

# 2024-2025 NSW Public Service Senior Executive Remuneration Management Framework

# Contents

<b>1. Introduction</b>	<b>4</b>
1.1. Purpose	4
1.2. What does remuneration mean?	4
1.3. Who does the Framework apply to?	5
1.4. When is the Framework applied?	5
1.5. Key Features	5
1.6. How to use the Framework – business process	6
<b>2. Key principles for band structure and remuneration</b>	<b>7</b>
2.1. Band structure	7
2.2. Design principles	7
2.3. Equal pay for equal work	8
<b>3. Creating a Public Service senior executive role</b>	<b>9</b>
3.1. Employer	9
3.2. Determining the band using the Work Level Standards	9
3.3. Creating the role description	9
3.4. Placing the senior executive role at a point within the band using role evaluation methodology	9
3.5. Re-evaluation of roles within a senior executive band	10
<b>4. Remuneration for a new Public Service senior executive role</b>	<b>11</b>
4.1. Determining the base remuneration point	11
4.2. Applying the discretionary remuneration range	11
<b>5. Remuneration for a Public Service senior executive assigned to a role</b>	<b>12</b>

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5.1. Initial remuneration within the role’s discretionary range _____	12
5.2. Applying annual SOORT remuneration increases _____	12
5.3. Progression within the discretionary remuneration range over time – based on assessed performance _____	13
5.4. Within band or above-band remuneration adjustments due to labour market factors _____	13
5.5. Assignment of senior executives to roles in bands across Public Service _____	14
<b>6. Reporting requirements _____</b>	<b>16</b>
<b>7. Authorities _____</b>	<b>17</b>
<b>Appendix 1: Senior executive base remuneration formulas and discretionary remuneration ranges (effective 1 July 2024) __</b>	<b>18</b>
<b>Appendix 2: Remuneration Decision Matrix _____</b>	<b>20</b>
<b>Appendix 3: Glossary of terms _____</b>	<b>21</b>

# 1. Introduction

## 1.1. Purpose

The NSW Public Service Senior Executive Remuneration Management Framework provides a fair and transparent approach to determining executive remuneration. The intention of the Framework is to:

1. Provide design principles for executive structures to support Secretaries and heads of agencies in delivering their strategic and corporate objectives.
2. Support the principle of equal remuneration for men and women doing work of equal or comparable value in all executive remuneration decision-making processes.
3. Outline the approved role evaluation methodology (Mercer/CED, OCR or Hay), to determine where to place a role within a senior executive band and to calculate its base remuneration point and discretionary remuneration range.
4. Provide the formulas for calculating the base remuneration point and discretionary remuneration range for a senior executive role based on the Statutory and Other Offices Remuneration Tribunal (SOORT) Annual Determination for senior executives, effective 1 July each year.
5. Guide Secretaries or heads of separate agencies via the Remuneration Decision Matrix about matters they can take into consideration when determining the remuneration of a senior executive upon initial assignment.
6. Outline the limited circumstances in which the following actions may be appropriate:
  - the remuneration of a senior executive to progress along the role's discretionary remuneration range
  - the Secretary or head of a separate agency to approve remuneration beyond the discretionary remuneration range
  - the Secretary or head of a separate agency to seek remuneration above the band.

## 1.2. What does remuneration mean?

Senior executives receive a total remuneration package (TRP), of which salary will be one component. Any reference to remuneration throughout the Framework is to a TRP, the total amount paid to a senior executive out of which the executive is required to pay the employer contributions to superannuation.

## 1.3. Who does the Framework apply to?

The Framework is a guide for all Public Service agencies as listed in Schedule 1 of the *Government Sector Employment Act 2013* (GSE Act) in respect to Public Service senior executives in bands 1 to 3.

The NSW Health Service, NSW Transport Service and NSW Police Force may use the Framework as guidance provided by the Public Service Commissioner in respect to:

- Health Service senior executives (see Section 121D (1) and (2) of the *Health Services Act 1997*)
- Transport Service senior executives (see Section 68F (1) and (2) of the *Transport Administration Act 1988*)
- NSW Police Force senior executives (see Section 36 (1) and (2) of the *Police Act 1990*).

