

Victorian Independent Remuneration Tribunal
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To the Tribunal Secretariat

2024 Determination of Public Entity Executive Remuneration

Thank you for the opportunity to submit a response to the determination of public entity executive remuneration. [REDACTED]

[REDACTED] We have a workforce of approximately 140 employees, and six executive roles including the CEO. The current executive breakdown is provided below.

Classification	Current TRP range	Current Number of Executives
Public Entity Senior Executive Service – 1	\$151,134 - \$279,238	4
Public Entity Senior Executive Service – 2	\$279,239 - \$401,017	2
Public Entity Senior Executive Service – 3	\$401,018 - \$533,431	0

There are three main areas on which we would like to provide commentary and insights relating to the determination of public entity executives remuneration these are outlined below.

1. *Limitations of the Public Entity Executive Classification Framework (PEECF) in relation to Public Entity Executives*

Having undergone a number of executive assessments over the past few years and seeing minimal change in scoring despite increases in the complexity, size, composition, diversity and strategic agenda of the organisation; [REDACTED] feels strongly that there are limitations of the PEECF. This includes:

- The PEECF scoring system tends to be weighted heavily towards larger entities, which can disadvantage smaller entities such as [REDACTED]. This bias can result in lower classification and remuneration for executives in small entities, despite their significant and diverse responsibilities.
- Small public entities are expected to meet the same obligations and standards as larger entities, but they often have fewer resources. This disparity can strain executives who must deliver high-quality outcomes with limited means.
- Executives in small entities often have to wear multiple hats, taking on a broader range of activities compared to their counterparts in larger entities (e.g. strategy development, risk

management, procurement, contract management, board and governance obligations, etc). The PEECF may not fully capture the diversity and complexity of these roles, leading to potential under-recognition of their work value.

- The rigid classification criteria of the PEECF can limit the flexibility needed by small entities to adapt to changing circumstances. This rigidity can hinder the ability to attract and retain talented executives who are capable of handling diverse and dynamic roles. In our experience of recruiting executives in the past 3 years, we have had difficulty attracting experienced executives due to the current classification of our executive roles. All our recent hires have been entry level executives, which makes it challenging to bring depth of experience and knowledge of the public sector to the executive team. We are currently at a real risk of losing executives due to the scoring of their role and higher remuneration offered in larger public sector entities or the private sector.

Addressing these limitations requires review and potential adjustments to the framework to ensure it remains relevant and effective in meeting the needs of small Victorian public entities and their executives.

2. *Relativity in remuneration between executives and non-executives*

Currently, the highest graded non-executive roles under [REDACTED] enterprise agreement receive remuneration that is on par or higher than the Public Entity Senior Executive Service – 1. Given the nature of our work and the level of technical expertise, seniority and complexity of our [REDACTED]; a large part of our workforce sit in the top three highest bands. However, the parity in remuneration creates challenges in distinguishing the roles, responsibilities and expectations of executives versus non-executives. The TRP of the top three non-executive roles under our enterprise agreement are included in the table below.

Band	Current TRP range	Current number of employees
[REDACTED]	\$211,580 - \$276,637	3
[REDACTED]	\$193,909 - \$298,453	5
[REDACTED]	\$177,131 - \$190,417	40

Further to this there are a number of issues that arise due to the overlap of non-executive and executive salaries:

- Non-executives benefit from more entitlements under the enterprise agreement, such as additional leave, allowances, and other benefits. These entitlements can make non-executive roles more attractive, despite the lower level of responsibility compared to executive positions.
- Non-executives often enjoy permanency in their positions, providing them with greater job security. In contrast, executive roles are subject to fixed-term contracts, adding an element of uncertainty for those in executive positions.
- Executives are expected to meet higher obligations and expectations, including strategic decision-making, leadership responsibilities, and accountability for the overall performance of the entity. Non-executives, while important, do not carry the same level of responsibility and accountability.
- The current remuneration structure impacts our ability to attract and retain talented executives. When non-executive roles offer similar financial rewards with additional benefits and greater job security, it may deter potential candidates from pursuing or remaining in executive positions. This also impacts on the satisfaction and engagement of executives that are aware

that non-executives are on-par or earning more than they are without the same level of responsibility and accountability.

Addressing these disparities requires a careful review of the remuneration framework to ensure it appropriately reflects the distinct roles, responsibilities, and expectations of executives versus non-executives.

3. Benchmarking the remuneration of public entity executives against the broader market

When benchmarking the remuneration of public entity executives against the broader market, [REDACTED] is of the view that an increased market positioning is appropriate for several reasons:

- To attract highly skilled and experienced executives, public entities need to offer competitive salaries. An increased market positioning ensures that public entities can compete with the private sector and other public organisations for top talent.
- Increased remuneration helps retain talented executives who might otherwise be attracted by more lucrative offers from the private sector. Retention of experienced leaders is crucial for maintaining continuity and achieving long-term strategic goals.
- Executives in public entities often manage complex operations, are responsible for significant public resources and, for those in smaller entities, have to take on a broader range of accountabilities and activities. Increased remuneration would reflect the level of responsibility and the expertise required to effectively lead these organisations..
- Public entity executives are accountable to multiple stakeholders, including the government, the public, and regulatory bodies. This accountability adds an additional layer of complexity and responsibility, justifying increased remuneration.

If you require any further information please don't hesitate to contact me.

[REDACTED]