

Policy Statement

Pacific Link Housing Limited provides remuneration for services and reimbursement of expenses for its directors. The ACNC Guideline on director remuneration states that “Charities that decide to pay board members may do so for a variety of reasons:

- Charities can be large complex organisations that need board members with particular skills and experience to be effective. Offering remuneration may help a charity attract the right people for its board.
- Remunerating board members may enhance the sense of accountability and responsibility from the board.
- Offering a payment can increase the pool of potential board members and lead to greater diversity on boards. There are many people who cannot afford the time to serve properly as a board member, but would otherwise be great additions to a charity board.
- When board members are paid for their service, charities may expect greater engagement in attendance, communication, and decision-making.”

In adopting this policy, the company has considered its obligations under the following:

- The company’s Constitution,
- funding agreements,
- Public Benevolent Institution status, which requires a test of reasonableness to be met
- NSW Charitable Fundraising Authority, which imposes certain restrictions on director remuneration if fundraising appeals are conducted,
- Corporations Law, which requires “Limited” to be in the company’s name
- ACNC governance standards and guidelines
- Community housing sector and not for profit sector best practice.

Accountability and Transparency

Pacific Link Housing demonstrates its accountability and transparency in relation to director remuneration in the following ways:

- approval of the initial director remuneration budget and subsequent increases by vote of members in the Annual General Meeting
- publication of this policy on the company’s website, and
- disclosure, as required, in the annual financial statements.

1 Objective

To ensure that the Board of Directors of Pacific Link Housing Ltd (PLH) is fairly remunerated for the services provided and covered for any costs incurred.

In general terms Boards currently are more professional than ever before and companies are required to source Board Members with more qualifications, experience and specific skill sets than they have in the past. Board members also have an increased personal obligation and liability attached to their duties.

Due to the increased personal responsibilities and obligations attached to being a Director and the lost revenue that many Directors forego to provide their service to the Company, Pacific

Link has decided (through a vote of the Members) to provide a Directors' Fee budget (pool) in each financial budget to cover Directors' remuneration.

2 Method

As stipulated in the PLH Constitution, the Board will present to the Members annually an overall directors' remuneration budget for the total to be set aside in the company's annual financial budget.

If the Members approve the budget at the AGM or by other legally constituted means, this amount represents the upper limit that can be spent by the organisation during that financial period.

The Board decides how the budget is split between individual Directors and on what criteria it can be claimed. Currently, the Chairman's remuneration is set as twice that of an individual Director.

The Director Fees pool and budget must be clearly and comprehensively disclosed in the Company's

- Budgets
- Board Minutes
- Financial results issued annually, if required
- Monthly Board report.

The level of Directors' Fees budget must be demonstrated to be reasonable, and affordable in line with the operational size and results of the business.

The Directors' Fees budget should be reviewed in conjunction with other service providers in the industry or similar industries to ensure that the budget is reasonable and in line with market conditions. The Fees budget will be benchmarked against at least two independent surveys. These surveys will be identified by the Company Secretary and agreed with the Chairman. Where two surveys are not available, any increase in directors' remuneration will be limited to CPI. Adjustments to remuneration will be based on:

- The average level of Director remuneration for the NFP sector as identified by the surveys;
- The performance of the Company during the previous financial year in meeting its goals and forecast financial capacity; and
- The annual assessment of the performance of the Board.

Fees for Board Committee meetings are paid based on meeting attendance. The Board can decide to differentiate the fees payable for Committees dependent on workload, provided the total remains within the overall fee budget.

The claiming of a Directors Fee is optional for all Directors. The claiming of the meeting fees and costs for other meetings is also optional.

Directors must make their own assessment on Income Tax, Pension, personal Superannuation Benefits and other possible implications claiming a Director's Fee may have on them and any other sources of income they have. Directors are encouraged to seek independent financial advice and the company will not be held liable for lost income or social services as a result of claiming a Director's Fee or any other payments made.

The budget of Directors' Fees is not accumulating each financial year. Changes to fees that are approved by members at an AGM are backdated to the first of July preceding the AGM. Directors' Fees, including Committee fees, are calculated inclusive of Superannuation Guarantee contributions. PAYG tax is deducted as appropriate. Fees and superannuation are paid on the first business day of each month in advance.

Should the upper limit of the budget be reached during a Financial year then no further payments can be claimed and no further payments made over and above the budget amount. Any unpaid claims cannot be paid from the following financial year budget, i.e. No accrual of unpaid Directors' Fees is allowed.

No Board Member may claim the fee unless they have completed and signed the required forms, including Conflict of Interest, Directors' Protocol, Confidentiality Statement, Application and Nomination Forms and Commitment to Code of Ethical Conduct.

If a Director is an employee of another entity, such entity must notify the Company that it consents to the Director receiving such remuneration.

Directors' Fees will be paid by direct deposit. Fees can be paid to a company associated with the Director upon receipt of a tax invoice. Payments by cash will not be made.

3 Expense Reimbursement

In addition to the Director Fee budget, Directors will be paid or reimbursed for:-

- i. Any use of a private motor vehicle for PLH purposes, such reimbursement to be at the authorised tax rates; and
- ii. Legitimate, approved out of pocket expenses.

4 Director Training Expenses

In addition to the Director Fee budget, a Director Training budget will be set which may be applied as follows:

- i. Up to half allocated for whole of Board training as identified in the Board performance evaluation, or as otherwise necessary.
- ii. Up to half available for reimbursement of Directors' individual approved, relevant training and conference fees and expenses. This includes the AICD Company Directors Course (CDC) fees and expenses and other training identified in the Board performance evaluation or otherwise.
- iii. The amount of the training budget is reviewed annually, consistent with the Director remuneration review.
- iv. The training budget does not accumulate from year to year.

Directors will be paid or reimbursed for:-

- i. The full cost of attendance (including travel and accommodation) at training courses, including the CDC. All new Directors are expected to complete the CDC, unless agreed otherwise with the Chairman. PLH will pay the AICD joining fee, however, Directors are responsible for their ongoing subscription fees and meeting CPD requirements.

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- ii. Half (50%) of the cost of approved, relevant conference fees and accommodation and travel expenses to attend such conferences.
- iii. Travel expense reimbursement will be based on domestic economy rates for travel within Australia. The Board will consider requests for reimbursement of 50% of international travel at economy rates on a case by case basis.
- iv. The maximum entitlement to reimbursement for each Director over a three year period is the equivalent cost of the CDC course, or as approved by the Chairman within the training budget.
- v. Requests for reimbursement should be emailed to CEO and Chairman for approval.
- vi. Expenses for training courses and conferences in Australia may be approved by the Chairman and CEO. Board approval is required for reimbursement of international expenses.
- vii. The Company Secretary will maintain a register of directors' training and development that is relevant to their PLH duties.

Directors are encouraged to identify scholarships for training that is available for not-for-profit entities and PLH will provide administrative support for scholarship applications.

5 Summary

These fees do not attempt to compensate professional Directors for their potential lost income, lost due to time and resources dedicated to PLH.

These fees attempt to reimburse Directors for their efforts and to assist in attracting and keeping professionals from all appropriate areas (see Board Succession Planning) to the Board of PLH.

The fees are capped to the budget and set in line with market expectations, industry best practice and after consideration of the performance and financial position of the company.

Craig Brennan

Craig Brennan, CEO September 2018