

Public
Service
Senior
Executives

Annual
Determination

*Report and determination
under section 240 of the
Statutory and Other Offices
Remuneration Act 1975*

**27 August
2019**

Public Service Senior Executives

Contents

Contents	1
Section 1	2
Background	2
Legislative Framework	2
Government Wages Policy	3
2018 Annual Determination	4
2018 - 2019 Special Determinations	4
Section 2	6
Government Submission	6
Section 3	8
2019 Annual Determination	8
General Increase	8
Above Band Determinations	8
Section 4	10
Determination No.1-Remuneration Package Ranges for the PSSEs	10

Section 1

Background

Legislative Framework

1. Senior executives employed under the *Government Sector Employment Act 2013* (GSE Act) are referred to as Public Service senior executives (PSEs).
2. Section 35 of the GSE Act provides that the Minister may determine bands in which senior executives are to be employed. The following four bands were determined by the former Premier on 14 February 2014:

Band 4	Secretary level
Band 3	Deputy Secretary level
Band 2	Executive Director level
Band 1	Director Level

3. Section 40 of the GSE Act provides for the remuneration package of a PSSE to be within the range determined under the *Statutory and Other Offices Remuneration Act 1975* (SOOR Act) for the band in which the executive is employed. Remuneration packages are expressed as a total cost of employment, whether the amount is monetary remuneration for the executive, or partly as that remuneration and partly as the cost to the employer of the executive's employment benefits.
4. Section 240 of the SOOR Act provides for the Tribunal to make an annual determination of remuneration packages for senior executives on and from 1 July in that year.
5. The Tribunal's determination provides for remuneration ranges for Bands 1 to 4 and specific remuneration packages for individual office holders identified in the determination.
6. This determination, made under Part 3B of the SOOR Act, also applies to any senior executive employed in the following aligned services:

Public Service Senior Executives

- NSW Police Force senior executive to whom Part 5 of the *Police Act 1990* applies, also the Commissioner of Police
 - NSW Health Service senior executive to whom Part 3 of Chapter 9 of the *Health Services Act 1997* applies
 - Transport Service senior executive to whom Part 7A of the *Transport Administration Act 1988* applies.
7. Executive employment arrangements for Health Service senior executives, Transport Service senior executives and NSW Police Force senior executives align with those of PSSEs to the extent provided for in the legislation governing their employment.
 8. A small number of ‘transitional former senior executives’ and NSW Police Force senior executives continue to be eligible for remuneration packages as determined under Part 3A of the SOOR Act. The remuneration ranges in the Chief and Senior Executive Service determination apply to these executives.

Government Wages Policy

9. In determining remuneration for PSSEs the Tribunal is required pursuant to section 6AA of the SOOR Act to give effect to the same policies on increases in remuneration as those that the Industrial Relations Commission (IRC) is required to give effect to under section 146C of the *Industrial Relations Act 1996* (the IR Act) when making or varying awards or orders relating to the conditions of employment of public sector employees.
10. The current policy on wages pursuant to section 146(1)(a) of the IR Act is specified in the *Industrial Relations (Public Sector Conditions of Employment) Regulation 2014* (the IR Regulation). The effect of the IR Regulation is that public sector wages cannot increase by more than 2.5 per cent. Any increase beyond 2.5 per cent can only be awarded if sufficient employee-related cost savings have been achieved to fully offset the increased employee-related costs.

Public Service Senior Executives

2018 Annual Determination

11. The Tribunal's 2018 annual determination for PSSEs dated 7 August 2018 provided for a 2.5 per cent increase in the minimum and maximum remuneration ranges for each band. The increase also applied to the remuneration packages for those senior executives named in the determination.
12. As part of the 2018 annual determination, the Tribunal determined to alter the range of remuneration packages for Band 3 PSSEs to provide Mr Jim Betts in the role of Chief Executive Officer and Co-ordinator General of Instructure NSW with a remuneration package of \$605,500 per annum from the commencement of his then term appointment on 28 November 2018.

