.6.14 Where an SES employee's employment is terminated under section 29(3)(a) of the Public Service Act (i.e. on the ground that he/she is excess to the requirements of the agency), the employee may be entitled to a NES redundancy payment in accordance with the Fair Work Act.
- 4.6.15 In addition, there may be some cases where the benefit paid to an SES employee who is retired under section 37 of the Public Service Act may be less than the redundancy benefit payable under the NES. In these cases, the specified amount that is agreed by the Commissioner under section 37 will be regarded as including any entitlement the employee would have under the NES. Agency Heads should make this clear in any advice given to an SES employee on separation benefits.

Statutory obligations and termination of employment

4.6.16 Agencies must be aware that workplace arrangements cannot override statutory obligations or remedies relating to termination of employment under the Fair Work Act or the Public Service Act.

4.7 No enhancement of existing obligations

4.7.1 In relation to non-SES employees, enterprise agreements and determinations, or other arrangements (i.e. an individual flexibility arrangement or a determination) which are used to supplement enterprise agreements, should not enhance the agency's existing redundancy obligations (including severance pay and retention periods) other than where required under legislation or approved by the Ministers.

The Ministers will only approve the enhancement of existing obligations in exceptional circumstances. If agencies believe they have exceptional circumstances they must seek advice from the APSC before proceeding.

Part 5 – Employee Relations

- 5.1 All arrangements will comply with relevant legislation, this policy and other relevant Australian Government policies.
- 5.2 The right for an employee to belong to a union will be respected, as will the right for an employee not to belong to a union.
- 5.3 Agencies should make provision for consultative arrangements with employees (and where employees choose, their representatives) regarding employment and employee relations matters.

5.1 Arrangements to comply with legislation and Government policies

5.1.1 All workplace arrangements must comply with all relevant legislative requirements. Key employment-related legislation affecting APS agencies includes the:

- *Public Service Act 1999;*
- *Fair Work Act 2009;*
- *Fair Work (Transitional Provisions and Consequential Amendments) Act 2009;*
- *Long Service Leave (Commonwealth Employees) Act 1976;*
- *Maternity Leave (Commonwealth Employees) Act 1973;*
- *Paid Parental Leave Act 2010 (and its successor);*
- *Work Health and Safety Act 2011;*
- *Safety, Rehabilitation and Compensation Act 1988; and*
- *Privacy Act 1988.*

5.1.2 In addition to the above, agencies may also be subject to other agency-specific legislation containing employment-related provisions.

5.2 Freedom of association in the workplace

5.2.1 Agencies should ensure that an employee's legal entitlement to representation in the workplace is respected.

5.2.2 Where an employee elects to be a member of a union, their agency must respect the employee's right to request the union represent them on workplace matters.

5.2.3 Where an employee elects to engage with a union, even where the employee is not a union member, the employee's wish to do so will be respected.

5.2.4 Employees who are not members of a union may not wish to engage with, or receive communications from, a union. Agencies are to ensure that communication arrangements within the agency respect this.

5.3 Consultation with employees

5.3.1 Agencies are encouraged to establish consultative arrangements with employees on employment and workplace relations matters impacting on the workplace, for example, through a regular staff consultative forum. Such consultation should be balanced and not unreasonably favour one group of employees over another.

Part 6 – Performance Management

6.1 It is expected that all employees (other than probationary employees) will have a formal annual performance agreement in place which clearly identifies key performance expectations and related indicators of performance and the required workplace behaviours expected of the employee, and contains learning and career development goals.

6.2 Performance management clauses in enterprise agreements should contain clearly defined principles and entitlements. Any procedural or descriptive content should be confined to policy documents outside of an enterprise agreement.

6.3 An employee is not to advance through a classification or broadband pay scale if they have not performed at a satisfactory level at a minimum.

6.1 Performance agreements

6.1.1 Agencies have the flexibility to develop performance management systems that meet the particular needs of their organisation and employees, noting that clause 4.1 of the Commissioner's Directions requires Agency Heads to support employees to achieve effective performance by ensuring that the agency:

- a. builds the capability necessary to achieve the outcomes properly expected by the Government;
- b. has fair and open performance management processes and practices that support a culture of high performance, in which all performance is effectively managed;
- c. provides each APS employee with a clear statement of the performance and behaviour expected of him or her, and an opportunity to discuss his or her responsibilities;
- d. requires employees to participate constructively in agency-based performance management processes and practices;
- e. invests in building the capability of managers to manage performance effectively;
- and
- f. uses its performance management processes to guide salary movement and reward.

6.1.2 Performance management systems should make clear the performance rating that an employee is expected to achieve should they wish to be eligible for salary advancement through a pay scale and/or broadband, and provide detail about what the employee must do to demonstrate performance at that level.

6.2 Clear principles and entitlements around individual performance

6.2.1 Enterprise agreements and other workplace arrangements are to clearly set out the principles that will guide performance management and performance assessment in the agency and make reference to the specific entitlements that arise for employees in relation to the agency's performance management framework (for example, the performance threshold that makes an employee eligible for salary advancement; or the

right for an employee to be supported by a representative in a performance management discussion).

- 6.2.2 Prescriptive information and procedural content relating to performance management in the agency should not be included in an enterprise agreement or other workplace arrangement but instead be contained in a policy document that is easily accessible to employees in the workplace (for example, via an Intranet page).
- 6.2.3 Guidance on best practice performance management systems is available on the APSC's website.

6.3 Salary advancement for individual employees

- 6.3.1 Salary advancement through a classification and/or broadband is only to occur where an employee's performance has been assessed as at least satisfactory, or higher, in accordance with:
- the work level standards for their classification;
 - the terms of their individual performance agreement;
 - the APS Values, APS Employment Principles and APS Code of Conduct; and
 - other applicable employment instruments under the Public Service Act.
- 6.3.2 While agencies may use differing descriptors for performance ratings, the intent of 'satisfactory' is that the employee has met the performance requirements of the job for which they are being paid, to the work level standard for their classification, and has maintained the behavioural standards required of them by the APS Values, APS Employment Principles and APS Code of Conduct.
- 6.3.3 Agencies are encouraged to set additional performance management requirements at their discretion. This may include setting a higher performance bar at which employees become eligible for salary advancement through a pay scale. For example, an agency could implement an arrangement requiring employees to obtain a performance rating equivalent to 'above average' before they are eligible for progression through a pay scale. This could require employees to consistently perform above and beyond 'satisfactory' over the term of their performance agreement.
- 6.3.4 As best practice, agencies should ensure that supervisors have adequate evidence of employee performance, including time to observe and assess that performance. To that end, a minimum period of six months' performance at the workplace is recommended before employees become eligible for salary advancement.
- 6.3.5 Advancement within a broadband should also be guided by work availability and application of the merit principle. See paragraphs 1.3.9–1.3.12 for further information on broadbanding.

