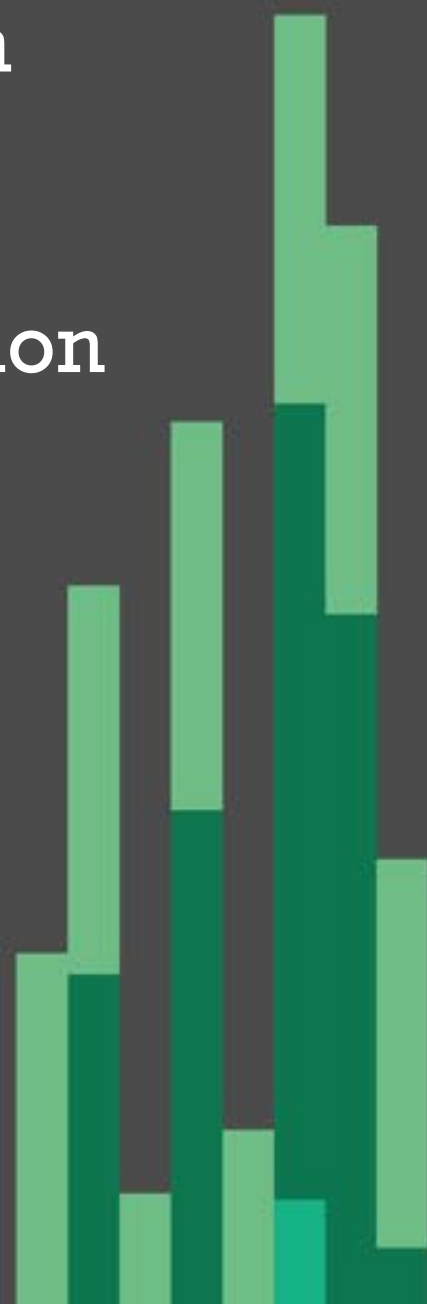
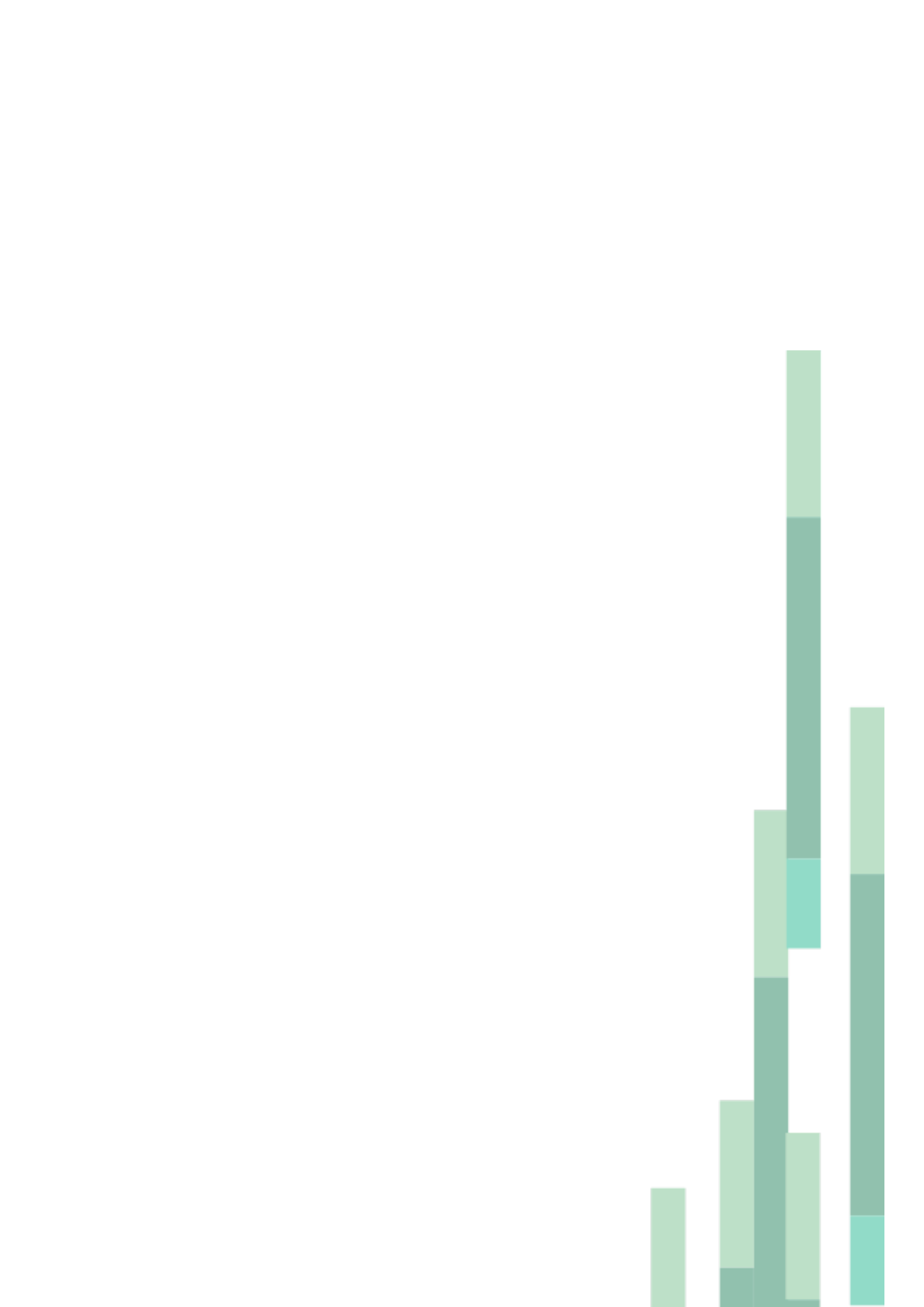


# Remuneration bands for executives employed in public service bodies (Victoria) Annual Adjustment Determination 2025

## Statement of Reasons





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# Abbreviations and glossary



