



Draft

Director Remuneration Policy

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Approval: Chairperson

Name: Michelle Nelson-Cox

Signature:

Purpose

To provide for remuneration of Directors of AHCWA in a just and fair manner having due consideration for the following:

1. The need to provide remuneration for the application of Director's skills and experience in directing the work of AHCWA
2. The not-for-profit status of AHCWA: the lack of resources to pay commercial rates and to pay for all work performed
3. That many Directors are paid via other means to provide their time to AHCWA
4. The commitment to provide an open, transparent and accountable framework for remuneration
5. Acknowledgement that AHCWA can only gain in better performance from the directors by paying them directors fees
6. The Remuneration policy will be reviewed by the Fraud and Audit Committee annually
7. Review will be capped with derivation of the hourly rate being no more than three (3) times the Average Weekly Ordinary Time Earnings for WA (in May 2014 \$1636.80 per week @ 38hours = \$43.07 x 3 = \$129.22 per hour)

Evidence Base

This policy is consistent with the following documents and authorities:

- Australian Standard AS 8000-2003 Good Governance Principles
- Australian and New Zealand Standards AS/NZ 4360 Risk Management

Linked Documents

- AHCWA Constitution
- *Corporations Act 2001* (Cth)
- AHCWA Code of Conduct
- Fraud and Corruption Prevention Policy and Procedure

Background

The starting point and underpinning principle of this policy is that Directors of AHCWA, like thousands of Directors of ACCHOs Australia wide, have for many years committed their time and effort to progressing the health and wellbeing of Aboriginal and Torres Strait Islander people. In most cases,



and in the case of AHCWA Directors, they have done so without financial reward or the expectation of remuneration. The contribution made by Aboriginal and Torres Strait Islander people in this work, if quantified would surely amount to billions of dollars of contributions in time.

In recent years, the advancement of the sector as a whole, changes to regulations, increased funding and the movement towards greater responsibilities for company Directors, has meant that the time required of Directors of ACCHOs generally and AHCWA Directors in particular has increased proportionally with the increased responsibilities.

It must be said that the Australian political landscape has changed in the past 10 – 15 years whereby the sector can no longer rely on or expect bipartisan support for the principle of Aboriginal community controlled health services and whereby each election can bring about sweeping changes to policies and funding frameworks. The friction between state and federal political powers appears to be increasing regardless of party and this has had consequences for any organisation relying on both state and federal funding. All of these things create instability and uncertainty in the sector. It means that Directors of ACCHOs all over the country have to take on an ever increasing role in lobbying and policy input and response. The Directors of AHCWA and other peak bodies have a responsibility to lead lobbying and policy initiatives.

Where five years ago it could be said that many ACCHO boards could meet for 4-6 hours every 4-6 weeks, now more and more boards are finding their meetings extending to two days every 6-8 weeks. Where currently AHCWA board meetings are for 2 days quarterly, the time is fast approaching where meetings will be held either for longer or more frequently to accommodate the increasing compliance requirements and policy and strategic policy initiatives and responses.

The environment has changed. A far greater degree of professionalism, time and skill is required of Directors in applying themselves to the running of ACCHOs generally and AHCWA in particular. There are increased risks associated with being a Director as can be seen in recent High Court decisions. Far more than good will is required. A good deal of time, energy and personal resources are also required.

It is stressed that for more than 40 years Aboriginal and Torres Strait Islander peoples who have committed their time voluntarily to the advancement of the ACCHO sector have deserved remuneration on a fair and just basis but the resources have either not been available or not applied to this purpose. Now though it is time for change and it is time that Directors within the sector received remuneration for their work. It will not be possible to remunerate Directors for all time spent, or even in many cases for the majority of time spent, but AHCWA intends to remunerate AHCWA Directors for a portion of their time given in their work progressing the interests of Aboriginal and Torres Strait Islander peoples in WA.

Considerations in developing the remuneration policy

In developing this policy a number of priorities have been considered and as with many issues, some are competing priorities. Where this is the case, a balanced compromise has been sought.

1. That AHCWA respects and values the work and skills of its Directors and the remuneration AHCWA pays is not, nor is intended to be, a fee, on a commercial basis, for work performed
2. That AHCWA does not have the resources now or in the foreseeable future to pay commercial Director's fees



3. That AHCWA does not have the resources now or in the foreseeable future to pay for all work performed by all Directors
4. That AHCWA Directors shall be reimbursed for a portion of their time spent in discharging their duties as Directors
5. That where an AHCWA Director is paid for their time spent in the performance of their duties as a Director or employee via any other means, the director nominated is to ensure they disclose to the other party payment of Directors fees
6. That AHCWA is a not-for-profit operating in a sector where many people are not remunerated at all for their time spent in performing the duties as Directors
7. That AHCWA is and remains committed to the highest standards in respect to openness and transparency as it relates to all operations including the remuneration of Directors
8. That no remuneration shall be paid to Directors unless and until approved by the membership and the membership shall have certainty in the overall amount being committed from the budget to the remuneration of Directors prior to being asked to consider a motion for remuneration of Directors

Policy for remuneration

The policy for payment is as follows:

1. Chairperson shall be remunerated as a part time employee of AHCWA who represents the organisation at meetings, Local, Regional, State and National

Rationale: Chairperson will be a part time position requiring attendance in person 1 week per 4 at the Perth Office. A suitable job description, selection criteria and budget will be presented to the members for endorsement at the AGM.