## 1.4. When is the Framework applied?

The Framework should be implemented when:

- creating senior executive roles in bands 1 to 3 to determine the remuneration for those new roles
- applying annual SOORT determination increases
- considering progression over time within the discretionary remuneration range, in accordance with the requirements of the agency's performance management system.

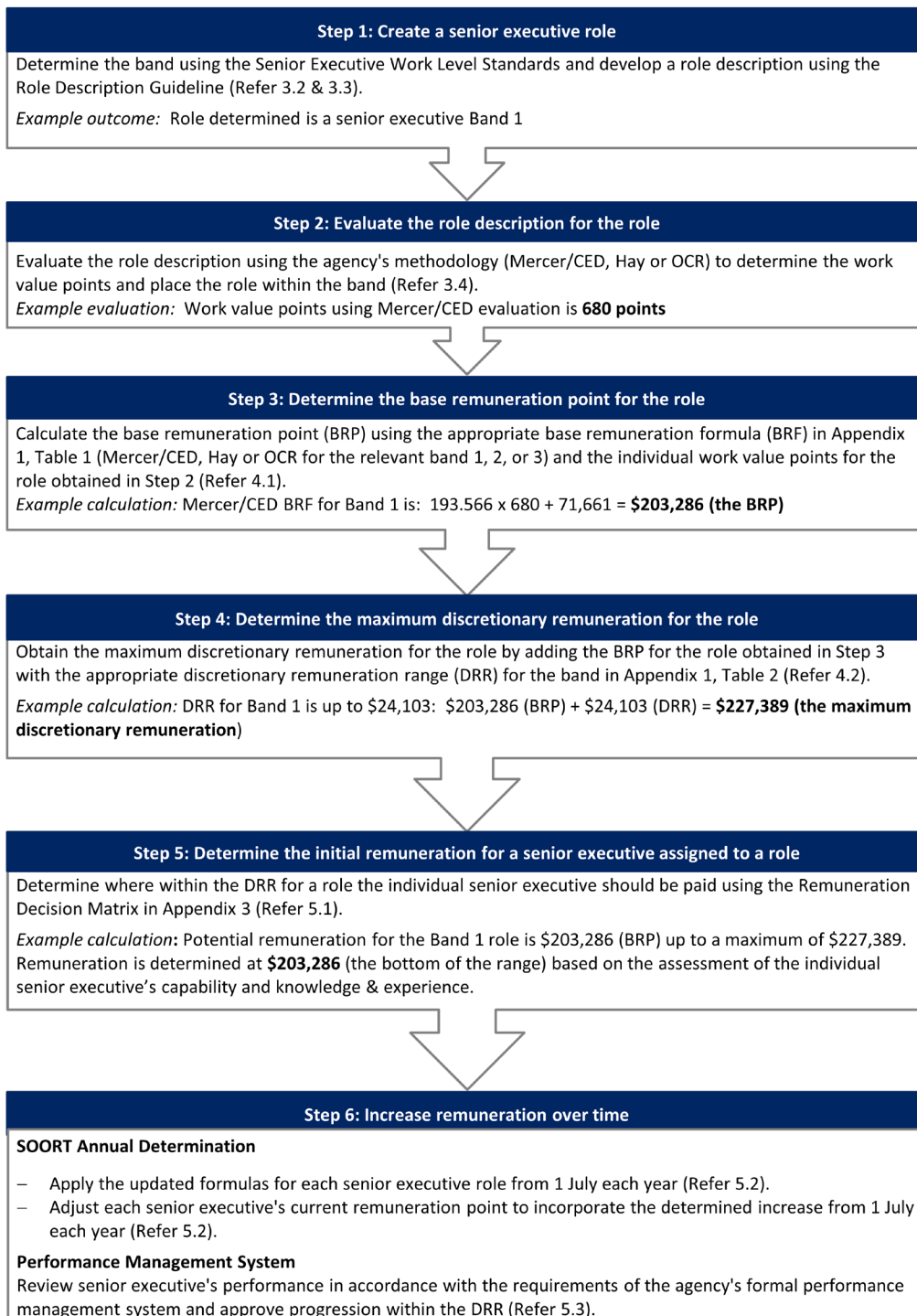
## 1.5. Key Features

The Framework outlines the process for determining executive remuneration. The process is summarised in section 1.6 How to use the Framework – business process.