Term or abbreviation	Definition
2024 Comprehensive Determination	<i>Remuneration bands for executives employed in public service bodies (Victoria) Determination No. 01/2024</i>
2025 VPS Annual Adjustment Determination	<i>Remuneration bands for executives employed in public service bodies (Victoria) Annual Adjustment Determination 2025</i>
2025–26 Budget	Victorian Budget 2025–26
ABS	Australian Bureau of Statistics
AO	Administrative Office
APS	Australian Public Service
APSC	Australian Public Service Commission
CPI	Consumer Price Index
Cth	Commonwealth Government of Australia
DTF	Department of Treasury and Finance
EA	Enterprise Agreement
FTE	Full-time equivalent
FWC	Fair Work Commission
GDP	Gross Domestic Product
GSP	Gross State Product
guideline rate	Premier’s annual remuneration adjustment guideline rate
IRV	Industrial Relations Victoria
Melbourne CPI	All Groups Consumer Price Index for Melbourne
MSCB	Maximum super contribution base
NSW	New South Wales
notional salary component	Calculated by reducing the total remuneration package value of the remuneration bands by the amount of the superannuation contributions
p.a.	per annum
PAA	<i>Public Administration Act 2004 (Vic)</i>
RBA	Reserve Bank of Australia
SES	Senior Executive Service

Term or abbreviation	Definition
SG	Super guarantee
Silver Review	Independent Review of the Victorian Public Service
Standard Contract	Standard executive contract template published by the Victorian Public Sector Commission
Tribunal	Victorian Independent Remuneration Tribunal
TRP	Total remuneration package, which is the sum of base salary, superannuation contributions, non-salary employment benefits and the annual cost to the employer of providing the non-monetary benefits
VIRTIPS Act	<i>Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019 (Vic)</i>
VPS	Victorian Public Service
VPSC	Victorian Public Sector Commission
VPS Guidelines	<i>Victorian Public Service Executive Remuneration Guidelines</i>
VPS Handbook	<i>Victorian Public Service Executive Employment Handbook</i>
Wages Policy	<i>Wages Policy and the Enterprise Bargaining Framework</i>
WPI	Wage Price Index

# Summary



The Victorian Independent Remuneration Tribunal has adjusted the values of the remuneration bands for executives employed in Victorian public service (VPS) bodies.

The values of the remuneration bands are expressed as a total remuneration package (TRP), inclusive of salary, non-salary benefits, and employer superannuation contributions. The Tribunal has adjusted the notional salary and superannuation components of the remuneration bands separately. The Tribunal has increased the notional:

- salary component by 3 per cent
- superannuation component by between \$68 and \$1,735, consistent with changes to statutory superannuation entitlements from 1 July 2025.

The values of the remuneration bands from 1 July 2025 are set out below:

Classification	Base of band (\$ p.a.)	Top of band (\$ p.a.)
Senior Executive Service (SES)-1 / Administrative Office Head (AO)-1	232,790	298,488
SES-2 / AO-2	298,489	430,740
SES-3 / AO-3	430,741	573,328
Department Head / Victorian Public Sector Commissioner	620,994	837,100

The effective increase in the remuneration bands is between 2.7 and 3.5 per cent, due to the effect of statutory superannuation changes, which varies across different remuneration bands.

The Tribunal does not set or adjust the remuneration for individual executives, which is a matter for their employer. However, some executives — those remunerated at or near the base of the relevant band — will receive a TRP uplift to ensure that, consistent with statutory requirements, they are remunerated within the band.

## Summary of reasons supporting adjustment

Current economic conditions in Australia and Victoria appear stable and, while the latest forecasts suggest a broadly neutral outlook, there are signs of positive trends over the coming years.

The Tribunal noted recent wages growth across all sectors in Victoria and Australia, and gave particular consideration to wage movements in the Victorian public sector. In annual terms, wages growth has exceeded growth in the Melbourne Consumer Price Index (CPI) and the Australian underlying inflation rate in recent times, which implies higher real wages.

Key fiscal aggregates for the Victorian Government are expected to improve slowly, including the operating balance and net debt to Gross State Product (GSP). However, the Victorian Government's response to the Independent Review of the Victorian Public Service (Silver Review) (which has not been published as at the time of making this Determination) may have further short-term impacts on the Victorian public sector.

Particular weighting was also given to the *Wages Policy and the Enterprise Bargaining Framework* (Wages Policy), which generally provides for public sector wages to grow by 3 per cent per annum.

Remuneration relativities between non-executive and executive VPS employees was a key consideration for the Tribunal. In the *Remuneration bands for executives employed in public service bodies (Victoria) Determination No. 01/2024* (2024 Comprehensive Determination), a 12 per cent gap between the top of VPS Grade 6 (VPS-6) and the bottom of SES-1 bands was considered appropriate to encourage movement into executive roles. The current determination maintains that position.


A further consideration was relevant interjurisdictional comparators, including the remuneration for executives in the Commonwealth, New South Wales and Queensland. The Tribunal's decision is in the middle of the most recent range of increases across those jurisdictions.

The Tribunal received two submissions to the consultation process. One submission argued that the gap between the top of VPS-6 and the bottom of the SES-1 band should be increased to incentivise movement into higher executive responsibilities. The second discussed how gender equality (and gender pay gap) considerations may be incorporated into the work of the Tribunal.

The Tribunal also considered that it is appropriate to continue aligning the remuneration bands for executives employed in public service bodies and public entities by applying the same annual adjustment to both groups.

For ease of reference, the current values of the remuneration bands for executives employed in VPS bodies are available on the Tribunal's website.

# 1 Context



The Tribunal is required to make an annual adjustment to the values of the remuneration bands for executives employed in public service bodies<sup>1</sup> set in a Determination under the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019* (Vic) (VIRTIPS Act).<sup>2</sup>

The Determination in effect is the 2024 Comprehensive Determination, which was made in July 2024.<sup>3</sup> This is the first annual adjustment to the 2024 Comprehensive Determination.

