

# Victorian Public Service Executive Remuneration Guidelines

Effective date 14 May 2020

## 1. Introduction

1.1. In accordance with section 36(6) of the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019* (Vic), the Victorian Independent Remuneration Tribunal (the Tribunal) has made guidelines with respect to the placement of public service body Heads and other executives employed in public service bodies within the remuneration bands set by the Determination.

1.2. These Guidelines should be read together with the Determination in effect at the time.

## 2. How and when to use these Guidelines

2.1. These Guidelines apply to:

- (a) new executive appointments within Victorian public service (VPS) bodies
- (b) existing VPS executives where there is a change in the employment contract (for example, arising out of a machinery of government change or where a position is re-structured or re-classified).

2.2. The Guidelines aim to assist VPS employers in placing public service body Heads and other executives within the VPS executive remuneration bands.

2.3. Ultimately, these are guidelines and judgement will need to be applied by each VPS employer when weighing up the various factors in determining the appropriate remuneration for the individual executive.

## 3. Guiding principles

The following overarching principles have been drawn from matters considered by the Tribunal in making the Determination:

### 3.1. Executive remuneration should be fair and reasonable

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

### 3.2. Executive remuneration should be competitive

Remuneration should be set at a competitive level, so as to attract and retain talented people.

### 3.3. Executive remunerations arrangements should be robust

Remuneration decisions should be robust and based on a consideration of all relevant factors as outlined in section 4.

## 4. Factors to be considered when determining the remuneration level

Together with the guiding principles, VPS bodies should consider the following factors when setting the remuneration of individual executives within the relevant remuneration band:

### 4.1. The work value assessment score for the role under the Victorian Public Sector Commission's *Victorian Public Service Classification Framework* (where completed/available) (for further information on the VPS Classification Framework please refer to the VPSC's [website](#))

- (a) The Classification Framework is designed to enable VPS bodies to classify executive positions using a work value assessment tool, which produces an assessment score for each position. Generally, the higher the score, the more highly the position may be remunerated within the relevant band.
- (b) It should be noted, however, that work value scores should not be interpreted as equating to a fixed dollar value or increment within a remuneration band.

### 4.2. The experience, knowledge and capability of the individual

- (a) For an executive with no prior or little executive experience, remuneration at the base or in the lower half of the remuneration band may be appropriate.
- (b) For a relatively experienced executive, remuneration around the middle of the remuneration band may be suitable.
- (c) For a highly experienced executive, with evidence of high performance, remuneration above the middle of the band may be required to retain or attract the executive and compete effectively in the market.

#### **4.3. The remuneration relativities of other executives within the organisation**

- (a) Comparable roles within the organisation should attract similar remuneration in order to maintain relativity within a peer group.
- (b) Particular consideration may be required to achieve gender pay equity and reduce the gender pay gap for comparable executive roles across the organisation.

#### **4.4. Intra band reporting**

- (a) Where an executive reports to another executive and both are remunerated within the same band, the more senior role in the reporting relationship should receive a higher level of remuneration.
- (b) An exception may occur for specialist roles, where a higher level of remuneration is offered to attract a candidate with the particular knowledge and capability required of the role, despite the specialist reporting to a more senior executive.

#### **4.5. The current remuneration of the individual**

Individuals recruited from a comparable role may warrant a higher level of remuneration to secure the candidate.

#### **4.6. Labour market pressures on the position**

Skills shortages in particular geographic areas or occupational categories, or niche skills required for the role may require a more competitive remuneration offering.