

Public Service Senior Executives

Annual Determination

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

21 July 2022

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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 (PSSEs).
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 then 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:
 - 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 may continue to be eligible for remuneration packages as determined under Part 3A of the SOOR Act. The remuneration ranges in the Former 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. On 6 June 2022, the NSW Government announced a new public sector wages policy.¹ The two year policy offered non-executive employees a 3 per cent remuneration increase in 2022-23 and 2023-24, with a possible further 0.5 per cent on offer for employees that make a substantial contribution to productivity enhancing reforms. The Government also announced its position to limit executive remuneration increases to 2 per cent in the 2022-23 financial year.
11. 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 remuneration including any new or increased superannuation cannot increase by more than 3 per cent per annum. Any increase beyond 3 per cent

¹ NSW Government. (2022). *NSW Government lifts wages and recognises health workers*. <https://www.nsw.gov.au/media-releases/budget-2022-public-sector-wages#:~:text=The%20new%20two%2Dyear%20policy,substantial%20contribution%20to%20productivity%20enhancing>

can only be awarded if sufficient employee-related cost savings have been achieved to fully offset the increased employee-related costs.

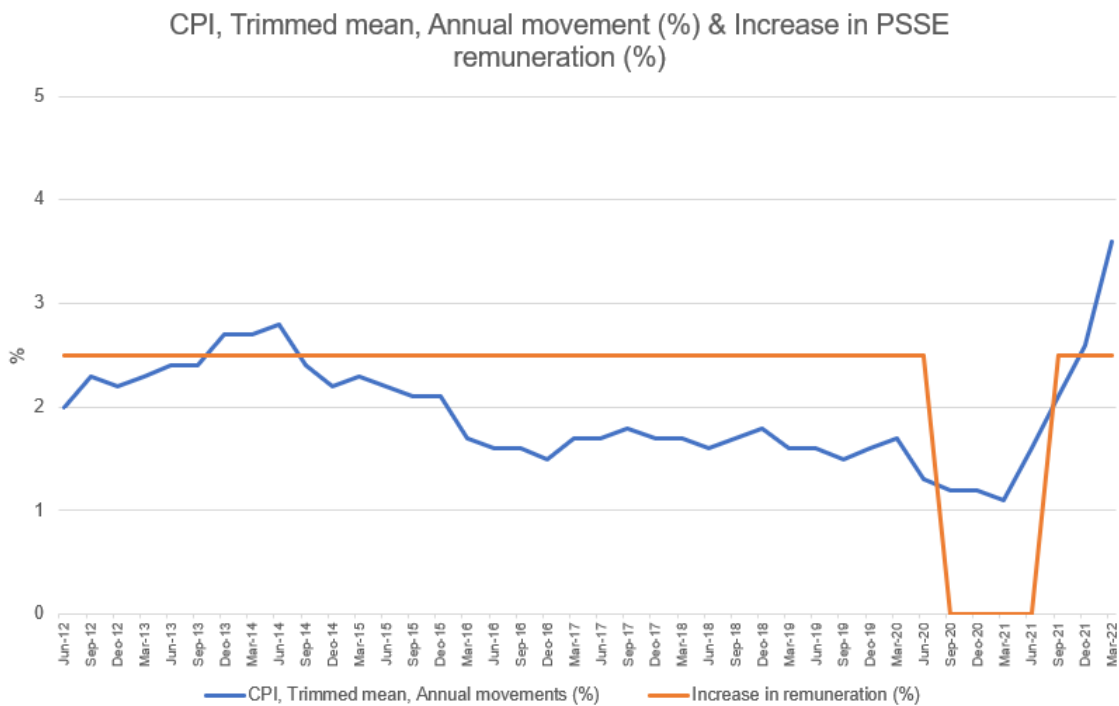
12. The Tribunal observes there have been few examples of employee-related cost savings being successfully identified. The Tribunal notes it remains open to receiving submissions that demonstrate the genuine achievement of employee-related cost savings.
13. While the Tribunal is required to give effect to the Government's wages policy in the making of this determination, it is open to the Tribunal to determine an increase of up to 3 per cent or no increase at all.

