



Public  
Service  
Commission

Guideline

January 2015

# 2014-15 NSW Public Service Senior Executive Remuneration Management Framework

January 2015 edition incorporating the July 2014 Statutory and Other Offices Remuneration Tribunal Determination for Public Service Senior Executives

## Public Service Commission Guideline

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**Summary**

The NSW Public Service Senior Executive Remuneration Management Framework applies to all Public Service agencies as listed in Schedule 1 of the Government Sector Employment Act 2013. The Framework outlines the approach for determining where within a Public Service senior executive band a senior executive role or group of roles is to be placed for the purpose of calculating their base remuneration point and discretionary remuneration range. The Framework also outlines in what limited circumstances the Secretary or head of a separate agency can approve remuneration beyond the discretionary range and, separately, when the remuneration of a senior executive can progress along the discretionary range.

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# 1 Introduction

## 1.1 Purpose

Under the *Government Sector Employment Act 2013* ('GSE Act'), 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 (WLS);
- have a role description developed in accordance with the NSW Public Sector Capability Framework and the Role Description Development Guideline; and
- have remuneration determined in accordance with the NSW Public Service Senior Executive Remuneration Management Framework as updated from time to time.

In this context, the 2014-15 NSW Public Service Senior Executive Remuneration Management Framework ('the Framework') has four purposes:

1. To outline the approach, using an approved role evaluation methodology (Mercer/CED, OCR or Hay), for determining where within a Public Service senior executive band a senior executive role (or group of roles) is to be placed for the purpose of calculating its base remuneration point and discretionary remuneration range.
2. To provide the formulas needed to calculate the base remuneration point and discretionary remuneration range for a senior executive role (or group of roles) based on the Statutory and Other Offices Remuneration Tribunal (SOORT) Determination, effective 1 July 2014.
3. To provide guidance in the form of a Remuneration Decision Matrix about matters the Secretary or head of a separate agency may take into consideration when determining the remuneration of a Public Service senior executive upon assignment to a senior executive role.
4. To outline the limited circumstances in which it would be appropriate for:
  - the Secretary or head of a separate agency to approve remuneration beyond the discretionary remuneration range; and
  - the remuneration of a senior executive to progress along the discretionary remuneration range applying to the senior executive role.

**Note: Public Service senior executives receive a Total Remuneration Package (TRP), of which salary will be one component. A TRP is the total amount which is to be paid to a senior executive out of which the executive is required to pay the**



**employer contributions to superannuation.<sup>1</sup> Any reference to remuneration throughout the Framework is to a TRP.**

## **1.2 Who does the framework apply to?**

The Framework should be implemented as and when Secretaries and heads of separate agencies create GSE Act senior executive roles in bands 1 to 3 in order to determine the remuneration for those new roles. This will occur when agencies transition to the new senior executive arrangements and when any new GSE roles are created.

### **References:**

- <sup>1</sup> 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 24 of the *Statutory and Other Offices Remuneration Act 1975*.

## 2 The Framework

### 2.1 Key features

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

Following application of the WLS and determination of the band, a role evaluation methodology, such as Mercer/CED, Hay or OCR, is then used to determine a senior executive role's work value point within the selected band.

A formula is applied to the work value point to determine the base remuneration point for the role. This will determine where within the band for the purposes of remuneration a senior executive role will be placed. There are different formulas for each job evaluation methodology and for each methodology a different formula for each band (refer Appendices 1, 2 and 3). Following each annual SOORT determination the formulas will be updated and a new edition of this Remuneration Management Framework will be published.

*Base remuneration point:* The base remuneration point for a senior executive role is obtained using a formula which takes into account both the remuneration range for the relevant band as per the annual SOORT determination and the role's evaluated work value.

*Discretionary remuneration range:* The discretionary remuneration range for each senior executive role starts from the base remuneration point. Effective 1 July 2014 and based on the SOORT determination annual increase, the discretionary range is up to \$20,376 for a band 1 senior executive role, up to \$30,564 for band 2 and up to \$40,752 for band 3.

