

## 5.32 Board Remuneration Policy



<b>Policy principles</b>	In accordance with best practice Corporate Governance standards Payments to Directors will be governed by a clear and rigorous policy and processes that guide the Board, Committee's, Director's, Members, and individuals to efficiently, effectively and transparently govern the organisation.
<b>Purpose</b>	To ensure IRT remunerates Directors fairly and responsibly in accordance with legislative requirements and is transparent and accountable to its Stakeholders in accordance with best practice Corporate Governance standards
<b>Risk statement</b>	IRT has zero tolerance for activities that effect IRTs status as a public benevolent institution
<b>Scope</b>	Payments to Directors
<b>Related procedure</b>	Annual Conflict of Interest and Fit and Proper Declarations
<b>Related documents</b>	<ul style="list-style-type: none"> <li>• Board Charter</li> <li>• Board Compliance Plan</li> <li>• Code of Conduct</li> <li>• Conflicts of Interest</li> </ul>
<b>Compliance requirements</b>	<ul style="list-style-type: none"> <li>• Charitable Fundraising Act and Regulations</li> <li>• S9 and Section 286 Corporations Act</li> <li>• Conditions of Authority to Fundraise</li> <li>• ACNC Governance Standards</li> </ul>
<b>Policy owner</b>	Company Secretary
<b>Effective date</b>	April 2022
<b>Review date</b>	April 2023
<b>Content manager reference number</b>	EDOC2022/0025967

## 1 Aged Care Quality Standards and relevant legislation

This policy has been written to align with the Aged Care Quality Standards and other relevant legislation and regulations. The following table explains the link between this policy and the relevant external requirements.

Standard / legislation	What this means

## 2 Policy Principles

### 2.1 Board Remuneration

Payments to Director's will be determined and applied within the context of:

- The Law, industry standards, quality systems and government funding obligations; and
- The Constitution, Mission, Values, core business and philosophy of IRT.

### 2.2 Key Principles

The following principles will determine the basis for Payments to Directors:

- The policy for Payments to Directors will consider best practice Corporate Governance Standards, the Related Documents, company and Director specific factors as well as external market factors.
- Remuneration will be aligned with the average market remuneration for an organisation in the not-for-profit sector of comparable size.
- Remuneration will reflect the demands and responsibilities of the role of Director.
- The total amount of Remuneration for the Board as a whole must be approved at the AGM annually.
- Remuneration for the Board Chair, Committee Chairs and each Director is determined by the Board at its first meeting post-AGM.
- External remuneration benchmarking will occur generally every 2 years (in addition to CPI), however may be deferred where the cost of benchmarking is not warranted.
- Remuneration indexation is to stay in line with the lesser of CPI (all groups, Sydney, March quarter) and the increase payable under the Enterprise Agreement.
- There will be differential remuneration for the Chair of the Board and the Chair of each Committee. Acting Chairs will be eligible to receive the differential where they are fulfilling the role due to an absence of 12 weeks or more.
- Directors must abide by IRT's Gift Policy.
- Out of pocket expenses will be reimbursed by IRT following approval by the Chair or the Company Secretary in accordance with IRT policy.

- Reimbursement of travel costs will be in accordance with IRT's Travel Policy.
- Directors are eligible to access salary packaging through IRT's approved provider.
- Directors are able to utilise additional IRT employee benefits such as gym memberships.
- Where the Constitution and Related Documents and Procedures allow additional reasonable and proper remuneration for services actually rendered or goods supplied in the ordinary course of business this must be disclosed.

### 2.3 Procedural Actions

In relation to all Payments to Directors or the Board, the Board will ensure that:

- It adheres to this policy and any further necessary principle, policy or process to effectively govern Payments to Directors.
- It is open, transparent and accountable to its Stakeholders.
- It does not directly or indirectly hide, conceal or misinform its Stakeholders.
- All accounts, records and related financial documentation will be kept and reported in accordance with the Law, Australian Accounting Standards and this policy and transparently disclosed to Members including in the Annual Financial Statements.
- The annual Board budget will include and account for Payments to Directors which will be presented, approved, and minuted annually by the Board.
- It is mindful and responsive of IRT's status and reputation as a public benevolent institution and the cultural tone it sets.
- Payments to Directors are derived from profits of the organisation contributed to by the government, donors, sponsors, benefactors, clients and customers and Stakeholders will form perceptions and views about Director's behaviour in how money is spent.

The Chief Executive Officer will ensure that:

- Management does not directly or indirectly hide, conceal or misinform the Board or its Stakeholders.
- All accounts, records and related financial documentation will be kept and reported in accordance with the Law, Australian Accounting Standards and this policy and transparently disclosed to the Board and Members including in the Annual Financial Statements.
- The annual Board budget will include and account for Payments to Directors which will be presented, approved, and minuted annually by the Board and included in the organisations budget.

### 3 Tracking Compliance

#### 3.1 Key Performance Indicators

The Board will ensure and monitor transparency and accountability regarding Payments to Directors through the following:

- Inclusion in Annual General Meeting processes and documentation,
- Appropriate disclosures in the Annual Financial Statements and Annual Report,
- Maintenance and monitoring of Board Compliance and Board budget,
- Annual and on-going Fit and Proper and Conflict of Interests Declarations
- Financial statements are kept in accordance with the Law and Australian Accounting Standards and account for Payments to Directors,
- Internal and External Audit,
- Public disclosure regarding Corporate Governance, and ongoing consideration of and benchmarking to industry standards, quality systems and best practice,
- Approval of remuneration as required by the relevant stated based charitable fundraising licences.

### 4 Monitoring, Evaluation and Review

- Feedback regarding this policy can be referred to: Company Secretary
- Triggers for review outside of the usual cycle include: changes to the Law or IRT Board Governance policies.

**In practice example:**

## 5 Roles and Responsibilities

Role	Responsibility
Executive General Manager Finance	Monitor and report on payments
Company Secretary	Conduct a Bi-Annual Market review of Directors remuneration Monitor and report on Compliance Ensure General Members approval is sought Ensure Ministerial approval is sought (where required)
Nomination & Remuneration Committee	Review and determine the strategy and policy for oversight of payments of Directors.

## 6 Definitions

In this Policy, words have the following meaning:

Term	Definition
Payments to Directors	Means and includes all remuneration, reward, benefit or gratuity and <b>includes</b> reimbursement of out of pocket expenses in any form whether incurred by credit card or accounts
Remuneration	Means all remuneration (including superannuation), reward, benefit or gratuity but <b>excludes</b> reimbursements for out of pocket expenses
Stakeholders	Members, internal and external stakeholders
The Law	Means Commonwealth and State Legislation and Regulations