The Tribunal is required to include a statement of reasons in a determination.<sup>4</sup> This Statement of Reasons relates to the *Remuneration bands for executives employed in public service bodies (Victoria) Annual Adjustment Determination 2025* (2025 VPS Annual Adjustment Determination).

The 2025 VPS Annual Adjustment Determination is made on 23 September 2025 and, pursuant to the VIRTIPS Act, takes effect on 1 July 2025.<sup>5</sup>

## 1.1 The Tribunal's approach

The Tribunal published notice of its intention to make a determination on its website in June 2025. The notice contained a summary of the matters the Tribunal was required to consider for this Determination and called for submissions by 11 July 2025. Victorian Government departments and other stakeholders were emailed about the notice of intention and how to make a submission.

Chapter 2 of this Statement of Reasons sets out the Tribunal's analysis of each of the legislative matters it was required to consider, namely: <sup>6</sup>

- any statement or policy issued by the Government of Victoria which is in force with respect to its wages policy (or equivalent) and the remuneration and allowances of any specified occupational group
- the financial position and fiscal strategy of the State of Victoria

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<sup>1</sup> Section 4(1) of the *Public Administration Act 2004* (Vic) (PAA) defines 'public service body' as a department, an Administrative Office or the Victorian Public Sector Commission.

<sup>2</sup> VIRTIPS Act, s. 22.

<sup>3</sup> Victorian Independent Remuneration Tribunal (2024).

<sup>4</sup> VIRTIPS Act, s. 24(3).

<sup>5</sup> VIRTIPS Act, s. 25(5).

<sup>6</sup> VIRTIPS Act, s. 24(2).



- current and projected economic conditions and trends
- submissions received in relation to the proposed determination.

Chapter 3 contains the Tribunal's decisions on the values of the remuneration bands for executives employed in VPS bodies.

## 2 Factors considered



### 2.1 Wages Policy

In making this Determination, the Tribunal was required to consider any statement or policy issued by the Government of Victoria which is in force with respect to its wages policy (or equivalent) and the remuneration and allowances of any specified occupational group.

Box 1 summarises the key features of the Wages Policy, which has been in effect since April 2023, and is current at the time of making this Determination.

In particular, the Wages Policy provides that:<sup>7</sup>

- increases in wages and conditions will be funded at a rate of growth of 3 per cent per annum over the life of the agreement
- in addition to annual wage increases, a separate lump sum cash payment will be available, equivalent to an additional 0.5 per cent of overall agreement costs.

In 2024, the Government finalised bargaining for a new EA for non-executive VPS employees — the *Victorian Public Service Enterprise Agreement 2024*.<sup>8</sup> That EA awarded a number of changes to employees' remuneration, including:

- four annual salary increases of 3 per cent each effective from 1 May each year, totalling 12 per cent over the life of the agreement
- a once-off lump sum payment of \$5,600 (pro-rated for part-time and eligible casual employees), paid to VPS employees regardless of classification who were employed on 28 June 2024
- an annual lump sum mobility payment (also pro-rated for part-time and eligible casual employees), which is paid in addition to base salary, and the value of which also increases by 3 per cent each year
- an increase to the lump sum payment (from 1.0 to 1.5 per cent of base salary) paid to employees at the top of their grade or value range, provided the employee meets their progression criteria.

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<sup>7</sup> Industrial Relations Victoria (IRV) (2023).

<sup>8</sup> Fair Work Commission (FWC) (2024).

### Box 1: Summary of the Wages Policy

The Wages Policy has three pillars:

#### Pillar 1: Wages

- Increases in wages and conditions will be funded at a rate of growth of 3.0 per cent per annum over the life of the agreement. In practice, this means that employee wages and conditions will be allowed to grow at this rate.
- In addition to annual wage increases, a separate lump sum cash payment will be available equivalent to an additional 0.5 per cent of overall agreement costs which for the purposes of this policy means a per annum amount calculated on wages and wage-related conditions.

#### Pillar 2: Best Practice Employment Commitment

- Public sector agencies may make a Best Practice Employment Commitment which outlines measures to operationalise elements of the Government's Public Sector Priorities<sup>(a)</sup> that reflect good practice within Government and can be implemented operationally or without significant costs.

#### Pillar 3: Additional strategic changes

- Additional changes to allowances and other conditions (not general wages) will only be allowed if Government agrees that the changes will address key operational or strategic priorities for the agency, and/or one or more of the Public Sector Priorities and provided the associated costs are funded through appropriate cash offsets or a government approved funding strategy.

A 'Secondary Pathway' is also available for public sector agencies whose current Enterprise Agreement (EA) reaches its nominal expiry date before 1 January 2024, which permits agreements to be made on the following terms:

- wage and allowance increase funded at a rate of growth of 3.50 per cent per year, pro-rated
- a nominal expiry date of between 12 to 18 months from the nominal expiry date of the current agreement
- all other terms and conditions as contained in the current agreement, except for where a change is required under the Public Sector Industrial Relations Policies, to further mutually agreed whole-of-Government initiatives, to resolve legal issues, or minor changes to improve the clarity of the agreement.

Note: (a) The Public Sector Priorities are: the delivery of exceptional services and value for Victorians; a professional and responsive public sector; government as a fair and best practice employer.

Source: IRV (2023).

## 2.2 Executive employment and remuneration policies

The Standard VPS Executive Contract and the *VPS Executive Employment Handbook* set out the employment and remuneration policies that apply to VPS executives.

The Standard Contract is mandated for the employment of all VPS executives, and sets out employment details including the remuneration package, performance standards and other employment conditions.<sup>9</sup> The Standard Contract sets out the components of an executive's TRP.<sup>10</sup> All VPS executive contracts have common conditions dealing with contract term and renewal, performance management, reimbursement of expenses, leave entitlements and termination.