2018 - 2019 Special Determinations

13. The Tribunal has made three special determinations, pursuant to section 24P of the SOOR Act, since the making of the 2018 annual determination which amend that determination.
14. On 18 November 2018, the Tribunal determined to alter the range of remuneration packages for Band 3 PSSEs to provide Mr Samuel Sangster in the role of Chief Executive Officer, Western City and Aerotropolis Authority with a remuneration package of \$570,000 per annum, from the commencement of his appointment on 9 November 2018.
15. The two other special determination were made on 27 August 2019 to address arrangements which occurred from 3 April 2019, following machinery of government changes as outlined in the *Administrative Arrangements (Administrative Changes-Public Service Agencies) Order 2019*. Those changes included the realignment of government functions and the reduction in the number of Departments from ten to eight. While those changes commenced on 1 July 2019, it was necessary to address arrangements which occurred from 3 April 2019.
16. In correspondence received on 27 August 2019 the Premier, the Hon Gladys Berejiklian MP, requested the Tribunal, pursuant to section 24P of the SOOR Act, to

Public Service Senior Executives

make special determinations for the remuneration packages payable to Mr Jim Betts as Secretary of the Department of Industry and Mr Simon Draper as Chief Executive Officer and Co-ordinator General of Infrastructure NSW (INSW).

17. On 27 August 2019, the Tribunal determined to alter the range of remuneration packages for Band 3 and Band 4 PSEs in the 2018 determination to provide the following remuneration arrangements from 3 April 2019:
 1. Mr Jim Betts, Secretary, Department of Industry: \$605,500 per annum
 2. Mr Simon Draper, Chief Executive Office and Co-ordinator General, Infrastructure NSW: \$599,000 per annum.
18. In accordance with the Premier's request these determinations provide for no further general increase to be payable to these office holders as determined by the Tribunal in the 2019 annual determination.

Section 2

Government Submission

19. The Secretary NSW Treasury provided the Government submission to the Tribunal on 28 June 2019. Extracts appear below.

- The NSW Public Sector Wages Policy 2011 provides that remuneration or other conditions of employment cannot increase by more than 2.5 per cent per annum unless sufficient employee related cost savings have been achieved, therefore applies.
- More recently, the 2019-2020 Budget was delivered in accordance with the Government's economic and fiscal strategy that continues to support the maintenance of the State's triple-A credit rating, and ensures that State finances and services are sustainable over the long term.
- Total Expenses in 2019-2020 are estimated to be \$83.3 billion. Over the forward estimates, expenses are expected to grow at an average of 2.7 per cent per annum, reflecting the Government's commitment to sustainable expense growth.
- Employee related expenses (excluding superannuation) are estimated to increase on average by 4.7 per cent per annum over the budget and forward estimates. This increase is primarily driven by additional investment in education as part of the Government's commitment to needs-based funding for public schools, higher employee numbers to deliver critical health and police services, and wages growth.
- Keeping expense growth below long-term average revenue growth is key to strengthening the State's fiscal position. The Government is committed to keeping annual expense growth below long-term average revenue growth of 5.6 per cent, consistent with the requirements of the *Fiscal Responsibility Act 2012*.
- As part of the savings and budget reform measures announced in the 2019-20 NSW State Budget, the Government committed to the abolition of public service senior executive discretionary pay.

Public Service Senior Executives

20. Having regard to the above factors the Tribunal considers that the budget position for the State of NSW supports an increase of 2.5 per cent. This increase is also consistent with wages growth for non-executive employees across the public sector.

Section 3

2019 Annual Determination

General Increase

21. The Tribunal, after consulting with the Assessors and having regard to the provisions of section 6AA of the SOOR Act, determines an increase of 2.5 per cent for the remuneration package ranges for PSSE bands, effective on and from 1 July 2019. The 2.5 per cent increase also applies to those determinations for senior executives named in the determination except for the Secretaries of Departments and the CEO and Co-ordinator General of INSW as outlined elsewhere in this report. The new rates are as set out in Determination No. 1.

