

NQS7 Governance and Leadership Policy

Board Director Remuneration, Expenses and Professional Development

Objective

This Policy sets out The Creche and Kindergarten Association Limited's (C&K) approach to remuneration, expenses and professional development for Board Directors.

Regulatory and Funding Considerations

C&K is incorporated under the *Corporations Act 2001* (Cth) as a company limited by guarantee.

C&K is regulated by the *Corporations Act 2001* (Cth) and the Australian Charities and Not-for-Profits Commission Governance Standards and is guided by the Australian Institute of Company Directors' Not-for-Profit Governance Principles (3rd edition April 2024).

C&K receives funding from the Commonwealth and Queensland Governments to deliver early childhood education and care services.

Pursuant to C&K's Constitution, Directors are permitted to hold a place of profit and to be paid in good faith for services rendered to C&K.

This Policy and any payments to Directors comply with C&K's regulatory and contractual obligations.

General Principles

C&K implements a payment structure to Directors to recognise:

- The accountability, risk and liability of Directors within the early childhood education and care sector
- The need to attract and retain high performing, appropriately experienced and qualified Directors to guide the complex business of C&K
- The time and responsibility required to execute both fiduciary and statutory obligations

C&K acknowledges the continuing accountability, liability and duty of care of Directors, irrespective of their attendance at Board meetings. C&K will therefore pay Directors an annual fee as opposed to a sitting or meeting attendance fee.

For the purposes of this Policy, the Directors who receive a Non-Executive Director Fee are considered to be Remunerated Directors.

It is acknowledged that some Board Directors may be precluded from receiving the Non-Executive Director Fee (due to, for example, their employment arrangements) or may choose to not receive the Non-Executive Director Fee. For the purposes of this Policy these Directors are considered to be Voluntary Directors.

Board Directors

Non-Executive Director Fee

The C&K Board will:

- Annually, determine a fixed amount to be paid to each Board Director for being a Director of C&K
- Calculate an additional fixed annual amount to be paid to the Board Chair and each Committee Chair and member.
- If a Director's additional role changes in the course of the annual period, a pro-rated annual fee will apply.
- Remunerate Directors quarterly in arrears unless it is not practicable to do so. In such circumstances C&K will review the Director's individual circumstance and may enter into other appropriate arrangements to compensate the Director equivalent to the amount of their agreed remuneration.

It is at the discretion of each Board Director whether they receive the Non-Executive Director Fee.

The Board will determine the appropriate level of remuneration by considering the following factors:

- C&K's annual performance against its strategic and financial objectives
- The terms of any funding agreements
- Data from other not-for-profit organisations similar in size and or sector to C&K
- Advice from independent, external governance and remuneration experts
- The additional responsibilities of the Board Chair and the Chair and members of each Board Committee.

The Board may reduce the amount of Director remuneration at any time. The Board cannot increase the total amount of funding available for Director remuneration unless it undertakes a formal review and submits the increase in accordance with C&K's budgeting process.

Each Director is responsible for obtaining their own independent advice regarding the individual

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circumstances of their remuneration or compensation.

Remunerated Directors will be provided with clear documentation outlining the amount of remuneration, the payment schedule, and any other terms.

All payments to Remunerated Directors will be made in accordance with relevant Australian laws, including tax, superannuation, and other legal obligations.

Board Director Expenses

C&K will pay reasonable expenses that both Remunerated and Voluntary Board Directors directly incur to attend a designated C&K event (for clarity, a Board or Committee meeting is not a 'C&K event'). Payment of these expenses is subject to:

- The Chair of the Board requesting or approving the Board Director to attend the event
- Relevant C&K policies and procedures

C&K may pay the reasonable expenses incurred by Voluntary Directors in the performance of their role on the Board including, for example, expenses incurred to attend Board or Committee meetings. Any such expenditure must be approved by the Chair of the Board.

For the avoidance of doubt and with the exception of the specific expenses outlined above, C&K will not pay any expenses incurred by Remunerated Directors in the performance of their duties including, for example, expenses to attend Board or Committee meetings.

Personal expenses unrelated to board duties, fines, penalties, or other personal liabilities incurred while travelling or attending board-related activities, entertainment or leisure activities not directly related to official board function are not reimbursable.

Board Director Professional Development

C&K will provide an annual budget for appropriate professional development opportunities for Board Directors. The annual amount will be capped at an amount to be determined by the Board. The Board may provide additional professional development opportunities for Voluntary Board Directors.

Board Director Professional Memberships

C&K may pay the professional membership fees of Voluntary Directors that are relevant to their role on the Board. Voluntary Directors will inform the Chair of the Board of the proposed professional memberships to be paid, for approval by the Chair and inclusion in the annual budget.

For the avoidance of doubt C&K will not pay the professional membership fees of Remunerated Directors.

Voluntary Independent Committee Members

C&K will recognise the contribution of voluntary independent Board and Committee members by:

- providing appropriate professional development opportunities
- paying the professional membership fees that are relevant to their role on the Committee
- paying their reasonable expenses incurred in the performance of their role, for example travel to attend a Committee meeting
- paying the reasonable expenses they incur by attending a designated C&K event.

The budget will be capped at an annual amount to be determined by the Board.

Annual Review, Evaluation and Accountability

The annual Director fees will be published in C&K's Annual Financial Statements.

The Board will periodically assess its performance against the objectives of the Strategic Plan, the Board Charter and other relevant governance practices for the purpose of setting the Non-Executive Director Fee in accordance with this Policy.

The Board will review this Policy annually or as required, ensuring it aligns with C&K's financial status and the principles of responsible governance.



Megan Gibson, Chair of the Board