

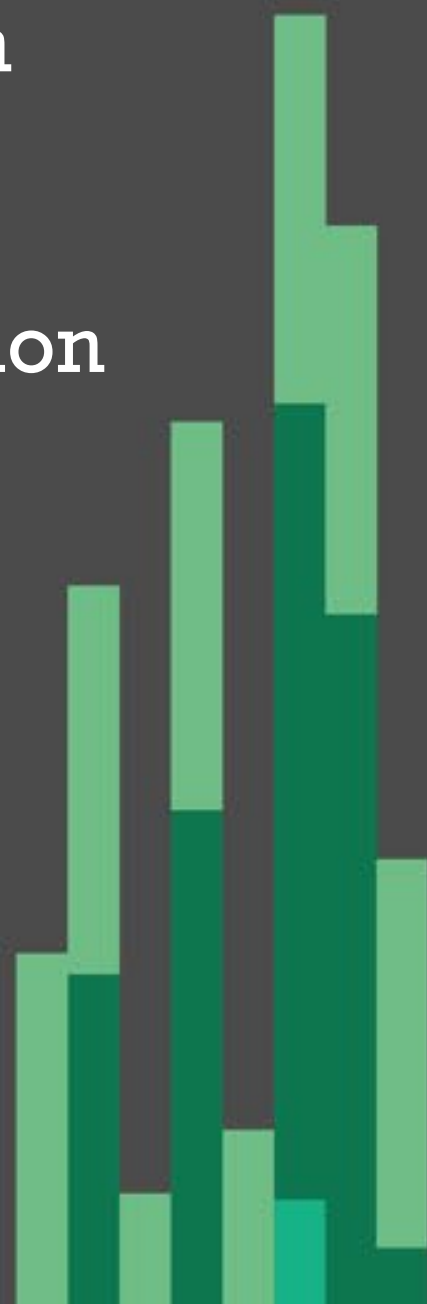
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Victorian  
Independent  
Remuneration  
Tribunal

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Remuneration bands for  
executives employed in  
public service bodies  
(Victoria) Annual  
Adjustment Determination  
2026

Statement of Reasons

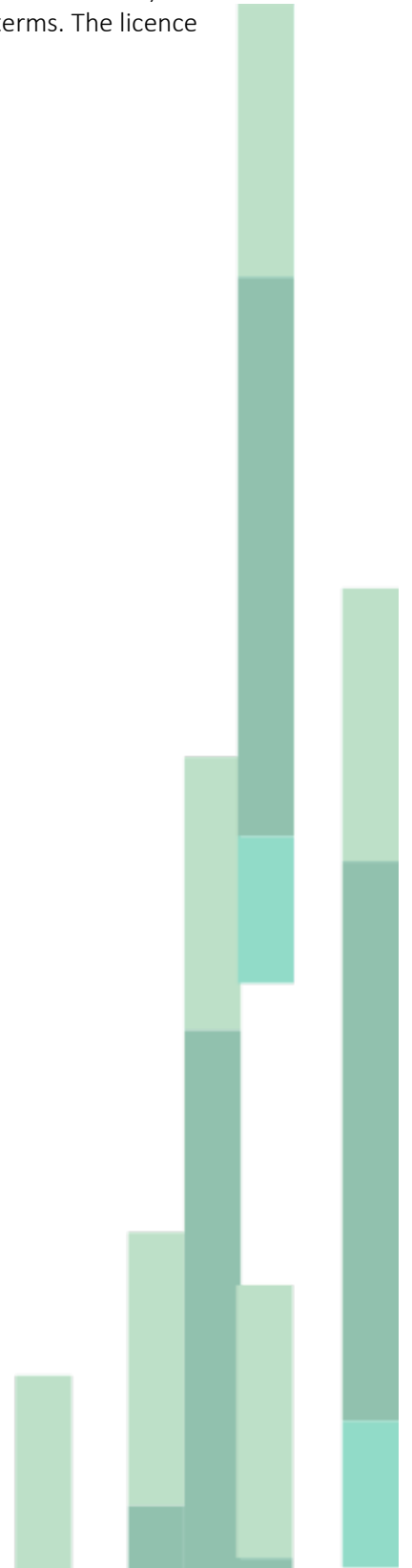


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# Abbreviations and glossary

Term or abbreviation	Definition
2024 Comprehensive Determination	<i>Remuneration bands for executives employed in public service bodies (Victoria) Determination No. 01/2024</i>
2026 VPS Annual Adjustment Determination	<i>Remuneration bands for executives employed in public service bodies (Victoria) Annual Adjustment Determination 2026</i>
2026–27 Budget	Victorian Budget 2026–27
AAWI	Average Annualised Wage Increase
ABS	Australian Bureau of Statistics
AO	Administrative Office
ATO	Australian Taxation Office
CPI	Consumer Price Index
Cth	Commonwealth
DPC	Department of Premier and Cabinet
DTF	Department of Treasury and Finance
FTE	full-time equivalent
FWC	Fair Work Commission
GSP	Gross State Product
guideline rate	Premier’s annual remuneration adjustment guideline rate
MCB	Maximum Contribution Base
NMW	National Minimum Wage
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
RBA	Reserve Bank of Australia
SES	Senior Executive Service
SG	Superannuation Guarantee
Tribunal	Victorian Independent Remuneration Tribunal
TRP	total remuneration package
VIRTIPS Act	<i>Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019 (Vic)</i>

