

## Remuneration - Local Health District and Specialty Network Board Members

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**Summary** Information on changes to remuneration for Local Health District and Specialty Network Board Members  
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## REMUNERATION

### Local Health District and Specialty Network Board Members

#### PURPOSE

Fifteen Local Health Districts (LHDs) and two Specialty Networks (The Sydney Children's Hospitals Network and Justice and Forensic Mental Health Network) are managed by a Board of 6 to 13 members as appointed by the Minister for Health.

Effective from 1 September 2012 the annual fee for the Chair and Members of LHD Boards and two Specialty Network Boards is:

- Chairperson \$35,000 per year
- Member \$20,000 per year

Board appointees are remunerated at the rates set for public sector boards approved through the Department of Premier and Cabinet. These fees are in line with the Public Service Commission's Classification and Remuneration Framework for NSW Boards and Committees. Further information is available at [www.psc.nsw.gov.au](http://www.psc.nsw.gov.au).

This document has been developed to:

- Be consistent with whole of Government requirements, but address the specific issues relevant to work undertaken by members of the NSW LHD Boards and two Specialty Network Boards.
- Provide information for LHDs and Specialty Networks in relation to remuneration and payment to board members.
- Address PAYG withholding obligations in respect of payments to Board members as 'appointees' to an office, ensuring statewide compliance with these obligations.
- Outline the process and documentation requirements for management of payment of remuneration and out of pocket expenses associated with members undertaking their role on a LHD or Specialty Network board.

The requirements set out in this Information Bulletin are consistent with the Department of Premier and Cabinet Guidelines for New Board and Committee Members: Appointments and Remuneration, Memorandum 2004-10 and Public Service Commission's Classification and Remuneration Framework for NSW Boards and Committees.

#### KEY INFORMATION

##### Key definitions

**Board:** for the purpose of this information bulletin **Local Health District Board** means a board of an LHD established under section 26(1) of the *Health Services Act 1997*. **Specialty Network Board** means a Board of a Specialty Network Governed Health Corporation established under section 52F of the *Health Services Act 1997*.

Board Member: is a person appointed to either an LHD Board or Speciality Network Board by the Minister for Health under section 26(3) of the *Health Services Act 1997*. This includes the member who is appointed as chairperson of the Board under section 26(7).

Sub-committee: is a Committee established by the Board in accordance with By-Laws to provide advice or other assistance to enable the LHD or Specialty Network Board to perform its functions.

## REMUNERATION

Members are entitled to an annual fee for their attendance at board meetings, sub-committee meetings and out of session work. Members are entitled to be reimbursed for a range of out of pocket expenses incurred as part of their role as a Board Member.

The following should be noted:

- Members can decline to receive the annual fee applicable to their appointment.
- Public sector employees are not entitled to be paid remuneration (neither an annual fee nor sitting fee) for work on Government committees. Public sector employees include Health Service employees, staff specialists and officers of other NSW Government agencies.

The Board Chair is responsible for determining payment of fees to a Board member where the Board member is unable to perform the role and responsibilities of a Board member or where a leave of absence is granted by the Board.

Remuneration applied is as per the Public Service Commission's (PSC) Classification and Remuneration Framework. In this context Board members who are public sector employees cannot be paid fees unless exempted by the Premier and will continue to require separate payment for out of pocket and travel expenses. Further information is available at [www.boards.dpc.nsw.gov.au](http://www.boards.dpc.nsw.gov.au).

Members should be paid via the organisation's payroll system, ideally on a quarterly basis directly into a Bank account.

The annual fee includes attendance by Board members at meetings conducted by the Board and other sub-committees of the Board as described in the Model By-laws e.g. finance and performance, health care quality committees or other committees established by a Board (for other activities see section Out of Session Work).

The new fee structure is an annual fee, consistent with the PSC Framework, and does not provide for an hourly rate. As a result, fees should be calculated on the number of meetings held annually. All Board members should attend all regular monthly meetings during the financial year in order to receive the full annual fee amount. Fee amounts should ideally be paid quarterly in arrears and pro-rata adjustments made based on the number of regular Board meetings attended. Use of quarterly payments will assist members and the LHD or Specialty Network to readily identify any required adjustments for the previous period.

For example where a Board has a schedule of 12 monthly Board meetings in a financial year, a Board member who joins the board on 25 January, attends their first board meeting on 24 February, and also attends the March board meeting, would submit a claim for the 'March' quarter remuneration of  $\$20,000/12 \times 2 = \$3,333$ .

Fees may be subject to change in accordance with the Public Service Commission's Classification and Remuneration Framework for NSW Boards and Committees or increased annually in line with CPI. Changes to the Board fees will be advised by an updated information bulletin issued by the Ministry of Health.

Questions relating to fees should be directed to the Corporate Governance and Risk Management, Legal and Regulatory Services Branch of the Ministry of Health, telephone 9391 9654 or email to [cgrm@doh.health.nsw.gov.au](mailto:cgrm@doh.health.nsw.gov.au).

## Out of Pocket Expenses

Board members are entitled to claim out of pocket actual expenses where an expense has been incurred that is associated with their role on the Board. Reimbursement of actual expenses includes travel costs, meals, accommodation and other approved travel costs. Private motor vehicle usage should be paid based on the actual number of kilometres travelled for meetings. Members should obtain receipts for expenses if less than \$82.50 including GST, or tax invoices if above that amount to enable the LHD or Specialty Network to claim input tax credits, otherwise if the receipt is more than \$82.50 including GST and a tax invoice is not provided only the non-GST component for the expense will be reimbursed.

