

# Public Service Senior Executives

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Annual  
Determination

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

7 August  
2018

## **Public Service Senior Executives**

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## Public Service Senior Executives

# Section 1

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## 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 for the Premier (as the Minister administering the GSE Act) to determine the bands in which senior executives are to be employed. The following four bands were determined by the former 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:

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- 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 continue to be eligible for remuneration packages as determined under Part 3A of the SOOR Act. The remuneration ranges in the Chief and Senior Executive Service determination apply to these people.

## **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. 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 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.

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### **2017 Annual Determination**

11. The Tribunal's 2017 annual determination for PSSEs dated 29 August 2017 provided for a 2.5 per cent increase in the minimum and maximum remuneration ranges for each band.
12. The increase also applied to the remuneration packages for those senior executives named in the determination.

### **2017 - 2018 Special Determinations**

13. The Tribunal has made four special determinations, pursuant to section 24P of the SOOR Act, since the making of the 2017 annual determination.
14. On 13 November 2017, the Tribunal determined to alter the range of remuneration packages for Band 4 PSSEs to provide Mr Tim Reardon in the role of Secretary of the Department of Premier and Cabinet with a remuneration package of \$613,750 per annum plus a discretionary remuneration range of up to 12 per cent in addition to the base amount.
15. On 19 December 2017, the Tribunal determined to alter the range of remuneration packages for Band 4 PSSEs to provide Mr Rodd Staples in the role of Secretary of the Department of Transport with a remuneration package of \$555,150 per annum plus a discretionary remuneration range of up to 12 per cent in addition to the base amount.
16. On 26 March 2018, the Tribunal determined to alter the range of remuneration packages for Band 4 PSSEs to provide Mr Simon Draper in the role of Secretary of the Department of Industry with a remuneration package of \$520,050 per annum plus a discretionary remuneration range of up to 12 per cent in addition to the base amount.
17. On 25 June 2018, the Tribunal determined to alter the range of remuneration packages for Band 4 PSSEs to provide Mr Andrew Cappie-Wood in the role of Secretary of the Department of Justice with a remuneration package of \$566,550 per annum, effective from the date of his new appointment being 2 December 2018. The determination took

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into account the general increase the Tribunal proposed to make from 1 July 2018 and no further adjustment will be made in this determination.

18. Special determinations are published on the [NSW Remuneration Tribunals](#) website.
19. Two previous special determinations made by the Tribunal no longer apply as the executives named in the special determinations have vacated the specified roles since the making of the 2017 annual determination. Accordingly, the different remuneration packages that applied to Ms Denise Dawson in the role of Chief Financial Officer, Department of Family and Community Services and Ms Leilani Frew in the role of Executive Director, Steering Committee Chair and Strategic Lead for the WestConnex Project for the NSW Treasury have been removed from Determination No 1.

## **Section 2**

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### **Government Submission**

20. The Secretary NSW Treasury provided the Government submission to the Tribunal on 9 July 2018. Extracts appear below.

- The NSW Public Sector Wages Policy 2011, which provides that remuneration or other conditions of employment cannot increase by more than 2.5 per cent per annum unless sufficient employee related cost savings have been achieved, therefore applies.
- The Tribunal should also have regard to the economic conditions of the State and the financial position of the state. In this context the NSW economy grew by 2.9 per cent in 2016-17, above its trend rate of 2.6 per cent. The outperformance is expected to continue in the near-term with economic growth expected to remain above-trend in 2017-18, 2018-19 and 2019-20.
- More recently, the 2018-19 Budget was delivered in accordance with 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.
- Expenses in 2017-18 are estimated to be \$76.5 billion. Over the Budget year and forward estimates expenses are expected to grow at an average of 3.2 per cent per annum, reflecting the Government's careful management of public spending and its commitment to sustainable expense growth.
- Employee related expenses (excluding superannuation) are estimated to increase on average by 3.2 per cent per annum over the Budget year and forward estimates, at a slightly slower growth rate than previously projected. The NSW Public Sector Wages Policy, alongside productivity enhancing measures, such as digital government initiatives, have supported the government in managing employee expense growth.

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- Keeping expense growth below long-term average revenue growth is key to maintaining the State's strong fiscal position. The Government is committed to keeping annual expense growth below long-term average revenue growth of 5.6 per cent, consistent with the requirements of the *Fiscal Responsibility Act 2012*.
21. Having regard to the above factors the Tribunal considers that the budget position for the State of NSW supports an increase of 2.5 per cent. This increase is also consistent with wages growth for non-executive employees across the public sector.

## **Section 3**

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### **2018 Annual Determination**

#### **General Increase**

22. 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 the remuneration package ranges for PSSE bands, effective on and from 1 July 2018. The new rates are as set out in Determination No. 1.
23. The 2.5 per cent increase also applies to those determinations for particular senior executives named in the determination.

#### **Chief Executive Officer and Co-ordinator General, Infrastructure NSW**

24. In 2017, the Tribunal received a letter from the Premier, the Hon Gladys Berejiklian MP, requesting that the Tribunal determine a different remuneration package for Mr Jim Betts in the role of Chief Executive Officer and Co-ordinator General (CEO) of Infrastructure NSW (INSW). The making of this determination was deferred so that it could be made as part of the 2018 PSSE annual determination.
25. The Tribunal currently determines remuneration for this role under Part 3A of the SOOR Act and is contained in the determination for the Chief and Senior Executive Service (SES). The 2018 SES Determination provides for the role to receive a remuneration package of \$605,500 per annum.
26. The role is currently held by Mr Jim Betts under transitional employment arrangements. The Premier has advised that Mr Betts' current contract of employment will expire on 28 November 2018, and that she intends to appoint Mr Betts for a further two year term from 29 November 2018 to 28 November 2020. Mr Betts will become a PSSE on the commencement of his new term appointment and will require a remuneration package consistent with remuneration packages for PSSEs.

