

Treasury Corporation of Victoria – 17 February 2020

Agreed summary of oral submission to the Victorian Independent Remuneration Tribunal's Determination of public entity executive remuneration bands

- TCV was established in 1993 to manage through one authority all of the State of Victoria's public sector debt financing requirements.
- The TCV business model allows the State and its agencies to shift their financial risks to a centralised balance sheet.
- TCV's balance sheet is currently around \$52 billion, and growing rapidly to meet the State's financing needs.
- TCV is unique within government, as all executive positions require a working knowledge of financial markets, and the various areas that support its risk management activities.
- TCV needs to attract and retain private sector expertise, for example, from banks and fund managers.
- TCV has benefited from very long-term stability in its executive team.
- Appropriately benchmarked remuneration is the key to TCV's attraction and retention capacity.
- TCV's executive remuneration arrangements are informed by remuneration data and benchmarking gathered by the Financial Institutions Remuneration Group, and this information could equally inform the Tribunal's considerations.
- TCV has spent over a decade perusing a strategy which has seen headcount reduce, while the balance sheet has increased.
- TCV is a scalable business model, so an important consideration in valuing any executive role is the level of risk experience the position requires, rather than the number of employees they manage or the size of the balance sheet
- Traditional work value remuneration band analysis is therefore not suited to TCV executive roles, given the importance of risk management skills to each executive role and the small size of the organisation.
- TCV has always been compliant with government's executive remuneration policies and will continue to be.
- All of TCV's current executives came from outside government, with one exception.

- TCV's organisational structure and small number of employees means that for career progression employees must leave the Corporation. These employees tend to leave the Corporation for private sector roles, as their training and development makes them attractive employees for private sector financial markets organisations. It is rare for a TCV employee to leave for another Government agency or department.
- Flexible work arrangements have been important in securing some executive talent.