More detailed information on creating roles, determining the band, the base remuneration point, and remuneration adjustments are outlined in parts 2 to 5.

The relevant formulas for determining the discretionary remuneration ranges and a remuneration decision matrix are provided in Appendices 1 and 2.

## 1.6. How to use the Framework – business process



# 2. Key principles for band structure and remuneration

## 2.1. Band structure

The *Government Sector Employment (Senior Executive Bands) Determination 2014* sets out a 4-band executive structure for the Public Service:

Band 4 – Secretary level

Band 3 – Deputy Secretary level

Band 2 – Executive Director level

Band 1 – Director level

The above role titles should be used across the Public Service for consistency and a clear, shared understanding of the nature of roles found in each band. Exceptions might be needed in rare cases, for example if the role is of a kind commonly referred to by another title (for example Chief Finance Officer).

## 2.2. Design principles

The design principles for executive structures are outlined in the *Interim guidelines on requirements for NSW public sector executive restructures and assessments to align with the intent of the senior executive reforms* (PSCC2013-10). These principles are summarised below.

### 2.2.1 Executive structures based on strategic and corporate objectives

Design of a structure and roles should be approached in terms of the functions and roles required by the department or agency to deliver on its strategic and corporate objectives.

### 2.2.2 Minimal executive layers

As a principle, there should be no more than 3 executive reporting layers below the Secretary. Proposals for intra-band reporting should be closely scrutinised in terms of their added value, particularly where they involve managers reporting to managers. They may be warranted where, for example, a specialist or a State-wide role with an 'outward' focus in terms of its responsibilities and expertise is employed to report to a manager in the same band. The model can accommodate a mixture of band 2 and 3 senior executives reporting to a Secretary or combination of band 1 and 2 senior executives reporting to a band 3.

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## 2.3. Equal pay for equal work

A key principle underpinning executive remuneration is equal remuneration for men and women doing work of equal or comparable value.

Unintended gender biases in hiring, promotion, performance and pay decisions can lead to incidences of pay inequity. Employers should identify where gender pay gaps exist within their organisation and develop and implement strategies to close the gap.

The Framework provides a methodology for determining fair remuneration for each role based on work value and processes for determining adjustments over time.

In applying the Framework and determining organisation wide executive remuneration policies, employers should ensure there is a consistent approach to decision making in respect of:

- commencing remuneration
- salary negotiation
- movements within and/or above the discretionary range
- adjustments based on the annual performance review cycle, if applicable.

Departments and agencies should be open with executives about their processes, policies and criteria for decision making in respect of executive remuneration. Transparency in promotion, pay and reward processes may reduce pay inequalities.



# 3. Creating a Public Service senior executive role

## 3.1. Employer

Under the GSE Act, unless otherwise provided in legislation, a Secretary is the employer of senior executives in their Department and in executive agencies related to the Department while the head of a separate agency is the employer of senior executives in their agency.

As the employer of senior executives, the Secretary and heads of separate agencies should ensure that senior executive roles:

- are classified according to the *NSW Public Service Senior Executive Work Level Standards*
- have a role description developed in accordance with the *NSW Public Sector Capability Framework* and the *Role Description Development Guideline*
- have remuneration determined in accordance with the Framework.

## 3.2. Determining the band using the Work Level Standards

The Work Level Standards are the classifying tool for determining the band for a new senior executive role. The Work Level Standards indicate, in broad terms, the work expected to be performed at senior executive bands 1 to 3.

## 3.3. Creating the role description

The role description for a sector or agency-specific senior executive role is to comply with the following principles:

- Be developed in accordance with the [Role Description Development Guidelines](#).
- Describe the role in terms that are consistent with the Work Level Standards descriptors for the selected band.
- Incorporate the relevant levels for all capabilities from the Capability Framework including any relevant occupation-specific capabilities. The focus capabilities should be identified prior to recruitment action. The set of focus capabilities can change for subsequent recruitment based on current priorities and/or team mix.

## 3.4. Placing the senior executive role at a point within the band using role evaluation methodology

Once the band is determined for a new senior executive role using the Work Level Standards and the role description finalised, a role evaluation (Mercer/CED, Hay or OCR) is used to determine the work value points and place the role within the band.