Term or abbreviation	Definition
VPS	Victorian public service
VPSC	Victorian Public Sector Commission
Wages Policy	<i>Wages Policy and the Enterprise Bargaining Framework</i>
WPI	Wage Price Index

# Summary

The Victorian Independent Remuneration Tribunal has made an annual adjustment to the values of the remuneration bands for executives employed in Victorian public service (VPS) bodies with effect from 1 July 2026.

The values of the remuneration bands are expressed as a total remuneration package (TRP), which comprise a notional salary and superannuation component. The Tribunal increased the notional salary component by 3.5 per cent and adjusted the superannuation component consistent with changes to statutory superannuation entitlements from 1 July 2026 and Victorian Government policies on executive remuneration. The effective increase is between 3.5 and 4.0 per cent, taking into account the statutory superannuation changes, which vary across different remuneration bands.

The values of the remuneration bands from 1 July 2026 are set out in Table 1.

**Table 1: Remuneration band values as at 1 July 2026**

Classification	Base of band (\$ p.a.)	Top of band (\$ p.a.)
Senior Executive Service (SES)-1 / Administrative Office Head (AO)-1	240,938	310,385
SES-2 / AO-2	310,386	447,266
SES-3 / AO-3	447,267	594,844
Department Head / Victorian Public Sector Commissioner	644,178	867,848

## Summary of reasons supporting adjustment

While economic activity in Australia and Victoria improved through 2025, available forecasts indicate it will decline over 2026 as higher fuel prices and interest rate increases are expected to lower household and business spending.

The Victorian Government reported an operating cash surplus being delivered for the past three years and expects to deliver an operating surplus of \$0.7 billion in 2025–26. It forecasts that net debt as a proportion of Gross State Product (GSP) will stabilise and reduce over the forward estimates, and projects that key fiscal aggregates will slowly improve.

In December 2025, the Victorian Government published its response to an independent review of the VPS by Ms Helen Silver AO, which looked at identifying inefficiencies and lower-priority programs. The Government accepted the majority of the review's recommendations. The accepted recommendations are to be implemented in the near-term and will continue to have effects on departmental structures and resources over that period.

Headline inflation for Melbourne rose to 4.6 per cent in the year to March 2026 after moderating in 2025.<sup>1</sup> A large contributing factor to this spike in inflation was higher fuel costs caused by the conflict in the Middle East. This has led to considerable uncertainty in global markets and to supply disruptions.

The Tribunal considered wage growth in Victoria, including in the public sector. It also gave particular weighting to the Victorian Government's current *Wages Policy and the Enterprise Bargaining Framework* (Wages Policy), which provides for 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 its Annual Wage Review Decision 2026, the Fair Work Commission (FWC) awarded a 4.75 per cent wage uplift (higher for those below the C12 rate) to the nearly 2.8 million workers who are paid at an applicable minimum wage rate under a modern award.<sup>2</sup> However, the Tribunal was mindful that the circumstances of public sector executives are different from those of the employees covered by the FWC's decision, which include some of the lowest-paid workers in Australia.

The Tribunal was conscious of the impact that inflation was having on the real value of wages, and that the impacts of the conflict in the Middle East and resultant global supply disruptions have added to the cost of doing business and the cost of living, causing greater volatility in prices.

The Tribunal did not receive any submissions to the determination.

The Tribunal was aware that its increase to the bands is below both the headline inflation rate and the FWC's annual wage uplift. Given the current fiscal and economic environment, and consistent with community expectations regarding public expenditure, the Tribunal considered it necessary to exercise a degree of restraint.

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<sup>1</sup> Australian Bureau of Statistics (ABS) (2026b).

<sup>2</sup> FWC (2026), p. 2.

The increase to the bands maintains relativities with non-executive remuneration of Victorian public service employees. This is important as it encourages a steady flow of high-performing non-executives into executive roles, which have higher responsibilities, accountabilities and risks.

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

# 1 Context

In July 2024, the Tribunal made the *Remuneration bands for executives employed in public service bodies (Victoria) Determination No. 01/2024 (2024 Comprehensive Determination)*.<sup>3</sup>

That Determination reset the values of the remuneration bands for executives employed in public service bodies.<sup>4</sup> The values of the remuneration bands are expressed as a TRP, inclusive of salary, non-salary benefits, and employer superannuation contributions.

On an annual basis, the Tribunal is required to make a determination providing for an adjustment to the values set in the most recent comprehensive determination.<sup>5</sup> The exception being the year in which a comprehensive determination is made, in which year no annual adjustment is required.

