Attachment 9.2.3

SOUTHERN RURAL WATER

EXECUTIVE REMUNERATION POLICY

Policy Number:	1.1
Approved by	SRW Board of Directors
Date Approved:	September 2025
Date Effective:	Immediately
Date of Next Review:	September 2028 (or earlier if changes made to government policy)
Applicable to:	SRW Employees covered by the PEER Policy
Contact:	General Manager Strategy, People, and Culture

OVERVIEW

This document describes Southern Rural Water's procedure for remunerating Executive employees covered by the Public Entity Executive Remuneration (PEER) Policy.

Executive remuneration and related matters will be managed in accordance with the requirements of the PEER Policy, and Victorian Public Entity Executive Handbook (Handbook) and related documents that guide executive remuneration in the public sector.

POLICY APPLICATION

This policy applies to all Southern Rural Water (SRW) employees covered by the PEER Policy.

OBJECTIVE

- To ensure fair and consistent approach to executive remuneration, and
- To ensure compliance with the Victorian Government Public Entity Executive Remuneration Policy.

RESPONSIBILITIES AND DEFINITIONS

Executive employee

The Public Entity Executive Remuneration (PEER) Policy applies to executives in a public entity prescribed under the Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards (VIRTIPS) Act and Regulations that are:

- a CEO (or similar role if not titled as such)
- in a role that has been classified under the Public Entity Executive Classification Framework (PEECF) with a work value score of at least 21; or

This does not include:

- employees whose remuneration rates are specified by an award or enterprise agreement
- technical specialists who are one of the criteria above, but do not have a people management function; or
- statutory or prerogative office holders appointed to public entities.

An executive must comply with, and make themselves familiar with, SRW Policies, instructions and guidelines with regards to non-remuneration conditions.

Public Entity Executive Remuneration (PEER) Policy
Public Entity Executive Remuneration Policy remuneration of executives in the public sector is governed by the PEER Policy. Under section 92 of the *Public Administration Act 2004*, SRW is required to comply with all provisions of the PEER Policy.

This policy is intended to be consistent with the PEER Policy requirements and any changes to the PEER Policy or other government policy will override this policy.

Victorian Independent Remuneration Tribunal (VIRT)
VIRT has responsibility for oversight of executive remuneration in public entities.

General Manager Strategy People, & Culture (GMSPC)
The GMSPC reviews the policy as required and presents recommendations to the People, Safety and Culture Committee (PSCC) for review and final recommendation for adoption by the Board.

Managing Director
The Managing Director sets executive remuneration, subject to the relevant remuneration band in the VIRT's Determination of remuneration bands for executives and Guidelines.

People, Safety & Culture Committee (PSCC)
The PSCC's role is to:

- nsure that a consistent and rigorous approach is taken by the Managing Director when setting and adjusting executive remuneration.
- monitor compliance with the PEER Policy and (any) Victorian Public Sector Commission reporting requirements.
- review SRW's methodology for determining work value, related benchmarks, reasons for any remuneration level, including changes in, and (any) premium remuneration.
- review the Executive Remuneration policy as required in reference to the PEER Policy and provide a recommendation to the Board for adoption.

Southern Rural Water Board
The board reviews and adopts the reviewed policy as required as recommended by the PSCC for approval.

The board will set the Managing Director's Total Renumeration Package with consideration of the PEER Policy, the Handbook, the established MD performance plan review of performance and other considerations provided in this policy.

Total Remuneration Package (TRP)
The total remuneration for executives includes:

- base salary (including any post-tax employee superannuation contributions or other post-tax deductibles);
- employer superannuation contributions (compulsory employer contributions and pre-tax contributions directed by the executive);
- employment benefits (i.e. non-salary benefits) – full cost of any benefits is met by the executive; and
- the annual cost to the Employer of providing the non-monetary benefits, including any fringe benefits tax payable.

MANDATORY CONTRACTUAL TERMS AND CONDITIONS OF SRW EXECUTIVE CONTRACTS

Executives are engaged via the Public Entity Standard Executive Employment Contract, with contractual terms and conditions in line with the PEER Policy including:

- a maximum contract term of up to 5 years
- the total remuneration package as outlined above
- termination of contract provisions – the employer may terminate a contract by providing the executive with four months' notice in writing
- no compensation for termination of a contract beyond payment in lieu of notice and accrued leave
- any unexpired portion of a contract may only be paid out in exceptional circumstances, with the written consent of the SRW board.

REMUNERATION BANDS

Executive employment is structured in three work value levels described as bands.

SRW is required to pay executives whose roles have been assessed under the Public Entity Executive Classification Framework (PEECF) within the VIRT's Determination of Remuneration Bands for Executives.

VIRT ANNUAL REVIEW OF REMUNERATION BANDS

Each year, the VIRT will review and make a Determination of the value of the remuneration bands. This is a legislative requirement, set by section 20 of the Victorian Independent Remuneration Tribunal and Improving Parliamentary Standards Act 2019.

The annual Determination is published on VIRT's website.

SRW must ensure that executives are paid within their relevant band. If an executive's remuneration falls below the base of their relevant band following a VIRT Determination, the executive is entitled to have remuneration increased to the base of the new band. If this amount is less than the 'guideline rate' for that year, the employer has discretion to increase the executive's remuneration by the difference.

FACTORS TO BE CONSIDERED WHEN DETERMINING THE REMUNERATION LEVEL

(a) The work value assessment score for the position under the Victorian Public Sector Commission's PEECF. Generally, the higher the score, the more highly the position may be remunerated within the relevant band.

(b) The experience, knowledge and capability of the individual.

- 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.