Part 7 – Enterprise Agreement Content

7.1 Enterprise agreements should:

- a. Be streamlined, clear and easy to read and contain clauses that either:
 - i. are required by legislation and support the effective operation of the instrument; or
 - ii. provide entitlements to employees; and
 - iii. do not impose restrictive work practices and other arrangements that confine the operations of the agency, or in the case of the APS, the Service as a whole, or curb the effective operation of legislation.
- b. Include:
 - i. a dispute resolution term equivalent to the model term in the Fair Work Regulations;
 - ii. a consultation term equivalent to the model term in the Fair Work Regulations; and
 - iii. an individual flexibility term that allows employees to enter into individual flexibility arrangements in respect of certain listed matters. Agencies are encouraged to bargain for a broader range of matters over which employees can enter into individual flexibility arrangements.
- c. Not include:
 - i. unlawful and/or objectionable terms as outlined in the *Fair Work Act 2009*;
 - ii. terms that contradict, alter or limit the effect of provisions in the *Public Service Act 1999* or relevant employing legislation.

7.2 Agencies must not supplement or enhance the right of entry provisions in the *Fair Work Act 2009*.

7.1 Streamlined enterprise agreements

- 7.1.1 Agencies will be required to demonstrate that a proposed enterprise agreement does not contain clauses which may unduly restrict management's ability to operate efficiently and effectively.
- 7.1.2 Enterprise agreements should be straightforward and user-friendly documents that simply set out the entitlements employees have in their employment in the workplace, and provide maximum flexibility for agencies to carry out their functions.
- 7.1.3 Enterprise agreements should not include terms that deal with matters which are more properly dealt with by legislation, for example, work health and safety or right of entry.

- 7.1.4 Operational, implementation or administrative matters that may be subject to change during the life of the agreement are more appropriately dealt with in separate policy documents, outside of the enterprise agreement.
- 7.1.5 Enterprise agreements should not contain ambiguous terms, large slabs of aspirational goals, or include onerous procedures and descriptive content from workplace policies that sit outside the enterprise agreement. Enterprise agreements should not incorporate such policies.
- 7.1.6 Enterprise agreements must include a dispute resolution term and a consultation term, and these terms should be equivalent to the model terms set out in the Fair Work Regulations. Agencies should not seek to provide additional dispute resolution or consultation procedures that would restrict a workplace from managing matters effectively and efficiently. In particular, there should be no terms included in an enterprise agreement that would provide third parties with the ability to veto or interrupt workplace improvements and managerial prerogative.

Individual flexibility term

- 7.1.7 The Fair Work Act requires an individual flexibility term to be included in an enterprise agreement. To ensure the provisions of the Fair Work Act are observed, individual flexibility arrangements must meet the requirements of the Fair Work Act or other relevantly applicable legislation. Agencies are encouraged to bargain for a broader range of matters in respect of which employees can enter into individual flexibility arrangements. As a minimum, an individual flexibility term must allow for an individual flexibility arrangement to deal with one or more of the following:
 - a. arrangements about when work is performed;
 - b. overtime rates;
 - c. penalty rates;
 - d. allowances;
 - e. remuneration; and
 - f. leave and leave loading.

Dispute resolution term

- 7.1.8 It is mandatory for a dispute resolution term to be included in an enterprise agreement. Agencies should also include a dispute resolution term in all other workplace arrangements.
- 7.1.9 Agencies should seek to implement the model dispute resolution term, or an equivalent term, without any amendment to its scope or any additional prescriptive and/or restrictive arrangements that would complicate or draw out the dispute resolution process. Agencies should consult with the APSC where they wish to vary the model dispute resolution term. Dispute resolution terms must only cover matters arising under the agreement or the NES.

Consultation term

7.1.10 Agencies should seek to implement the model consultation term, or an equivalent term, without any additional prescriptive and/or restrictive arrangements that would confine managerial decision-making and the operations of the agency. For example, enterprise agreements should not include any requirements to consult on the engagement of employees or contractors.

7.2 Right of entry provisions

7.2.1 Agencies must comply with the right of entry provisions set out in the Fair Work Act. Agencies must not seek to expand these right of entry arrangements through enterprise agreements, other workplace arrangements, protocols or workplace policies.

Part 8 – Approval Requirements for Enterprise Agreements and Other Collective Arrangements

8.1 Agencies are expected to comply with any instructions issued by the APSC in relation to this policy.

- a. Agencies must not offer a proposed remuneration increase until the Australian Public Service Commissioner is satisfied that proposed remuneration increases are affordable and offset by genuine productivity gains, in consultation with the Secretary of the Department of Finance.
- b. Before making any wages offer, an Agency Head must be satisfied that the proposed remuneration increases, and any other enhancements to terms and conditions which have a fiscal impact, are affordable from within existing and known future budget allocations and would not require the diversion of programme funds or additional supplementation.

All agreements proposing remuneration increases need to be supported by the agency's Minister. Where the Department of Finance and/or the APSC indicates that it considers an agency's proposed workplace arrangement is not affordable or not supported by appropriate productivity gains, the agency must revise the proposal to ensure it is affordable.

- c. Agencies are not permitted to reach agreement, including 'in-principle agreement', with bargaining representatives on any matters that are inconsistent with Government policy unless the Ministers have approved exemptions in relation to those matters.

At the conclusion of bargaining:

- d. A draft enterprise agreement, or other collective arrangement, must be provided to the APSC for assessment against Government policy prior to an agency seeking the Ministers' approval of the agreement. Such drafts are to be accompanied by a Remuneration, Funding and Productivity Declaration signed by the Agency Head.
- e. Agencies will be required to provide the APSC with evidence that the proposed agreement has met the Government's policy objectives, including:
 - i. the total cost of the proposed agreement;
 - ii. productivity initiatives arising from the agreement; and
 - iii. the extent to which objectives relating to the removal of restrictive work practices and the maintenance of the core APS terms and conditions of employment have been met.

8.2 The Ministers' approval of the agreement must be received before the agreement is put to a vote of employees.

8.1 APSC assessment of enterprise agreements and other collective arrangements

8.1.1 Agencies are expected to comply with any instructions issued by the APSC in relation to this policy.

8.1.2 The APSC will work with agencies to develop proposed bargaining positions that comply with Government policy.

8.1.3 Agencies should seek their Minister's agreement to their proposed bargaining position. A bargaining position that is inconsistent with Government policy must not be approved by the agency Minister.

8.1.4 Before an agency seeks the approval of the Ministers for exemptions from Government policy for a proposed enterprise agreement or workplace arrangement, they must make a submission to the APSC for assessment against Government policy. The APSC will provide separate guidance to Commonwealth employers that details this assessment process.

8.1.5 Parts 2 and 3 outline the approval process for any proposed remuneration increase. Agencies must not offer any proposed remuneration increases until the Commissioner is satisfied that proposed remuneration increases are affordable within an agency's existing budget and offset by genuine productivity gains, based on the evidence requirements outlined in paragraph 3.1.5. This paragraph does not prevent agencies from bargaining in relation to other matters whilst approvals in relation to the agency's remuneration offer are sought.

8.1.6 Where the APSC and/or the Department of Finance is of the opinion that:

- an agency's proposed remuneration arrangement is not affordable within the agency's existing budget;
- there are insufficient productivity initiatives to support the proposed remuneration improvements; or
- the proposed remuneration offer is otherwise not prudent or appropriate,

and the agency wishes to propose an alternative remuneration increase, the agency must resubmit a revised remuneration offer for approval.

