

## 2024 Determination of remuneration bands for public entity executives — summary of roundtable meetings

In October 2024, the Tribunal held four roundtable meetings with representatives from public entities. Participants were nominated by the relevant portfolio department Secretary and included Chairs, Chief Executive Officers or other senior executives. Issues discussed included labour market conditions, recruitment and retention of executives, the structure and value of the remuneration bands and the Tribunal's executive remuneration guidelines. This is a summary of the themes raised during those meetings.

### Labour market conditions have eased, but some recruitment challenges remain

Overall labour market conditions have slightly eased, including for policy, strategy and consulting roles. The market for construction roles has eased, as some projects have transitioned from construction to operation. However, there remains a significant infrastructure pipeline which is having spillover effects on other sectors.

Some participants noted a degree of labour market segmentation for public entities based on geography, sector and required skills. Attracting executives to regional areas is a long-term issue, where challenges include having to 'recruit the whole family' (including partners who may also have to change jobs), although once employed executives may stay longer term for lifestyle reasons.

There can be thin labour markets for executives with bespoke skills and experience required by particular entities. For example, skills in intellectual property law, risk management and information and communications technology are in demand.

Some participants noted that they were generally able to fill roles within the current remuneration bands, but may not be able to hire the most suitable person. Employers may then incur additional costs due to extended vacancies and for professional development or executive coaching.

### Some public entity roles are unique

Some roles are comparable across the Victorian Public Service (VPS), public entities, and the private sector. However, participants from some sectors considered that there are important differences in roles in their entities and the VPS, including competition with the private sector for specialised technical and commercial skills.

## The remuneration bands are appropriate for most executive roles

Most participants considered the structure and values of the current remuneration bands are broadly appropriate. Some suggested providing employers with greater flexibility — for example, by widening the PESES-2 and PESES-3 bands or creating a bespoke band for certain senior executive roles. A further suggestion was whether better use could be made of the ‘payment above the band’ process to set remuneration.

Participants generally — but not unanimously — agreed that the VPS and public entity remuneration bands should be aligned, citing the common overarching ‘public purpose’ and to reinforce the common operating environment (e.g. public sector values) across both sectors. Participants from some sectors noted that remuneration for comparable VPS roles was higher than they were able to offer.

## Non-financial benefits are important in attraction and retention

Non-financial elements of the ‘employee value proposition’ (EVP) remain an important part of attraction and retention strategies for public entities. These include the opportunity to deliver public value and serve the community, the organisation and staff having a shared purpose and values, professional development, work/life balance and flexible working. Participants from smaller entities highlighted the importance of these factors, given financial and other constraints can limit the remuneration they can offer.

Some participants suggested that non-government employers were offering an improved EVP (particularly around flexible working) or that the public sector EVP had diminished.

## Positive feedback was received about the Tribunal’s Guidelines

Participants stated that the *Prescribed Public Entity Executive Remuneration Guidelines* were clear and easy to apply, with suggested improvements generally echoing those made to the guidelines for VPS executives in July 2024. Additional suggestions were to:

- clarify the role of work value scores in setting remuneration within the band
- note that there is scope for remuneration to be adjusted as individual executives develop their capabilities and increase their value-add in a role
- consider the criticality of specific executive roles to an organisation.