

STATUTORY AND OTHER OFFICES REMUNERATION ACT 1975

REPORT AND DETERMINATION PURSUANT TO SECTION 24D OF THE ACT

REPORT:

1. On 28 October 2008 the Premier, the Hon Nathan Rees MP, directed the Statutory and Other Offices Remuneration Tribunal (the Tribunal), pursuant to section 24D(1) of the *Statutory and Other Offices Remuneration Act 1975* (the Act), to review its annual Determination of 15 September 2008 on the remuneration payable to the Chief Executive Service and the Senior Executive Service (SES). The Premier has requested that because of the economic conditions prevailing since October the Tribunal should limit the increase in SES remuneration packages to 2.5 percent.
2. Section 24C of the Act requires the Tribunal to make an annual determination on the remuneration packages for executive office holders to take effect on and from 1 October each year. The Tribunal has been fulfilling this statutory obligation since 1989 when the SES was introduced. The Tribunal is a single person. The Act provides that the Tribunal in exercising its powers and duties is to be assisted by Assessors. Section 7(2) provides that the Tribunal is to

“...Take into consideration the views and recommendations tendered to the Tribunal by the Assessors.”

3. In undertaking its annual reviews of the remuneration for the SES the Tribunal receives a submission from the Government which includes Treasury forecasts. Based on the particular circumstances each year the Government's submission provides recommended increases for the SES. In addition to this information the Tribunal informs itself about movements in key economic indicators as well as executive remuneration movements in other jurisdictions. After considering all the information available as well as the views of the Assessors, the Tribunal then makes its determination.

4. The Tribunal is not bound by the recommendations contained in the Government's submission nor is it bound to follow the views or recommendations of the Assessors. The Tribunal is independent and exercises its independence through the determinations it makes.
5. This method was followed for the 2008 annual review. The Government submission recommended an increase limited to 2.5 percent. The Government had made a similar submission in 2007 and the Tribunal accepted the Government's submission and determined 2.5 percent for the SES in its 2007 determination but noted

"...Tribunal's determination takes effect from 1 October 2007 and is in effect until 30 September 2008. During this period the Government may reach agreement with public sector groups regarding future wage increases. The Tribunal notes that any further award increase beyond 2.5 percent would, in accordance with the Government's Wages Policy, only be achieved through negotiated productivity savings. The Tribunal has long maintained that the SES has a lead role in achieving productivity savings. The Tribunal will, therefore, monitor closely the results of any concluded award agreements and, should they provide for increases beyond 2.5 percent per annum the Tribunal will, pursuant to Section 24D of the Act, write to the Premier and seek a special reference to review remuneration levels for the SES."

6. Since that determination was made all award based increases have been in the order of 3.9 percent. The Tribunal did not seek a special reference to review the 2007 remuneration, but did take the award based increases into consideration for the 2008 determination.
7. The Tribunal's 2008 report and determination was made based on information available to it at that time. In particular the Tribunal had regard to the Government's Wages Policy which was stated in the 2008 report ie

"...In essence this policy is to maintain the real wage improvements previously achieved by limiting increases to a net cost of 2.5 percent (representing the average CPI inflation rate over the previous decade). Increases beyond 2.5 percent are to be subject to negotiated productivity trade offs."

8. The 2008 Determination had regard to this policy. It provided that SES officers were to receive a 2.5 percent increase subject to satisfactory performance. Consistently with the Government's Wages Policy a further 1.4 percent increase was to be paid to SES officers in circumstances where the CEO can demonstrate that the agency has produced productivity savings sufficient for the 1.4 percent increase to be paid.
9. Since the 2008 Determination was made and its publication there has been a set of unprecedented circumstances which have impacted adversely on world, national and state economies. In these circumstances and at the direction of the Premier the Tribunal has reviewed its determination of 15 September 2008 and while it remains of the view that that Determination is fair and reasonable, particularly in light of the 4 percent per annum increase recently determined for Senior Officers, it will provide greater clarity on the 1.4 percent productivity increase.

REVIEW

10. The Tribunal is aware that a fundamental review of the SES structure is nearing completion, the first such review in over a decade. The Tribunal is advised that the review is expected to result in recommendations for significant change. Any changes to the structure arising from such recommendations will be matters for the Government and the Tribunal will have regard to these matters at the time of the 2009 annual review.
11. For the current review the Tribunal cannot ignore the Government's Wages Policy which was reiterated by the Treasurer, the Hon Eric Roozendaal MLC in his Mini Budget Speech on 12 November 2008

"I also confirm the Government's wages policy to require public sector wage increases over 2.5 percent be met through productivity improvements that deliver cost savings."

12. The SES are part of the Public Service. In similar manner to award based employees they will be required to deliver on productivity improvements and if they do so then they too should receive increases in remuneration beyond 2.5 percent.
13. The Tribunal therefore, after considering the views of the Assessors determines that the SES remuneration packages should be increased by 2.5 percent effective on and from 1 October 2008. These increases , as is usual, must be based on satisfactory performance.
14. The Tribunal also determines that an increase up to a further 1.4 percent is to be paid to each SES officer in circumstances where by June 2009 there have been quantifiable productivity increases sufficient to fund the increase for the SES in that Agency. CEOs will need to provide this information to the Director General of the Department of Premier and Cabinet by June 2009. Should the Director General consider that such productivity improvements have been met then the 1.4 percent increase can be paid effective from 1 October 2008. This process will provide a greater level of scrutiny of productivity gains specific for the SES and is not inconsistent with the Memorandum of Understanding between the Government and the Unions dated 2 October 2008 for the recent public service award increases of 4 percent which apply from 1 July 2008. Under the MOU agencies are required to provide efficiency saving strategies necessary to fund the additional 1.5 percent.
15. The new SES rates are shown in Determinations 7-9. The Tribunal will review these arrangements as part of its 2009 annual determination.