An executive's remuneration may be adjusted annually by their employer up to a maximum rate set by the Premier — the Premier's annual remuneration adjustment guideline rate (guideline rate). Employers have the discretion over whether to pass on the guideline rate to employees, and in particular to those who have been appointed within six months of the guideline rate taking effect or have recently received a remuneration uplift.<sup>11</sup>

The 2024 guideline rate of 3 per cent was consistent with the Wages Policy. At the time of making this Determination, the Premier has not announced the guideline rate applying from 1 July 2025.

The Standard Contract and VPS Handbook provide for an annual review of each executive's remuneration, and also allows that an executive may request a remuneration review. These provisions do not guarantee an increase in any element of the executive's remuneration.<sup>12</sup> Employers may also adjust an executive's remuneration at any time as they deem necessary.

## **Policy related to changes in superannuation entitlements**

Under Commonwealth law, the Super Guarantee (SG) and the maximum super contribution base (MSCB) apply to executives who are members of an accumulation scheme.

The SG is the minimum amount of employer superannuation contributions to which an employee is entitled, expressed as a percentage of the employee's 'ordinary time earnings'. The MSCB serves to limit the 'ordinary time earnings' that are used to calculate an employee's superannuation entitlements. Earnings over the MSCB are not counted for the purpose of calculating SG contributions.<sup>13</sup>

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<sup>9</sup> Victorian Public Sector Commission (VPSC) (2022), p. 20.

<sup>10</sup> VPSC (2022), p. 25.

<sup>11</sup> VPSC (2022).

<sup>12</sup> VPSC (2022), p. 29.

<sup>13</sup> *Superannuation Guarantee (Administration) Act 1992* (Cth), s. 6(1).

The superannuation entitlements of executives in an accumulation scheme may change yearly due to the indexation of the MSCB and changes to the SG rate.

On 1 July 2025, the following changes occurred:

- the SG rate increased from 11.5 per cent to 12 per cent<sup>14</sup>
- the MSCB decreased from \$65,070 per quarter (\$260,280 per annum) to \$62,500 per quarter (\$250,000 per annum).<sup>15</sup>

The VPS Handbook states that public service employers must bear the cost of increases in superannuation entitlements arising from changes to the MSCB and SG rate. In particular, employers must not offset the cost of an increase to an individual executive's superannuation entitlement by passing on less of the annual adjustment or the guideline rate than they otherwise would have.<sup>16</sup> In the remainder of this Statement of Reasons, this requirement is referred to as the 'Superannuation Policy'.

The Department of Premier and Cabinet has issued guidance to VPS employers on applying the Superannuation Policy when adjusting an executive's TRP.<sup>17</sup>

## 2.3 Financial position and fiscal strategy of the State of Victoria

In the Victorian Budget 2025–26 (2025–26 Budget), the Victorian Government provided an update on its five-step fiscal strategy to restore Victoria's finances following the COVID-19 pandemic:<sup>18</sup>

- Step 1: creating jobs, reducing unemployment and restoring economic growth
- Step 2: returning to an operating cash surplus
- Step 3: returning to operating surpluses
- Step 4: stabilising net debt levels as a proportion of GSP
- Step 5: reducing net debt as a proportion of GSP.

The Government achieved Step 2 of its fiscal strategy by reporting an operating cash surplus each year since 2022–23, and is forecasting surpluses across the forward estimates.<sup>19</sup>

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<sup>14</sup> Australian Taxation Office (2025).

<sup>15</sup> Australian Taxation Office (2025).

<sup>16</sup> VPSC (2022), pp. 52-53.

<sup>17</sup> State Government of Victoria (2024).

<sup>18</sup> Department of Treasury and Finance (DTF) (2025a), pp. 42-43.

<sup>19</sup> DTF (2025a), p. 42.

The net result from transactions for the general government sector is forecast to be in surplus by \$0.6 billion in 2025–26 (Step 3). This is smaller than previously expected, reflecting additional expenditure on health services and cost-of-living measures. Further surpluses are expected across each year of the forward estimates.<sup>20</sup>

Net debt is forecast to increase to \$194 billion by June 2029, but is expected to stabilise and then decline as a proportion of GSP by the end of the forward estimates, consistent with Steps 4 and 5 of the fiscal strategy. Net debt as a proportion of GSP is forecast to reach 25.2 per cent by June 2027, before declining to 24.9 per cent by June 2029.<sup>21</sup>

## Independent Review of the Victorian Public Service

In February 2025, the Victorian Government commissioned Helen Silver AO to lead an independent review of the VPS. The focus of the Silver Review includes identifying inefficiencies and lower priority programs, and ways to return the public service towards its pre-pandemic share of employment. The final report and recommendations were due to be provided to the Government by the end of June 2025.<sup>22</sup> The final report and the Government’s response had not been published at the time of making this Determination.

In the interim, the Government has incorporated actions consistent with the Silver Review’s objectives into the 2025–26 Budget. This included:<sup>23</sup>

- corporate savings from non-frontline functions across government
- consolidation of duplicative or similar functions across departments and agencies, making community/industry engagement with government easier
- ceasing or scaling back activities and functions where their original aims have been achieved.

## 2.4 Current and projected economic conditions and trends

The Tribunal’s consideration of current and projected economic conditions has been informed by a range of sources, including:

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<sup>20</sup> DTF (2025a), p. 42.

<sup>21</sup> DTF (2025a), p. 43.

<sup>22</sup> DTF (2025b), p. 13.

<sup>23</sup> DTF (2025b), p. 13.

- the latest data on key economic indicators published by the Australian Bureau of Statistics (ABS)
- statements by the Reserve Bank of Australia (RBA)
- the latest Commonwealth and Victorian budgets.

## **Economic growth remains subdued but there are early signs of recovery**

Economic growth has slowed in Victoria and Australia and remains below the long-term average growth rate.