In March 2026, the Tribunal published notice on its website of its intention to make an annual adjustment determination. The notice contained a summary of the matters the Tribunal was required to consider for this Determination and called for submissions by 27 March 2026. Victorian Government departments and other stakeholders were informed of the notice of intention and how to make a submission. No submissions were received for this Determination.

This Determination, the *Remuneration bands for executives employed in public service bodies (Victoria) Annual Adjustment Determination 2026 (2026 VPS Annual Adjustment Determination)* is the second annual adjustment to the 2024 Comprehensive Determination and takes effect from 1 July 2026.<sup>6</sup>

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 they continue to be remunerated within the relevant band.

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

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

<sup>5</sup> *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019* (Vic) (VIRTIPS Act), s. 22.

<sup>6</sup> VIRTIPS Act, s. 25(5).

This Statement of Reasons sets out the Tribunal’s analysis of statutory and other considerations (Chapter 2) and explains its decision on the values of the remuneration bands (Chapter 3).

## 2 Tribunal’s considerations

The Tribunal considered a range of factors, including matters specified in statute and other relevant considerations, in making the 2026 VPS Annual Adjustment Determination.

The purpose of the Determination is to take account of changes over the last year. The Tribunal did not consider matters that are more appropriately addressed in a comprehensive determination, such as the roles and responsibilities of executives.

### 2.1 Wages Policy

Particular weighting was given to the Victorian Government’s current Wages Policy, which has been in effect since April 2023. It 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.

### 2.2 Salary changes under enterprise agreements

In 2024, the Government finalised the *Victorian Public Service Enterprise Agreement 2024*, which provides for:<sup>8</sup>

- four annual salary increases of 3 per cent each effective from 1 May
- an annual mobility payment paid to employees employed on 1 July of the relevant year, which also increases by 3 per cent each year
- an additional payment (1.5 per cent of base salary) paid to employees at the top of their grade who meet their progression criteria.

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<sup>7</sup> Industrial Relations Victoria (2024).

<sup>8</sup> FWC (2024).

VPS employees who were employed on 28 June 2024 were also eligible for a once-off lump sum payment of \$5,600 (paid on a pro-rata basis for part-time and casual employees or those who were on unpaid leave).<sup>9</sup> That payment was provided in 2024 and was considered by the Tribunal in its 2024 Comprehensive Determination.

Since the Tribunal made its previous annual adjustment determination, the salary ranges for non-executive VPS employees have increased by 3 per cent.

## Trends in federal enterprise bargaining

The Department of Employment and Workplace Relations publishes a quarterly report containing data about the number of enterprise agreements made in the federal workplace relations system, as well as data about the number of employees covered and the level of Average Annualised Wage Increases (AAWI) included in collective agreements. The report for the December quarter 2025 (the most recent data set available at the time of making this Determination) shows that the AAWI in:

- new enterprise agreements approved in the December quarter 2025 was slightly lower than that in the previous quarter (Table 2)
- Victorian agreements approved in the December and September quarters were above the national average
- public sector agreements approved in those quarters was lower than in private sector agreements
- Victorian agreements and national public and private sector agreements in effect at the end of the December quarter are largely consistent (Table 3).

**Table 2: AAWI for agreements approved in the December and September quarters 2025**

	December 2025 (per cent)	September 2025 (per cent)
All sectors	3.7	3.9
Public sector	3.2	3.6
Private sector	3.8	4.0
Victorian agreements	4.2	4.4

Note: Data calculated using enterprise agreements approved in the relevant quarter that contained quantifiable wage increases (941 agreements in December quarter 2025).

Source: Department of Employment and Workplace Relations (Cth) (2026).

<sup>9</sup> FWC (2024), pp. 79-80.

**Table 3: AAWI for agreements in operation at end of the December and September quarters 2025**

	December 2025 (per cent)	September 2025 (per cent)
All sectors	3.9	3.8
Public sector	3.9	3.9
Private sector	3.8	3.7
Victorian agreements	3.8	3.6

Note: Data calculated using enterprise agreements current at the end of the relevant quarter that contained quantifiable wage increases (9,137 agreements at end of December quarter 2025).

Source: Department of Employment and Workplace Relations (Cth) (2026).

## 2.3 Executive employment and remuneration policies

In December 2025, the Victorian Government published a new Standard VPS Executive Contract and *VPS Executive Employment Handbook*.<sup>10</sup> These documents set out the employment and remuneration policies that apply to VPS executives. Changes made as part of the December 2025 update include (among others):

- updating the leave entitlements of executives to be consistent with those of non-executive employees under the *Victorian Public Service Enterprise Agreement 2024*
- clarifying when and how executive remuneration is reviewed.

