

Governor of New South Wales

Annual Determination

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

6 September 2022

Contents

Section 1	3
Background	3
Legislative Framework	3
Government Wages Policy	3
Economic Analysis	4
2021 Determination	5
Section 2	6
2022 Annual Review	6
Government Submission	6
Superannuation Guarantee Contributions	6
Section 3	7
2022 Annual Determination	7
Section 4	8
Determinations	8
Determination No. 1 – Governor	8

Section 1

Background

Legislative Framework

1. Section 13 of the *Statutory and Other Offices Remuneration Act 1975* (SOOR Act) requires that each year the Tribunal make a determination on the remuneration to be paid to office holders. Section 10A defines 'remuneration' as salary or allowances paid in money.
2. The Governor is an office holder listed in Schedule 1 of the SOOR Act.
3. By the operation of Schedule 6 of the SOOR Act and earlier decisions of the Tribunal, the effective date of the annual determination in respect of the Governor is 2 October in each year.

Government Wages Policy

4. The Tribunal is required, when making determinations under Part 3 of the SOOR Act, to give effect to any policy concerning the remuneration of office holders as declared by the regulations. Section 6AB of the SOOR Act applies to the Tribunal's determinations in respect of the Governor. Government policy concerning the remuneration of office holders to which Part 3 of the SOOR Act applies is declared in the *Statutory and Other Offices Remuneration (Judicial and Other Office Holders) Regulation 2013* (the SOOR Regulation).
5. 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
6. The *Industrial Relations (Public Sector Conditions of Employment) Regulation 2014* was amended to reflect this policy but the SOOR Regulation was not amended. Therefore, in accordance with the clause 6 of the SOOR Regulation,

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>

any increase the Tribunal may determine in excess of 2.5 per cent, be it a general increase available to all office holders, or an increase provided to an individual office holder or group of office holders based on changes in work value, could be awarded if officer-related cost savings for the office holder (or group of office holders) have been achieved to fully offset the increased officer-related costs resulting from increased payment.

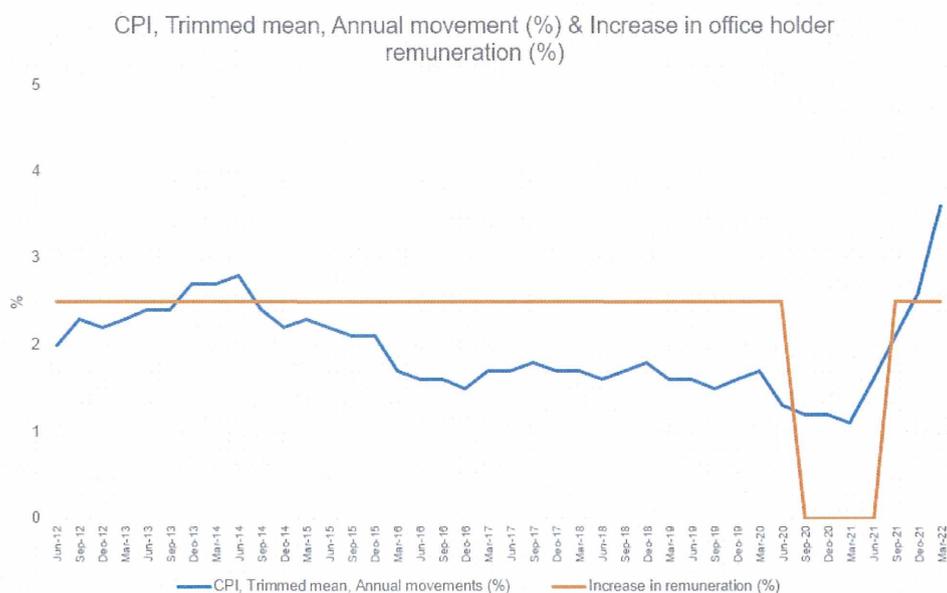
7. Since 2 October 2015, office holders have received general annual increases capped at 2.5 per cent, apart from 2020 when there was a temporary wage pause pursuant to Clause 5A of the SOOR Regulation commencing 29 May 2020 and ending 12 months after that date.

Economic Analysis

8. 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.
9. 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.
10. 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.
11. 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

12. 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 Governor and other office holders.⁴



2021 Determination

13. On 6 September 2021, the Tribunal determined that, consistent with its approach regarding office holders generally, the holder of the office of Governor would receive the maximum permissible increase of 2.5 per cent, adjusted to 2.04 per cent to take into account the Superannuation Guarantee Contributions (SGC) increase. The increases were consistent with the increases recommended in the Government submission.

³ In 2014 the Tribunal awarded the equivalent of a 2.5 per cent annual increase in remuneration to public office holders. For salaried office holders, this was adjusted to 1.88 per cent, inclusive of the increase in the SGC that occurred that year. The lower rate was 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>

Section 2

2022 Annual Review

Government Submission

14. The Tribunal invited the Secretary of the Department of Premier and Cabinet to make a submission on behalf of the Government prior to making its annual report and determination.
15. The Secretary of the Department of Premier and Cabinet provided the Government submission to the Tribunal on 29 August 2022, which supports an increase of 2 per cent, adjusted to 1.53 per cent to take into account the cost of the recent SCG increase:

“The NSW Government supports the Statutory and Other Offices Remuneration Tribunal in determining an increase of 2 per cent in relation to the annual salary of the Governor of NSW effective from 1 October 2022. The increase will be adjusted to 1.53 per cent to take into account the cost of the SCG increase.

Such a determination would be appropriate and consistent with the NSW wages policy and reflects the NSW Government’s intent, pursuant to section 6AB of the Statutory and Other Offices Remuneration (Judicial and Other Office Holders) Regulation 2013.”

Superannuation Guarantee Contributions

16. From 1 July 2022, the general Superannuation Guarantee Contribution (SGC) increases from 10.00% to 10.50%.⁵
17. The Tribunal has dealt with the approach to superannuation increases in respect of office holders under the SOOR Regulation in its earlier annual determinations. Accordingly, for the office holder in Determination No. 1, it is open to the Tribunal to determine an annual increase in remuneration adjusted to account for the SGC increase.

⁵ 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

18. After considering the submission received and provisions of section 6AB of the SOOR Act the Tribunal finds that the Governor should receive an increase of 2 per cent, adjusted to 1.53 per cent to take into account the SGC increase.
19. 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.
20. Pursuant to Section 13 and to Part 3 of Schedule 6 of the SOOR Act the Tribunal determines an increase of 1.53 per cent to the salary payable to the holder of the office of Governor effective on and from 2 October 2022, as specified in Determination No. 1.

Statutory and Other Offices Remuneration Tribunal



The Hon. Greg Pearce

Dated: 6 September 2022

Section 4

Determinations

Determination No. 1 – Governor

Annual determination of the remuneration to be paid to the holder of the office of Governor of New South Wales effective on and from 2 October 2022

Public Office Holder	Salary per annum
Governor	\$521,720

Statutory and Other Offices Remuneration Tribunal



The Hon. Greg Pearce

Dated: 6 September 2022