

Draft Policy Guidelines for a Review of Directors' Fees

- These guidelines only relate to those directors eligible to receive remuneration and this is restricted to directors of the boards of University subsidiary companies operating on a fully commercial basis.
- In undertaking a review, the decision of Council to cap the level of chairman's fees at the level set by the Victorian Government for the Chancellor (currently \$ 65,000*) and other directors' fees at 50% of the chairman's fee for the time being, is to be taken into account.
- Reviews should be undertaken biennially, with an initial review undertaken following the release of the company's results for the 2006 year end.
- Director's fees will normally be set at the time of appointment. In reviewing the level of director's fees, consideration will be given to the overall performance of the company and its Board as assessed against its business plan and any related performance indicators e.g. financial performance. Account will be taken of any exogenous factors which might affect the company's performance, notwithstanding the efforts of the chair and the other directors. All directors' fees and variations thereto are subject to Council's approval.
- These guidelines are to be read in conjunction with the conditions agreed by Council at its June 2006 meeting, on the recommendation of the Council Nominations and Governance Committee, regarding the remuneration of external members of University bodies:
 - that Council's approval of payments to non-executive chairs of subsidiary company boards should be considered within a maximum of the Government approved level at the time for the remuneration of the Chancellor (currently \$ 65,000 pa*);
 - that Council's approval of payments to other non-executive members of subsidiary company boards should be considered within a maximum of 50% of the Government approved level at the time for the remuneration of the Chancellor;
 - that payment for non-executive service not be extended to members of other University bodies at this time;
 - that approval of any supplementary payment, to a non-executive director or member of a University body who for a limited term is expected to take up responsibilities beyond those normally expected of a non-executive officer, be a matter for determination by the Vice-Chancellor and report to Council;
 - that Council recommend to the Boards of University subsidiaries which remunerate directors, that they make provision for directors eligible for remuneration to either decline it or redirect it to a University activity of their choice if they wish, on a fully confidential basis; and
 - that the effectiveness of these arrangements be reviewed in 2009.

* *This amount was increased to \$ 77,500 from 1 January 2007.*

Recommendation

It is recommended that the Sub-Committee approve the draft guidelines and refer them to the Finance Committee and the Council Nominations and Governance Committee for approval and, if approved, transmission to Council for approval.