8.1.7 A draft enterprise agreement, or other collective workplace arrangement, must be provided to the APSC for assessment against Government policy before the agency seeks Ministerial approval of the agreement. Such drafts must be accompanied by a Remuneration, Funding and Productivity Declaration as per the template at Attachment A, signed by the Agency Head, who will be accountable for ensuring the proposed workplace arrangement delivers on the matters certified in this declaration. Agencies should provide the APSC with evidence that supports their Agency Head's declaration including:

- the total cost of the proposed agreement and demonstration that programme funding has not been diverted to fund remuneration increases;
- any related certifications received from the Department of Finance;
- an outline of the productivity initiatives that will be pursued over the life of the workplace arrangement (initiatives that are initiated by the agency and are not APS-wide initiatives);
- an outline of how the agency has removed restrictive work practices (through the proposed workplace arrangement and any associated revision of policies); and

- in relation to APS agencies, an outline of how the maintenance of core APS terms and conditions of employment have been met.

8.2 Ministerial approval before vote

- 8.2.1 An agency must not put a proposed agreement or other collective workplace arrangement to a vote of employees unless the agency has obtained the Ministers' approval.
- 8.2.2 A proposed enterprise agreement will only be approved by the Ministers where the Commissioner is satisfied that proposed remuneration increases are affordable within an agency's existing budget and offset by genuine productivity gains.

ATTACHMENT A**[Agency Name]****Remuneration, Funding and Productivity Declaration**

Agencies should complete tables A.1, A.2, A.3 and A.8 initially; and should complete the remaining tables where advised that it is necessary to seek the views of the Department of Finance.

Remuneration

The remuneration increases for which approval is sought are as follows:

Table A.1: Description of remuneration increases

Description of increase	Estimated costs
TOTAL	

[Insert a brief description of all proposed remuneration increases. Provide further detail and justification in attachments.]

Total employee costs

The projected total employee costs over the life of the agreement are as follows:

Table A.2: Total employee costs

	2014-15	2015-16	2016-17	2017-18	Total over the duration of the agreement	Increase in total employee costs after new EA (%)
Total employee costs before agreement						
Total employee costs after agreement						
Impact of proposed agreement						

Productivity and savings

The improvements in terms and conditions contained within the proposed arrangement will be offset by genuine and quantifiable employee-related productivity initiatives that originated in this agency as follows:

[Briefly describe efficiency gains and productivity improvements that offset the cost of the collective workplace arrangement, including costings. Further detail on the proposed productivity initiatives, including any costs associated with implementing those initiatives, is to be provided in an attachment. Agencies should also outline their strategy for meeting the efficiency dividend separate to bargaining-based productivity gains.]

Table A.3: Productivity/efficiency offsets

Productivity/ efficiency measures	2014-15	2015-16	2016-17	2017-18	Total over the duration of the agreement
1					
2					
3					
Total					

Note: APS-wide productivity improvements/initiatives and the efficiency dividend cannot be included as offsets for the cost of the collective workplace arrangement.

These estimated productivity offsets are based on the following assumptions: *[short description to show the assumptions underlying the initiatives]*.

Agency estimate of remuneration costs after the proposed agreementTable A.4: Agency projection of FTE staff numbers

	2012-13 Actual	2013-14	2014-15	2015-16	2016-17	2017-18
APS 1						
APS 2						
APS 3						
APS 4						
APS 5						
APS 6						
EL 1						
EL 2						
SES 1						
SES 2						
SES 3/ Exec						
Total						

Table A.5: Agency projection of average remuneration costs by level (all employee costs including superannuation and leave)

	2012-13 Actual	2013-14	2014-15	2015-16	2016-17	2017-18
APS 1						
APS 2						
APS 3						
APS 4						
APS 5						
APS 6						
EL 1						
EL 2						
SES 1						
SES 2						
SES 3/ Exec						
Total						

Note: Remuneration costs are to reflect actual agency costs after the proposed salary/remuneration increases (not costs from the standard Department of Finance costing template).

Table A.6: Agency projection of total remuneration costs by level (combining Table A.4 and Table A.5)

	2012-13 Actual	2013-14	2014-15	2015-16	2016-17	2017-18
APS 1						
APS 2						
APS 3						
APS 4						
APS 5						
APS 6						
EL 1						
EL 2						
SES 1						
SES 2						
SES 3/ Exec						
Total (A)						

Other employee costs (B)						
---------------------------------	--	--	--	--	--	--

For example, separation costs. Attach sheet with explanation/calculation.

Total employee costs (C) (C = A+B)						
---	--	--	--	--	--	--

To be entered into projected agency operating statement (see Table A.8).

A separate sheet with an explanation/calculations is to be provided where:

- i) the total employee costs reflect a material variation from employee expenses in the Central Budget Management System (CBMS); or
- ii) there is a material variation in FTE numbers between years; or
- iii) there is a material variation in remuneration costs/FTE between years (other than proposed salary increases).

Table A.7: Agency projected supplier expenses after the proposed agreement

	2012-13 Actual	2013-14	2014-15	2015-16	2016-17	2017-18
Lease payments						
Property (operating)						
Information technology						
Consultancies						
Travel						
Communications						
Legal						
Other supplier expenses						
Total supplier expenses						

To be entered into projected agency operating statement (see Table A.8)

Separate explanation/calculations to be provided for each category of expense where:

- i) there is a material variation from figures used for the CBMS estimates; or
- ii) there is a material variation in expenses between years other than standard indexation;
or
- iii) a material variation in supplier expenses is proposed to assist in funding salary increases.

Table A.8: Agency projected operating statement after the proposed agreement

	2012-13 Actual	2013-14	2014-15	2015-16	2016-17	2017-18
Appropriation revenue *						
Other revenue*						
Total revenue (A)						
Employee expenses **						
Supplier expenses ***						
Total expenses (excluding depreciation) (B)						
Operating position (excluding depreciation) (C) (C = A-B)						

Note: A negative operating position in any year, or insufficient support for the underlying calculations, would indicate that a proposed salary increase is not affordable.

* Figures must be taken from CBMS.

** Figures to be taken from the remuneration costs sheet (Table A.6).

*** Figures to be taken from the supplier costs sheet (Table A.7).

Agency Head Declaration

Having taken account of:

1. my agency's existing financial position, including out-year appropriations and known efficiency dividends; and
2. known operational requirements for the life of the agreement; and
3. expected increases in pay and conditions to be provided to <insert Agency name> employees employed under the proposed arrangement, including consequential effects such as increases to outstanding leave liabilities and superannuation entitlements; and
4. the potential cost of individual flexibility agreements, including consequential effects such as increases to outstanding leave liabilities and superannuation entitlements;

all additional costs arising from the <insert name of Agency collective Workplace Arrangement> can be funded from within the <insert Agency name> existing and known future budget and revenue streams.

