

Warren McCann  
Chairperson  
Victorian Independent Remuneration Tribunal  
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**Melbourne VIC 3002**

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Dear Mr McCann,

Thank you for your correspondence dated 19 July 2024, inviting the Country Fire Authority (CFA) to provide input regarding the Tribunal's new Determination of remuneration bands for executives employed in prescribed public entities (2024 PE Determination) and the application of the Premier's annual adjustment guideline rate for 2024-25.

We appreciate the opportunity to contribute to this important consultation process. Our submission addresses the questions outlined in your letter and provides detailed insights into the roles and remuneration of our executives, as well as the broader impacts of the proposed Determination and adjustment guidelines on our organisation.

## **1. Evolution of executive roles since the 2020 Determination**

Since the introduction of the Public Entity Executive Classification Framework (PEECF) and the Tribunal's 2020 decision, the Country Fire Authority (CFA) has made significant modifications to align its executive classification framework with these guidelines. CFA's framework is designed to ensure competitive, fair, and equitable remuneration for its executives while maintaining alignment with broader public sector standards.

The role of CFA executives has evolved, with the 2020 Fire Services Reform further amplifying demands on CFA executives, requiring them to navigate more complex regulatory environments, drive significant organisational change, and meet heightened public expectations. This evolution necessitated a nuanced approach to executive classification and remuneration, ensuring roles are appropriately aligned with new demands and responsibilities.

Consequently, CFA introduced a new executive classification, the Group General Manager, to bridge the gap between the CEO and General Managers, better distributing responsibilities and enhancing oversight.

The CFA's executive classification framework comprises two streams: Corporate and Operational. The Corporate stream is led by the CEO, who reports directly to the Board, while the Operational stream is led by the Chief Officer, who reports to the CEO. Group General Managers oversee a group of departments, General Managers are responsible for individual departments, Deputy Chief Officers manage operational regions or areas of responsibility, and Heads of positions manage specific functions within these departments.

CFA has aligned these positions within the PEECF framework but has made specific adaptations to differentiate remuneration across the executive structure. The key

adaptation involves identifying the midpoint of each PESES classification band and using the minimum and maximum halves to align remuneration appropriately.

<b>CORPORATE SERVICES</b>					
<b>Org Levels</b>	<b>Position Level</b>	<b>Benchmarked PESES Classification</b>	<b>Min</b>	<b>Mid</b>	<b>Max</b>
1	CEO	PESES 3b	\$401,018	\$467,225	\$533,431
2	Group General Manager	PESES 2b	\$279,239	\$340,128	\$401,017
3	General Manager	PESES 2a	\$279,239	\$340,128	\$401,017
4	Head of	PESES 1	NA	\$216,376	\$279,238
<b>CHIEF OFFICER</b>					
<b>Org Levels</b>	<b>Position Level</b>		<b>Min</b>	<b>Mid</b>	<b>Max</b>
1	Chief Officer	PESES 3a	\$401,018	\$467,225	\$533,431
2	Deputy Chief Officer	PESES 2a	\$279,239	\$340,128	\$401,017
3	Head of	PESES 1	N/A	\$216,376	\$279,238

## **2. Competitiveness of existing remuneration bands**

Over the last 18 months, CFA has filled 11 executive positions. Whilst there have been healthy response rates from interested candidates, there has definitely been a trend towards shortlisted candidates expressing remuneration expectations outside the existing remuneration bands.

For instance, during the recruitment process for several executive roles, a significant number of candidates who reached the phone screening and interview stages indicated salary expectations exceeding the PESES 1 band. In some cases, candidates sought remuneration well above the top of the band, often expecting bonuses or higher base salaries that align more closely with private sector offerings.

One notable trend is the increasing difficulty in appointing suitable candidates for highly specialised or skilled roles classified within the PESES 1 band. Recruitment efforts for a niche program manager role through multiple agencies revealed that candidates with the required skills and experience are looking for significantly higher remuneration packages, typically ranging from \$300,000 to \$400,000 per annum or high daily rates. This disparity between candidate expectations and the current remuneration bands has resulted in several promising candidates either withdrawing from the process or accepting more lucrative offers elsewhere.

Feedback from recruitment agencies used by CFA has also highlighted the challenge of attracting top-tier candidates within the existing remuneration bands. We therefore believe there is a need to re-evaluate the current remuneration bands to ensure they are and remain competitive and reflective of market conditions, thereby enhancing the public sector's ability to attract and retain high-calibre executives, particularly in specialist or niche roles.

## **3. Market positioning for executive remuneration**

We lack detailed market knowledge to best comment on the appropriate market positioning. However, feedback to CFA from executive search and recruitment agencies, as considered in response to question 2, indicates that the current remuneration bands are making it challenging to attract top talent.