**Statutory and Other Offices
Remuneration Tribunal**

Helen Wright
Dated: 20 November 2008

DETERMINATIONS OF THE REMUNERATION PACKAGES OF THE CHIEF EXECUTIVE SERVICE AND SENIOR EXECUTIVE SERVICE EFFECTIVE ON AND FROM 1 OCTOBER 2008.

Determination No 1.

The remuneration package ranges for executive office holders shall be:

<u>CES/SES</u>	<u>Per annum range</u>		
Remuneration Level 8	\$366,251	to	\$423,150
Remuneration Level 7	\$292,051	to	\$366,250
Remuneration Level 6	\$259,851	to	\$292,050
Remuneration Level 5	\$225,201	to	\$259,850
Remuneration Level 4	\$206,601	to	\$225,200
Remuneration Level 3	\$181,901	to	\$206,600
Remuneration Level 2	\$169,551	to	\$181,900
Remuneration Level 1	\$144,800	to	\$169,550

Determination No 2 - 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 Department of Premier and Cabinet. The Allowance will apply for new SES offices and appointment renewals, where it has been established that a specific skill is necessary for recruitment purposes and the performance of the duties of the position.

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	\$43,000
Levels 5 and 6	up to	\$30,000
Levels 3 and 4	up to	\$23,000
Levels 1 and 2	up to	\$19,000

DETERMINATIONS OF THE REMUNERATION PACKAGES OF THE CHIEF EXECUTIVE SERVICE AND SENIOR EXECUTIVE SERVICE EFFECTIVE ON AND FROM 1 OCTOBER 2008

Determination No 3 - 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 Department of Premier and Cabinet and will accrue on an annual basis or part thereof and the total amount will be payable upon the completion of the term of appointment.

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

<u>CES/SES</u>		<u>Maximum Allowance</u>
Levels 7 and 8	up to	\$43,000
Levels 5 and 6	up to	\$30,000
Levels 3 and 4	up to	\$23,000
Levels 1 and 2	up to	\$19,000

Determination No 4.

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

<u>Specialist Medical Skills</u>	<u>Per Annum range</u>		
Remuneration Level 6	\$267,655	to	\$327,845
Remuneration Level 5	\$266,485	to	\$315,930
Remuneration Level 4	\$261,960	to	\$304,015
Remuneration Level 3	\$249,965	to	\$290,095
Remuneration Level 2	\$234,560	to	\$272,225
Remuneration Level 1	\$216,375	to	\$248,385

Determination No 5.

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	\$188,350	to	\$218,565
Remuneration Level 1	173,105	to	\$198,710

**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 2008**

Determination No 6.

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>
Auditor General	\$400,000
Commissioner, NSW Crime Commission	\$392,450
Full Time Member and CEO, Independent Pricing and Regulatory Tribunal	\$354,420
Electoral Commissioner	\$311,450
Valuer General	\$289,300
Public Trustee	\$272,500
Executive Manager Parliamentary Services	\$228,250

DETERMINATIONS OF THE REMUNERATION PACKAGES OF THE CHIEF EXECUTIVE SERVICE AND SENIOR EXECUTIVE SERVICE BASED ON APPROVED PRODUCTIVITY INCREASES.

Increases under Determinations No 7 - 9 are to be paid in accordance with the following conditions:

- The CEO of each agency, after 1 June 2009 but before 30 June 2009, is to provide the Director General, Department of Premier and Cabinet with details of productivity improvements sufficient to warrant an increase up to 1.4 percent for each SES officer in the Agency.
- Payment of any increase is to be made only after it has been authorised in writing by the Director General of the Department of Premier and Cabinet.
- Payment of any increase is to take effect on and from 1 October 2008.

Determination No 7.

The remuneration package ranges for executive office holders shall be:

<u>CES/SES</u>	<u>Per annum range</u>		
Remuneration Level 8	\$371,251	to	\$428,900
Remuneration Level 7	\$296,051	to	\$371,250
Remuneration Level 6	\$263,401	to	\$296,050
Remuneration Level 5	\$228,251	to	\$263,400
Remuneration Level 4	\$209,401	to	\$228,250
Remuneration Level 3	\$184,351	to	\$209,400
Remuneration Level 2	\$171,851	to	\$184,350
Remuneration Level 1	\$146,750	to	\$171,850

Determination No 8.

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

<u>Specialist Medical Skills</u>	<u>Per Annum range</u>		
Remuneration Level 6	\$271,300	to	\$332,300
Remuneration Level 5	\$270,050	to	\$320,250
Remuneration Level 4	\$265,550	to	\$308,150
Remuneration Level 3	\$253,400	to	\$294,050
Remuneration Level 2	\$237,750	to	\$275,950
Remuneration Level 1	\$219,350	to	\$252,000

Determination No 9.

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	190,900	to	\$221,550
Remuneration Level 1	175,450	to	\$201,450

**The Statutory and Other Offices
Remuneration Tribunal**

Helen Wright
Dated: 20 November 2008