*Remuneration Decision Matrix:* The Public Service Commission (PSC) has developed a Remuneration Decision Matrix to assist Secretaries and heads of separate agencies to determine where within the discretionary remuneration range a senior executive should be paid (refer Appendix 4). Secretaries and heads of separate agencies can choose to adopt the Decision Matrix when making individual senior executive remuneration decisions.

*Remuneration on assignment or subsequent assignment:* Other than for labour market reasons, the remuneration within the discretionary range from the base remuneration point for the senior executive will be determined based upon the senior executive's capability, knowledge and experience.

*Remuneration progression within the role's discretionary range:* Once assigned, the senior executive may progress over time within the discretionary range in accordance with the requirements of the agency's formal performance management system.

## 3 Creating a Public Service Senior Executive Role

### 3.1 Determining the band – using the Work Level Standards

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

### 3.2 Creating the role description

The role description for a sector or agency-specific senior executive role is to:

- be developed in accordance with the PSC Role Description Development Guideline;
- describe the role in terms that are consistent with the WLS descriptors for the selected band; and
- incorporate the relevant levels for all capabilities from the NSW Public Sector 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.

### 3.3 Base remuneration point - placing the senior executive role at a point within the band using a role evaluation methodology

Once the band is determined for a new senior executive role using the WLS, role evaluation (Mercer/CED, Hay or OCR) is used to place the role within the band.

The job/role work value point ranges for band 1 are equivalent to the point ranges for the previous SES Levels 1 to 3; for band 2, the equivalent of SES Levels 4 and 5; and for band 3, the equivalent of SES Levels 6 and 7.

Although the band job/role work value point ranges mirror those for the former SES Levels, there are no sub-bands or levels within the broad banded structure. Formulas are used to calculate the base remuneration point for each senior executive role or group of roles based upon its job/role work value point outcome. There are different formulas for each methodology and for each methodology a different formula for each band.

Appendices 1 and 2 provide the formulas for determining the remuneration for senior executive roles in bands 1 to 3 using the Mercer/CED methodology.

The formulas for the Hay and OCR methodologies which are also used in the NSW Public Service are provided in Appendix 3

### 3.4 Discretionary remuneration ranges

In addition to the base remuneration point, each senior executive role has an individual discretionary remuneration range. Effective 1 July 2014, the discretionary remuneration ranges for bands 1 to 3 are as follows:

- Band 1: up to \$20,376
- Band 2: up to \$30,564
- Band 3: up to \$40,752



The maximum discretionary range 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 (i.e. \$20,376 for band 1, \$30,564 for band 2 and \$40,752 for band 3).

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.

In the event that the job/role 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 job/role 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. In the case of roles evaluated below the range for the band, the base remuneration point is set at the minimum for the band. For example, a senior executive role classified as band 1 with a job/role evaluation outcome of 660 would have the remuneration associated with a role evaluated at 670 of \$170,250 (effective 1 July 2014) which is the bottom of the range for band 1.

***Appendices 1 and 2 provide the formulas for determining the base remuneration points for Public Service senior executive roles in bands 1 to 3 using the Mercer/CED methodology. They also include examples of how to use the formulas.***

***Appendix 3 provides the formulas for determining the base remuneration point for Public Service senior executive roles in bands 1 to 3 using the OCR and Hay methodologies.***

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## **4 Remuneration for a senior executive assigned to a role**

### **4.1 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, in line with PSC guidelines.

A Remuneration Decision Matrix (refer Appendix 4) has been developed to assist Secretaries and heads of separate agencies 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.

### **4.2 Progression within the 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 formal performance management system.

### **4.3 Applying annual SOORT remuneration increases**

The annual SOORT determination increase 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).

Each executive officer's current remuneration point within the range for their role will also be adjusted to incorporate the increase.<sup>2</sup> This increase is separate from any progression within the range based on performance assessment.

### **4.4 Adjustment of senior executive remuneration within the band due to market factors**

Prior to a senior executive role being advertised or other recruitment action undertaken, Secretaries or heads of separate agencies can approve remuneration on assignment beyond the discretionary remuneration range for a role but within the range for the band based on verifiable evidence in line with Market Verification Guidelines that the PSC will be issuing.