In the year to the June quarter 2025, growth in Australia's real Gross Domestic Product (GDP) was 1.8 per cent.<sup>24</sup> The RBA forecasts that economic activity in Australia will gradually pick up over 2025 as consumption recovers and public demand continues to support growth.<sup>25</sup>

In its latest Statement on Monetary Policy (August 2025), the RBA noted that, while international trade developments have not been as impactful as initially thought, the economic outlook remains uncertain.<sup>26</sup> The RBA revised down its forecasts for GDP growth compared to its May 2025 statement, with GDP now expected to increase by 1.7 per cent through the year to December 2025, and by 2.0 per cent through the year to June 2026.<sup>27</sup>

The 2025–26 Budget noted that a pickup in economic activity is underway in Victoria, despite cost-of-living pressures and elevated interest rates.<sup>28</sup>

Economic growth in Victoria is expected to strengthen in 2025–26, with real GSP forecast to grow by 2.5 per cent, up from an estimated 2.0 per cent in 2024–25. Activity is expected to be driven by increased household consumption, reflecting higher real household disposable income, lower inflation and expected further easing in interest rates.<sup>29</sup>

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<sup>24</sup> Australian Bureau of Statistics (ABS) (2025a).

<sup>25</sup> RBA (2025), p. 52.

<sup>26</sup> RBA (2025), p. 2.

<sup>27</sup> RBA (2025), p. 4.

<sup>28</sup> DTF (2025a), p. 17.

<sup>29</sup> DTF (2025a), p. 18.

## **Inflation has moderated and now sits inside the RBA's target range**

Inflation outcomes in Australia have moderated, with the CPI increasing by 2.1 per cent over the year to the June quarter 2025 — within the RBA's 2.0 and 3.0 per cent target range. Trimmed mean inflation was 2.7 per cent for the year to the June quarter 2025, down from 2.9 per cent in the year to the March quarter 2025.<sup>30</sup>

The RBA forecasts that underlying inflation will settle around the middle of the target range, although CPI growth is expected to temporarily increase when cost-of-living support measures end.<sup>31</sup>

Inflation has also moderated in Victoria, with the Melbourne CPI rising 2.0 per cent over the year to the June quarter 2025.<sup>32</sup>

The 2025–26 Budget forecasts Melbourne CPI growth to average 2.75 per cent in both 2025–26 and 2026–27, before slowing to an average of 2.5 per cent from 2027–28.<sup>33</sup>

## **The labour market is appearing to stabilise**

Conditions in the Australian labour market are appearing to stabilise. The seasonally adjusted unemployment rate fell from 4.3 to 4.2 per cent in July 2025, while the participation rate remained at 67.0 per cent.<sup>34</sup> The RBA does not expect further easing in the labour market in the near-term, while noting considerable uncertainty around this assessment. It forecasts that the unemployment rate (in quarterly terms) will remain at around 4.3 per cent over 2026 and 2027, while employment growth is expected to moderate from the high levels of recent years.<sup>35</sup>

The Victorian labour market remains strong, with both the share of working-age Victorians in employment and participation at near record highs. Workforce participation for women is also near a record high. Unemployment remains low, although it has risen moderately over the past year as growth in labour supply has exceeded labour demand.<sup>36</sup>

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<sup>30</sup> ABS (2025b).

<sup>31</sup> RBA (2025), p. 3.

<sup>32</sup> ABS (2025b).

<sup>33</sup> DTF (2025a), p. 18.

<sup>34</sup> ABS (2025c).

<sup>35</sup> RBA (2025), p. 53.

<sup>36</sup> DTF (2025a), p. 27.



Nominal wages growth in Australia continues to moderate. After peaking at 4.2 per cent in the December quarter 2023, annual growth in the Wage Price Index (WPI) was 3.4 per cent in the June quarter 2025.<sup>37</sup>

The RBA forecast annual WPI growth to ease gradually and stabilise at 2.9 per cent from the September quarter 2026. This is slightly lower than previously expected, in part, due to the lower rate of trend labour productivity growth. The renewal of several large public sector EAs is expected to support wages growth over the remainder of 2025, and may also contribute to increased volatility in the WPI.<sup>38</sup>

Wages in Victoria — as measured by the Victorian WPI — grew by 3.4 per cent over the year to the June quarter 2025.<sup>39</sup> The 2025–26 Budget noted that future growth is expected to be supported by ongoing low unemployment, and the earlier period of elevated inflation continuing to be factored into wage negotiations.<sup>40</sup>

Annual growth in the Victorian WPI is expected to average 3.25 per cent from 2025–26 through to 2028–29. Wages growth is forecast to exceed inflation over the 2025–26 Budget forecast period, implying growth in real wages.<sup>41</sup>

## 2.5 Matters raised in submissions

The Tribunal received two written submissions which have been published on the Tribunal’s website in line with its submission policy.

Matters raised by submitters were that:

- the gap between remuneration at the top of the VPS-6 band and the bottom of the SES-1 band should be increased to provide an incentive for VPS staff to seek promotion into executive roles that have higher responsibilities. The submitter suggested, specifically, an increase in the bottom of the SES-1 band by 10 per cent
- the Tribunal should incorporate ways for considering gender equality (and the gender pay gap) in the setting and application of the remuneration bands, as submitted by the Public Sector Gender Equality Commissioner.

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<sup>37</sup> ABS (2025d).

<sup>38</sup> RBA (2025), p. 54.

<sup>39</sup> ABS (2025d).

<sup>40</sup> DTF (2025a), p. 30.

<sup>41</sup> DTF (2025a), pp. 18, 30.

The Tribunal agrees that the relativities between executive and non-executive remuneration remains a consideration when determining the appropriateness of the remuneration bands.

Relativities between non-executive and executive VPS employees were considered as part of the 2024 Comprehensive Determination. At that time, the Tribunal considered that an appropriate gap between the top of the VPS-6 band and the base of the SES-1 band, to help attract high-performing non-executives into executive roles, was 12 per cent.