[Insert the following clause where the agency receives programme funding through the Budget]

Further, I certify that the improvements in terms and conditions contained within the proposed workplace arrangement are not, and will not be, funded through:

- the use of <insert Agency name> programme funding; and/or
- increases to customer service and product fees.

[Insert the following clause where the agency does not receive programme funding through the Budget]

Further, I certify that the improvements in terms and conditions contained within the proposed workplace arrangement are not, and will not be, funded through increases in customer service and product fees requested by <insert Agency name>.

Signature: _____

Name: _____

Position: _____

Date: _____

Intentionally blank

ATTACHMENT B

Core Australian Public Service (APS) terms and conditions of employment

Hours of work

- Ordinary weekly hours (hours should not be reduced)
- Flex leave arrangements for non-Executive Level (EL) employees
- Time off in lieu arrangements for EL employees

Superannuation

- Contribution rates should not be enhanced unless required by legislation or the relevant fund rules

Leave

- Paid annual leave
- Paid personal/carer's leave
- Evidence requirements for personal leave are not to be more lenient than current
- Paid compassionate leave
- Paid maternity/parental leave (includes adoption and foster care)
- Paid supporting partner leave (includes adoption and foster care)
- Paid community service leave
- Paid cultural/ceremonial leave
- Christmas closedown

Redeployment, reduction and redundancy

- There should be no enhancement to existing arrangements (including retention periods)

Intentionally blank

ATTACHMENT C

Supporting the release of community service volunteers and Defence Reservists

The Australian Government supports employees participating in emergency services duties and Defence Force Reserve activities. The Government therefore expects that APS agencies will lead the way in employment policies and practices which support the release of community service personnel for emergency services duties and Defence Reservists for peacetime training and deployment.

APS agencies may determine their own approach to these employment practices provided they remain consistent with the broader Government policy of support for these functions.

In acknowledgement of the Government's objectives in this area, agencies are encouraged to promote the benefits of community service and Defence Reserve service to their employees.

APS agencies should note their obligations to provide community service leave in accordance with the requirements of the National Employment Standards. Agencies should also cater for unpaid leave to community service personnel for emergency services duties encompassing leave for regular training, all emergency services responses, reasonable recovery time and ceremonial duties.

Defence Reserves Support Council

The Defence Reserves Support Council (DRSC) has developed a public sector leave policy which it recommends to Australian Government employers. Specifically, the DRSC recommends that agencies:

- provide four weeks' (20 working days or 28 calendar days) leave on full pay each year for Reservists undertaking Defence service;
- provide an additional two weeks' paid leave to allow for a Reservists' attendance at recruit/initial employment training;
- provide scope for additional leave for Defence service, either on a paid, unpaid or top-up pay basis;
- not require Reservists to pay their tax-free Reserve salary to their agency in any circumstances;
- allow Defence leave entitlements to accumulate and be taken over a two year period;
- treat leave for Defence service, whether with or without pay or on top-up pay, as service for all purposes – the exception being that a period or periods of leave without pay in excess of six months not count as service for annual leave purposes;
- provide Reservists with continued access to other components of their remuneration package during periods of Defence service, for example: superannuation (subject to the rules of the CSS, PSS and Military Superannuation and Benefits Scheme), studies assistance, salary reviews and cars;
- keep Reservists informed of developments in the workplace while the Reservists are undertaking training or are on deployment.

More broadly, the Australian Government strongly encourages APS agencies to actively promote the benefits of Reserve service to their employees. Defence Reserves Support communication employees can assist agencies with promotional material.

These arrangements are consistent with the Government's commitment to supporting Reserve service. The Government therefore supports agencies implementing arrangements along these lines through their workplace arrangements.

In recognition of the potential impact of Defence service on employers, the Australian Defence Force has undertaken to provide agencies, whenever possible, with at least three months' notice of a requirement for a Reservist to undertake Defence service. Agencies may also require Reservists to provide written evidence of their attendance for Defence service.

APS agencies are eligible to receive the Employer Support Payment (ESP). The ESP Scheme provides a financial benefit to those employers who provide leave, other than normal paid leave entitlements (e.g. annual leave), to Reservists to undertake peacetime training and deployment. Under the ESP Scheme an employer is eligible to receive the ESP once a Reservist has completed 14 days continuous Reserve service in any financial year. The qualifying period can be undertaken as a single period or as multiple periods of continuous Defence Service, as long as each period of continuous Defence Service is a minimum of five consecutive days.

Further information on the ESP, including assistance in developing Reserve service promotional material, can be obtained by contacting the DRSC: www.defencereserves.com.

From: Highet, Vicki <Vicki.Highet@asc.com.au>
Sent: Tuesday, 10 February 2015 9:48 AM
To: s22 [REDACTED]; Hall, Stacie; s22 [REDACTED]
Cc: McDonald, Amy; Hoad, Wendy
Subject: FW: FOR REVIEW: media release re future submarine
Attachments: 20150210 Future Submarine tender.docx

s22 [REDACTED]

Hi all,

In anticipation on the Minister making an announcement this morning please find attached a draft release.

The plan is to distribute this to media after the Minister makes an announcement, in lieu of any interviews.

Please let me know if approved or you have any changes.

Thanks

Vicki

On behalf of..

Amy McDonald
COMMUNICATIONS MANAGER

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Media information

ASC welcomes future submarine bid opportunity

10 February 2015

Australia's only submarine construction and maintenance organisation ASC today welcomes the announcement by Minister for Defence Kevin Andrews that Australian companies will be able to bid for work on the Future Submarine Program.

Interim Chief Executive Officer Stuart Whiley says ASC has Australia's largest repository of high end submarine and shipbuilding skills and the news is positive for Australian industry.

"The Future Submarine program will be the largest and most complex defence program ever undertaken in Australia," Mr Whiley said.

"Our 2,600 workers in South Australia and in Western Australia will be very pleased that the government recognise the capability of Australian industry to undertake such a significant nation-building project," he said.

ASC, in the Collins Class, has built the most capable and longest range conventional submarine ever constructed and it is essential that the lessons learnt from Collins are applied to the future submarine project.

"ASC and our suppliers undertake complex high-value manufacturing to the highest quality standards," Mr Whiley said.

"Australia has a long history with submarines - submarines are essential to our nation's security – so it is important that Australian industry is involved in their construction and maintenance," he said.

"Whilst ASC does not have a position on the preferred design solution, with our in depth knowledge of the submarine industry and as a Government Business Enterprise, we are uniquely positioned to assist the government in its selection of a Future Submarine capability."

ENDS

More information: Amy McDonald, Communications Manager, s47F

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From: McDonald, Amy <Amy.McDonald@asc.com.au>
Sent: Thursday, 21 May 2015 11:40 AM
To: s22 [REDACTED] Hall, Stacie; s22 [REDACTED]
Cc: Hoad, Wendy; Bruce Carter (Bruce.Carter@fh.com.au); Whiley, Stuart
Subject: For info: s22 [REDACTED] media release
Attachments: s22 [REDACTED]; Media Statement - Collins cost review final draft.docx

Categories: in scope

s 22 [REDACTED], Stacie, s 22 [REDACTED] –

As per ASC communication protocols please find attached the s22 [REDACTED] media statement regarding the Collins Class cost reduction activity for information.

