

Governor of New South Wales

Annual Determination

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

14 September 2023

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Section 1

Background

Legislative Framework

1. Section 13 of the *Statutory and Other Offices Remuneration Act 1975* (SOOR Act) requires that each year the Tribunal make a determination on the remuneration to be paid to office holders. Section 10A defines 'remuneration' as salary or allowances paid in money.
2. The Governor is an office holder listed in Schedule 1 of the SOOR Act.
3. By the operation of Schedule 6 of the SOOR Act and earlier decisions of the Tribunal, the effective date of the annual determination in respect of the Governor has been 2 October in each year.

Government Wages Policy

4. The Tribunal is required, when making determinations under Part 3 of the SOOR Act, to give effect to any policy concerning the remuneration of office holders as declared by the regulations. Section 6AB of the SOOR Act applies to the Tribunal's determinations in respect of the Governor. Government policy concerning the remuneration of office holders to which Part 3 of the SOOR Act applies is declared in the *Statutory and Other Offices Remuneration (Judicial and Other Office Holders) Regulation 2013* (the Regulation).
5. On 30 May 2023, the NSW Government announced a new policy to freeze the remuneration for public sector senior executives for two years, in order to reduce executive expenditure and achieve budget savings.¹ The freeze would be in place for the 2023-24 and 2024-25 financial years.
6. The *Statutory and Other Offices Remuneration Amendment Act 2023* (SOOR Amendment Act) commenced on 1 June 2023. It amended the SOOR Act to provide for a temporary freeze on increases in remuneration for office holders under Part 3 and executive office holders and senior executives under Parts 3A and 3B.

¹ NSW Government. (2023). *Minns Government acts to freeze NSW public sector senior executive and politicians' pay for 2 years*. <https://www.nsw.gov.au/media-releases/minns-government-acts-to-freeze-nsw-public-sector-senior-executive-and-politicians-pay-for-2-years>

7. Schedule 3 of the SOOR Amendment Act amended the Regulation by omitting the previous clause 5A of the Regulation and inserting a new clause 5A imposing a temporary policy that the Tribunal is not to make a determination that has the effect of awarding an increase in remuneration that takes effect before 1 July 2025 to office holders covered by Part 3 of the SOOR Act. Clause 5A was amended as follows:

Clause 5A

Omit the clause. Insert instead—

5A Temporary wages policy—Act, s 6AB(3)

(1) A policy that the Tribunal is not to make a determination that has the effect of awarding an increase in remuneration that takes effect before 1 July 2025 is declared.

(2) To avoid doubt, subclause (1) has effect despite clause 6.

(3) This clause expires at the end of the day on 30 June 2025.

Economic Analysis

8. As outlined in its 2022-23 Half-Yearly Review of the Budget,² the NSW Treasury noted that the NSW economy grew more strongly than expected at the time of the 2022-23 Budget. Strong momentum in the labour market has persisted with the near-record high participation rate and the unemployment rate near its lowest level in almost 50 years.
9. However, the economic growth outlook has been downgraded for 2022-23 to 2024-25 as the tightening of monetary policy moderates economic growth, with the full impact yet to flow through to economic activity.
10. Annual headline inflation in Sydney was 6.6 per cent through the year to the June quarter 2023. This was higher than the national headline figure of 6 per cent. National underlying inflation rose by 5.9 per cent in the June 2023 quarter, which is well above the RBA's target band of 2-3 per cent and the highest rate since December 1990.³

² NSW Government. (2023). *2022-23 Half-Yearly Review*.