The Standard VPS Executive Contract explains how an executive’s remuneration is reviewed. It states that employers are required to review an executive’s remuneration on an annual basis. As part of the annual review process, an employer may increase an executive’s remuneration by up to a maximum rate set by the Premier — referred to as the Premier’s annual remuneration adjustment guideline rate (guideline rate).<sup>11</sup>

An employer may also agree to undertake an additional review of an executive’s TRP and the guideline rate does not apply to those reviews.<sup>12</sup>

<sup>10</sup> Department of Premier and Cabinet (DPC) (2025b).

<sup>11</sup> DPC (2025a), p. 5.

<sup>12</sup> DPC (2025a), p. 5.

The 2025 guideline rate of 3 per cent was commensurate with the Victorian Government's Wages Policy, which provides for annual wage increases of 3 per cent. At the time of making this Determination, the Premier has not announced the guideline rate applying from 1 July 2026.<sup>13</sup>

## Changes to superannuation entitlements

The Commonwealth Government made a series of legislative reforms to how employers calculate, pay and report superannuation entitlements, referred to as Payday Super reforms. The changes take effect from 1 July 2026. As part of these changes:<sup>14</sup>

- the maximum superannuation contribution base has been renamed the maximum contribution base (both abbreviated to MCB)
- the MCB is now calculated as an annual rather than a quarterly value, and is equal to the concessional contribution cap divided by the Superannuation Guarantee (SG) rate (12 per cent)
- employers are required to ensure superannuation payments are received by the employee's superannuation fund no more than seven business days after their salary is paid.

Under Commonwealth law, the SG rate and the MCB apply to executives who are members of an accumulation scheme.

Since the Tribunal's previous annual adjustment determination, the SG rate has not changed from 12 per cent.<sup>15</sup>

The Australian Taxation Office (ATO) has stated that for 2026–27 the MCB will be \$270,830.<sup>16</sup>

Victorian Government policy and the Standard VPS Executive Contract require VPS employers to pass on statutory superannuation changes without reducing an executive's base salary.<sup>17</sup>

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<sup>13</sup> State Government of Victoria (2025).

<sup>14</sup> Australian Taxation Office (ATO) (2026a); ATO (2026b).

<sup>15</sup> ATO (2026b).

<sup>16</sup> ATO (2026b).

<sup>17</sup> DPC (2025a), p. 5.

## 2.4 Economic and financial considerations

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

- latest data on key economic indicators published by the Australian Bureau of Statistics (ABS)
- Reserve Bank of Australia’s (RBA) May 2026 Statement on Monetary Policy
- latest Victorian budget.

Economic activity in Australia and Victoria improved through 2025. In the year to the December quarter 2025, growth in Australia’s real Gross Domestic Product was 2.6 per cent.<sup>18</sup> The RBA forecasts that economic activity in Australia will decline over 2026 as higher fuel prices and interest rate increases are expected to lower household and business spending.<sup>19</sup> A higher inflation environment suggests that while headline economic growth has increased nationally, this may not be sustainable in the long term.<sup>20</sup>

The Victorian Budget 2026–27 (2026–27 Budget) noted that economic activity in Victoria picked up during 2025 alongside strong growth in real household income and declining interest rates.<sup>21</sup> According to ABS data, in the year to the December quarter 2025, the seasonally adjusted State Final Demand for Victoria grew by 2.7 per cent.<sup>22</sup> However, national cost-of-living pressures are persisting as inflation picked up in early 2026.<sup>23</sup> Growth in real GSP is forecast to be 1.75 per cent in 2025–26, 1.50 per cent in 2026–27, and then to rise to 2.00 per cent in 2027–28 and 2.50 per cent in 2028–29.<sup>24</sup>

In November 2025, the ABS began publishing the Consumer Price Index (CPI) on a monthly rather than a quarterly basis. The Tribunal has continued to consider CPI data for the year to March to assess current inflation. That is consistent with the Tribunal’s past practice for annual adjustment determinations made in the middle of the year. However, the Tribunal has also considered CPI data for the month of April (the current data at the time of making this Determination).

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<sup>18</sup> ABS (2026a).

<sup>19</sup> RBA (2026), p. 56.

<sup>20</sup> RBA (2026), p. 56.

<sup>21</sup> Department of Treasury and Finance (DTF) (2026), p. 15.

<sup>22</sup> ABS (2026a).

<sup>23</sup> RBA (2026), p. 58.

<sup>24</sup> DTF (2026), pp. 16-17.

Recent data from the ABS show that, after moderating in 2025, inflation is rising, driven by increases in the cost of housing and transport. The Australian CPI rose by 4.6 per cent in the year to March 2026, while trimmed mean inflation was 3.3 per cent across the same time period.<sup>25</sup> The April CPI data showed only minor shifts in these indices.<sup>26</sup>

A large contributing factor to this spike in inflation was higher fuel costs caused by the conflict in the Middle East. This has led to considerable uncertainty in global markets and to supply disruptions. The RBA expects that higher fuel prices will also contribute indirectly to future inflationary pressures, as businesses pass on increases to their input costs.<sup>27</sup> The RBA forecasts that headline inflation will peak at 4.8 per cent in June 2026, falling to 4.0 per cent in December 2026 and stabilising within the RBA’s target band at 2.4 per cent in June 2027.<sup>28</sup>

In Victoria, annual CPI inflation increased to 4.6 per cent in March 2026, however showed no change from March to April.<sup>29</sup> In year-average terms, headline inflation is forecast to be 3.50 per cent in 2025–26 and 2026–27, and to return to the RBA’s target band by 2027–28, averaging 2.75 per cent.<sup>30</sup>

Relevant inflation data for Australia and Melbourne are summarised in Table 4.