The annual salary of the Chairperson shall be put as a resolution to members at the AGM at the time of election and the salary shall be approved for the entire term of election to a maximum of three years. The resolution shall be put on the basis of a fulltime salary pro rata to actual time worked. In this way, the members shall be voting on the maximum payable as a fulltime wage per annum. The resolution shall be put in the following terms:

- Total annual remuneration \$100,000 per annum pro rata at 0.5 FTE = \$50,000 is made up of:
 - Base salary
 - Superannuation
- An annual increase in base salary (and superannuation) equal to the CPI as determined by the Australian Government annually.

2. Directors shall be remunerated (subject to the provisions below) for actual hours spent in attendance up to the maximum hours provided

Rationale: Directors will be paid for actual hours spent in attendance up to the maximum provided. This means that where a Director is late or leaves early their remuneration shall be on the basis of actual hours in attendance. Except in the case of a member-support subcommittee, a cap has been placed on the number of hours paid. It is acknowledged that actual hours spent maybe and often will be more, however, AHCWA is required to apply for funding for remuneration of Directors and



certainty is required for budget purposes and in order to give certainty to members when approving remuneration of Directors.

Members must pass a resolution at each AGM approving the Director Remuneration schedule.

3. Directors shall be paid for work on member-support subcommittee

Policy: Directors who sit on member-support subcommittees shall be remunerated for time spent in attendance at meetings, including attendance at the member meeting. AHCWA charges member services for out of pocket expenses including sub-committee member payments. The amount payable, any applicable caps on time or payments and other arrangements are the subject of service contracts between AHCWA and the member service or third party funding body, and any such payments to AHCWA Directors are not subject to the payment caps applied in this policy.

4. Payments are taxable as income tax and subject to PAYG

Rationale: Australian Taxation laws and regulations shall be applied to all Director's remuneration.

5. Salary Sacrifice will be available to Directors

Rationale: All payments through the payroll system are treated as employment payments. All employees are entitled to Salary Sacrifice within the constraints of the AHCWA Salary Sacrifice contractual arrangements and ATO rules

6. Payments will be made by EFT within 14 days of work performed

Rationale: Payments will be made on the usual AHCWA payment schedule via EFT according to the policies in place for AHCWA (AHCWA does not pay remuneration via cash or cheque).

7. Board Minutes will record attendance and be used as evidence for payments being made

Rationale: As per the policies of AHCWA, documentation is required prior to payments being made. Secretariat will provide Finance with Minutes recording attendance by Directors and signed by the Chairperson.

8. Work performed over the maximum amount payable is voluntary

Rationale: AHCWA acknowledges in all ways that the time spent by Directors will be greater, and in many cases, far greater, than that which will be remunerated.

9. Directors shall not be entitled to remuneration for travel time

Rationale: No entitlement arises for payment for travel time.

10. There is no change to travel allowance policies

Rationale: This policy is for remuneration of Directors and does not affect the travel allowance policy and travel allowance is reimbursement, not remuneration.



Schedule of payments

The following is the schedule of payments, with caps, for Director Remuneration (excluding Chairperson). The schedule must be passed by resolution at the AHCWA AGM.

ACTIVITY	HOURLY RATE	MAXIMUM PAYABLE	BUDGET
Board Meetings and executive meetings	Up to 1 hour \$100 1hr>but<4hrs \$250 >4 hrs \$500	\$500 per day Maximum of 12 days per annum for Directors An additional 5 days per annum for executive	10x\$500x10 = \$60,000 3x\$500x5 = \$7,500
Mandatory governance training	Up to 1 hour \$100 1hr>but<4hrs \$250 >4 hrs \$500	\$500 per day maximum of 2 days per annum	10x\$500x2 = \$10,000
Teleconferences and Finance Committee meetings	Up to 1 hour \$100 1hr>but<4hrs \$250	\$250 per half day maximum of 10 days per annum (quorum of 4 + management)	4 x \$250 x 10 = \$10,000
Business planning/workshops	Up to 1 hour \$100 1hr>but<4hrs \$250 >4 hrs \$500	\$500 per day Maximum of 2 days per annum	10x\$500x2 = \$10,000
Sector workshop	Nil	Attendance as members	
MC or Facilitation of AHCWA Workshops	Up to 1 hour \$100 1hr>but<4hrs \$250 >4 hrs \$500	\$500 per day (budget for 3 days per year)	2x\$500x3 = \$3,000
Mandatory external representations (as approved by quorum)	Up to 1 hour \$100 1hr>but<4hrs \$250 >4 hrs \$500	\$500 per day (budget for 12 days per year)	\$500x12 = \$6,000
Optional representations and attendance at meetings	Nil		
AGM and members meetings	Nil	Attendance as members	
Travel time	Nil		
Meeting preparation /reading board documents	Nil		
Salary of Chairperson	Subject to the annual resolution of the members at the AGM		

Total maximum payable to Directors (excluding the Chairperson) per annum \$106,500.

This amount is exclusive of any superannuation which will be paid as required by ATO legislation.