<https://www.budget.nsw.gov.au/sites/default/files/2023-02/2022-23-Half-Yearly-Budget-Review.pdf>

³ Australian Bureau of Statistics. (2023). *CPI, Trimmed mean and Weighted median, Annual movement (%)*. <https://www.abs.gov.au/statistics/economy/price-indexes-and-inflation/consumer-price-index-australia/latest-release>

11. The Half-Yearly Review expected inflation to have peaked in the December 2022 quarter and is forecast to decline over the next two years moderating back to the top of the RBA's 2-3 per cent inflation target in 2024. This reflects an anticipated gradual easing of inflationary pressures on both the demand and supply sides such as, the tightening of monetary policy by the RBA and other central banks, easing of supply chain pressures, downward trend on commodity prices and the Australian Government's intervention on energy prices.
12. While the Tribunal acknowledges the continued impacts of sustained higher than expected inflation and the difficulties associated with it, the Tribunal is required to give effect to the temporary wages policy and is unable to award any increases in remuneration for the Governor or other office holders.

2022 Determination

13. On 6 September 2022, the Tribunal determined that, consistent with its approach regarding office holders generally, the holder of the office of Governor would receive an increase of 2 per cent, adjusted to 1.53 per cent to take into account the Superannuation Guarantee Contributions (SGC) increase. The increases were consistent with the increases recommended in the Government submission.

Section 2

2023 Annual Review

Government Submission

14. The Tribunal invited the Acting Secretary, Premier's Department to make a submission on behalf of the Government prior to making its annual report and determination.
15. The Acting Secretary, Premier's Department provided the Government submission to the Tribunal on 30 August 2023. The submission noted the temporary wages policy applies to the Governor as an office holder under Part 3 of the SOOR Act. Excerpts appear below:

“As the Governor of NSW is an office holder to which Part 3 of the SOOR Act applies, the Temporary Wages Policy recently set out in cl. 5A of the Statutory and Other Offices Remuneration (Judicial and Other Offices Holders) Regulation 2013 will apply: s. 6AB of the Act.

Accordingly, the NSW Government's submission is limited to observing that the Temporary Wages Policy, which requires the Statutory and Other Offices Remuneration Tribunal not make a determination that has the effect of awarding an increase in the remuneration that takes effect before 1 July 2025, applies to the remuneration of the Governor of NSW.”

Superannuation Guarantee Contributions

16. From 1 July 2023, the general Superannuation Guarantee Contribution (SGC) increases from 10.50% to 11.00%.⁴
17. As the Tribunal is required to not award an increase in remuneration on this occasion, it is not necessary to deal with the SGC increase.

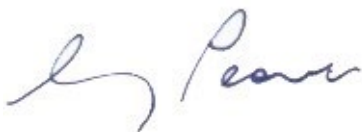
⁴ Australian Taxation Office. (2023). *Super guarantee percentage*. https://www.ato.gov.au/Rates/Key-superannuation-rates-and-thresholds/?=redirected_SuperRate&anchor=Superguaranteepercentage#Superguaranteepercentage

Section 3

2023 Annual Determination

18. After considering the submission received and provisions of section 6AB of the SOOR Act the Tribunal finds that there will be no increase to the salary payable to the Governor.
19. This determination is consistent with the temporary wages policy which the Tribunal is required to give effect to pursuant to the Regulation.
20. In fulfilling its functions, the Tribunal consulted with the Secretary, Premier's Department, in their capacity as Assessor under the SOOR Act. The other assessor role is currently vacant.
21. To simplify management of remuneration processes, the Tribunal is bringing forward the effective date of this determination by one day to 1 October 2023 by operation of Schedule 6 of the SOOR Act.
22. As there is to be no change in remuneration, the holder of the office of Governor will receive no benefit or detriment from this decision.
23. Pursuant to Section 13 and to Part 3 of Schedule 6 of the SOOR Act the Tribunal determines that there will be no increase to the remuneration to be paid to the holder of the office of Governor effective on and from 1 October 2023, as specified in Determination No. 1.

Statutory and Other Offices Remuneration Tribunal



The Hon. Greg Pearce

Dated: 14 September 2023

Section 4

Determinations

Determination No. 1 – Governor

Annual determination of the remuneration to be paid to the holder of the office of Governor of New South Wales effective on and from 1 October 2023

Public Office Holder	Salary per annum
Governor	\$521,720

Statutory and Other Offices Remuneration Tribunal



The Hon. Greg Pearce

Dated: 14 September 2023