It is anticipated that the s22 [REDACTED] media statement, will be released at 12pm on Monday, 25 May.

Please contact me with any questions or concerns.

Regards
Amy

Amy McDonald
COMMUNICATIONS MANAGER

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Media information

ASC continues focus on cost and productivity to improve submarine availability

[date]

Australian submarine builder and maintainer ASC is continuing its focus on productivity and cost to increase availability of the Collins Class submarines for the Royal Australian Navy.

ASC Interim Chief Executive Officer Stuart Whiley said that in implementing the recommendations of the Coles Review into submarine sustainment, ASC is now conducting submarine maintenance in a very different manner in order to meet its Customers' needs and expectations.

"Infrastructure investments of approximately \$15 million, innovative hull cuts and motor and diesel removal, and off boat testing of equipment sees us on track to reduce the time it takes to complete a full submarine maintenance period down from three years to two," Mr Whiley said.

"ASC is also operating under the performance-based phase of the In Service Support Contract which includes an agreed budget with our Customer," he said.

The productivity improvements achieved over the last 12 months and the need to meet our Customer's cost expectations has led ASC to conduct a cost review of its Collins Class Submarine Maintenance Program.

"We have already streamlined our management team and we now have 15 fewer executives and senior managers than July last year. But we need to take further steps to reduce costs and ensure our submarine workforce is the right size for our current operational requirements," Mr Whiley said.

"Where possible, we have reduced submarine headcount through business as usual attrition, contractor management and redeployment to other parts of our business. However, approximately 30 white collar positions, and approximately 10 labour hire contractors, will leave the business over coming weeks due to their positions no longer being required," he said.

"We have carefully assessed the roles currently required in the Collins Class Submarine Program, and those skills required to assist with the Future Submarine program. Whilst it is always a difficult decision to let people go this is a necessary action to ensure we are operating as a highly efficient, productive and lower-cost organisation," he said.

"We will continue to brief our employees on the impact of this initiative and support will be provided through our employee assistance program and career transition support will be available to employees who leave the business," he said.

Collins Class maintenance activities at ASC are expected to continue late into the next decade. ASC's current Collins Class submarine workforce is approximately 1250.

ENDS

Media note: The head count reduction will occur over several days so there will not be an opportunity to film an en masse departure today.

Media contact: Amy McDonald, Communications Manager, s47F

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s22 [redacted]

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From: McDonald, Amy <Amy.McDonald@asc.com.au>
Sent: Wednesday, 22 July 2015 9:59 AM
To: s22 [REDACTED]; s22 [REDACTED]; s22 [REDACTED]; Hall, Stacie
Cc: Hoad, Wendy
Subject: Media Statement - ASC involvement in Competitive Evaluation Process
Attachments: Media Statement - ASC involvement in Competitive Evaluation Process.docx

s22 [REDACTED]

Hi all

As per ASC's communications protocol please find attached for information a statement that I plan to use on a REACTIVE basis following the hearing today, if approached for comment.

Please advise if you have any concerns.

Thanks
Amy

Amy McDonald
COMMUNICATIONS MANAGER

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s22



MORE INFORMATION: Amy McDonald

CONTACT: s47F
amy.mcdonald@asc.com.au

From: McDonald, Amy <Amy.McDonald@asc.com.au>
Sent: Tuesday, 4 August 2015 10:48 AM
To: Makin, Carly; Wu, Karen
Cc: Hoad, Wendy
Subject: ASC holding statement
Attachments: 20150804 ASC welcomes naval shipbuilding work for South Australia v2.docx

s22

Hi Carly and Karen

As discussed and as per ASC's communication protocols please find attached a holding statement to be used by ASC once an announcement by government re shipbuilding is made.

I have drafted it based on the information I have at present so I welcome any information you can provide and a heads up prior to the announcement being made.

As South Australia's naval shipbuilder I am already receiving significant media interest in our reaction to the announcement.

Thanks
Amy

Amy McDonald
COMMUNICATIONS MANAGER

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From: McDonald, Amy <Amy.McDonald@asc.com.au>
Sent: Wednesday, 26 August 2015 5:36 PM
To: s22 [REDACTED], s22 [REDACTED] Hall, Stacie; s22 [REDACTED]
Cc: Hoad, Wendy
Subject: For info: ASC 30th anniversary communication materials
Attachments: MR_ASC achieves 30-year birthday milestone_DRAFT_V5.docx; s22 [REDACTED]
[REDACTED]

s22 [REDACTED]

s22 [REDACTED]

All

As per ASC's communications protocols please find attached s22 [REDACTED] media release relating to ASC's 30th anniversary milestone which is on 29 August.

My plan is to send the media release to select media outlets tomorrow and place on our website, s22 [REDACTED]
[REDACTED]

Please let me know if you have any concerns.

Thanks

Amy

Amy McDonald
COMMUNICATIONS MANAGER

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Media information

ASC navigates towards 30-year anniversary milestone

26 August 2015

As ASC approaches its 30-year anniversary milestone on Saturday, 29 August 2015, the submarine maintainer and shipbuilder says it remains steadily on track to achieve international benchmark submarine performance.

The company has changed significantly from its early beginnings when in August 1985 Kockums, Chicago Bridge & Iron, Wormald International and the Australian Industry Development Corporation joined forces to tender for the design and building of the Collins Class submarines for the Royal Australian Navy.

ASC Interim CEO, Stuart Whiley, said in recent times the organisation has completely transformed its submarine maintenance activities to ensure Navy has more submarines available, more often.

“Following the Coles Review into submarine sustainment, ASC implemented more than 30 infrastructure and improvement initiatives to bring the time it takes to complete a full cycle docking of a Collins Class submarine down from three years to just two,” Mr Whiley said.

Submarine hull cuts, together with the new \$12 million maintenance support tower that brings the workforce and materials closer to the submarines, are part of a suite of activities that is driving efficiency and performance at ASC.

“One of the things we’ve done is cut the hull of the submarine, remove the main motor and diesel generators and refurbish and test them; outside the boat, leading to efficiency and schedule gains,” Mr Whiley said.

“We’ve then used our welding knowledge, gained during the Collins build program, to reweld the hull,” he said.

In the ASC Shipbuilding yard, the company is also recording productivity improvements in the construction of the three Air Warfare Destroyers.

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ASC Shipbuilding CEO Mark Lamarre says the workforce is applying the lessons it has learnt from the construction of the first ship, which was launched in May, to the second and third ships.

“Ship 01 is now alongside the wharf at 75% complete, being prepared for combat systems light off and we’re seeing a better than 30% improvement on Ship 02, on a cost/percent complete basis and it’s approaching the completion of hull integration,” Mr Lamarre said.

“Block work on Ship 03 is also demonstrating significant cost savings and lead-time reduction,” he said.

ASC currently employs more than 2,600 people at its three facilities in South Australia and Western Australia and Mr Whiley said it is the people that have contributed to the company’s achievements over the last 30 years.

“I’m incredibly proud to be a part of such a highly-skilled and capable workforce that is supporting the Navy by building and maintaining key defence assets,” Mr Whiley said.

