

REPORT

and

DETERMINATION

under

SECTION 24C

of the

STATUTORY AND OTHER OFFICES

REMUNERATION ACT, 1975

CHIEF EXECUTIVE AND SENIOR EXECUTIVE SERVICES

29 AUGUST 2001

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CHIEF EXECUTIVE SERVICE AND SENIOR EXECUTIVE SERVICE¹

Section 1 Background

1. Section 24C of the Statutory and Other Offices Remuneration Act 1975 provides for the Tribunal to determine annual remuneration packages by 31 August each year. The key features of the SES are;
 - classified into eight remuneration levels
 - minimum and maximum of each remuneration level determined by the Tribunal
 - remuneration packages expressed as total cost of employment
 - conditions of employment contained in the contract of employment
 - each officer is required to enter into an individual performance agreement with the Minister (in the case of the CEO) or the CEO (in the case of an SES officer)
 - provision for annual increase in remuneration based on performance assessment.
2. In addition to the SES some officers in the Public Office Holders Group elected, pursuant to section 11A of the Act to receive remuneration packages under similar arrangements applicable to the SES.

Section 2 2001 Review

Government submission

3. The Government has raised concerns about salary compression with the Senior Officer classification, emphasising that the abolition of individual performance pay has meant that the remuneration levels have become the sole element in determining SES remuneration. Progression within the levels is available to officers subject to approval by the Minister (in the case of the CEO) and the CEO (in the case of individual SES officers).

¹ Unless otherwise stated, the Chief Executive Service and Senior Executive Service shall be referred collectively in this Report and Determination as SES.

4. The Government has drawn the Tribunal's attention to the proposed wage increases available to the Senior Officer Classification which show that they are due to receive a 3 percent increase from 1 January 2002. The Government has recommended to the Tribunal that it consider an increase of 3 percent to the minimum and maximum rates for each SES remuneration level.

Treasury Forecasts

5. The Government has also provided a detailed analysis from the NSW Treasury on the NSW budget strategy for the next 12 months. This strategy continues to place a strong emphasis on expenditure restraint. NSW Treasury anticipates that the Consumer Price Index for Sydney in 2001/2002 will be 2.75 percent down from 6 percent for the year 2000/2001. Wages growth as measured by the Wage Cost Index is expected to move by 3.5 percent in the next 12 months.
6. The Tribunal received submissions from the Commissioner NSW Crime Commission and the President Anti Discrimination Board/Privacy Commissioner seeking a review of their remuneration on the basis of increased role and responsibilities.

Section 3 2001 Tribunal Review

7. The Tribunal and Assessors met to consider the various issues associated with the 2001 review. The Assessors have assisted the Tribunal in making its determinations.

Wage and Salary movements

8. The Tribunal has noted those matters set out in the submission concerning the 2001/2002 budget strategy as provided by the NSW Treasury.
9. As noted last year, the Public Sector Salary Award which also covers the Senior Officer classification provides for a total increase of 16 percent for the period January 2000 to July 2003. Ten percent will be funded through the budget and the remaining 6 percent will be subject to efficiency improvements. This award has already provided 2 percent

from 1 January 2000 and 2 percent in January 2001. It provides for a further increase of 3 percent from January 2002.

10. The Tribunal has noted the comments made by the Government in respect of salary compression between the Senior Officer classification and the SES. The Tribunal will continue to have regard to increases granted to Senior Offices as part of its annual review process.
11. The Tribunal has also noted that the Wage Cost Index has been recommended by the Australian Bureau of Statistics as being a more accurate measure of wage and salary movements than the Average Weekly Ordinary Time Earnings figures and that this Index has been adopted by the Federal Remuneration Tribunal for its most recent determination on Principal Executive Officer remuneration increases.
12. The Tribunal has examined this new Index and proposes to use it as its principal measure of wage and salary movements. The Tribunal notes that the WCI for the year ended 30 June 2001 was 3.7 percent and the Consumer Price Index for the year ended June 2000 was 6 percent although one off GST factors have been attributed to this figure. The Treasury, as noted above expects the CPI to decrease in the next twelve months and the WCI to remain steady.
13. The Tribunal considers that a 3 percent increase in the minimum and maximum rate for each remuneration level is appropriate on this occasion and so determines. This increase will be subject to a satisfactory performance assessment. Progression within the remuneration level will be subject to specific guidelines to be issued by the Director General of the Premier's Department.