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The work value points are used in the Framework formulas to calculate the base remuneration point for each senior executive role (see part 4).

### **3.4.1 Work value points falls outside band range**

If the work value points for a role falls above or below the points range for the band, the role does not get reclassified to the higher or lower band. Rather the outcome of the role evaluation indicates only that the remuneration for the role would be at the higher or the lower end of the band range.

## **3.5. Re-evaluation of roles within a senior executive band**

Roles within a band may be re-evaluated where there is a substantial change in the work value. This can be initiated by either the employer or the senior executive.

Factors influencing work value include:

- capabilities required for the role
- budget/employee management responsibility
- decision making authority
- scope/breadth of the role
- complexity of the role.

Changes in any, or a combination of, these areas could potentially constitute a substantial change.

Agencies may use their discretion as to whether a change in the role is such that it warrants a re-evaluation. A consistent policy and approach should be adopted across the agency regarding when and in what circumstances a senior executive role should be re-evaluated. The policy should also factor in the potential impact of the re-evaluation in the context of other senior executive roles in the particular work area or in the agency as a whole.

The employer will need to determine the most appropriate approach to filling the re-evaluated role which could include subsequent assignment of the incumbent or another senior executive, transfer, secondment, agency EOI or external advertising.

# 4. Remuneration for a new Public Service senior executive role

## 4.1. Determining the base remuneration point

The base remuneration point for each senior executive role is calculated using the work value point outcome in the appropriate formula for the methodology used by the agency. There are different formulas for each methodology and for each methodology a different formula for each band (see Appendix 1, Table 1).

## 4.2. Applying the discretionary remuneration range

In addition to the base remuneration point, each senior executive role has an individual discretionary remuneration range (see Appendix 1, Table 2). Effective 1 July 2024, the discretionary remuneration ranges for bands 1 to 3 are as follows:

- Band 1: up to \$24,103
- Band 2: up to \$36,154
- Band 3: up to \$48,205

The maximum discretionary remuneration for a senior executive role is obtained by adding the amount of the discretionary remuneration range for the relevant band to the base remuneration point for a senior executive role.

The maximum base remuneration point for a senior executive role is equal to the maximum remuneration for the band minus the maximum discretionary remuneration range for that band.

If the work value point for a role falls above or below the points range for the band, the following will apply:

### 4.2.1 Work value point is above the band range

The base remuneration point for the role is set at the point equal to the maximum remuneration for the band minus the maximum discretionary remuneration range for the band.

### 4.2.2 Work value point is below the band range

The base remuneration point is set at the minimum for the band. For example, a senior executive role classified under the work level standards as band 1 with a Mercer/CED job/role evaluation outcome of 660 would have the remuneration associated with a role evaluated at 670, which is the bottom of the range for band 1.

# 5. Remuneration for a Public Service senior executive assigned to a role

## 5.1. Initial remuneration within the role's discretionary range

An individual's initial remuneration point within a role's discretionary remuneration range upon assignment is based on individual merit factors, including demonstrated knowledge, experience and assessed levels of capabilities. In exceptional cases, labour market factors can also be taken into account but only if based on verifiable evidence (see 5.4).

The Remuneration Decision Matrix (see Appendix 2) provides a methodology to determine where within the discretionary remuneration range for a role a senior executive should be paid. Secretaries and separate agency heads can choose to adopt the Decision Matrix when making individual senior executive remuneration decisions.

## 5.2. Applying annual SOORT remuneration increases

Generally, the approach to applying the annual SOORT determination increases is set out in 5.2.1 and 5.2.2.

Following the making of the *Statutory and Other Offices Remuneration (Executive Office Holders and Senior Executives) Regulation 2023* and the introduction of the temporary wages policy, there is no annual increase arising from the 2024 SOORT determination. For the year commencing 1 July 2024, the 2022 ranges continue to apply.

### 5.2.1 Base remuneration point for a role

The annual SOORT determination increase, if any, is to be applied to each role's base remuneration point (through application of the updated formula for calculation of base remuneration points) and its discretionary range (through application of the percentage increase to the discretionary ranges for bands 1, 2 and 3).