**Table 4: Summary of current inflation data for Australia and Melbourne**

Indicator <sup>(a)</sup>	Year to March 2026 (per cent)	Year to April 2026 (per cent)
CPI – Australia, All groups	4.6	0.4
CPI – Australia, Trimmed mean	3.3	0.3
CPI – Melbourne, All groups	4.6	0.0
CPI – Melbourne, excluding volatile items	3.8	0.3

Note: (a) Percentages in this table refer to the change in the indicator during the relevant time period.  
Sources: ABS (2026b); ABS (2026c).

<sup>25</sup> ABS (2026b).

<sup>26</sup> ABS (2026c).

<sup>27</sup> RBA (2026), p. 36.

<sup>28</sup> RBA (2026), p. 64.

<sup>29</sup> ABS (2026b); ABS (2026c).

<sup>30</sup> DTF (2026), p. 3.

Wage Price Index (WPI) data published by the ABS show that in the 12 months to the March quarter 2026 wages grew by:<sup>31</sup>

- 3.1 per cent in Victoria, with wages growth in the public sector in Victoria slightly lower at 3.0 per cent
- 3.3 per cent across Australia (in seasonally adjusted terms) and at the same rate in the public sector in Australia.

The RBA forecasts that near-term wage growth will remain strong, driven by high energy-related inflation and a competitive job market, before slowing from 2027 onwards.<sup>32</sup>

Victorian wages (measured using the WPI) are forecast to increase by 3.25 per cent in both 2025–26 and 2026–27.<sup>33</sup> While inflationary pressures are expected to remain elevated in the coming year, weighing on real wage growth until 2026–27, wages are forecast to exceed inflation from 2027–28 onwards.<sup>34</sup>

Conditions in the Australian labour market have begun to ease. The seasonally adjusted unemployment rate rose to 4.5 per cent in April 2026, while the participation rate fell slightly to 66.7 per cent.<sup>35</sup> The RBA considered that labour market conditions are still somewhat tight, based on a range of measures that it monitors. These include the underemployment rate, hours-based underutilisation rate, average hours per capita, the share of businesses reporting labour constraints, and non-mining capacity utilisation.<sup>36</sup>

According to the 2026–27 Budget, Victoria’s labour market remains healthy, with employment increasing by 2.5 per cent in 2024–25 following strong growth in previous years. At the time of the Budget’s publication, the participation rate and the share of Victorians in employment were at historically high levels. Measures of spare capacity in the labour market, including the unemployment and underemployment rates, remain low by historical standards.<sup>37</sup>

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<sup>31</sup> ABS (2026e).

<sup>32</sup> RBA (2026), p. 58.

<sup>33</sup> DTF (2026), p. 17.

<sup>34</sup> DTF (2026), p. 30.

<sup>35</sup> ABS (2026d).

<sup>36</sup> RBA (2026), p. 32.

<sup>37</sup> DTF (2026), p. 26.

The RBA forecasts that the unemployment rate will rise to 4.7 per cent by June 2028. Employment growth is forecast to remain subdued due to the weaker outlook for domestic activity.<sup>38</sup>

On 12 May 2026, the Commonwealth Government delivered its 2026–27 budget, including a variety of economic initiatives and proposed taxation changes.<sup>39</sup> The Tribunal did not seek to take the potential impact of these reforms on Australian and Victorian conditions into account, as at the time of making this Determination that remains unclear.

## 2.5 The Victorian Government's fiscal strategy

The 2026–27 Budget provided an update to the Victorian Government's five-step fiscal strategy to restore Victoria's finances following the COVID-19 pandemic.

It states that Steps 1 and 2 have been achieved, with a reported operating cash surplus being delivered for the past three years. The Victorian Government is projecting that key fiscal aggregates, including the operating balance and net debt to GSP, will slowly improve.<sup>40</sup>

The 2026–27 Budget further states that the Victorian Government remains on track to deliver an operating surplus (Step 3) of \$0.7 billion in 2025–26, the first surplus since the COVID-19 pandemic began. The 2026–27 Budget continues to forecast net debt as a proportion of GSP reaching 24.9 per cent at June 2027 before declining to 24.8 per cent by June 2028, 24.6 per cent by June 2029 and then 24.4 per cent by June 2030 (Steps 4 and 5).<sup>41</sup>

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<sup>38</sup> RBA (2026), p. 57.

<sup>39</sup> Commonwealth of Australia (2026).

<sup>40</sup> DTF (2026), p. 46.

