

**PARLIAMENTARY, LOCAL COUNCIL AND PUBLIC SECTOR EXECUTIVES
REMUNERATION LEGISLATION AMENDMENT BILL 2011**

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Bill introduced on motion by Mr Barry O'Farrell.

Agreement in Principle

Mr BARRY O'FARRELL (Ku-ring-gai—Premier, and Minister for Western Sydney)
[12.12 p.m.]: I move:

That this bill be now agreed to in principle.

This bill will extend the Government's public sector wages policy to elected officials, to State parliamentarians, local mayors and councillors, to senior executives in the public service and to statutory officeholders. The Government's public sector wages policy is about delivering fair wage increases to hardworking public servants. It is also about ensuring that the State budget can be brought under control. This means we will be able to get on with the business of delivering the infrastructure and services that this State needs and that its people deserve.

Last week this Parliament passed the Industrial Relations Amendment (Public Sector Conditions of Employment) Bill 2011. That legislation requires the Industrial Relations Commission to give effect to the Government's wages policy when making decisions relating to public sector salaries. It is now appropriate to extend the policy to other officeholders who are paid from the public purse. If the policy is good enough for a public servant then it is certainly also good enough for senior executives and for elected officials. I note that over the past four years when Labor imposed its 2.5 per cent wages policy on the public service it had no constraint on members of Parliament, elected officials and other officers.

That is why, for the first time, the Government's wages policy will be formally extended so that it applies to elected officials and to senior bureaucrats. The independent tribunals which set the remuneration of those officials will be required to give effect to the same policy on salary increases that the Industrial Relations Commission is required to apply to public servants. Obviously, we do not pretend that a cap on salary increases is felt in the same way by highly paid executives as it is by ordinary public servants, but the point is that we should not apply a policy for workers that we are not willing to apply to ourselves.

Schedule 1 to the bill extends the wages policy to members of Parliament. Currently the basic salary of New South Wales parliamentarians is set automatically by reference to the salary paid to members of the Commonwealth House of Representatives less \$500. This means that any increase in the salary of Commonwealth members of Parliament flows automatically to State members of Parliament. This bill will break that nexus to ensure that members of Parliament cannot receive salary increases above what is prescribed in the public sector wages policy. Going forward, the salaries of New South Wales members of Parliament will be determined by an independent tribunal—the Parliamentary Remuneration Tribunal. This ensures that parliamentary salaries continue to be set by a process that is independent and at arm's-length from the Government.

The tribunal will, however, only be able to approve salary increases for members of Parliament up to the amount prescribed in the Government wages policy. Unlike public servants, who will be able to receive an additional increase where there are demonstrated employee-related savings, members of Parliament will not be able to claim that they should receive a higher salary because of productivity savings. Capping the basic salary of members of Parliament at 2.5 per cent will mean that Ministers, Parliamentary Secretaries, Presiding Officers and other parliamentary officeholders will also be subject to the same cap. Under the Parliamentary Remuneration Act the additional salaries of Ministers and other officeholders are set as a percentage of the member's basic salary. Accordingly, any cap on the basic salary will flow through automatically to cap the additional salary of Ministers and others named.

Schedule 2 to the bill applies the same policy to elected officials at the local government level, to mayors and councillors. It provides that in future the Local Government Remuneration Tribunal will be required to give effect to the Government wages cap when setting the range of fees for mayors and councillors. Finally, schedule 3 to the bill extends the policy to determinations of executive remuneration made by the Statutory and Other Offices Remuneration Tribunal. This means that the Government's wages policy will apply to the Chief Executive Service, the Senior Executive Service and statutory officeholders whose remuneration is determined by the Statutory and Other Offices Remuneration Tribunal Act. The Statutory and Other Offices Remuneration Tribunal will be required to apply the policy when determining the salary bands for each Senior Executive Service level.

As with other public servants, any increase above 2.5 per cent will be payable only where productivity savings have been achieved. To pass on any increase the tribunal will need to be satisfied that these savings have been achieved and are attributable, at least in part, to the category of officers concerned. Of course, this does not mean that any individual Senior Executive Service officer will automatically receive the tribunal determined increase. Individual officers will continue to be paid having regard to their individual performance. High-performing Senior Executive Service officers may receive increases beyond 2.5 per cent provided that any increase is within the Statutory and Other Offices Remuneration Tribunal approved band. Poorly performing Senior Executive Service officers may receive less than 2.5 per cent or no increase at all.

Schedule 4 to the bill makes consequential amendments to the Health Services Act to ensure that the public sector wages policy also applies to visiting medical officers and to executives of the Health Senior Executive Service. I mention briefly that judges and magistrates have been excluded from the bill. Although the salaries of New South Wales judicial officers are determined by the Statutory and Other Offices Remuneration Tribunal, it is generally accepted that there should be broad consistency of pay between Federal and State judiciaries. That said, it is concerning that in recent times salary increases for judicial officers have significantly outpaced those for all other public sector officers. For the time being, it is appropriate that judicial officers, as defined, be excluded from the bill. This will ensure that appropriate relativities across Federal and State judiciaries can be maintained.

We will, however, continue to monitor increases in judicial salaries to ensure that these do not place undue pressure on State finances. The Government's wages policy is designed to strike a balance between maintaining the value of wages for public servants and the ability of the State budget to fund wage increases. The wages policy we are implementing is the same as Labor's wages policy implemented in 2007 yet—unlike Labor—we are prepared to have this policy apply equally. With this legislation the wages policy will apply to members of Parliament, senior public servants, mayors and councillors as well. Not only is that fair, it is appropriate and necessary if we are to get on with the business of delivering the infrastructure and services that this State needs and the public deserves. I commend the bill to the House.

Debate adjourned on motion by Mr Paul Lynch and set down as an order of the day for a later hour.