### Accommodation and meal allowance limits

Actual accommodation and meal expenses may be incurred by members up to limits set by the Department of Finance and Services. The indicative upper limits are prescribed in the Rates for Meal, Travelling and Other Allowances table of the Department Finance and Services Public Sector Industrial Relations Circular [PSIR C2012-03 Review of Meal, Travelling and Other Allowances](#) (as updated).

### Motor Vehicle Allowances

Members are entitled to be paid a motor vehicle allowance based on actual kms travelled if required to use their private motor vehicle to attend meetings. The motor vehicle allowance rate will be paid in accordance with the Official Business Rate or Casual Journey Rate as detailed in NSW Health Policy Directive [PD2009\\_016 Official Travel](#) and the rate set by the [PSIR C2012-03 Review of Meal, Travelling and Other Allowances](#).

Insurance requirements as detailed in Policy Directive [PD2009\\_016 Official Travel](#) must be met prior to a motor vehicle allowance being paid. Requirements include the motor vehicle being covered by a policy as required by the *Motor Accidents Compensation Act 1999* (e.g. Third-party Policy or Vehicle Registration) and at the time the vehicle is being used on official business, a comprehensive policy of insurance or policy of indemnity.

Cost of parking fees and tolls may be reimbursed when driving a private vehicle to attend Board or Board Committee meetings.

### **Other Expenses**

Members are entitled to claim other reasonable expenses associated with their role on the Board such as train and bus fares. These expenses may be claimed after the expense has been incurred by producing receipts if less than \$82.50 including GST or tax invoices if above that amount.

### **Out of Session work**

With the authorisation of the Board, a Chair or member may represent the Board at meetings or events associated with government or the community that are external to the actual LHD or Specialty Network. Attendance at these meetings or events is included in the annual fee paid to a Board member.

Members may be entitled to claim out of pocket expenses if attending, in their capacity as a Board member, events where there is a formal invitation or agenda. Examples include:

- Council of Board Chairs
- Briefings by the Ministry of Health
- Workshops conducted by Health agencies
- Community consultation
- Strategic planning for the Board
- Special one off meetings or Annual Public Meeting

Expenses for informal meetings are not claimable. Claims for reimbursement cannot be made where the meeting or event a member attends is part of the member's normal duties or without Board authorisation.

## **CLAIMS AND PROCESSING**

### **Administrative procedures**

Each LHD or Specialty Network should have processes in place to manage the verification and payments for fees and out of pocket expenses for eligible Board members once on the payroll system. Claims for out of pocket expenses should be submitted by board members on an expense claim form with receipts for payment. It is recommended that claims for out of pocket expenses should not exceed three months. The accuracy of each claim and supporting documentation should be subject to the usual verification before approval by a designated officer with the authority to approve payment. As with all payments, Board member remuneration and procedures are subject to audit processes.

Two templates are available from the Ministry of Health Intranet which may be adopted to assist processing of fees and claims for out of pocket expenses

LHD/Specialty Network Board Expense Claim Form (template)

[http://internal.health.nsw.gov.au/cgrm/LHN/board\\_expense\\_claim\\_form\\_template.doc](http://internal.health.nsw.gov.au/cgrm/LHN/board_expense_claim_form_template.doc)

Board/Sub-committee Attendance Record (template)

[http://internal.health.nsw.gov.au/cgrm/LHN/board\\_attendance\\_record\\_template.doc](http://internal.health.nsw.gov.au/cgrm/LHN/board_attendance_record_template.doc)

## **Taxation and Superannuation and PAYG Withholding**

For payment, tax and superannuation purposes, Board members and Chairs are treated as individuals (an actual person), not as any form of business entity.

Although Board members are not employees they are considered office holders for the purposes of the broad definitions used in the *Income Tax Assessment Act 1997*. As a result PAYG withholding applies to the annual fee payments.

Board members are also defined as office holders under the *Superannuation Guarantee (Administration) Act 1992*, therefore Superannuation Guarantee Contribution (SGC) applies to board fees received for attendance at meetings. The rates set for NSW Health Local Health District and Specialty Network board members (which is above \$450 per month) will attract superannuation under the *Superannuation Guarantee (Administration) Act 1992*.

As a consequence of these requirements, Board members should provide the LHD or Specialty Network with a Tax File Number Declaration form duly completed and signed; This form can be accessed at

<http://www.ato.gov.au/individuals/content.aspx?menuid=0&doc=/content/6360.htm&page=2&H2>

Board members should also provide the details of their complying superannuation fund for processing of superannuation guarantee contributions.

PAYG and superannuation are not applicable to reimbursements of expenses. In circumstances when a Board member provides a tax invoice to the LHD or Specialty Network because they believe that under the *A New Tax System (Goods and Services Tax) Act 1999* they are making a 'taxable supply' for the time attending a Board meeting, they will still be paid remuneration and reimbursed any expenses through payroll as outlined above in order to comply with the requirements of the *Income Tax Assessment Act 1997*. A GST only invoice will be processed for any GST associated with the taxable supply.