Recruitment Allowance and Retention Allowance

14. The recruitment allowance assists in being able to attract and recruit to positions persons with special qualifications and experience for which the standard remuneration package may be not adequate. The retention allowance assists in retaining persons during their contract period who may otherwise be attracted to take a position either elsewhere in the public sector or outside the public sector.

15. The Tribunal is pleased to note that based on a schedule provided by the Premier's Department these allowances are serving the purpose for which they were established. The Tribunal has therefore retained the recruitment and retention allowances under identical arrangements to those provided in the 2000 determination.
16. There is an emerging problem in relation to CEOs whose remuneration is at the maximum of the scales. With the abolition of performance pay in 2000 there is no room for progression or special recognition. In order to retain a number of CEOs the Director-General has properly exercised his discretion to pay allowances because it was considered that the current remuneration levels of CEOs, particularly in the larger agencies, was inadequate.
17. Instead of using these allowances for this purpose it may be preferable for the CEO's remuneration to be determined by the Tribunal. This would ensure an independent assessment of the CEO's remuneration and the current legislation provides for the Tribunal to make individual determinations on receiving a special reference from the Premier.

Section 11A Office Holders

18. Section 11A Office Holders are statutory appointees who exercise independent statutory functions and some of whom also have CEO type responsibilities. These office holders were nominated by the Premier, pursuant to Section 11A of the Act to have access to remuneration packaging identical to the SES. Unlike the SES however, their employment status is governed by legislation specific to each office holder and they are not subject to annual performance appraisal. Further, as their remuneration is expressed as a fixed sum, without a range, there is no scope for progression within the remuneration levels nor are these office holders eligible to receive Recruitment Allowance or Retention Allowance. For this reason the Tribunal has determined an increase of 3.7 percent for this Group.

Commissioner, NSW Crime Commission.

19. The Commissioner, has the prime responsibility of investigating organised crime and the role of confiscating and recovery of assets from criminals. The Tribunal, after examining the full range of the duties and responsibilities of the office and the difficult and strenuous circumstances under which these duties are performed, has set a new rate for the position.

President Anti Discrimination Board and Privacy Commissioner

20. The President of the Anti Discrimination Board concurrently holds the Office of Privacy Commissioner and receives an additional amount for this dual role. The Tribunal has been informed of the increased role and responsibilities of the office of Privacy Commissioner and the proposed changes to the responsibilities particularly in the health area.

21. The Tribunal proposes to set a specific rate for the holder of both offices and remove the previously determined additional amount for simultaneously undertaking the duties of Privacy Commissioner. If the dual appointment ceases then specific rates for each position will be determined.

22. As part of the current review the Tribunal has provided an increase to the Commissioner for Police in line with the general increase provided to the SES.

23. In respect of the Coordinator General of Rail, the Tribunal's determination was specific to the previous incumbent, Mr Ron Christie. The Tribunal will make a new determination when new administrative arrangements for the office of Co-ordinator General of Rail have been finalised.

**The Statutory and Other Offices
Remuneration Tribunal**

Gerry Gleeson
Dated: 29 August 2001

ANNEXURE A

**DETERMINATIONS OF THE REMUNERATION PACKAGES OF THE CHIEF
EXECUTIVE SERVICE AND SENIOR EXECUTIVE SERVICE EFFECTIVE ON AND
FROM 1 OCTOBER 2001.**

Determination No 1.

The Tribunal determines that the remuneration package ranges for executive office holders shall be:

<u>CES/SES</u>	<u>Per annum range</u>		
Remuneration Level 8	\$265,740	to	\$327,865
Remuneration Level 7	\$225,175	to	\$284,420
Remuneration Level 6	\$187,420	to	\$226,095
Remuneration Level 5	\$163,605	to	\$200,615
Remuneration Level 4	\$149,710	to	\$174,505
Remuneration Level 3	\$136,380	to	\$160,240
Remuneration Level 2	\$122,235	to	\$141,260
Remuneration Level 1	\$112,500	to	\$130,840

Determination No 2.