Above Band Determinations

22. The Premier's letter to the Tribunal of 27 August 2019, also requested that the Tribunal make special determinations as to whether, and (if so) how, the ranges of the remuneration for Band 4 PSSEs will need to be altered to provide specific determinations for Secretaries of Departments from 1 July 2019. In making this request the Premier advised that the NSW Government has abolished the discretionary remuneration range for Secretaries and other senior roles commencing 1 July 2019. The Tribunal notes that the abolition of the PSSE discretionary pay is included in the Government submission and was also announced as a savings and reform measure in the 2019-20 budget statement. To effect the change the Premier has recommended above band remuneration packages for each executive in the role of Secretary of a Department which excludes the discretionary remuneration range. The Tribunal notes that the remuneration package for some of the executives in a Secretary role is increased to reflect the new governance arrangements.
23. In accordance with the Premier's recommendations, the Tribunal has determined the following remuneration package for each executive named in the role of Secretary of a Department to take effect from 1 July 2019:

Public Service Senior Executives

- Mr Tim Reardon, Secretary, Department of Premier and Cabinet: \$629,100 per annum
- Mr Mike Pratt, Secretary, NSW Treasury: \$599,000 per annum
- Mr Mark Scott, Secretary, Department of Education: \$599,000 per annum
- Ms Elizabeth Koff, Secretary, Ministry of Health: \$599,000 per annum
- Mr Rodd Staples, Secretary, NSW Transport: \$599,000 per annum
- Mr Michael Coutts-Trotter, Secretary, Department of Communities and Justice: \$599,000 per annum
- Mr Jim Betts, Secretary, Department of Planning, Industry and Environment: \$605,500 per annum
- Mr Glenn King, Secretary, Department of Customer Service: \$599,000 per annum.

24. These determinations are personal to each executive named and are not determinations that apply to the offices of Secretaries of Departments.

25. In accordance with the Premier's request these determinations provide for no further general increase to be payable to these office holders as determined by the Tribunal in the 2019 annual determination.

26. Several previous special determinations made by the Tribunal no longer apply as the executives named in the special determinations ceased to occupy those roles since the making of 2018 determination.

27. Annual and Special determinations are published on the [NSW Remuneration Tribunals](#) website.

Statutory and Other Offices Remuneration Tribunal

Signed

Richard Grellman AM

Dated: 27 August 2019

Public Service Senior Executives

Section 4

Determination No.1-Remuneration Package Ranges for the PSSEs

The Tribunal determines that the remuneration package ranges for Public Sector Senior Executive Bands and different remuneration packages that apply to senior executives named effective on and from 1 July 2019 shall be:

Public Sector Senior Executive Bands			
Band	Per annum range		
Band 4 - Secretary level	\$487,051	to	\$562,650
Band 3 - Deputy Secretary level	\$345,551	to	\$487,050
Band 2 - Executive Director level	\$274,701	to	\$345,550
Band 1 - Director level	\$192,600	to	\$274,700

Different remuneration packages that apply to the senior executives named
Band 4 – Secretary level
Mr Tim Reardon, Secretary, Department of Premier and Cabinet: \$629,100 per annum
Mr Jim Betts, Secretary, Department of Planning, Industry and Environment: \$605,500 per annum
Ms Elizabeth Koff, Secretary, Ministry of Health: \$599,000 per annum
Mr Michael Pratt, Secretary, NSW Treasury: \$599,000 per annum
Mr Mark Scott, Secretary, Department of Education: \$599,000 per annum
Mr Rodd Staples, Secretary, Transport for NSW: \$599,000 per annum
Mr Michael Coutts-Trotter, Secretary, Department of Communities and Justice: \$599,000 per annum
Mr Glenn King, Secretary, Department of Customer Service: \$599,000 per annum
Band 3 – Deputy Secretary level
Mr Simon Draper, Chief Executive Officer and Co-ordinator General, Infrastructure NSW: \$599,000 per annum
Mr Samuel Sangster, Chief Executive Officer, Western City and Aerotropolis Authority: \$584,250 per annum
Ms Sandra Chipchase, Chief Executive Officer, Destination NSW: \$533,350 per annum
Dr Nigel Lyons, Deputy Secretary, Strategy and Resources, Ministry of Health: \$533,050 per annum
Band 2 – Executive Director level
Mr Tim O’Connor, Executive Director, Criminal Investigations, NSW Crime Commission: \$409,500 per annum
Mr Jon Spark, Executive Director, Financial Investigations, NSW Crime Commission: \$379,500 per annum
Mr Stephen Loquet, Chief Information Officer, Department of Education: \$378,850 per annum

Statutory and Other Offices Remuneration Tribunal

Signed

Richard Grellman AM

Dated: 27 August 2019