### 5.2.2 Senior executive's current remuneration point

Generally, each senior executive's current remuneration point, where it is within the band, will also be adjusted to incorporate the increase. There may be circumstances where a Secretary or head of an agency may choose not to adjust a senior executive's current remuneration point. For example, if the senior executive has been re-assigned to a role with a lower work value, in order to bring the senior executive's remuneration within the discretionary range for the role over time. Where a SOORT increase is not passed on, a consistent approach should be adopted across the agency, and agency heads should consider affording procedural fairness before deciding not to pass on the increase.

## 5.3. Progression within the discretionary remuneration range over time – based on assessed performance

Progression within the discretionary remuneration range should not be automatic.

Once assigned, the senior executive may progress over time within the discretionary remuneration range in accordance with the requirements of the agency's performance management system.

## 5.4. Within band or above-band remuneration adjustments due to labour market factors

### 5.4.1 Within band adjustments

The Secretary or head of separate agency may approve within band remuneration adjustments for a particular senior executive role, subject to verifiable market-based evidence to support an increase to remuneration.

Within band adjustment for a particular senior executive role can occur outside of the agency's performance management system and can be either:

- within the applicable discretionary remuneration range, or
- outside the applicable discretionary remuneration range, up to the maximum of the band.

Verifiable market-based evidence should consist of an independent assessment of market remuneration. The verifiable market remuneration evidence should include, but need not be limited to, available market data for like roles (with equivalent work value point scores, where known) in employment sectors comparable to the NSW Public Service. The submission to the Secretary or head of a separate agency recommending the approval of a within band adjustment should demonstrate the market evidence.

The Secretary or head of the separate agency should consider the impact any recommended increase will have on the reporting of average remuneration of senior executives within a band for their Department or agency when deciding to approve a within band adjustment in remuneration (see Part 4 for further information).

When a senior executive role is advertised or other recruitment action undertaken, the Secretary or head of separate agency should decide on the need for higher remuneration based on the following three factors:

- verifiable market remuneration evidence
- strength of the preferred candidate

- clear evidence of lack of alternative suitable candidates from the field.

For existing senior executives, within band adjustments should only occur where there has been a change in the labour market in relation to a particular senior executive role. Under these circumstances, progression within the role's discretionary remuneration range or above the discretionary range may be used as mechanism to retain the senior executive.

### 5.4.2 Above-band adjustments

Remuneration above the range for a band must be in accordance with a determination by the SOORT, pursuant to a special determination under section 24P or as provided for in the annual determination under section 24O of the *Statutory and Other Offices Remuneration Act 1975*. These determinations can only be made after the Premier has directed the SOORT to do so.

The Secretary or the head of a separate agency should seek a SOORT determination only where there is clear market-based evidence to support the application for such a determination and in line with guidance issued by the Public Service Commissioner.

The determination would be made in accordance with the provisions of 24R(3) for one of the following:

- a particular senior executive named in the determination (s24R(3)(a))
- a particular role, office or position specified in the determination (24R(3)(b))
- a particular class of senior executives specified in the determination (s24R(3)(c)).

The SOORT determination should be sought prior to advertising or other recruitment action commencing for the senior executive role. However, in exceptional circumstances a SOORT determination can be sought during the recruitment process but prior to employment.

If the determination is sought prior to advertising or other recruitment action the determination can be made under either s24R(3)(b) or (c). If the determination is to be made following the identification of the successful candidate, it should be made under section 24R(3)(a). It should be noted that a special determination for a named senior executive is a determination that is personal to that executive and is not a determination that applies to the office or role concerned or to other individuals who may have that role or office in the future.

## 5.5. Assignment of senior executives to roles in bands across Public Service

Under section 38 of the GSE Act, senior executives may be subsequently assigned to other roles across the Public Service, either in the band they are employed in, or with

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the senior executive's prior written consent, to a lower band or non-executive classification.

### **5.5.1 Assignment of senior executives to roles in the same band**

If senior executives are subsequently assigned to other roles in the same band, they are entitled under section 38(9) to maintain their level of remuneration. The senior executive's remuneration level can be reduced on subsequent assignment but only with the senior executive's consent.

### **5.5.2 Assignment of senior executives to roles in a lower band**

If senior executives are subsequently assigned to other roles in a lower band, their remuneration level is to be adjusted to a point within the lower band role's discretionary remuneration range under section 38(10). The initial remuneration point should be set in the same way as for other roles as set out in 5.1 above.