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27. INSW is established under the *Infrastructure NSW Act 2011* to provide independent advice to assist the NSW Government in identifying and prioritising the delivery of major infrastructure across NSW for economic growth and social wellbeing. The CEO INSW reports to the Premier.
28. The Premier has advised that securing Mr Betts for a further term as CEO is essential to the successful delivery of the high profile projects referred to INSW. Mr Betts' distinguished career and exceptionally high standard of delivery and significant achievements whilst in the role of CEO is essential for the continued delivery of critical infrastructure for NSW.
29. In accordance with the Premier's request the Tribunal is of the view that Mr Betts should retain his current remuneration package and the Tribunal determines that he receive a remuneration package of \$605,500 per annum from the commencement of his new term appointment on 28 November 2018.
30. This determination for Mr Betts in the role of CEO INSW is made in accordance with section 24R(3)(a) of the SOOR Act, which provides for the Tribunal to fix a remuneration package for a particular senior executive named in the determination. Consistent with the Premier's request, this determination is personal to Mr Betts and is not a determination that applies to the office of CEO INSW or to future appointments to the role.

### **The Statutory and Other Offices Remuneration Tribunal**

*Signed*

**Richard Gellman AM**

**Dated:** 7 August 2018

## Public Service Senior Executives

# Section 4

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### 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 particular senior executives named effective on and from 1 July 2018 shall be:

Public Sector Senior Executive Bands			
Band	Per annum range		
Band 4 - Secretary level	\$475,151	to	\$548,950
Band 3 - Deputy Secretary level	\$337,101	to	\$475,150
Band 2 - Executive Director level	\$268,001	to	\$337,100
Band 1 - Director level	\$187,900	to	\$268,000

Different remuneration packages that apply to the particular senior executives named
<b>Band 4 – Secretary level</b>
<b>Mr Tim Reardon, Secretary, Department of Premier and Cabinet:</b> \$629,100 per annum, plus a discretionary remuneration range of up to 12 per cent in addition to the base remuneration.
<b>Mr Michael Pratt, Secretary of the NSW Treasury:</b> \$592,300 per annum, plus a discretionary remuneration range of up to 12 per cent in addition to the base remuneration.
<b>Mr Mark Scott, Secretary, Department of Education:</b> \$588,350 per annum, plus a discretionary remuneration range of up to 12 per cent in addition to the base remuneration.
<b>Mr Michael Coutts-Trotter, Secretary, Department of Family and Community Services:</b> \$569,050 per annum plus a discretionary remuneration range of up to 12 per cent in addition to the base remuneration.
<b>Mr Rodd Staples, Secretary, Transport for NSW:</b> \$569,050 per annum. plus a discretionary remuneration range of up to 12 per cent in addition to the base remuneration.
<b>Ms Elizabeth Koff, Secretary, Ministry of Health:</b> \$569,050 per annum, plus a discretionary remuneration range of up to 12 per cent in addition to the base remuneration.
<b>Mr Andrew Cappie-Wood, Secretary, Department of Justice:</b> \$566,550 per annum.
<b>Mr Martin Hoffman, Secretary, Department of Finance, Services and Innovation:</b> \$533,050 per annum. plus a discretionary remuneration range of up to 12 per cent in addition to the base remuneration.
<b>Mr Simon Draper, Secretary, Department of Industry:</b> \$533,050 per annum plus a discretionary remuneration range of up to 12 per cent in addition to the base remuneration.
<b>Ms Carolyn McNally, Secretary, Department of Planning and Environment:</b> \$533,050 per annum, plus a discretionary remuneration range of up to 12 per cent in addition to the base remuneration.
<b>Band 3 – Deputy Secretary level</b>
<b>Mr Craig van der Laan, Chief Executive Officer, Barangaroo Delivery Authority:</b> \$608,500 per annum, plus a discretionary remuneration range of 12 per cent in addition to the base remuneration.
<b>Mr Jim Betts, Chief Executive Officer and Co-ordinator General, Infrastructure NSW:</b> \$605,500 per annum.
<b>Mr David Riches, Head, Projects NSW, Infrastructure NSW:</b> \$590,750 per annum.
<b>Ms Sandra Chipchase, Chief Executive Officer, Destination NSW:</b> \$520,350 per annum.
<b>Dr Nigel Lyons, Deputy Secretary, Strategy and Resources, Ministry of Health:</b> \$520,350 per annum.
<b>Band 2 – Executive Director level</b>
<b>Mr Tim O'Connor, Executive Director, Criminal Investigations, NSW Crime Commission:</b> \$399,500 per annum.
<b>Mr Jon Spark, Executive Director, Financial Investigations, NSW Crime Commission:</b> \$370,250 per annum.
<b>Mr Stephen Loquet, Chief Information Officer, Department of Education:</b> \$369,600 per annum.

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**The Statutory and Other Offices Remuneration Tribunal**

*Signed*

**Richard Grellman AM**

**Dated:** 7 August 2018