Economic Analysis

14. As outlined in its 2022-23 Budget papers,² the Government expects the economy to grow at an above-trend pace on average across the forecast horizon to 2025-26, supported by strong near-term momentum in the labour market and the resilient state of aggregate balance sheets.
15. A combination of global supply chain shocks and the impacts of COVID-19 has driven increases in inflation across most of the developed world. Underlying inflation, which excludes items that have particularly large price changes during a given period, point to broader inflationary pressures in the economy.
16. Annual headline inflation in Sydney was 4.4 per cent through the year to the March quarter 2022. This was lower than the national headline figure of 5.1 per cent. National underlying inflation rose by 3.5 per cent in the March 2022 quarter, which is above the RBA's target band of 2-3 per cent.
17. The Government expects inflation to peak at a lower rate than has been observed in various other countries. Growth in headline and underlying inflation is expected to peak in late 2022 before easing back to the top of the RBA's 2-3 per cent inflation target by end of 2023. This reflects an anticipated gradual easing of inflationary pressures as global supply chain issues are resolved and the effects of monetary policy normalisation from the RBA, and other global central banks, flow through to the economy.

² NSW Government. (2022). *NSW Budget 2022-23, No.01 Budget Statement Budget Paper*. https://www.budget.nsw.gov.au/sites/default/files/2022-06/2022-23_03_Budget-Paper-No-1-Budget-Statement.pdf

18. The Tribunal acknowledges the short-term impacts of higher than expected inflation. The Tribunal observes however that from June 2012 to June 2020, underlying inflation has for the most part³ grown at a lower pace than increases in remuneration for the PSSE group.⁴



³ In 2014 the Tribunal awarded the equivalent of a 2.5 per cent annual increase in remuneration to PSSEs. For PSSEs, this was adjusted to 1.88 per cent, due to the determination coming into effect 1 July 2014, rather than 1 October as had applied in earlier determinations.

⁴ Australian Bureau of Statistics. (2022). *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>

2021 Determination

19. On 5 August 2021, the Tribunal determined that remuneration packages for senior executives would be increased by 2.5 per cent from 1 July 2021.

2021 - 2022 Special Determinations

20. The Tribunal has made eleven special determinations, pursuant to section 24P of the SOOR Act, since the making of the 2021 annual determination and they are on the NSW Remuneration Tribunals website.⁵
21. The determinations made under section 24P amend the 2021 annual determination. These determinations are further amended to adjust the remuneration amounts provided for in this determination. The same adjustment has been made to existing determinations and all determinations made under section 24P are listed in Section 4.
22. Determinations in respect of executives who have vacated the specified role no longer apply.

⁵ Located at <https://www.remtribunals.nsw.gov.au/>

Section 2

2022 Annual Review

Government Submission

23. The Secretary, Department of Premier and Cabinet provided the Government submission to the Tribunal on 8 July 2022. The submission recommends the following increases having regard to the increase in SGC from 1 July 2022:

“With the impact of the COVID-19 pandemic on the NSW economy coupled with inflation, limiting increases to these groups to 2.0 per cent contributes to restoring the budget to a sustainable position to ensure public services can continue to be delivered to the community. This approach also sends a good message to the community, whose main concerns are focussed on front-line workers such as nurses and teachers.

An increase of 2.0 per cent in remuneration, effective from 1 July 2022, is recommended for all employees and office holders whose total remuneration package (“TRP”) is determined by the Tribunal and an increase of 1.53 per cent for non-TRP employees and office holders, for the following groups of employees and office holders covered under the Statutory and Other Offices Remuneration Act 1975:

- *Public Service Senior Executives (including government sector senior executives in the NSW Police Service, NSW Health Service, and the Transport Service)*
- *Public Office Holders Group*
- *Chief and Senior Executive Officers (SES)*
- *Judges and Magistrates Group*
- *Court and Related Officers Group*

The discounted increases of 1.53 per cent is recommended for non-TRP employees and office holders as this discounted amount takes into account the increase to the Superannuation Guarantee Charge (“SGC”) of 0.5 percentage points from 1 July 2022 and uses the same methodology as applied when superannuation was last increased in 2021. This methodology recognises that superannuation is not payable on superannuation itself and as a result, the cost of the additional SGC is less than a 0.5 per cent pay increase.”