## **4. Impact of market conditions on executive attraction and retention**

In our view, current market conditions and pressures do affect the ability of public entities to attract and retain executives. Feedback received during recruitment is that the private sector often offers higher salaries, bonuses, and other financial incentives that public entities, constrained by budgetary limitations and structured pay scales, can sometimes struggle to match. This may deter some executives who prioritise higher private sector remuneration perceived to be more in line with their expertise and experience.

Executives with specialised skills and experience in high demand, such as those involved in ICT and project management, tend to command higher compensation in the private sector, making it harder for public entities to compete. Furthermore, location and relocation challenges arise as private sector organisations may sometimes allow fully remote working conditions, whereas public sector roles typically require Victorian residency.

## **5. Fairness and equity of remuneration bands**

CFA is unable to make a values-based comment regarding the fairness or otherwise of executive remuneration. However, CFA seeks to ensure that the executive remuneration bands are competitive and reflective of broader market trends.

## **6. Relativities between executive and non-executive remuneration**

Current remuneration relativity (adjusted for superannuation and total remuneration package) between the top level of CFA's professional, technical, and administrative workforce and executive officers is \$30,174 or 13.95%. This has increased from a relativity of \$18,637, or 10.02%, as noted in our original submission to the Tribunal in February 2020.

CFA considers this relativity appropriate given the additional accountability and responsibilities that executives hold. Unlike other employees covered by the enterprise agreement, executives cannot claim overtime or additional monetary benefits. Maintaining a healthy relativity between these remuneration levels is crucial to attract top executive talent and ensure they are compensated fairly for their elevated level of responsibility.

By ensuring this appropriate differential, CFA aims to reflect the increased demands placed on executives, thereby supporting the organisation's ability to recruit and retain highly skilled leaders.

## **7. Consideration of the 'employee value proposition'**

The Tribunal should consider the comprehensive Employee Value Proposition (EVP) offered by public entities like the Country Fire Authority (CFA) when evaluating executive remuneration. CFA provides a range of non-financial benefits that contribute significantly to attracting and retaining high-calibre talent. These benefits include purposeful work that positively impacts the community, generous leave provisions, and family-inclusive policies that support work-life balance and family commitments. Additionally, CFA offers robust health and wellbeing programs, flexible working arrangements, and unique schemes such as the Executive Vehicle Scheme, which provide various financial and practical advantages.

While these non-financial benefits are highly valued by many candidates and contribute to a supportive and attractive working environment, it is important to note that some candidates, particularly those in specialised and higher-end executive roles, may prioritise remuneration over these benefits. Therefore, balancing competitive remuneration with a strong EVP is essential to effectively attract and retain top talent in the public sector.

## **8. Suitability of existing classification levels for remuneration bands**

CFA considers the Victorian Public Service (VPS) executive cohort to be an appropriate comparator for executive remuneration. Many CFA executives have experience working within the VPS, making this a relevant and practical benchmark. Overall, the existing bands are largely appropriate. However, CFA suggests that the Tribunal consider introducing additional flexibility to offer remuneration outside the usual bands in cases where market forces or other factors make it difficult to attract top talent to specific specialist roles. This flexibility would help ensure that CFA can remain competitive in the labour market and secure the highly skilled executives needed to meet our organisational goals.

## **9. Potential improvements to the PE Guidelines**

CFA has not identified any potential improvements to the PE Guidelines.

## **10. Other relevant considerations for the Tribunal**

None.

## **Final Recommendation**

CFA respectfully requests the Tribunal to consider the following recommendations when considering the Tribunal's new determination of remuneration bands for executive employees. These recommendations aim to ensure competitiveness, maintain fair relativities, improve our ability to attract and retain top talent, and introduce flexibility for specialist positions:

1. Align CFA's executive remuneration ranges with those of the Victorian Public Service (VPS), Australian Commonwealth Government, and current market rates. This alignment will help maintain competitiveness and ensure CFA can attract high-calibre candidates.
2. Preserve the appropriate remuneration relativities between non-executive and executive employees. This differentiation reflects the additional responsibilities and accountabilities held by executives and is essential for fair compensation.
3. Continuously evaluate and adjust remuneration structures to enhance CFA's ability to attract and retain top executive talent. Competitive remuneration is crucial for securing leaders who can drive CFA's strategic objectives and navigate complex regulatory environments.
4. Introduce greater flexibility in setting remuneration for specialist executive positions where market forces or other factors create challenges in attracting suitable candidates. This flexibility will allow CFA to offer competitive packages tailored to the unique demands of specific roles, ensuring the organisation remains adaptable and responsive to labour market dynamics.

Should you have any queries or require additional information or assistance, please contact

