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14 February 2020

Victorian Independent Remuneration  
Tribunal Suite 1, Ground Floor  
1 Treasury Place  
MELBOURNE VIC 3000

Via email: [enquiries@remunerationtribunal.vic.gov.au](mailto:enquiries@remunerationtribunal.vic.gov.au)

**Re: Matters being considered by the Tribunal in the making of its determination of remuneration bands for executives employed in prescribed public entities**

Thank you for the opportunity to review and provide a submission in response to the matters being considered by the Tribunal in the making of its determination of remuneration bands for executives employed in prescribed public entities.

As the leading provider of vocational education and training across south west Victoria, South West Institute of TAFE services the education and training needs of over 100,000 people over a geographical region of 24,500 square kilometres. In 2019 the Institute supported approximately 6,000 students across five campuses located from Colac in the east, Portland in the west and through to Hamilton in the north. The Institute employs in excess of 400 staff, with 5 Executives overseeing the day to day management and strategic direction of the organisation.

South West TAFE, has reflected on the matters being considered by the Victorian Independent Remuneration Tribunal (VIRT) and offer the following observations and additional content for VIRT's further consideration prior to final determination:

1. South West TAFE provides in principle support for the proposed classification framework. In supporting a single public entity classification framework, South West TAFE believe that a consistent work value assessment and associated TRP application will enhance opportunities for cross public sector executive employment opportunities and the potential for a broader talent pool availability.

South West TAFE welcomes a consistent application of evaluating the degree of complexity and broad community responsibilities of public entities within regional Victoria rather than the current financial turnover methodology band structure. The complexity of delivering services across multiple campuses whilst establishing and maintaining state, regional and local community expectations is a capability of the highest level which cannot be judged simply on financial input.

2. Regional Executive Recruitment  
There are challenges posed by regional employment markets which are significant. These include:

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- Distance to Melbourne and a general unwillingness for experienced executives to relocate to regional areas for reasons such as, family considerations, perceptions of future career mobility and ability to re-enter the Melbourne housing market in the future.
- Salary benchmarking reports consistently show the smaller regional salary offering compared to the private sector and metropolitan public sector
- A relatively small market for senior executives (including executives with public sector experience) residing within regional areas who can bring the necessary experience and capability.
- For these reasons, we tend to attract a weaker and less diverse candidate pool for advertised executive positions. South West TAFE's insight is that it is unlikely an experienced metropolitan executive will apply for a vacant executive position in our region. It is more likely that any metropolitan candidate will be a senior manager executive seeking their first executive appointment.
- In the future, it is possible that South West TAFE requires an experienced executive, which could be due to the relative experience of the remainder of the executive team, organisation renewal processes or a significant project or issues requiring specific experience. Attracting an experienced executive under this scenario is almost impossible because the current disparity in remuneration would require a pay cut for the new appointment.

### 3. Executive/Senior Manager Pay Gap

Senior manager remuneration is governed by our enterprise agreement and market factors, both of which have resulted in a relatively small pay gap between senior managers and executives.

Because of the remuneration rules that apply to executives reporting the CEO's direct reports (namely the 70% and 80% rules), a lower CEO remuneration has a flow on effect which exacerbates recruitment and retention of high performing executives and provides little incentive for a senior manager within the education sector to take on the additional responsibilities and accountabilities and progress to executive management.

The flow on effects of executive remuneration determinations also impact the ability of South West TAFE to attract and retain excellent candidates further within management ranks.

In summary, South West TAFE, is grateful for the opportunity to provide feedback to VRIT and to present our principle position that the complexities of the role of public sector executive positions cannot be judged on fiscal measures alone and that the purpose and accountability of the entity, particularly in local communities throughout regional Victoria requires appropriate and further consideration.

Yours sincerely



**Steven Waterhouse**  
Board Chair