### **5.5.3 Assignment of senior executives to roles in a non-executive classification**

If senior executives are subsequently assigned to other roles in a non-executive classification, their remuneration level is to be adjusted to a level appropriate for that classification, normally set out in an industrial instrument.

### **5.5.4 Further considerations**

Further information on the assessment and remuneration considerations for assignment and subsequent assignment of senior executives can be found in the Assignment to role guidelines.

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# 6. Reporting requirements

The *NSW Treasury Policy and Guidelines – Annual Report Requirements* (TPG23-10) (see section 2.3) include requirements in relation to inclusion in annual reports of the numbers and remuneration of senior executives.



# 7. Authorities

Set out below is a list of the legislation, determinations and resources referred to in this document.

- *Government Sector Employment Act 2013*
- *Government Sector Employment Regulation 2014*
- *Government Sector Employment (General) Rules 2014*
- *Government Sector Employment (Senior Executive Bands) Determination 2014*
- *Statutory and Other Offices Remuneration Act 1975*
- *Statutory and Other Offices Remuneration (Executive Office Holders and Senior Executives) Regulation 2023*
- *Health Services Act 1997*
- *Transport Administration Act 1988*
- *Police Act 1990*
- SOORT Public Service Senior Executives Annual Determinations
- NSW Public Sector Capability Framework
- NSW Public Service Role Description Guidelines
- NSW Public Service Senior Executive Work Level Standards
- NSW Treasury Policy and Guidelines – Annual Reporting Requirements (TPG23-10)
- Performance Development Framework
- Assignment to role guidelines
- Interim guidelines on requirements for NSW Public Sector executive restructures and assessments to align with the intent of the senior executive reforms

# Appendix 1: Senior executive base remuneration formulas and discretionary remuneration ranges (effective 1 July 2024)

Methodology	Band	Points range	Base remuneration formula
Mercer/CED	Band 3	1475 to 2549	92.871 x work value point + 224,316
	Band 2	990 to 1474	78.399 x work value point + 209,586
	Band 1	670 to 989	193.566 x work value point + 71,661
Hay	Band 3	1651 to 2800	86.809 x work value point + 217,979
	Band 2	1241 to 1650	92.776 x work value point + 172,066
	Band 1	731 to 1240	121.311 x work value point + 112,671
OCR	Band 3	1851 to 2475	159.846 x work value point + 65,426
	Band 2	1251 to 1850	63.348 x work value point + 207,953
	Band 1	780 to 1250	131.378 x work value point + 98,875

**Table 1: Base remuneration formulas – Mercer/CED, Hay and OCR**

Band	Discretionary remuneration ranges	SOORT remuneration ranges
Band 3	Up to \$48,205	\$361,301 - \$509,250
Band 2	Up to \$36,154	\$287,201 - \$361,300
Band 1	Up to \$24,103	\$201,350 - \$287,200

**Table 2: Discretionary remuneration ranges**

## Notes on applying the formulas

1. The base remuneration formulas are based on the remuneration ranges contained in the annual SOORT determination. The SOORT remuneration ranges are rounded so there may be slight differences when increasing each senior executive's current remuneration point. Should the increased current remuneration point exceed the maximum of the SOORT remuneration range for the band the current remuneration point should be rounded down to be equal to the maximum of the band.

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2. The base remuneration point for a role is calculated using the above formulas for the relevant band. The discretionary remuneration range for each senior executive role starts from the base remuneration point. Should the maximum remuneration (base remuneration point + discretionary remuneration range) exceed the maximum of the band the TRP should be rounded down to the maximum amount for the band.
  3. It is assumed that there is a constant relationship between work value and remuneration value for each band. Based on this assumption a simple linear regression has been applied using the minimum and maximum levels for both work value and base remuneration. The formula derived from the regression is then able to be applied to any work value assessment between the minimum and maximum levels to calculate the corresponding remuneration value.
  4. In the event that the work value point for a role falls above or below the points range for the band, the role does not get reclassified to the higher or lower band. Rather the outcome of the role evaluation indicates only that the remuneration for the role would be at the higher or the lower end of the band range. If the role's work value point is above the band range, the base remuneration point for the role is set at the point equal to the maximum remuneration for the band minus the maximum discretionary amount for the band. In the case of roles evaluated below the range for the band, the base remuneration is set at the minimum for the band.