“The transformation at ASC over the last 30 years has been immense, and it wouldn’t have been possible without the support of our Submarine Enterprise and AWD Alliance partners, our largely Australian-based supply chain and network of industry experts,” he said.

“But what hasn’t changed over the last three decades is our commitment to supporting the nation’s most strategically important defence capabilities, and while we may have weathered our fair share of storms, this is a time to celebrate this important milestone, reflect on our many successes and embrace future opportunities,” Mr Whiley said.

ENDS

More information: Amy McDonald, Communications Manager, s47F

s22 [redacted]

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From: McDonald, Amy <Amy.McDonald@asc.com.au>
Sent: Friday, 18 September 2015 4:54 PM
To: §22 [REDACTED]; Higgins, Robert
Cc: Hoad, Wendy; Hall, Stacie; Whiley, Stuart; Carter, Bruce
Subject: For review: ASC statement
Attachments: 201509 ASC welcomes appointment of new Defence Minister v1.docx

§22 [REDACTED]

Hi §22 [REDACTED]

As discussed with Wendy, please find attached a draft statement that I would like to use to respond to journalists who may contact us seeking comment when ministerial changes are announced in coming days. (Note: I would only release this if there is a change to the Defence portfolio.)

The reason for this approach is as follows:

- following the leadership change on Monday evening, ASC received many media requests.
- in the absence of us making a comment at a corporate level some outlets sent reporters to our site to stop employees leaving seeking comment from them.
- this posed a safety (they were stopping cars) and brand reputation risk.

This statement will mitigate those risks. Further, as is standard practice it is likely other Defence companies will issue something similar.

I do not believe this statement contains any controversial information or any information that is not already in the public domain.

Thanks
Amy

Amy McDonald
COMMUNICATIONS MANAGER

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Media information

ASC welcomes appointment of new Minister for Defence

xx September 2015

Australian submarine maintainer and shipbuilder ASC welcomes the appointment of xxxx as Minister for Defence.

ASC Interim Chief Executive Officer Stuart Whiley said he looks forward to working with the new Minister.

"We look forward to bringing Minister xxxx up to speed on the productivity improvements we're making in both our submarine maintenance and air warfare destroyer programs," Mr Whiley said.

"As an employer of 2,600 people in South Australia and Western Australia and with a network of suppliers that extends across the country ASC is an important part of Australia's naval shipbuilding industry and the wider economy.

"We've been engaging with each of the three overseas submarine designers as part of the Future Submarine Competitive Evaluation Process and we strongly support the Government's decision to bring forward the construction of the Future Frigates and Off Shore Patrol Vessels.

"We look forward to the next phase of these programs and we stand ready and able to assist the Government with these important national defence projects.

"On behalf of ASC I'd also like to thank Kevin Andrews for his leadership on defence matters during his time as Minister, particularly the Enterprise Naval Shipbuilding Plan and the forthcoming Defence White Paper. We wish him well in his new role," he said.

ENDS

More information: Amy McDonald, Communications Manager, s47F

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From: McDonald, Amy <Amy.McDonald@asc.com.au>
Sent: Saturday, 5 December 2015 10:39 AM
To: Makin, Carly
Cc: §22 [REDACTED]; Hoad, Wendy; Lamarre, Mark (AUSAWD)
Subject: FW: ASC Draft Releases - Media §22 [REDACTED] [SEC=UNCLASSIFIED]
Attachments: ASC's Media Statement - Fin_Def Comments.docx; §22 [REDACTED]
[REDACTED]

Importance: High

§22 [REDACTED]

§22 [REDACTED]

Hi Carly

I haven't been able to send you our drafts as Mark Lamarre has not yet had the opportunity to provide input. As such, the attached drafts you received from Peter Croser are not our latest versions.

I will review the mark ups and send through our final drafts once Mark has reviewed.

Understood re embargo.

Thanks

Amy McDonald
COMMUNICATIONS MANAGER

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Mobile: §47F [REDACTED]
Email: amy.mcdonald@asc.com.au

From: Makin, Carly [mailto:Carly.Makin@finance.gov.au]
Sent: Saturday, 5 December 2015 9:36 AM
To: McDonald, Amy
Cc: §22 [REDACTED]
Subject: ASC Draft Releases - Media §22 [REDACTED] [SEC=UNCLASSIFIED] [Received=Public]
Importance: High

UNCLASSIFIED

Dear Amy

I have received a pdf draft version of ASC's intended media statement through the AWD Program Office (Peter Croser). Attached is Finance's suggested mark-up to that version (recreated into word). As always, I am available to discuss proposed amendments. Please note that I've removed reference to future shipbuilding projects, which may detract from the focus on AWD Reform.

If you could please also send through what you consider to be the final draft.

In an effort to coordinate statements - Alliance's media will be similarly aligned – if you could continue

to tic tac with s22 [REDACTED], Tiana, and Danielle.

As per previous advice, please ensure timing of releases sequenced appropriately and maintain embargo on communications until advised, anticipated for Monday at this stage. s22 [REDACTED] will advise you as soon as we are advised.

Regards

Carly
UNCLASSIFIED

Finance Australian Business Number (ABN): 61 970 632 495
Finance Web Site: www.finance.gov.au

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s22



ASC'S DRAFT MEDIA STATEMENT

Adelaide-based shipbuilder ASC has today welcomed the long term arrangements for AWD Reform as announced by the Federal Government.

ASC Shipbuilding Interim CEO Mark Lamarre says the next phase of AWD Reform builds on the ~~significant~~ program advances and productivity improvements ASC has made over the last 12-18 months.

"We are a learning organisation and we are applying the lessons learnt from the first ship to the second and third," Mr Lamarre said.

"There's been a 38 percent improvement on Ship 02 and a further 13 percent on Ship 03 and we are getting better every day."

"The introduction of Navantia and the insertion of additional shipbuilding capability into the AWD Program will ~~present greater opportunities~~ ~~help us translate the design intent of the ships~~ ~~and is an opportunity~~ to further build our shipbuilding expertise and knowledge so that we can complete the AWD Project ~~and apply it to future shipbuilding projects.~~"

"ASC already has a very good working relationship with Navantia and we look forward to continuing our close collaboration with them," he said.

ENDS

Commented [M1]: May be taken a different way

Commented [M2]: Prefer the announcement be focussed on reform so as not to detract

From: McDonald, Amy <Amy.McDonald@asc.com.au>
Sent: Sunday, 6 December 2015 3:31 PM
To: Makin, Carly
Cc: s22; Hoad, Wendy; Lamarre, Mark (AUSAWD); Wu, Karen; Browne, Chris
Subject: For review: ASC s22 statement
Attachments: s22
20151203 ASC statement re AWD Reform LTA v5.docx

s22

Hi Carly,

Please find attached our proposed s22 external statement regarding the AWD reform long term arrangements.

Please advise if this is approved or requires amendment. Also grateful for guidance on timing so that we can notify staff immediately following the Government's announcement.