<sup>41</sup> DTF (2026), p. 46.

## 2.6 Other relevant considerations

### Independent Review of the Victorian Public Service

In February 2025, the Victorian Government commissioned an independent review of the VPS by a former head of the Department of Premier and Cabinet, Ms Helen Silver AO. The focus of the review included identifying inefficiencies and lower-priority programs, and ways to return the public service towards its pre-pandemic share of employment. Ms Silver's report was published in June 2025. Among the key recommendations for government were:<sup>42</sup>

- stronger financial management
- a more strategic approach to Commonwealth-State relations
- rebalancing the size and structure of the VPS
- major reforms for public entities
- an acceleration of digitisation and greater adoption of artificial intelligence.

In December 2025, the Victorian Government published its response accepting the majority of the review's recommendations, and as a result aiming to deliver over \$4 billion of savings in total.<sup>43</sup>

### Victorian Public Sector Commission's data collection

Each year, the Victorian Public Sector Commission (VPSC) collects data from public sector employers about their employees. Data is collected as at 30 June of the relevant year. The latest data available is for the year to 30 June 2025.

Victoria's public sector continues to be its biggest employer, making up 9.9 per cent of the state's labour force on a headcount basis or 8.1 per cent on a full-time equivalent (FTE) basis.<sup>44</sup> There are 259 public sector employers including public health services, Technical and Further Education organisations, and police and emergency services.<sup>45</sup>

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<sup>42</sup> Silver H (2025), pp. 5-13.

<sup>43</sup> Victorian Government (2025).

<sup>44</sup> VPSC (2026c).

<sup>45</sup> VPSC (2026b).

In the 12 months to June 2025, the FTE number of VPS employees grew by 1.5 per cent. However, this figure predates workforce changes made in response to the independent review carried out by Ms Helen Silver AO, explained above. The Victorian public sector grew by 2.3 per cent, an increase of 7,390 FTE employees, including 3,852 additional FTE employees in government schools. At June 2025, there were 393,663 people employed in the overall Victorian public sector (the equivalent of 322,266 full-time employees).<sup>46</sup>

According to the VPSC, the median<sup>47</sup> pay at June 2025 was:<sup>48</sup>

- \$278,137 for VPS executives
- \$290,601 for public entity executives
- \$286,445 for public sector executives overall.

The VPSC reported that between July 2024 and July 2025 median executive pay increased by:<sup>49</sup>

- \$8,711 (3.2 per cent) in the VPS
- \$11,362 (4.1 per cent) in Victorian public entities.

These increases reflect an adjustment to public sector executive pay plus additional superannuation, to cover changes to superannuation entitlements at 1 July 2024.

## **FWC Annual Wage Review Decision 2026**

In June 2026, the FWC announced an increase to the National Minimum Wage (NMW) and minimum pay rates under modern awards. From 1 July 2026, most modern award rates will increase by 4.75 per cent.<sup>50</sup>

In reaching its decision, the FWC considered a range of factors including the:

- current economic environment and inflationary pressures
- impacts of events in the Middle East on fuel and other supply issues
- workforce participation and the relative living standards of the low paid
- real wage gap between award wage rates change in the CPI since 2021
- gender pay gap.

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<sup>46</sup> VPSC (2026b).

<sup>47</sup> The median is the exact middle value in an ordered dataset, separating the higher half from the lower half.

<sup>48</sup> VPSC (2026a).

<sup>49</sup> VPSC (2026a).

<sup>50</sup> FWC (2026), p. 2.

In its decision, the FWC commenced a structural adjustment to its lowest pay tiers by starting to phase out the C13 wage rate — the lowest tier for ongoing employment. Over three stages, the higher C12 tier will become the new minimum standard for all ongoing work. To begin this transition, the FWC will increase the C13 category by the baseline 4.75 per cent plus an additional amount equal to one-third of the gap between the C13 and C12 rates. The NMW, which is aligned to the C13 rate, will increase by the same amount.<sup>51</sup> The Tribunal notes this equates to an increase of 5.97 per cent.

The Tribunal was mindful that while many of the factors it considered are common with a subset of those considered by the FWC, the circumstances of public sector executives differ from those of the low-paid employees covered by the FWC's decision.

Nonetheless, the Tribunal took note of the FWC's decision as a relevant factor as it is an indicator for broader wage movements across the economy.

### 3 Tribunal's decisions

Having regard to the considerations outlined in Chapter 2, the Tribunal has decided to increase the notional salary component of the values of the VPS executive remuneration bands by 3.5 per cent from 1 July 2026.

The Tribunal adjusted the superannuation component of the bands by between \$873 and \$2,500, consistent with changes to statutory superannuation entitlements from 1 July 2026 and Victorian Government policies on executive remuneration.