The Tribunal also supports measures to address gender equality issues in the Victorian public sector, including the gender pay gap in the executive cohort. Remuneration bands are determined for VPS executives that provide flexibility for employers to set remuneration, taking into account various factors, such as the nature of the role, market conditions, and remuneration relativities within the department.

While setting remuneration for individual executives is a matter for employers, the Tribunal publishes the *Victorian Public Service Executive Remuneration Guidelines* to assist employers. The VPS Guidelines were amended in 2024 to encourage employers to consider relevant Government policies — such as to improve gender equality and promote diversity and inclusion — when setting remuneration.

## 2.6 Other relevant considerations

### Adjustments in other jurisdictions

At the time of making this Determination, three main comparator jurisdictions had recently adjusted the remuneration of their executives.

The Commonwealth Remuneration Tribunal increased remuneration for Secretaries and other specified senior executives by 2.4 per cent from 1 July 2025.<sup>42</sup>

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<sup>42</sup> Remuneration Tribunal (2025), p. 1.

Under the Commonwealth Government's *Public Sector Workplace Relations Policy 2023*, general pay increases for Australian Public Service (APS) executives must not exceed those provided for non-executive employees in the APS.<sup>43</sup> Under the current APS enterprise agreement, non-executive staff in the APS received a 3.8 per cent increase in March 2025 and will receive a further 3.4 per cent increase from March 2026.<sup>44</sup>

Public service executives in NSW received a general adjustment of 3.5 per cent (adjusted at 1 July 2025). Most department secretaries in NSW also received a 3.5 per cent increase in remuneration from 1 July 2025. However, the NSW Statutory and Other Offices Remuneration Tribunal also decided that all Secretaries should receive the same remuneration, which meant certain Secretaries received a higher increase in remuneration.<sup>45</sup>

The Queensland Public Sector Commission issues directives governing senior executive employment and employment conditions. In 2023, the remuneration rates for public service executives were set for three years, with the final scheduled increase of 3 per cent applying from 1 July 2025.<sup>46</sup>

## **Annual Wage Review Decision 2024–25**

The Fair Work Commission's (FWC) Annual Wage Review 2024–25 decision increased the National Minimum Wage and all modern award minimum wages by 3.5 per cent with effect from 1 July 2025.<sup>47</sup>

The Tribunal considers the FWC's decision to be a relevant factor as it is an indicator for broader wage movements across the economy.

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<sup>43</sup> Australian Public Service Commission (APSC) (2022), p. 3.

<sup>44</sup> APSC (2022).

<sup>45</sup> Statutory and Other Offices Remuneration Tribunal (NSW) (2025).

<sup>46</sup> Queensland Public Sector Commission (2023).

<sup>47</sup> FWC (2024), p. 2.

## 3 Tribunal's decisions



### 3.1 Factors supporting an increase in the values of the remuneration bands

Economic conditions in Australia and Victoria appear stable and, while the latest forecasts suggest a broadly neutral outlook, there are signs of positive trends over the coming years. Recent data shows that both economic growth and inflation have moderated, with headline inflation within the RBA's target range of between 2 and 3 per cent.

Particular consideration was given to wages growth, which was 3.4 per cent for all sectors in Victoria and Australia and 3.2 per cent for the Victorian public sector, for the year to the June quarter 2025. This remains above Melbourne CPI growth and Australian underlying inflation, which implies modest growth in real wages.

The Victorian Government is projecting that key fiscal aggregates, including the operating balance and net debt to GSP, will slowly improve. Savings initiatives from the Silver Review may have further short-term impacts on the VPS.

Particular weighting was also given to the Government's current Wages Policy, which generally provides for public sector wages to grow at 3 per cent per annum. The *Victorian Public Service Agreement 2024* provides for annual salary increases of 3 per cent over the life of the agreement for non-executive VPS staff.

Remuneration relativities between VPS employees are important to encourage a steady flow of high-performing non-executives into executive roles, which have higher responsibilities, accountabilities and risks. The Tribunal noted that a 3 per cent increase to the notional salary component of the remuneration bands would maintain the 12 per cent gap between the top of the VPS-6 band and the base of the SES-1 band that it adopted in the 2024 Comprehensive Determination.

Similarly, the Tribunal was also mindful of maintaining the gap between the top of the SES-3 band and the Secretary/Commissioner band, which reflects the differences in responsibility, risk and scrutiny attached to Secretary roles.

A further consideration for the Tribunal was to maintain the current alignment of the remuneration bands for executives employed in public service bodies and public entities, consistent with its most recent comprehensive determinations.

## 3.2 Salary component adjustments

Having regard to these considerations, the Tribunal has decided to increase the notional salary component of the values of the VPS executive remuneration bands by 3 per cent from 1 July 2025.

Table 1 shows the impact of applying the 3 per cent adjustment to the notional salary component of the values of the VPS executive remuneration bands.

**Table 1: Change to notional salary component of the remuneration bands due to the annual adjustment**

Classification	Value as at 30 June 2025		Change to notional salary component due to annual adjustment <sup>(b)</sup> (\$)
	TRP value (\$ p.a.)	Notional salary component <sup>(a)</sup> (\$ p.a.)	
SES-1 / AO Head-1			
base of band	225,000	201,794	6,054
top of band	290,600	260,668	7,820
SES-2 / AO Head-2			
base of band	290,601	260,669	7,820
top of band	419,000	389,068	11,672
SES-3 / AO Head-3			
base of band	419,001	389,069	11,672
top of band	557,435	527,503	15,825
Department Head / Victorian Public Sector Commissioner			
base of band	603,713	573,781	17,213
top of band	813,524	783,592	23,508

Notes: (a) Calculated by reducing the TRP value by the amount of the superannuation entitlement as at 30 June 2025. The superannuation entitlement is based on Commonwealth superannuation law as at 30 June 2025 — SG rate of 11.5 per cent and MSCB of \$260,280 per annum. (b) Calculated by multiplying the notional salary component by the annual adjustment of 3 per cent.