Thanks
Amy

Amy McDonald
COMMUNICATIONS MANAGER

ASC Pty Ltd
694 Mersey Road North, Osborne
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Mobile: s47F
Email: amy.mcdonald@asc.com.au

From: Makin, Carly [mailto:Carly.Makin@finance.gov.au]
Sent: Saturday, 5 December 2015 9:36 AM
To: McDonald, Amy
Cc: s22
Subject: ASC Draft Releases - Media s22 [SEC=UNCLASSIFIED] [Received=Public]
Importance: High

UNCLASSIFIED

Dear Amy

I have received a pdf draft version of ASC's intended media statement through the AWD Program Office (Peter Croser). Attached is Finance's suggested mark-up to that version (recreated into word). As always, I am available to discuss proposed amendments. Please note that I've removed reference to future shipbuilding projects, which may detract from the focus on AWD Reform.

If you could please also send through what you consider to be the final draft.

In an effort to coordinate statements - Alliance's media will be similarly aligned - if you could continue to tic tac with s22, Tiana, and Danielle.

As per previous advice, please ensure timing of releases sequenced appropriately and maintain embargo on communications until advised, anticipated for Monday at this stage. s22 will advise you as soon as we are advised.

Regards

Carly
UNCLASSIFIED

Finance Australian Business Number (ABN): 61 970 632 495
Finance Web Site: www.finance.gov.au

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Media information



AWD reform builds on shipbuilding productivity improvements

Date

Adelaide-based shipbuilder ASC welcomes the Federal Government's announcement regarding the long term reform arrangements for the AWD Program.

ASC Shipbuilding Interim CEO Mark Lamarre says the insertion of additional shipbuilding capability into the program builds on the program advances and productivity improvements ASC has made over the last 12-18 months.

"We are a learning organisation and we are applying the lessons learnt from the first ship to the second and third," Mr Lamarre said.

"There's been a 38 percent improvement on Ship 02 and a further 13 percent on Ship 03 and we are getting better every day," he said.

"Since the commencement of the AWD Reform Strategy ASC's direct labour utilisation has increased from 25 percent to 65 percent and schedule adherence has improved from 7 percent to 90 percent.

"We launched the first ship *Hobart* in May this year at 78% percent complete – the highest rate of completion at launch for the F100 platform. Last week combat systems activation commenced on *Hobart* and the keel was laid for the third ship *Sydney*.

"This week we will see [*if Monday*: Today we have seen] the installation of a fully-outfitted mast on the second ship *Brisbane* – a feat that has taken 10,000 fewer hours than it did on the first ship; a 50 percent cost saving.

"The introduction of Navantia to lead a realigned Shipbuilding Integrated Project Team within the AWD Alliance will help us to efficiently complete the test, activation and trial stages of the ships," Mr Lamarre said.

"This is an opportunity to further build our shipbuilding expertise and knowledge so that we can complete our role as shipbuilder on the AWD Project," he said.

"ASC already has a very good working relationship with Navantia and we look forward to continuing our close collaboration with them."

ENDS

More information: Amy McDonald, Communications Manager, s47F

ASC Pty Ltd

ACN 008 605 034

ABN 64 008 605 034

Telephone + 61 8 8348 7000

Facsimile + 61 8 8348 7001

Mersey Road, Osborne
South Australia 5017

GPO Box 2472, Adelaide
South Australia 5001

www.asc.com.au

s22



From: McDonald, Amy <Amy.McDonald@asc.com.au>
Sent: Sunday, 6 December 2015 10:23 PM
To: Makin, Carly
Subject: RE: For review: ASC s22 statement[SEC=UNCLASSIFIED]

s22

Thanks Carly – we'll stand by.

Amy McDonald
COMMUNICATIONS MANAGER

ASC Pty Ltd
694 Mersey Road North, Osborne
South Australia 5017
Telephone: 08 8348 7774
Mobile: s47F
Email: amy.mcdonald@asc.com.au

From: Makin, Carly [mailto:Carly.Makin@finance.gov.au]
Sent: Sunday, 6 December 2015 8:43 PM
To: McDonald, Amy
Cc: s22; Hoad, Wendy; Lamarre, Mark (AUSAWD); s22
Subject: Re: For review: ASC s22 statement[SEC=UNCLASSIFIED] [Received=Public]

Thanks Amy - both proposed release s22 are good for release in current form. Many thanks for the opportunity to review. We'll keep you updated on timing of release tomorrow as best we can.

Carly

Sent from my iPad

On 6 Dec 2015, at 3:30 PM, McDonald, Amy <Amy.McDonald@asc.com.au> wrote:
Hi Carly,

Please find attached our proposed s22 external statement regarding the AWD reform long term arrangements.

Please advise if this is approved or requires amendment. Also grateful for guidance on timing so that we can notify staff immediately following the Government's announcement.

Thanks
Amy

Amy McDonald
COMMUNICATIONS MANAGER

ASC Pty Ltd
694 Mersey Road North, Osborne
South Australia 5017
Telephone: 08 8348 7774

Mobile: s47F [REDACTED]

Email: amy.mcdonald@asc.com.au

From: Makin, Carly [mailto:Carly.Makin@finance.gov.au]
Sent: Saturday, 5 December 2015 9:36 AM
To: McDonald, Amy
Cc: s22 [REDACTED]
Subject: ASC Draft Releases - Media s22 [REDACTED] [SEC=UNCLASSIFIED]
[Received=Public]
Importance: High

UNCLASSIFIED

Dear Amy

I have received a pdf draft version of ASC's intended media statement through the AWD Program Office (Peter Croser). Attached is Finance's suggested mark-up to that version (recreated into word). As always, I am available to discuss proposed amendments. Please note that I've removed reference to future shipbuilding projects, which may detract from the focus on AWD Reform.

If you could please also send through what you consider to be the final draft.

In an effort to coordinate statements - Alliance's media will be similarly aligned - if you could continue to tic tac with s22 [REDACTED], Tiana, and Danielle.

As per previous advice, please ensure timing of releases sequenced appropriately and maintain embargo on communications until advised, anticipated for Monday at this stage. s22 [REDACTED] will advise you as soon as we are advised.

Regards

Carly
UNCLASSIFIED

Finance Australian Business Number (ABN): 61 970 632 495
Finance Web Site: www.finance.gov.au

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<ASC Employee email re AWD Reform Long Term Arrangements v4.docx>
<20151203 ASC statement re AWD Reform LTA v5.docx>

Finance Australian Business Number (ABN): 61 970 632 495
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From: McDonald, Amy <Amy.McDonald@asc.com.au>

Sent: Monday, 7 December 2015 12:36 PM

To: Makin, Carly

Cc: s22; Hoad, Wendy; Lamarre, Mark (AUSAWD); Wu, Karen; Browne, Chris

Subject: RE: For review: ASC s22 statement[SEC=UNCLASSIFIED]

Attachments: 20151203 ASC statement re AWD Reform LTA v6.docx; s22

Categories: s22

Hi Carly

Further to my email yesterday please find attached some minor amendments that Mark Lamarre has made to ASC's s22 and media statement.

For ease, I have marked up the changes. Please advise if any concerns.