From 1 July 2026, the MCB will be \$270,830 per annum, an increase of \$20,830 compared to the previous annual value of \$250,000.<sup>52</sup> As a result, the superannuation contributions for some executives will increase to \$32,500 (12 per cent of \$270,830) from \$30,000 (12 per cent of \$250,000). This represents an increase of \$2,500 (or 8.3 per cent) in superannuation contributions. The Tribunal's adjustment to the superannuation component of the relevant remuneration band values reflects that change, meaning that the total effective increase in the remuneration bands is between 3.5 to 4.0 per cent.

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<sup>51</sup> FWC (2026), pp. 2-3.

<sup>52</sup> ATO (2026b).

An increase to the remuneration bands was required to ensure that they keep pace with wage growth in Victoria, including in the Victorian public service and the broader public sector. This is important as it encourages a steady flow of high-performing non-executives into executive roles, which have higher responsibilities, accountabilities and risks.

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.

In setting the new bands the Tribunal was mindful of the current and forecast economic conditions, including the current inflationary environment, the increasing unemployment rate in Victoria and the forecast moderation of economic growth.

Recent international events have had a substantial impact on inflation and global trade, and have made the forward outlook highly uncertain — as shown by the volatility in the recent CPI data. As noted in the 2026–27 budgets, the impacts of these events are directly adding to the cost of doing business and the cost of living, although the Commonwealth and Victorian Governments have introduced measures to reduce these pressures.<sup>53</sup>

In its Annual Wage Review decision, the FWC acknowledged the challenge and complexity of balancing the sudden change and uncertainty in economic conditions and the recent unexpected increase in inflation. The FWC’s decision reinforced the importance of maintaining the real value of wages as far as possible, particularly where the rate of inflation for non-discretionary essential goods and services is substantially higher than the headline increase in the CPI.<sup>54</sup>

However, the Tribunal was also mindful that the circumstances of public sector executives are different to those of the employees covered by the FWC’s decision, which include some of the lowest-paid workers in Australia. Given the current environment and consistent with community expectations regarding public expenditure, the Tribunal resolved that it should exercise a degree of restraint.

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<sup>53</sup> Commonwealth of Australia (2026); DTF (2026), pp. 18-19.

<sup>54</sup> FWC (2026), p. 2.

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.

The Tribunal was conscious that the increase in the bands is below the headline inflation rates for Australia and Melbourne, but believes that this is justified in the full factual context of all information available to it for the making of this Determination.

The values of the remuneration bands from 1 July 2026 are set out in Table 5.

Table 5: Annual adjustment to the remuneration band values as at 1 July 2026

Classification	Value as at 30 June 2026 (\$ p.a.)			Value as at 1 July 2026 (\$ p.a.)		
	TRP	Salary component	Superannuation component <sup>(a)</sup>	TRP	Salary component <sup>(b)</sup>	Superannuation component <sup>(c)</sup>
<b>SES-1 / AO Head-1</b>						
base of band	232,790	207,848	24,942	240,938	215,123	25,815
top of band	298,488	268,488	30,000	310,385	277,885	32,500
<b>SES-2 / AO Head-2</b>						
base of band	298,489	268,489	30,000	310,386	277,886	32,500
top of band	430,740	400,740	30,000	447,266	414,766	32,500
<b>SES-3 / AO Head-3</b>						
base of band	430,741	400,741	30,000	447,267	414,767	32,500
top of band	573,328	543,328	30,000	594,844	562,344	32,500
<b>Department Head / Victorian Public Sector Commissioner</b>						
base of band	620,994	590,994	30,000	644,178	611,679	32,500
top of band	837,100	807,100	30,000	867,848	835,349	32,500

Notes: (a) Superannuation entitlement based on Commonwealth superannuation law as at 30 June 2026 — SG rate of 12 per cent and MCB of \$250,000 per annum. (b) Equal to 30 June 2026 value plus the 3.5 per cent adjustment. (c) Superannuation entitlement based on Commonwealth superannuation law as at 1 July 2026 — SG rate of 12 per cent and MCB of \$270,830 per annum. Numbers may not add due to rounding.

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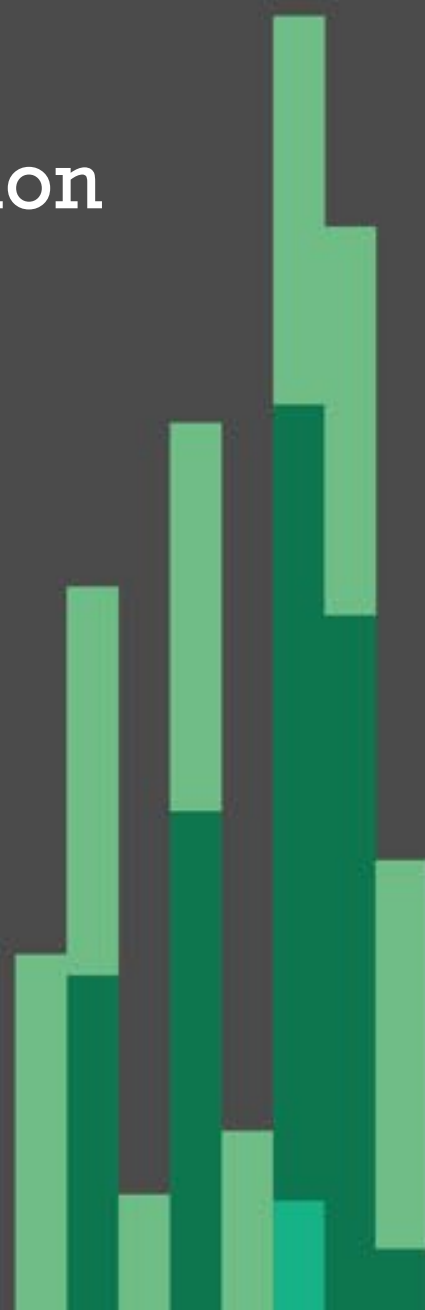
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# Remuneration bands for executives employed in public service bodies (Victoria) Annual Adjustment Determination 2026