## 3.3 Superannuation component adjustments

On 1 July 2025, the superannuation entitlements of eligible employees, including VPS executives in an accumulation scheme, increased under Commonwealth law.

Consistent with the Superannuation Policy and its approach in previous annual adjustments, the Tribunal has determined to adjust the notional superannuation component of the remuneration bands in line with changes to statutory superannuation entitlements (Table 2).

Table 2: Change to the notional superannuation component of the remuneration bands

Classification	Value as at 30 June 2025			Value as at 1 July 2025		Change to the superannuation component <sup>(d)</sup> (\$)
	TRP	Salary component	Superannuation component <sup>(a)</sup>	Salary component <sup>(b)</sup>	Superannuation component <sup>(c)</sup>	
	(\$ p.a.)	(\$ p.a.)	(\$ p.a.)	(\$ p.a.)	(\$ p.a.)	
SES-1 / AO Head-1						
base of band	225,000	201,794	23,206	207,848	24,942	1,735
top of band	290,600	260,668	29,932	268,488	30,000	68
SES-2 / AO Head-2						
base of band	290,601	260,669	29,932	268,489	30,000	68
top of band	419,000	389,068	29,932	400,740	30,000	68
SES-3 / AO Head-3						
base of band	419,001	389,069	29,932	400,741	30,000	68
top of band	557,435	527,503	29,932	543,328	30,000	68
Department Head / Victorian Public Sector Commissioner						
base of band	603,713	573,781	29,932	590,994	30,000	68
top of band	813,524	783,592	29,932	807,100	30,000	68

Notes: (a) Superannuation entitlement based on Commonwealth superannuation law as at 30 June 2025 — SG rate of 11.5 per cent and MSCB of \$260,280 per annum. (b) Equal to 30 June 2025 value plus the 3 per cent adjustment. (c) Superannuation entitlement (rounded up to the nearest dollar) based on Commonwealth superannuation law as at 1 July 2025 — SG rate of 12 per cent and MSCB of \$250,000 per annum. (d) Calculated by subtracting the superannuation component as at 30 June 2025 from the superannuation component as at 1 July 2025. Differences in this table between the change to the superannuation component and the result of subtracting the superannuation component at 30 June 2025 from the superannuation component at 1 July 2025 are due to rounding.

The increase to the notional superannuation component reflects changes to the notional salary component as determined by the Tribunal, as well as superannuation changes that took effect on 1 July 2025 — specifically, the increase in the SG rate from 11.5 per cent to 12 per cent, and the reduction in the MSCB from \$260,280 to \$250,000 per annum.

### 3.4 Total adjustment to the remuneration bands

The values of the remuneration bands that apply from 1 July 2025 are shown in Table 3. The annual adjustment to each of the remuneration band values is equal to the sum of:

- a 3 per cent adjustment applied to the salary component of the remuneration bands
- adjustments applied to the superannuation component of the remuneration bands to reflect changes to superannuation entitlements that occurred on 1 July 2025 under Commonwealth law.

The effective increase in the remuneration bands is between 2.7 and 3.5 per cent. This reflects the combined effects of the salary and superannuation adjustments, and, in particular, relatively small increases in employer superannuation contributions shown in Table 3.

**Table 3: Annual adjustment to the remuneration band values as at 1 July 2025**

Classification	Value as	Adjustments		Total adjustment <sup>(a)</sup>	Value as	
	at 30 June	Salary	Superannuation			at 1 July
	2025	component	component			2025
	(\$ p.a.)	(\$)	(\$)	(\$)	(\$ p.a.)	
SES-1 / AO Head-1						
base of band	225,000	6,054	1,735	7,790	232,790	
top of band	290,600	7,820	68	7,888	298,488	
SES-2 / AO Head-2						
base of band	290,601	7,820	68	7,888	298,489	
top of band	419,000	11,672	68	11,740	430,740	
SES-3 / AO Head-3						
base of band	419,001	11,672	68	11,740	430,741	
top of band	557,435	15,825	68	15,893	573,328	
Department Head / Victorian Public Sector Commissioner						
base of band	603,713	17,213	68	17,281	620,994	
top of band	813,524	23,508	68	23,576	837,100	

Note: (a) Differences in this table between the total adjustment and the sum of the adjustments to the salary component and superannuation component are due to rounding.

The Tribunal notes that it does not adjust the remuneration for individual executives, which is a matter for their employer.

Nonetheless, under the *Public Administration Act 2004* (Vic), an executive must be remunerated within the relevant band set by the Tribunal.<sup>48</sup> As a consequence, executives remunerated at or near the base of the relevant band immediately prior to 1 July 2025 will receive a TRP uplift to ensure that they continue to be remunerated within that band.

This may result in a compression of remuneration relativities for executives at the bottom of the remuneration bands. The Tribunal's VPS Guidelines, discussed earlier, encourage employers to consider a variety of factors when setting remuneration to better utilise the scope of the remuneration bands. Remuneration arrangements in general for executives within departments should be reviewed regularly to ensure fairness and continuing relevance.

### 3.5 Conclusion

This Statement of Reasons explains the Tribunal's considerations in making the 2025 VPS Annual Adjustment Determination.

Before making the Determination, the Tribunal published notice of its intention to make a determination and called for submissions. The Tribunal considered each submission it received and expresses its appreciation to those who made submissions or otherwise participated in the process and assisted the Tribunal to perform its functions.

This Determination adjusts the values of the remuneration bands by:

- a 3 per cent adjustment applied to the notional salary component of the values of the remuneration bands
- a further amount, ranging from \$68 to \$1,735, to take into account changes to superannuation entitlements that came into effect on 1 July 2025.

This Determination is made on 23 September 2025 and applies from 1 July 2025.