Thanks

Amy

Amy McDonald
COMMUNICATIONS MANAGER

ASC Pty Ltd
694 Mersey Road North, Osborne
South Australia 5017
Telephone: 08 8348 7774
Mobile: s47F
Email: amy.mcdonald@asc.com.au

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Sent: Sunday, 6 December 2015 8:43 PM

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Cc: s22; Hoad, Wendy; Lamarre, Mark (AUSAWD); s22

Subject: Re: For review: ASC s22 statement[SEC=UNCLASSIFIED] [Received=Public]

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Amy

Amy McDonald
COMMUNICATIONS MANAGER

ASC Pty Ltd
694 Mersey Road North, Osborne
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Mobile: s47F
Email: amy.mcdonald@asc.com.au

From: Makin, Carly [mailto:Carly.Makin@finance.gov.au]
Sent: Saturday, 5 December 2015 9:36 AM
To: McDonald, Amy
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Subject: ASC Draft Releases - Media s22 [SEC=UNCLASSIFIED]
[Received=Public]
Importance: High

UNCLASSIFIED

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Regards

Carly
UNCLASSIFIED

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<ASC Employee email re AWD Reform Long Term Arrangements v4.docx>

<20151203 ASC statement re AWD Reform LTA v5.docx>

Finance Australian Business Number (ABN): 61 970 632 495

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Media information



AWD reform builds on shipbuilding productivity improvements

Date Tuesday, 8 December 2015

Adelaide-based shipbuilder ASC welcomes the Federal Government's announcement regarding the long term reform arrangements for the AWD Program.

ASC Shipbuilding Interim CEO Mark Lamarre says the insertion of additional shipbuilding capability into the program builds on the program advances and productivity improvements ASC has made over the last 12-18 months.

"We are a learning organisation and we are applying the lessons learnt from the first ship to the second and third," Mr Lamarre said.

~~"There's been a 38 percent improvement on Ship 02 and a further 13 percent on Ship 03 and we are getting better every day," he said.~~

~~"Since the commencement of the AWD Reform Strategy ASC has implemented a Five Point Strategy to improve program performance: 's direct labour utilisation has increased from 25 percent to 65 percent and schedule adherence has improved from 7 percent to 90 percent.~~

- ~~1. Increasing shipbuilding experience;~~
- ~~2. Actively reducing the cost base;~~
- ~~3. Removing road blocks to the efficient and timely conduct of work;~~
- ~~4. Controlling and driving discipline into program execution; and~~
- ~~5. Accelerating learning.~~

~~"There's been a 38 percent improvement on Ship 02 and a further 13 percent on Ship 03 and we are getting better every day," he said.~~

"We launched the first ship *Hobart* in May this year at 78% percent complete – the highest rate of completion at launch for the F100 platform. Last week combat systems activation commenced on *Hobart* and the keel was laid for the third ship *Sydney*.

~~"This week we will see [if Monday: Today Yesterday we have seensaw] the installation of a fully-outfitted mast on the second ship Brisbane – an feat effort that has taken 10,000 fewer hours than it did on the first ship; a 50 percent cost saving.~~

"The introduction of Navantia to lead a realigned Shipbuilding Integrated **Program Product** Team within the AWD Alliance will help us to efficiently complete the test, activation and trial stages of the ships," Mr Lamarre said.

"This is an opportunity to further build our shipbuilding expertise and knowledge so that we can **complete more effectively conduct** our role as shipbuilder on the AWD Project," he said.

"ASC already has a very good working relationship with Navantia and we look forward to continuing our close collaboration with them."

ENDS

More information: Amy McDonald, Communications Manager, **s47F**

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ABN 64 008 605 034

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Facsimile + 61 8 8348 7001

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South Australia 5001

www.asc.com.au

s22



|

|

|

|

From: s22
Sent: Tuesday, 15 December 2015 12:17 PM
To: McDonald, Amy
Cc: Makin, Carly
Subject: FW: For info: ASC statement welcoming Chairman appointment
[SEC=UNCLASSIFIED]
Attachments: 20150912 ASC statement re Chairman and Shipbuilding CEO appointment
v2.docx

s22

UNCLASSIFIED

Hi Amy

Just a few minor suggestions from our side in regards to the statement. Otherwise we don't object to any of the content provided in the statement.

Let me know if you have any questions.

Regards

s22

ASC Reform | Assets Management Taskforce
Department of Finance

s22

A: Burns Centre, 28 National Circuit, FORREST ACT 2603

UNCLASSIFIED

From: McDonald, Amy [mailto:Amy.McDonald@asc.com.au]
Sent: Monday, 14 December 2015 5:27 PM
To: s22
Cc: Hoad, Wendy; s22; Makin, Carly
Subject: For info: ASC statement welcoming Chairman appointment

Hi s22

As per ASC's communication protocols, please find attached a draft statement in response to the upcoming ministerial announcement regarding Bruce Carter's extension as Chairman, we'd also like to take this opportunity to formalise Mark Lamarre's appointment.

Please advise if any concerns, and also grateful for advice re timing of your release so we can let the Chairman know.

Thanks
Amy

Amy McDonald
COMMUNICATIONS MANAGER

ASC Pty Ltd
694 Mersey Road North, Osborne
South Australia 5017
Telephone: 08 8348 7774
Mobile: s47F
Email: amy.mcdonald@asc.com.au

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Media information

ASC's leadership strengthened

Monday, 14 December 2015

Shipbuilder and submarine maintainer, ASC, has welcomed the reappointment of Bruce Carter as its Chairman and the appointment of Mark Lamarre as Chief Executive Officer of ASC Shipbuilding.

The Minister for Finance, Senator the Hon Mathias Cormann, announced today that Bruce Carter's term would be extended for a further three years.

Mr Carter, who has served on ASC's board since 2010 and as Chairman since 2012, says he's honoured to continue in the role.

"2015 has been a year of significant transformation for ASC, with improved submarine availability, shipbuilding productivity and financial performance," Mr Carter said.

He also said, "I look forward to working with the company to further build on these achievements and working with Government to build the skills and knowledge base necessary for a strong Australian naval shipbuilding industry," ~~he said~~.

Mr Lamarre has more than 25 years of AEGIS shipbuilding experience at United States shipbuilder Bath Iron Works, and has been interim Chief Executive Officer of ASC Shipbuilding since January 2015.

"For the past 12 months ASC Shipbuilding has been implementing a Five Point Strategy to improve performance on the AWD Program and we're achieving productivity gains of 39 percent on Ship 02 and a further 14 percent on Ship 03," Mr Lamarre said.

He also said, "I'm very proud of what our team of shipbuilders have achieved in such a short space of time and I look forward to working with them as we progress the AWD Program and develop options for future shipbuilding projects," ~~he said~~.

"Our focus for 2016 will be on implementing the long term arrangements for the AWD Program by working closely with Navantia and the AWD Alliance, achieving further operational improvements, and ensuring our South Australian shipyard and workforce, a strategic national asset, is well placed to support the Government's commitment to naval shipbuilding."

ENDS

More information: Amy McDonald, Communications Manager, s47F



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Commented [a1]: This just needs to be identified as a quote