The market conditions should be demonstrated in a submission to the Secretary or head of a separate agency.

**References:**<sup>1</sup> As the annual SOORT determination is generally rounded up rather than an exact percentage increase, there will be a slight difference in remuneration when increasing an existing senior executive's TRP by the annual SOORT increase effective 1 July as opposed to calculating the initial remuneration upon assignment for a new senior executive whose role has the same work value.

There are a number of scenarios where “within band” market based adjustments may be required. Accordingly, the Market Verification Guidelines will provide guidance and support for decisions by the Secretary or heads of separate Public Service agencies in relation to the following:

1. *Upon assignment or subsequent assignment to a particular senior executive role or group of roles, approve an increase in remuneration for that role or group of roles within the applicable discretionary remuneration range.*
2. *Upon assignment or subsequent assignment to a particular senior executive role or group of roles, approve an increase for that role or group of roles outside the applicable discretionary remuneration range, up to the maximum for the band.*
3. *Approve progression within a senior executive role's discretionary remuneration range outside of the agency's performance management system.*

The PSC Market Verification Guidelines will provide guidance and support for decisions where there has been a change in the labour market in relation to a *particular senior executive role* and progression within the role's discretionary remuneration range is used as a mechanism to retain the senior executive rather than to reflect the performance of the executive. This should be based on verifiable evidence and be subject to the prior approval of the Secretary or head of a separate agency. Where progression occurs on this basis, the Secretary or head of a separate agency should report this to PSC.

When making a decision to approve an adjustment in remuneration beyond the discretionary range for market based reasons, the Secretary or head of the separate agency should at the same time consider the impact the increase will have on the reporting of average remuneration of senior executives within a band for their Department or agency as required in the annual reports regulation (Refer Part 5 below for further information).

#### **4.5 Remuneration adjustments above the band due to market based factors**

Remuneration above the range for a band must only be in accordance with a determination by the SOORT, pursuant to a special determination under section 24P of the *Statutory and Other Offices Remuneration Act 1975* (SOOR Act) following a direction by the Premier.

A SOORT determination should only be sought by the Secretary or the head of a separate agency where there is clear market based evidence to support the application for such a determination. The PSC's Market Verification Guidelines will assist agencies in preparing evidence-based submissions in these cases.

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 (refer section 4.6 below for further details).



The determination would be under SOORT's power to determine a specific remuneration package for a named individual (refer s24R(1)(c) of the SOOR Act). However, a particular senior executive may be named in such a special determination in any manner that identifies the particular executive to whom the determination will apply even if the actual name of the executive is not known when the special determination is sought or made, so long as it is made in terms that will in due course identify the particular person to whom the special determination applies.

It should be noted however 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 and to future assignments of other individuals to that senior executive role. Senior executives may be subsequently assigned to other roles within the band in which they are employed under section 38 of the GSE Act and are entitled under section 38(8) to maintain their level of remuneration. This is ensured if a special determination for a particular executive is personal to the executive, but is not ensured if such a special determination is made in respect of a particular role and the executive is subsequently assigned to another role to which a special determination does not apply.

#### **4.6 Remuneration adjustment during the recruitment process but prior to employment**

If during the recruitment process but prior to employment, it becomes evident that a higher level of remuneration will be required to employ the preferred candidate for a senior executive role, the Secretary or head of separate agency can approve remuneration beyond the discretionary range up to the maximum for the band or seek a special determination under section 24P of the SOOR Act to pay above the range for a band.

In such cases, the Secretary or head of separate agency should decide on the need for higher remuneration based on three factors: the strength of the preferred candidate, clear evidence of lack of alternative suitable candidates from the field, and verifiable market evidence. The PSC Market Verification Guidelines will provide guidance and support for the latter, though it may also be appropriate to seek professional external advice based on employment sectors comparable to the NSW Public Service.