Superannuation Guarantee Contributions

24. From 1 July 2022, the general Superannuation Guarantee Contribution (SGC) increases from 10.00% to 10.50%.⁶
25. Under the SOOR Act, it is open to the Tribunal to determine an annual increase in remuneration of up to 3 per cent inclusive of increases to superannuation contributions. This is because PSSEs receive a total remuneration package, which includes contributions to a superannuation scheme.
26. As a result, the Tribunal is not required to adjust its annual increase for PSSEs to take into account the SGC increase.

⁶ Australian Taxation Office. (2022). *Super guarantee percentage*. https://www.ato.gov.au/Rates/Key-superannuation-rates-and-thresholds/?=redirected_SuperRate&anchor=Superguaranteepercentage#Superguaranteepercentage

Section 3

2022 Annual Determination

27. Having regard to the provisions of section 6AA of the SOOR Act, the Tribunal has determined an increase of 2 per cent to the minimum and maximum of the remuneration ranges for Bands 1 to 4. This increase is also applied to the remuneration packages for those senior executives named in the determination. The new rates are set out in Determination No. 1.
28. This is consistent with the increases recommended in the Government submission. The Tribunal agrees that limiting the increase to 2 per cent will assist in restoring the budget to a sustainable position, and ensure that public services can continue to be delivered to the community.
29. In fulfilling its functions, the Tribunal consulted with the Secretary of the Department of Premier and Cabinet, in their capacity as Assessor under the SOOR Act. The other assessor role is currently vacant.

Statutory and Other Offices Remuneration Tribunal

Signed

The Hon. Greg Pearce

Dated: 21 July 2022

Section 4

Determinations

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 2022 shall be:

Public Sector Senior Executive Bands	
Band	per annum range
Band 4 – Secretary level	\$509,251 to \$588,250
Band 3 – Deputy Secretary level	\$361,301 to \$509,250
Band 2 – Executive Director level	\$287,201 to \$361,300
Band 1 – Director level	\$201,350 to \$287,200

Different remuneration packages that apply to the senior executives named	
Band 4 – Secretary level	
Ms Karen Webb, Commissioner of Police: \$679,050 per annum	
Mr Michael Coutts-Trotter, Secretary, Department of Premier and Cabinet: \$657,750 per annum	
Dr Paul Grimes, Secretary, The Treasury: \$623,300 per annum	
Ms Susan Pearce, Secretary, Ministry of Health: \$623,300 per annum	
Mr Michael Cassel, Secretary, Department of Planning and Environment: \$623,300 per annum	
Ms Georgina Harrison, Secretary, Department of Education: \$623,300 per annum	
Mr Robert Sharp, Secretary, Department of Transport: \$623,300 per annum	
Mr Gary Barnes, Secretary, Department of Regional NSW: \$623,300 per annum	
Mr Michael Tidball, Secretary, Department of Communities and Justice: \$623,300 per annum	
Ms Emma Hogan, Secretary, Department of Customer Service: \$623,300 per annum	
Ms Amy Brown, Secretary, Department of Enterprise, Industry and Trade: \$623,300 per annum	
Band 3 – Deputy Secretary level	
Mr Simon Draper, Chief Executive Officer and Co-ordinator General, Infrastructure NSW: \$623,300 per annum	

Dr Jim Bentley, Chief Executive Officer, Water NSW, Department of Planning, Industry and Environment: \$614,850 per annum

Dr Nigel Lyons, Deputy Secretary, Strategy and Resources, Ministry of Health: \$557,650 per annum

Dr Sarah Hill, Chief Executive Officer of Western Parkland Authority: \$581,400 per annum

Band 2 – Executive Director level

Mr Jon Spark, Executive Director, Financial Investigations, NSW Crime Commission: \$396,800 per annum

Mr Andrew Kingsmill, Executive Director, Technical Advisory Services at the Department of Planning Industry and Environment: \$397,300 per annum

Mr Jason Wharton, Executive Director, Water Infrastructure Development and Delivery, Department of Planning and Environment: \$459,000 per annum

Statutory and Other Offices Remuneration Tribunal

Signed

The Hon. Greg Pearce

Dated: 21 July 2022