

Chief and
Senior
Executive
Service

Annual
Determination

*Report and determination under
section 24C of the Statutory and
Other Offices Remuneration Act
1975*

29 August
2017

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Section 1

Background

1. The Chief Executive Service and Senior Executive Services¹ were employed under the provisions of the former *Public Sector Employment and Management Act 2002* (PSEM Act). That Act was repealed in 2013 and replaced with the *Government Sector Employment Act 2013* (GSE Act). The GSE Act commenced on 23 February 2014 and provided for new executive employment arrangements.
2. The majority of senior executives (being either Public Service senior executives (PSSE), Health Service senior executives (HSSE) or Transport Service senior executive (TSSE)) are now employed in a PSSE band and will receive remuneration packages applicable to each band as determined in accordance with Part 3B of the *Statutory and Other Offices Remuneration Act 1975* (SOOR Act) and outlined in the PSSE Annual Determination. There remain however a small number of ‘transitional former senior executives’ and executives employed in the NSW Police Force Senior Executive Service who continue to be eligible for remuneration packages as determined under Part 3A of the SOOR Act.
3. For that reason the Tribunal will continue to make a determination for the SES remuneration ranges. The Tribunal will review these arrangements prior to the 2018 review to determine whether further determinations are required.

Transitional former senior executives

4. Transitional arrangements have been in place for ‘transitional former senior executives’, that is, people who were in the SES or who were Senior Officers or in equivalent classifications under the former PSEM Act immediately before it was repealed.

¹ Unless otherwise stated, the Chief Executive Service and the Senior Executive Service are referred to collectively in the Report and Determination as SES.

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5. Under the transitional arrangements Public Service agencies were to review their executive structures within three years of commencement of the GSE Act to achieve alignment with the new executive arrangements. On the whole, the transition of senior executives to the new executive employment arrangements was completed on or before the required date of 24 February 2017. The exception being transitional former senior executives which have a later transition date as provided for in Schedule 4 clauses 7A (6) and 7A (6A) of the GSE Act.
6. The transitional provisions also provide for the following executives to continue to receive a remuneration package equivalent to the remuneration package of the executive immediately before the repeal of the former PSEM Act (unless the remuneration package is increased as a result of a determination of the Tribunal made under Part 3A of the SOOR Act):
 - transitional former senior executives who are former SES executives in accordance with clause 8(1)(a) of Schedule 4 of the GSE Act
 - persons continuing in office as Secretary under clause 6(2) of Schedule 4 of the GSE Act
 - persons continuing in office as head of a Public Service agency under clause 7(2) of Schedule 4 of the GSE Act
 - persons holding office as head of a Public Service agency under clause 7(5) of Schedule 4 of the GSE Act
 - the statutory officers listed in clause 8A(1) of Schedule 4 of the GSE Act.
7. This determination will apply to those transitional former senior executives and office holders who continue to be subject to the transitional arrangements provided for in Schedule 4 of the GSE Act.

NSW Police Service Senior Executives

8. Employees of the NSW Police Force Senior Executive Service (pursuant to section 32 of the *Police Act 1990*) receive remuneration as determined by the Tribunal. Those remuneration ranges and applicable allowances are those determined for the SES under

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Part 3A of the SOOR Act. The *Police Act 1990* (as amended by the *Government Sector Employment Legislation Amendment Act 2016 (GSELA Act)*) will provide for transitional arrangements which will include transitional provisions relating to senior executive remuneration.

NSW Health Service Senior Executives

9. The Tribunal has historically determined remuneration ranges which applied to certain executives in the Health Service - the Specialist Medical Skills Determination and the General Medical Skills Determination. Senior executives in the NSW Health Service are now aligned to the employment arrangements for PSEs under the GSE Act. The Tribunal will retain the Specialist Medical Skills Determination and the General Medical Skills Determination for administrative purposes to cover transitional arrangements.

Government Wages Policy

10. In determining remuneration for the SES 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.
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) which was made on 24 June 2014. 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.
12. The Tribunal's 2016 annual determination for the SES, dated 15 July 2016, was consistent with the Government's wages policy and provided for a 2.5 per cent increase for each SES officer.

Section 2

Government Submission

The Secretary NSW Treasury provided the Government submission to the Tribunal on 25 August 2017. The Government submission provides an overview of the State's recent economic performance and makes a recommendation in respect of the quantum of the increase to apply to the SES. Extracts appear below.