The Tribunal determines that the remuneration package for the Commissioner for Police shall be \$455,435 per annum.

Determination No 3 - Recruitment Allowance

To the remuneration package amounts determined above there may be added a Recruitment Allowance up to the maximum for each level as set out hereunder, subject to the approval of the Director General of the Premier's Department. The Allowance will apply for new SES offices and contract renewals, where it has been certified that a specific skill is necessary for recruitment purposes and the performance of the duties of the position.

Current SES officers in receipt of former specialist market rates will continue to receive them at their existing rate.

<u>CES/SES</u>	<u>Maximum Allowance</u>	
Levels 7 and 8	up to	\$30,000
Levels 5 and 6	up to	\$26,000
Levels 3 and 4	up to	\$15,500
Levels 1 and 2	up to	\$12,500

ANNEXURE A (Cont.)

**DETERMINATIONS OF THE REMUNERATION PACKAGES OF THE CHIEF
EXECUTIVE SERVICE AND SENIOR EXECUTIVE SERVICE EFFECTIVE ON AND
FROM 1 OCTOBER 2001**

Determination No 4 - Retention Allowance

SES Officers shall be eligible for a Retention Allowance up to the maximum for each level as set out hereunder. The Allowance will apply on and from the date of approval by the Director General of the Premier's Department and will accrue on an annual basis or part thereof and the total amount will be payable upon completion of the contract.

Officers in receipt of a Recruitment Allowance are not eligible for payment of a Retention Allowance.

<u>CES/SES</u>		<u>Maximum Allowance</u>
Levels 7 and 8	up to	\$30,000
Levels 5 and 6	up to	\$26,000
Levels 3 and 4	up to	\$15,500
Levels 1 and 2	up to	\$12,500

Determination No 5.

The Tribunal determines that the remuneration package ranges for offices identified as requiring medical specialist skills shall be:

<u>Specialist Medical Skills</u>	<u>Per Annum range</u>		
Remuneration Level 6	\$207,390	to	\$254,035
Remuneration Level 5	\$206,490	to	\$244,800
Remuneration Level 4	\$202,980	to	\$235,565
Remuneration Level 3	\$193,685	to	\$224,780
Remuneration Level 2	\$181,755	to	\$210,935
Remuneration Level 1	\$167,660	to	\$192,460

Determination No 6.

The Tribunal further determines that the remuneration package ranges for offices identified as requiring general medical skills shall be:

<u>General Medical Skills</u>	<u>Per annum range</u>		
Remuneration Level 2	\$145,945	to	\$169,360
Remuneration Level 1	\$134,130	to	\$153,970

ANNEXURE B

**DETERMINATION OF REMUNERATION OF PUBLIC OFFICE HOLDERS WHO
HAVE ELECTED TO BE PROVIDED WITH EMPLOYMENT BENEFITS PURSUANT
TO SECTION 11A OF THE ACT EFFECTIVE ON AND FROM 1 OCTOBER 2001.**

Determination No 7.

The Tribunal determines that the remuneration packages per annum for Public Office Holders who have elected to be provided with employment benefits pursuant to section 11A of the Act shall be:

<u>Public Office Holder</u>	<u>Remuneration</u>
Commissioner, NSW Crime Commission	\$300,000
Auditor General	\$279,035
Full Time Member, Independent Pricing and Regulatory Tribunal	\$211,900
Public Trustee	\$208,295
Electoral Commissioner	\$196,205
Valuer General	\$196,205
President, Anti Discrimination Board	\$190,000 (Note 1)
Solicitor for Public Prosecutions	\$167,845

Note 1

This rate is to apply while the office holder concurrently holds the office of Privacy Commissioner.

**The Statutory and Other Offices
Remuneration Tribunal**

Gerry Gleeson
Dated: 29 August 2001