It is anticipated that this will only occur in exceptional circumstances and where this occurs, the Secretary or the head of a separate agency should report all instances to the PSC.

#### **4.7 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.

Many factors influence work value including: capabilities required for the role; budget/employee management responsibility; decision making authority; scope/breadth of the role; and complexity of the role. Changes in any of these areas, or a combination, could potentially constitute a substantial change.

Agencies may use their discretion, as they have done in the past, 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 Public Service senior executive, transfer, secondment, agency EOI or external advertising.

## **4.8 Remuneration transitional arrangements**

### **From GSE Act start and prior to transition to the new senior executive arrangements**

Schedule 4 to the GSE Act includes transitional arrangements relating to executives' remuneration that apply to an executive potentially until 24 February 2017. Under these arrangements, the following executives have a remuneration package equivalent to the remuneration package of the executive immediately before the repeal of the PSEM Act, unless the remuneration package is increased as a result of a determination of the SOORT under Part 3A, SOOR Act:

- persons continuing in office as Secretaries of Departments (refer clause 6, Schedule 4, GSE Act);
- persons continuing in office as heads of Public Service agencies that correspond with pre-GSE Act Government Service Divisions (refer clause 7, Schedule 4 of the GSE Act);
- persons holding office as heads of other Public Service agencies (refer clause 7, Schedule 4 of the GSE Act);
- 'former SES executives' (refer clause 8, Schedule 4 of the GSE Act);
- statutory officers listed in clause 8A, Schedule 4 of the GSE Act.

Former Senior Officers have their own transitional provisions (refer clause 8 of Schedule 4 of the GSE Act).

### **Transitional provisions that apply when an executive transitions to the GSE Act new senior executive arrangements**

Schedule 4 of the GSE Act contains transitional provisions in relation to the remuneration of a former SES executive when first employed as a GSE Act senior executive and specific provisions that relate to former SES executives in receipt of a recruitment or retention allowance (refer clauses 8B of Schedule 4 of the GSE Act).

Schedule 4 also contains transitional provisions in relation to an allowance to be paid to former Senior Officers when first employed as a GSE Act senior executive who would experience financial disadvantage (refer clause 8B of Schedule 4 of the GSE Act).

Information on the eligibility, administration, calculation and payment of the financial disadvantage allowance to former senior executives can be found in *Transition to the Public Service Senior Executive – Guidelines for the administration of a financial disadvantage allowance for former senior officers*.



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## 5 Reporting requirements

The *Annual Reports (Departments) Regulation 2010* and the *Annual Reports (Statutory Bodies) Regulation 2010* include requirements in relation to inclusion in annual reports of the numbers and remuneration of senior executives.

Annual reports are required to include the following information in relation to senior executives:

- The number of senior executives employed at the end of the reporting year broken down by band and gender within each band, compared with the numbers at the end of the previous reporting year.
- The average total remuneration package of senior executives in each band at the end of the reporting year, compared with the average at the end of the previous reporting year.
- The percentage of total employee-related expenditure in the reporting year that relates to senior executives, compared with the percentage at the end of the previous reporting year.

Senior executive data is also collected by the PSC in conjunction with each Workforce Profile.

The data specifications for the senior executive collection can be found at:

<http://www.psc.nsw.gov.au/sector-support/workforce-information/collections/executive-data-collection>.

## 6 Authorities

Set out below is a list of the legislation, determinations and resources that should be considered when determining where within a Public Service senior executive band a senior executive role (or group of roles) is to be placed for the purpose of calculating its base remuneration point and discretionary remuneration range.