Employee expenses

- *In 2017-18 employee expenses are expected to increase by 2.9 per cent. This increase is driven primarily by wage growth combined with increased investment in frontline staff, largely within health and education.*
- *Employee expenses are expected to increase on average by 4.1 per cent per annum over the forward estimates, however at a slower growth rate than previously projected, mainly driven by the application of efficiency measures by the government.*
- *The combination of initiatives such as the NSW Public Sector Wages Policy and the Labour Expense Cap has kept average employee expense growth low. Annual average growth in employee expenses was 6.3 per cent from 2003-04 to 2010-11 compared with the forecast average annual growth rate of 4.0 per cent for the ten years to 2020-21.*

Economic analysis and the State's budget

- *The NSW economy grew by 3.5 per cent in 2015-16, well above its trend rate of 2½ per cent. This momentum is expected to persist in the near-term with economic growth expected to remain above-trend in 2016-17, 2017-18 and 2018-19.*
- *The 2017-18 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.*
- *The 2016-17 budget result is an expected surplus of \$4.5 billion, which reflects a temporary boost in revenues from the State's asset recycling program. The Budget forecasts a surplus of \$2.7 billion in 2017-18 and average surpluses of \$2.0 billion across the budget and forward estimate years.*
- *Keeping expense growth below long-term average revenue growth is key to strengthening the fiscal position. The Government is committed to keeping*

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annual expense growth below long-term average revenue growth of 5.6 per cent, consistent with the requirements of the Fiscal Responsibility Act 2012.

Recommended increase

13. The Government submits that the Tribunal should approve an increase of 2.5 per cent from 1 July 2017, on the basis that it is consistent with the NSW Wages Policy and reflects the NSW Government's intent, pursuant to section 6AA of the SOOR Act and the IR Regulation.

14. The Government also submits that the legacy Recruitment and Retention Allowances not be increased.

Section 3

2017 General Increase

15. 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 all SES officers, effective on and from 1 July 2017. The new rates are as set out in Determinations Nos. 1, 2, 5 and 6. The existing rates for the Recruitment and Retention Allowances continue to apply as set out in Determinations Nos. 3 and 4.

Chief Executive Officer and Coordinator General, Infrastructure NSW

16. As transitional arrangements currently apply to the office holder appointed to the position of Chief Executive Officer and Co-ordinator General of Infrastructure NSW the Tribunal will make an annual determination for this position. The Tribunal has determined that the remuneration will increase by 2.5 per cent.

The Statutory and Other Offices Remuneration Tribunal

(signed)

Richard Grellman AM

Dated: 29 August 2017

Section 4

Determination No. 1- Remuneration Package Ranges for the SES

The Tribunal determines that the remuneration package ranges for executive office holders effective on and from 1 July 2017 shall be:

CES/SES	Per annum range		
		to	
Remuneration Level 8	\$463,551	to	\$535,550
Remuneration Level 7	\$369,601	to	\$463,550
Remuneration Level 6	\$328,901	to	\$369,600
Remuneration Level 5	\$285,101	to	\$328,900
Remuneration Level 4	\$261,451	to	\$285,100
Remuneration Level 3	\$230,201	to	\$261,450
Remuneration Level 2	\$214,651	to	\$230,200
Remuneration Level 1	\$183,300	to	\$214,650

Determination No. 2 – Chief Executive Officer and Co-ordinator General, Infrastructure NSW

The Tribunal determines that the remuneration package for the Chief Executive Officer and Co-ordinator General, Infrastructure NSW shall be \$590,750 per annum effective on and from 1 July 2017.

Determination No. 3 – Recruitment Allowance

The recruitment allowance applies only to existing SES officers currently in receipt of the allowance.

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

CES/SES	Maximum Allowance	
	up to	
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

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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 Public Service Commissioner 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.

CES/SES	Maximum Allowance	
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. 5 – Remuneration Packages for Specialist Medical Skills

The Tribunal determines that the remuneration package ranges for offices identified as requiring specialist medical skills effective on and from 1 July 2017 shall be:

Specialist Medical Skills	Per annum range		
Remuneration Level 6	\$338,750	to	\$414,900
Remuneration Level 5	\$337,400	to	\$399,800
Remuneration Level 4	\$331,550	to	\$384,850
Remuneration Level 3	\$316,350	to	\$367,100
Remuneration Level 2	\$296,900	to	\$344,500
Remuneration Level 1	\$273,850	to	\$314,400

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Determination No. 6 – Remuneration Packages for General Medical Skills

The Tribunal further determines that the remuneration package ranges for offices identified as requiring general medical skills effective on and from 1 July 2017 shall be:

General Medical Skills	Per annum range		
Remuneration Level 2	\$238,350	to	\$276,600
Remuneration Level 1	\$219,100	to	\$251,500

The Statutory and Other Offices Remuneration Tribunal

(signed)

Richard Grellman AM

Dated: 29 August 2017