

# Appendix

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## Appendix 1 Senior executive base remuneration formulas and discretionary remuneration ranges (effective 1 July 2017)

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

Methodology	Points range	Base remuneration formula (BRF)
Mercer/CED Band 3	1475 to 2549	84.510 x work value point + 204,249
Mercer/CED Band 2	990 to 1474	71.353 x work value point +190,811
Mercer/CED Band 1	670 to 989	176.198 x work value point + 65,247
Hay Band 3	1651 to 2800	78.994 x work value point + 198,483
Hay Band 2	1241 to 1650	84.437 x work value point +156,664
Hay Band 1	731 to 1240	110.427 x work value point + 102,578
OCR Band 3	1851 to 2475	145.454 x work value point + 59,665
OCR Band 2	1251 to 1850	57.654 x work value point +189,325
OCR Band 1	780 to 1250	119.590 x work value point + 90,020

## Table 2 - Discretionary remuneration ranges

Band	Discretionary remuneration ranges (DRR)	SOORT remuneration ranges
Band 3	Up to \$43,885	\$328,901 - \$463,550
Band 2	Up to \$32,914	\$261,451 - \$328,900
Band 1	Up to \$21,943	\$183,300 - \$261,450

### Notes on applying the formulas

The BRFs 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 (CRP). Should the increased CRP exceed the maximum of the SOORT remuneration range for the band the CRP should be rounded down to be equal to the maximum of the band.

The BRP for a role is calculated using the above formulas for the relevant band. The DRR for each senior executive role starts from the BRP. Should the maximum remuneration (BRP + DRR) exceed the maximum of the band the TRP should be rounded down to the maximum amount for the band.

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.

In the event that the WVP 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 job/role WVP is above the band range, the BRP 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.

Upon Assignment in Band X

Senior Executive Band X Role –evaluated at XXX work value point Total remuneration package 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)	Decision Matrix (Note: Work value is not a variable in the decision matrix)
Top of the discretionary remuneration range	<p>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 Assessment of knowledge &amp; experience Where identified as an essential requirement for the role, is assessed as exceeding the knowledge and/or experience requirements</p>	<p>TOP Remuneration is toward the top of the discretionary remuneration range for the role</p>
	<p>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 Assessment of knowledge &amp; experience Where identified as an essential requirement for the role, is assessed as meeting the knowledge and/or experience requirements</p>	<p>MIDDLE Remuneration is toward the middle of the discretionary remuneration range</p>
Bottom of the discretionary range	<p>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 Assessment of knowledge &amp; experience Where identified as an essential requirement for the role, is assessed as meeting the knowledge and/or experience requirements</p>	<p>BOTTOM Remuneration is toward the bottom of the discretionary remuneration range</p>

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

## Appendix 3 - Glossary of terms

Term	Definition
Band remuneration range (BRR)	Range between the minimum and maximum remuneration rates for the band as set by the SOORT.
Base remuneration point (BRP)	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.
Discretionary remuneration range (DRR)	The discretionary remuneration range for each senior executive role starts from the base remuneration point. The discretionary range is up to the amounts specified in Appendix 1.
Job/role evaluation methodology	<p>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:</p> <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> <p>*Mercer now owns the Mercer/CED and OCR systems and no longer provides updates or training for OCR system. Public sector agencies using the OCR system may continue to do so. Agencies implementing job evaluation for the first time or considering changing systems should select either the Mercer /CED or Hay job evaluation system.</p>
Job/role work value point (WVP)	A role's evaluated work value level based on role evaluation using an accredited methodology.
Remuneration	Is for the purposes of the Framework a reference to a TRP, 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.

Term	Definition
Remuneration Decision Matrix	Guideline for determining where within a role's discretionary remuneration range a senior executive should be paid.
SOORT	Statutory and Other Offices Remuneration Tribunal.
Total Remuneration Package (TRP)	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 TRP of a Public Service 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> .
Work Level Standards (WLS)	The NSW Public Service Work Level Standards broadly indicate the work expected to be performed in Public Service senior executive bands 1 to 3. They are the tool for determining the band for a new Public Service senior executive role.