- *Government Sector Employment Act 2013*
- *Statutory and Other Offices Remuneration Act 1975*
- *Government Sector Employment Rules 2014*
- *Government Sector Employment (Senior Executive Bands) Determination 2014*
- *Public Service Senior Executives Annual Determination 2014*
- *Data Specifications: Senior Executive Collection: April 2014*
- *Guide to Performance Agreements for the Senior Executive Service July 2013*
- *NSW Public Sector Capability Framework 2013*
- *NSW Public Service Role Description Guideline 2014*
- *NSW Public Service Senior Executive Work Level Standards 2013*
- *Transition to the Public Service Senior Executive – Guidelines for the administration of a financial disadvantage allowance for former senior officers*

## Appendix 1 Senior Executive Bands 1 and 2 Total Remuneration Package Formula (effective 1 July 2014)

**NOTE: Public senior executives receive a TRP, not a salary. A TRP 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. Any reference to remuneration in the tables below is to a TRP.**

### Mercer/CED Formulas & Example Calculations

<b>Band 1 Base Remuneration Formula = 163.555 x Work Value + 60,668</b> (Mercer/CED point range for band 1 is 670 to 989)			
<b>Work Value Points (examples)</b>	<b>Base Remuneration (from formula)</b>	<b>Discretionary remuneration range applied</b>	<b>Maximum Remuneration (formula + range value)</b>
670	\$170,250	\$20,376	\$190,626
680	\$171,885	\$20,376	\$192,261
686	\$172,867	\$20,376	\$193,243
721	\$178,591	\$20,376	\$198,967
756	\$184,316	\$20,376	\$204,692
796	\$190,858	\$20,376	\$211,234
800	\$191,512	\$20,376	\$211,888
824	\$195,437	\$20,376	\$215,813
883	\$205,087	\$20,376	\$225,463
954	\$216,699	\$20,376	\$237,075
989	\$222,424	\$20,376	\$242,800
<b>Band 2 Base Remuneration Formula = 66.188 x Work Value +177,275</b> (Mercer/CED point range for Band 2 is 990 to 1474)			
<b>Work Value Points (examples)</b>	<b>Base Remuneration (from formula)</b>	<b>Discretionary remuneration range applied</b>	<b>Maximum Remuneration (formula + range value)</b>
990	\$242,801	\$30,564	\$273,365
1000	\$243,463	\$30,564	\$274,027
1150	\$253,391	\$30,564	\$283,955
1164	\$254,318	\$30,564	\$284,882
1200	\$256,701	\$30,564	\$287,265
1250	\$260,010	\$30,564	\$290,574
1300	\$263,319	\$30,564	\$293,883
1350	\$266,629	\$30,564	\$297,193
1474	\$274,836	\$30,564	\$305,400

## Appendix 2 Senior Executive Bands 3 Total Remuneration Package Formula (effective 1 July 2014)

**NOTE: Public Service senior executives receive a TRP, not a salary. Any reference to remuneration in the tables below are 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.**

### Mercer/CED Formulas & Example Calculations

<b>Band 3 Base Remuneration Formula = 78.489 x Work Value + 189,630 (Mercer/CED remuneration point range for band 3 is 1475 to 2549)</b>			
<b>Work Value Points (examples)</b>	<b>Base Remuneration (from formula)</b>	<b>Discretionary remuneration range applied</b>	<b>Maximum Remuneration (formula + range value)</b>
1475	\$305,401	\$40,752	\$346,153
1600	\$315,212	\$40,752	\$355,964
1700	\$323,061	\$40,752	\$363,813
1800	\$330,910	\$40,752	\$371,662
1999	\$346,530	\$40,752	\$387,282
2100	\$354,457	\$40,752	\$395,209
2200	\$362,306	\$40,752	\$403,058
2300	\$370,155	\$40,752	\$410,907
2400	\$378,004	\$40,752	\$418,756
2500	\$385,853	\$40,752	\$426,605
2549	\$389,698	\$40,752	\$430,450

### Notes

1. The base remuneration point for a senior executive 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.
2. The formulas generated by the PSC and examples provided in Appendices 1 and 2 are based the remuneration ranges contained in the SOORT Public Service Senior Executive Annual Determination, effective 1 July 2014.
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 role 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 job/role 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 3 Senior Executive Bands: OCR and Hay Formulas (effective 1 July 2014)

**NOTE: Public Service senior executives receive a TRP, not a salary. A TRP 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. Any reference to remuneration in the tables below is to a TRP**