## **DETERMINATION**

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

Part 3—Determination of the remuneration bands for executives employed in public service bodies.

## **Remuneration bands for executives employed in public service bodies (Victoria) Annual Adjustment Determination 2026**

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## Part 1 – Legal matters and definitions

1. **Title and purpose:** This Determination is the *Remuneration bands for executives employed in public service bodies (Victoria) Annual Adjustment Determination 2026* and is made under Part 3 of the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019* (Vic) by the Victorian Independent Remuneration Tribunal. This Determination adjusts the remuneration bands set in the *Remuneration bands for executives employed in public service bodies (Victoria) Determination No. 01/2024*, as amended. The remuneration bands that apply from the effective date are set out in this instrument.

2. **Effective date:** This Determination takes effect on 1 July 2026.

### 3. Definitions

3.1 Terms not defined in this Determination have the same meaning as in the *Public Administration Act 2004* (Vic), unless the contrary intention appears.

3.2 In this Determination, unless the contrary intention appears:

**FTE** means full-time equivalent;

**Public service body Head** means:

- (a) a Department Head;
- (b) an Administrative Office Head;
- (c) the Victorian Public Sector Commissioner;

**Senior Executive Service** comprises executives other than a public service body Head;

**TRP** means total remuneration package, and is the sum of:

- (a) base salary;
- (b) superannuation contributions;
- (c) employment benefits (i.e. non-salary) specified in the executive's contract of employment; and
- (d) the annual cost to the employer of providing the non-monetary benefits, including any fringe benefits tax payable;

**VIRTIPS Act** means the *Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019* (Vic);

**VPS Executive Classification Framework** means the Victorian Public Service Executive Classification Framework in relation to Senior Executive Service classifications issued by the Victorian Public Sector Commission and available on its website, as amended from time to time.

#### 4. Coverage and application

- 4.1 This Determination adjusts the values of remuneration bands for executives employed in public service bodies.

### Part 2 – Remuneration bands for Senior Executive Service executives

#### 5. Senior Executive Service

- 5.1 The values of the remuneration bands for the Senior Executive Service executives employed in public service bodies are set out in Table 1.
- 5.2 The relevant remuneration band for each executive corresponds to the Senior Executive Service classification of that position determined under the VPS Executive Classification Framework.

**Table 1: Values of remuneration bands for the Senior Executive Service from 1 July 2026**

Classification	Base of band TRP \$ per annum	Top of band TRP \$ per annum
Senior Executive Service-1	240,938	310,385
Senior Executive Service-2	310,386	447,266
Senior Executive Service-3	447,267	594,844

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.

### Part 3 – Remuneration bands for public service body Heads

#### 6. Administrative Office Heads

- 6.1 The values of the remuneration bands for Administrative Office Heads are set out in Table 2.
- 6.2 The relevant remuneration band for each Administrative Office Head corresponds to the Administrative Office Head classification of that position determined under the VPS Executive Classification Framework.

**Table 2: Values of remuneration bands for Administrative Office Heads from 1 July 2026**

Classification	Base of band TRP \$ per annum	Top of band TRP \$ per annum
Senior Executive Service-1 / Administrative Office Head-1	240,938	310,385
Senior Executive Service-2 / Administrative Office Head-2	310,386	447,266
Senior Executive Service-3 / Administrative Office Head-3	447,267	594,844

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.

## 7. Department Heads and the Victorian Public Sector Commissioner

7.1 The values of the remuneration band for Department Heads and the Victorian Public Sector Commissioner are set out in Table 3.

**Table 3: Values of remuneration band for Department Heads and the Victorian Public Sector Commissioner from 1 July 2026**

Classification	Base of band TRP \$ per annum	Top of band TRP \$ per annum
Department Head / Victorian Public Sector Commissioner	644,178	867,848

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.



Warren McCann  
*Chair*

Victorian Independent  
Remuneration Tribunal



Laurinda Gardner  
*Member*

Victorian Independent  
Remuneration Tribunal



Meredith Sussex AM  
*Member*

Victorian Independent  
Remuneration Tribunal

Date: 22 June 2026