# Appendix 2: Remuneration Decision Matrix

**Note:** The Remuneration Decision Matrix is discretionary. Secretaries and heads of separate agencies can choose to adopt the Remuneration Decision Matrix when making individual senior executive remuneration decisions.

Senior Executive Band X Role – evaluated at XXX work value point  
TRP range \$xxx to \$xxx  
(Mercer/CED, Hay or OCR point range for band X is XXX to XXX)

**Discretionary  
Remuneration  
Range**

**Decision Matrix**

**(Note: Work value is not a variable in the decision matrix)**

Top of the  
discretionary  
remuneration  
range

**Assessment of capability**

- Assessed as above the required level for four or more of the focus capabilities identified for the role and at least at the required level for all other capabilities, **AND**

**TOP**

Remuneration is toward the top of the discretionary remuneration range for the role

**Assessment of knowledge & experience**

- Where identified as an essential requirement for the role, is assessed as exceeding the knowledge and/or experience requirements

**Assessment of capability**

- Assessed as above the required level for two or more of the focus capabilities identified for the role and at least at the required level for all other capabilities, **AND**

**MIDDLE**

Remuneration is toward the middle of the discretionary remuneration range

**Assessment of knowledge & experience**

- Where identified as an essential requirement for the role, is assessed as meeting the knowledge and/or experience requirements

**Assessment of capability**

- Assessed as at the required level for all focus capabilities identified for the role. Some development may be required to reach the required standard for one or more of the other capabilities, **AND**

**BOTTOM**

Remuneration is toward the bottom of the discretionary remuneration range

Bottom of the  
discretionary  
remuneration  
range

**Assessment of knowledge & experience**

- Where identified as an essential requirement for the role, is assessed as meeting the knowledge and/or experience requirements

**Table 3: Upon assignment in Band X**

**Note:** Labour market competitiveness may also be taken into account but only if based on verifiable evidence.

# Appendix 3: Glossary of terms

Terms	Definition
<b>Band remuneration range</b>	Range between the minimum and maximum remuneration rates for the band as set by the SOORT.
<b>Base remuneration point</b>	The fixed minimum remuneration point for a particular role. Calculated based on the work value point using a band-specific formula. Cannot be below the minimum remuneration range for the band.
<b>Discretionary remuneration range</b>	The discretionary remuneration range for each senior executive role starts from the base remuneration point. The discretionary remuneration range is up to the amounts specified in Appendix 1.
<b>Job/role evaluation methodology</b>	A systematic process for determining the relative work value of roles in an organisation. The three systems that have been accredited for use in grading NSW public sector roles are: <ul style="list-style-type: none"><li>• Mercer/CED Job Evaluation System</li><li>• Hay Job Evaluation System</li><li>• OCR Job Evaluation System</li></ul>
<b>Job/role work value point</b>	A role's evaluated work value level based on role evaluation using an accredited methodology.
Terms	Definition
<b>Remuneration</b>	Is for the purposes of the Framework a reference to a total remuneration package, that is the total amount which is to be paid to a senior executive out of which the senior executive is required to pay the employer contributions to superannuation.

<b>Remuneration Decision Matrix</b>	Guideline for determining where within a role's discretionary remuneration range a senior executive should be paid.
<b>SOORT</b>	Statutory and Other Offices Remuneration Tribunal.
<b>Total Remuneration Package (TRP)</b>	The total amount paid to a senior executive out of which the executive is required to pay the employer contributions to superannuation. Section 39(4)(d) of the GSE Act provides that the total remuneration package of a senior executive is comprised of monetary remuneration and employment benefits. See also the definition of 'remuneration package' in section 24M of the <i>Statutory and Other Offices Remuneration Act 1975</i> .
<b>Work Level Standards</b>	The NSW Public Service Work Level Standards broadly indicate the work expected to be performed in senior executive bands 1 to 3. They are the tool for determining the band for a new senior executive role.

**Table 4: Glossary of terms**

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# NSW Public Service Senior Executive Remuneration Management Framework