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<sup>48</sup> PAA, s. 25(4)(a).



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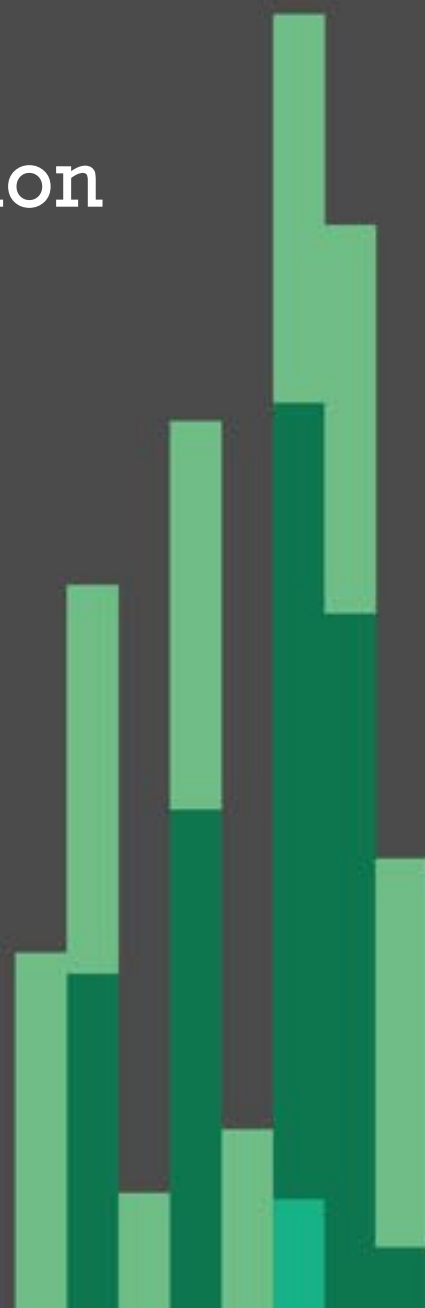
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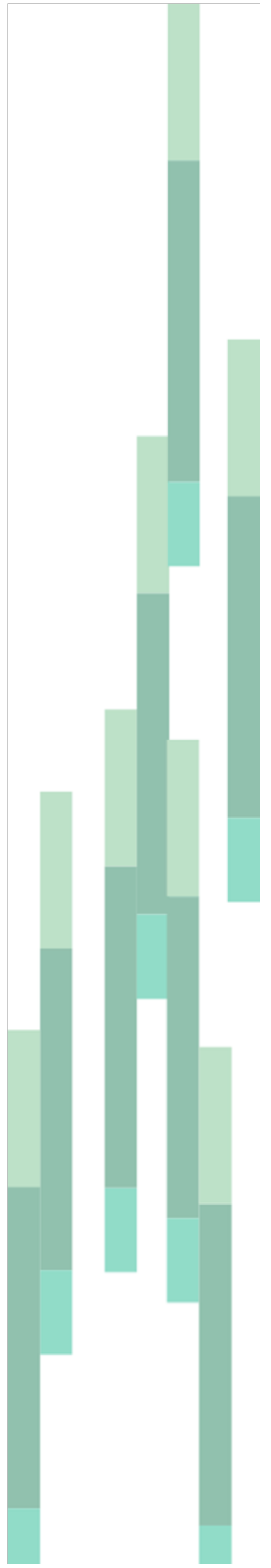
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# Remuneration bands for executives employed in public service bodies (Victoria) Annual Adjustment Determination 2025





*Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019 (Vic)*

Part 3—Determinations for annual adjustments in relation to executives employed in public service bodies.

Remuneration bands for executives employed in public service bodies (Victoria) Annual Adjustment 2025



- A. Pursuant to section 22(1) of the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019 (Vic)* (VIRTIPS Act), the Tribunal determines to make the following adjustments to the values of the remuneration bands set in the *Remuneration bands for executives employed in public service bodies (Victoria) Determination No. 01/2024*.
- A.1 Delete Table 1 and replace it with the following:

Table 1: Values of remuneration bands for the Senior Executive Service from 1 July 2025

Classification	Base of band TRP \$ per annum	Top of band TRP \$ per annum
Senior Executive Service-1	232,790	298,488
Senior Executive Service-2	298,489	430,740
Senior Executive Service-3	430,741	573,328

Note: The above values are for executives employed on a 1.0 FTE basis and apply pro rata to executives employed on a part-time basis.

A.2 Delete Table 2 and replace it with the following:

**Table 2: Values of remuneration bands for Administrative Office Heads from 1 July 2025**

Classification	Base of band TRP \$ per annum	Top of band TRP \$ per annum
Senior Executive Service-1 / Administrative Office Head-1	232,790	298,488
Senior Executive Service-2 / Administrative Office Head-2	298,489	430,740
Senior Executive Service-3 / Administrative Office Head-3	430,741	573,328

Note: The above values are for executives employed on a 1.0 FTE basis and apply pro rata to executives employed on a part-time basis.

A.3 Delete Table 3 and replace it with the following:

**Table 3: Values of remuneration band for Department Heads and the Victorian Public Sector Commissioner from 1 July 2025**

Classification	Base of band TRP \$ per annum	Top of band TRP \$ per annum
Department Head / Victorian Public Sector Commissioner	620,994	837,100

Note: The above values are for executives employed on a 1.0 FTE basis and apply pro rata to executives employed on a part-time basis.

- B. This Determination takes effect on 1 July 2025.
- C. The *Remuneration bands for executives employed in public service bodies (Victoria) Determination No. 01/2024* as varied is available on the Tribunal's website.



Warren McCann  
*Chair*



Laurinda Gardner  
*Member*



Gregory Wilson  
*Member*

Victorian Independent  
Remuneration Tribunal

Victorian Independent  
Remuneration Tribunal

Victorian Independent  
Remuneration Tribunal

Date: 23 September 2025