

Warren McCann
Chair
Victorian Independent Remuneration Tribunal
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14 February 2020

Dear Warren,

GOTAFE submission to the Victorian Independent Remuneration Tribunal on remuneration band setting values for executives employed in prescribed public entities.

On behalf of the Goulburn Ovens Institute of TAFE (GOTAFE) Board, I would like to make the following submission to the Victorian Independent Remuneration Tribunal in relation to the proposed Determination (s2 24(1)) of the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019* (Vic) (VIRTIPS Act).

As a public entity listed in the VIRTIPS Act, restrictions imposed on GOTAFE's total executive remuneration offerings are creating ongoing challenges in competitively attracting and retaining talented executives to our regional organisation. As a Board, we find the current determined executive remuneration band value settings (based primarily on revenue) insufficient to support a high functioning executive office workforce and respectfully question the appropriateness of these settings for regional TAFEs.

Our stance for greater regional executive remuneration is based on GOTAFE's recruitment experiences and the findings of [REDACTED] Executive Remuneration Analysis of Goulburn Ovens Institute of TAFE. It is also supported by [REDACTED]; a recruitment firm with extensive experience with public sector authorities, agencies and community organisations within the Goulburn Valley region and surrounding regional areas.

We believe the current executive remuneration band settings based on total revenue could be greatly improved by the Tribunal's consideration of the following comparators and factors:

- GOTAFE's CEO salary is currently \$[REDACTED] per annum; making it lower as a proportion of total TAFE income compared to all Victorian regional TAFEs.
- GOTAFE's CEO salary is lower than other public sector employers in the Goulburn Valley region (approximately 20% lower than local governments of similar revenue, and approximately 30% lower than CEO salaries for water corporations of a similar size).

- Regional TAFEs have their own complexities which should be considered in setting executive remuneration levels; many of which do not correlate with TAFE income. CEO roles within regional TAFEs are arguably no less complex or demanding when compared to metro TAFE CEO roles. Reasons include greater community expectations, political demands, socio-economic disadvantage, thin markets and travel requirements as demonstrated through the following:
 - GOTAFE’s operations cover a large geographical area – requiring the development and maintenance of relationships with industry partners, local government and community stakeholders across 11 local government areas.
 - GOTAFE staff are located across five campuses – requiring the maintenance of capability and morale across multiple sites (often requiring greater travel time).
 - GOTAFE maintains a large scope of qualifications and courses similar to other TAFEs, despite operating in relatively thin regional markets with lower benefits of scale.
 - GOTAFE operates in areas with varying economic and social challenges for student cohorts (e.g. unemployment in Greater Shepparton is well above the Victorian average).
- Given that the TAFE CEO salaries set the upper limits for broader TAFE Executive remuneration (through the 70% and 80% rules), restrictions placed on the GOTAFE CEO’s total remuneration package is limiting GOTAFE’s ability to attract and retain talented TAFE Executives with the right skills to our regional organisation.

In March 2019, GOTAFE unsuccessfully sought to increase the organisation’s CEO total remuneration package to \$ [REDACTED] through a Public Sector Executive Remuneration Submission to the Department of Education and Training. GOTAFE outlined in this submission why this was believed to be a fair and appropriate remuneration level to ensure GOTAFE was equipped with the right leadership capability at the CEO and executive levels to transform and successfully lead GOTAFE into the future.

The GOTAFE Board is deeply concerned that there is no prospect of GOTAFE being able to serve the community at the extraordinary levels required without a highly capable and effective Executive Team. We believe this objective can only be achieved through a more competitive executive remuneration offering for regional TAFEs.

I thank you for your consideration and warmly welcome any further discussions on this matter.

Yours faithfully



Diana Taylor
Board Chair
Goulburn Ovens Institute of TAFE