28 June 2021

Private & Confidential

Attention: Warren McCann Victorian Independent Remuneration Tribunal Suite 1, Ground Floor, 1 Treasury Place, East Melbourne Victoria 3002

By email: enquiries@remunerationtribunal.vic.gov.au

Dear Mr McCann,

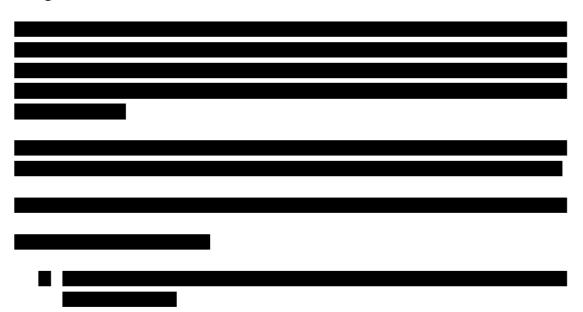
Remuneration bands for executives employed in prescribed public entities – annual adjustment

We refer to your email in relation to the above matter dated 21 June 2021.

behalf of its Executives and

makes the following *confidential* submissions on itself – being a class of 'affected persons'.

Background



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Submissions

What level of adjustment to the values of the remuneration bands should the Tribunal consider?

considers it difficult to properly answer this question as it is still awaiting the results

of the VPSC's Executive Classification Assessment which was conducting at the start of 2021. Without knowing what the landing is for the assessment (eg what is the baseline banding of Executives) Executives can only make submissions based on the assumption the current remuneration bandings apply to its Executives. submits that the existing remuneration band and annual increases are generally below average for similar companies for the reasons noted below, under the below relevant VPS Remuneration Principles:

Principle 1: Executive remuneration should be fair and reasonable

Executives in public entities should receive fair and reasonable recompense for performing their public duties.

Comments:

submits that generally the remuneration banding of Executives is below market for the following factors:

> there was no increase in base REM last year due to a 0% Premier's annual increase;

> the bonus structure has been removed as of 1 July 2020; and

> increased work eg primarily due to implementing COVID safe measures – generally executives substantially increased their workload (including influencing Government Policies in relation to COVID restrictions and rent relief) to ensure continued to operate with heighted COVID safe measures through the Pandemic, whilst maintaining their business as usual work flow. It is worth mentioning that the Executive team perform at a high level and have a history to delivery.

Principle 3: Executive remuneration should be competitive

Remuneration should be set at a competitive level for the relevant market and sector, so as to attract and retain talented people.

Comments:

from the commercial private sector), including property, legal, finance, operations, facilities

management and business management and as discussed with the VPSC's Executive Classification assessor the remuneration banding of executives should be fair and reasonable taking into consideration remuneration for executives in in the private sector.

There is a material risk that if the above is not remedied there may be retention issues with Executives reverting to equivalent private sector roles due to non competitive bandings. One clear example of the non competitive remuneration structure is that due to VPS policy, the bonus structure was removed last year – which removes a key performance incentive for high performing Executives (most private sector equivalents still have this structure in place).

In fact, according to industry reports, some private sector areas including property, law and finance have experienced material increases in base remunerations and out of cycle bonuses paid to 'make up' for last year's flat line. Based on this, **submits** submits the annual increase to bandings should materially increase to be consistent with the general industry trends.

Please let me know if you have any questions with the above matter.

Yours faithfully,