- For a relatively experienced executive, remuneration around the middle of the remuneration band may be appropriate.
- 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.

(c) Comparable positions within the organisation should attract similar remuneration in order to maintain relativity within a peer group.

(d) Particular consideration may also be required to achieve gender pay equity and reduce the gender pay gap for comparable executive positions across the organisation.

MANAGING DIRECTOR REMUNERATION

Managing Director remuneration is set by SRW's board, subject to the relevant remuneration band in the Tribunal's Determination of remuneration bands for executives, and with consideration of the factors listed above.[1]

EXECUTIVE REMUNERATION

Executive remuneration is set by SRW's Managing Director, subject to the relevant remuneration band in the Tribunal's Determination of remuneration bands for executives, and with consideration of the factors listed above.

ANNUAL REVIEW OF EXECUTIVE REMUNERATION

The executive employment contract provides that a review of individual executive remuneration is undertaken annually.

SRW's remuneration review for individual executives will be conducted in the context of:

- the outcome of VIRT's Annual Review
- any 'guideline' rate announced by the Victorian Premier
- acknowledging changes in responsibility, accountability, performance or market forces.

[1] Guidelines issued by the Tribunal will also assist employers in placing a MD within the relevant remuneration band.

ANNUAL REMUNERATION ADJUSTMENT GUIDELINE RATE

The Premier determines an annual remuneration adjustment guideline rate for executives. This is known as the 'guideline rate'.

Employers may increase an executive's remuneration by an amount up to the guideline rate. This includes executives on secondments and higher duties arrangements. The guideline rate applies from 1 July of the relevant year. The annual adjustment may be made at any time during the 12-month period to 30 June of the current year, but not backdated prior to 1 July of the previous year.

SRW may determine not to pass on the rate if the executive was appointed to the role within six months of the date the guideline rate takes effect, or if an executive has recently received a remuneration uplift. The Premier's guideline rate, along with supporting materials to guide implementation, is annually made available on the Department of Premier and Cabinet's public entity executive employment advice.

AD HOC REVIEWS

SRW may agree to undertake an ad hoc remuneration review at any time. This may be to acknowledge changes in responsibility, accountability or for retention purposes. This review does not guarantee any increase to any element of an executive's remuneration.

SRW must ensure that a work value assessment is undertaken to ensure the role is appropriately classified. If SRW proposes to pay an executive above their remuneration band, SRW must request and consider VIRT advice.

SRW is required to make a submission to the Tribunal for any proposed mid-contract adjustment to the Managing Director's TRP greater than the Premier's annual adjustment.

Submission or approval is not required in relation to passing on superannuation entitlement adjustments.

SUPERANNUATION ENTITLEMENTS

The superannuation entitlements of executives in an accumulation scheme may increase each year as a result of the indexation of the Maximum Superannuation Contribution Base and/or changes to the Superannuation Guarantee rate.

SRW must bear the cost of such increases in superannuation liabilities for executives that are on the standard Victorian Government executive contract. In particular, SRW is able not to offset the cost of changes to superannuation entitlements by passing on less of an annual remuneration adjustment (determined following the annual review of the executive's remuneration required by the Standard Contract) to an individual executive than they would have otherwise received.

CHANGES TO EXECUTIVE REMUNERATION

Any increases or other changes to base salary or employment benefits (including as a result of a change in the annual cost to SRW of providing the non-monetary benefits) shall be notified to the executive in writing.

An executive may request in writing at any time to restructure the base salary and any employment benefits for consideration by SRW. Should SRW agree to this request, such a restructure shall only apply prospectively, and must include a superannuation component at least equivalent to the minimum superannuation contribution required by the employer to avoid a charge under the *Superannuation Guarantee (Administration) Act 1992* (Cth) (although note that special requirements may arise for an executive who is a member of a statutory superannuation scheme where superannuation contribution obligations arise through the relevant legislation).

REPORTING AND TRANSPARENCY

The Victorian Public Sector Commission (VPSC) has a compliance certification process for executive reforms, including compliance with the updated PEER Policy.

SRW must report executive employment details annually to the VPSC in the form and detail advised at the time.

An annual Executive Remuneration Report will be provided to the PPSCC at the first scheduled meeting following the end of the financial year (usually August). The report will include:

- executive remuneration details reported to the VPSC
- advice of any change to government policy or requirements in respect of executive remuneration.

NON-COMPLIANCE

Any instance of non-compliance of the Managing Director's remuneration with government requirements must be immediately notified to the Chair of the PSCC, or any replacement of this Committee that has executive remuneration oversight responsibilities.

Any instance of non-compliance with this policy must be immediately notified to the Managing Director, and then reported at the next scheduled board meeting.

RELATED DOCUMENTS

- *Public Administration Act 2004*
- *Victorian Public Entity Executive Handbook*
- *Victorian Government Public Entity Executive Remuneration Policy*
- *Victorian Independent Remuneration Tribunal Guidelines*
- *Corporate Instruction 1.7 – Replacement of Absences*
- *Corporate Instruction 25 – Motor Vehicles*
- *Corporate Instruction 3 – Information Technology*
- *Corporate Instruction 19 - Travel, Accommodation and Meal*

COMMUNICATIONS

The Executive Remuneration Policy is posted on SRW's intranet and provided to all executives.

Approved

Board

Review and Modification History

Version #	Implemented By	Revision Date	Approved By	Approval Date	Reason
1.0	Jo Giannini	December 2021	PSCC	7 September 2021	Formal Review
1.1	Elisa Hunter	September 2022	Board	25 October 2022	Formal Review
1.2	Julie Foat	September 2025			Formal Review