### OCR

<b>Band 1 Base Total Remuneration Package Formula = <math>111.01 \times \text{Work Value} + 83,663</math></b> (OCR point range for Band 1 is 780 to 1250)
<b>Band 2 Base Total Remuneration Package Formula = <math>53.481 \times \text{Work Value} + 175,897</math></b> (OCR point range for Band 2 is 1251 to 1850)
<b>Band 3 Base Total Remuneration Package Formula = <math>135.09 \times \text{Work Value} + 55,347</math></b> (OCR point range for Band 3 is 1851 to 2475)

### HAY

<b>Band 1 Base Total Remuneration Package Formula = <math>102.5 \times \text{Work Value} + 95,320</math></b> (HAY point range for Band 1 is 731 to 1240)
<b>Band 2 Base Total Remuneration Package Formula = <math>78.325 \times \text{Work Value} + 145,599</math></b> (HAY point range for Band 2 is 1241 to 1650)
<b>Band 3 Base Total Remuneration Package Formula = <math>73.366 \times \text{Work Value} + 184,275</math></b> (HAY point range for Band 3 is 1651 to 2800)

### NOTES

1. The base remuneration point for a senior executive role is calculated using the above formulas for the relevant methodology and band. The discretionary remuneration range for each senior executive role starts from the base remuneration point.
2. The formulas generated by the PSC in Appendix 3 are based upon the remuneration ranges contained in the SOORT Public Service Senior Executive Annual Determination, effective 1 July 2014.
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. Using the OCR and Hay formulas above, should the outcome of the calculation place the remuneration of a senior executive role below or above the range for the band, it should be adjusted up or down to the minimum or maximum of the band range respectively.

## Appendix 4 Remuneration Decision Matrix

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

### Upon Assignment in Band X

Senior Executive Band X Role – evaluated at XXX 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)	
<p><b>Top of the discretionary remuneration range</b></p>  <p><b>Bottom of the discretionary range</b></p>	<p><b>Assessment of capability</b></p> <ul style="list-style-type: none"> <li>Assessed as above the required level for <u>four or more of the focus capabilities</u> identified for the role and at least at the required level for all other capabilities, <b>AND</b></li> </ul> <p><b>Assessment of knowledge &amp; experience</b></p> <ul style="list-style-type: none"> <li>Where identified as an essential requirement for the role, is assessed as <u>exceeding</u> the knowledge and/or experience requirements</li> </ul>	<p><b>TOP</b></p> <p>Remuneration is toward the top of the discretionary remuneration range for the role</p>
	<p><b>Assessment of capability</b></p> <ul style="list-style-type: none"> <li>Assessed as above the required level for <u>two or more of the focus capabilities</u> identified for the role and at least at the required level for all other capabilities, <b>AND</b></li> </ul> <p><b>Assessment of knowledge &amp; experience</b></p> <ul style="list-style-type: none"> <li>Where identified as an essential requirement for the role, is assessed as meeting the knowledge and/or experience requirements</li> </ul>	<p><b>MIDDLE</b></p> <p>Remuneration is toward the middle of the discretionary remuneration range</p>
	<p><b>Assessment of capability</b></p> <ul style="list-style-type: none"> <li>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, <b>AND</b></li> </ul> <p><b>Assessment of knowledge &amp; experience</b></p> <ul style="list-style-type: none"> <li>Where identified as an essential requirement for the role, is assessed as meeting the knowledge and/or experience requirements</li> </ul>	<p><b>BOTTOM</b></p> <p>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 5 Glossary of Terms

<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 range is up to \$20,376 for a band 1 senior executive role, up to \$30,564 for band 2 and up to \$40,752 for band 3.
<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.
<b>Remuneration</b>	Is for the purposes of the Framework a reference to a Total Remuneration Package (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.
<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 TRP of a Public Service senior executive is comprised of monetary remuneration employment benefits. See also the definition of 'remuneration package' in section 24 of the <i>Statutory and Other Offices Remuneration Act 1975</i> .
<b>Work Level Standards (WLS)</b>	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.

\*Note - 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.