

14th February 2020



Warren McCann  
Chair  
Victoria Independent Remuneration Committee  
Suite 1 Ground Floor  
1 Treasury Place  
Melbourne Vic 3002

Dear Mr McCann

**RE: Submission Determination of remuneration bands for executives employed in prescribed public entities**

Following your invitation, I am writing to you in response to the requirement for the Victorian Independent Remuneration Tribunal to make a determination on setting the values of remuneration bands for executives employed in prescribed public entities. As Western Region Water Corporation ('WRWC') is a prescribed public entity and in my capacity as Chair of the Board at Western Region Water Corporation, I welcome the opportunity to make a submission.

Our Public Sector Executives play an important role in leading our organisation and ensuring the delivery of high-quality water and sewerage services. As an organisation experiencing significant customer growth, change and transformation it is imperative that we continue to attract and retain the best people and that this review ensures executive employment arrangements reflect best practice and position our executives to continue the quality work and leadership that is present in our public sector today. Whilst the executive remuneration is only one component of the entity's workforce remuneration it can be a significant constraint on the wider entity's remuneration approach.

Below I would like to outline some of the specific challenges we have faced at WRWC as a public sector entity due to the existing Executive remuneration policy:

- The existing scale or size of the public entity is a determining factor in setting the CEO or Managing Director's remuneration. Further consideration should be given to the 'future state' of the organisation, specifically for entities undergoing significant growth in scale or complexity. *(Additionally, the TRP of a subordinate executive should not exceed 80% of the approved TRP for the CEO and the average TRP of all their direct reports should not exceeding 70%.)*
- Due to WRWC's location in the Outer Western suburbs of Melbourne the entity is often challenged to attract high quality and capable candidates where better remuneration can be achieved in central Melbourne or where the candidate lives in Metropolitan Melbourne *(Executive remuneration constrains the entities overall remuneration offering. Specific employment market consideration for that entity should be considered)*





- A recent desktop sample review of Senior Manager remuneration across the entity found a very high percentage are remunerated at the lowest 25 percentile for their comparable roles (*Mercer Salary data 2019*) This has also contributed to the entity's high staff turnover rate for the past few years.
- A more holistic approach to the Total Executive Reward is important should overall remuneration levels remain unchanged. Determining how the Public Sector can further differentiate itself as an 'Employer of Choice' in the broader employment market continues to be important.

On behalf of Western Region Water Corporation I thank you for the opportunity to make a submission and look forward to working with you over the coming months in relation to the review.

Regards

A handwritten signature in blue ink, appearing to read "Andrew Cairns".

**Andrew Cairns**  
**Chairperson**

