



Queensland Government
Treasury

Government Owned Corporations

MINIMUM DISCLOSURE REQUIREMENTS FOR DIRECTORS AND CHIEF AND SENIOR EXECUTIVES OF GOVERNMENT OWNED CORPORATIONS

Version 2.1

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Revision History

Version	Date	Contact	Changes
1.0	September 2000		Initial release
2.0	April 2006		Updated in the light of a new accounting standard
2.1	June 2009	M. Mamczur	Updates to references to legislation and removal of redundant terminology. Add table of contents and a revision history table.

Application

All government owned corporations (GOCs) and GOC subsidiaries prescribed under a regulation are to adopt the relevant sections of the Australian Accounting Standards Board (AASB) Accounting Standard AASB 124 *Related Party Disclosures* (AASB 124), unless otherwise indicated below. For the purposes of AASB 124, GOCs are not “disclosing entities” and are therefore not required to comply with Aus25.1 to Aus25.9.3, unless otherwise provided below.

All disclosures are to be made in the financial report section of the annual report. The following reflects the minimum disclosure requirements expected of GOCs, and a GOC may provide additional information where it considers it to be useful.

The disclosure requirements for GOC senior executive remuneration in the employment and industrial relations plan (E&IR Plan), which forms part of a GOC’s Statement of Corporate Intent (SCI), are also included in these guidelines.

Operative Date

The disclosure requirements are to apply to annual reporting periods ending on or after 30 June 2006 and supersede the disclosure requirements section in the *Remuneration Guidelines for Directors and Senior Executives in GOCs* (September 2000).

Disclosures required to be made in relation to the E&IR Plan are to be included in SCIs.

Application of AASB 124

Key Management Personnel

The AASB has removed the definitions of specified director, executive and specified executive (including the requirement to specify at least five executives with the highest authority). Rather, reference is to be had to AASB 124 definition of key management personnel (KMP); i.e. those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director (whether executive or otherwise) of that entity. In applying the definition to GOCs, it is expected the KMP group/groups would generally include all directors and all executives appointed by Governor-in-Council.

As parent entity relief has been removed for AASB 124 paragraphs 1 to 22, KMP disclosure applies to both parent and consolidated level.

For the first time these disclosures are required for KMP, comparative information is required for specified directors or specified executives if they would have been identified as a key management person in the prior period.

Compensation by Category

GOCs should ensure compliance with AASB 124, paragraph 16, which requires KMP disclosures in total and for each of the five compensation categories (the four used in AASB 119 *Employee Benefits* and the fifth as in AASB 2 *Share Based Payment*; i.e. short-term employee benefits; post-employment benefits; other long-term employee benefits; termination benefits and share-based payment).

Disclosure of Compensation – KMPs

The following details regarding KMPs must be disclosed:

- (a) the name of the individual (directors only);
- (b) the position held; and
- (c) where the period of responsibility in the current reporting period is less than the reporting period, the date or dates identifying the period of responsibility during the current reporting period.

Only the position/title of the individual is required as a minimum for senior executive KMPs.

In respect of each KMP, the following compensation (exclusive of any bonuses, performance payments, incentive payments, or however else described) must be disclosed at a minimum:

- (a) short-term employee benefits for the reporting period;
- (b) post-employment benefits;
- (c) other long-term benefits;
- (d) termination benefits; and
- (e) total of (a), (b), (c) and (d).

Please note that additional disclosures may be added in any category to identify the types of benefits specific to the entity. If one of the components listed above is not provided, it is not necessary to include a column with zero amounts.

The Attachment provides an illustration of tabular presentation of this information.

Comparative information is required only for those individuals specified for the current reporting period who were also specified in the preceding reporting period.

GOCs are not required to disclose individual performance payments for KMPs, instead disclose all at-risk performance incentive remuneration in their financial statements at the aggregate level in relation to all employees in the GOC to whom performance incentive remuneration is paid or payable.

Disclosure of At-Risk Performance Incentive Remuneration - Employees

In respect of the relevant reporting periods (current and comparative), GOC disclosure **at the aggregate level**, is required of:

- (a) all at-risk performance incentive remuneration;
- (b) total remuneration (including at-risk performance incentive remuneration) of employees to whom performance incentive remuneration is paid or payable;
- (c) the number of employees to whom at-risk performance incentive remuneration is paid, or payable regardless of the payment date; and
- (d) the categories of employees who are eligible for at-risk remuneration.

The Attachment provides an illustration of the tabular presentation of this information.

Disclosure of Compensation Principles

The following details concerning the compensation of KMPs must be disclosed:

- (a) the principles used to determine the nature and amount of compensation including the broad structure and objectives of the corporation's compensation policies;
- (b) details of whether, and if so how, the principles establish a link or relationship between the compensation paid, including at-risk performance incentive compensation, and the performance of the corporation;
- (c) for each contract for services between a KMP and the entity (or any of its subsidiaries), such explanations as are necessary in addition to those relating to at-risk performance incentive compensation outlined below, to provide an understanding of how the amount of compensation in the current reporting period was determined and how the terms of the contract affect compensation in future periods. For example, as a minimum the following information should be disclosed:
 - The contract term and expiry date; and
 - Details of separation arrangements, other than for misconduct/performance.

The following details concerning at-risk performance incentive compensation of employees to whom performance incentive compensation is paid must be disclosed:

- (a) for each category of performance-related payment (for example categories may include KMPs, other executives, salaried employees or employees covered by awards of the Queensland or Australian Industrial Commission), whether part of a specific contract for services or not, the terms and conditions of each category of performance payment affecting compensation in this or future reporting periods and including:
 - (i) the grant date;
 - (ii) the nature of the compensation granted;
 - (iii) the service and performance criteria used to determine the amount of compensation; and
 - (iv) if there has been any alteration of the terms or conditions of the grant since the grant date, the date, details and effect of each alteration.

For GOCs, the grant date means the date on which the GOC and the categories of employees agreed to the terms of the performance payments. At the grant date, there is a right to cash on the vesting date, the date on which the conditions precedent are satisfied and the employee becomes beneficially entitled to the payment. Where the performance payment is subject to an approval process by shareholders (for example, the CEO and senior executives) the grant date is the date when that approval is obtained.

Disclosures of Other Transactions – Related Parties

Paragraphs 17 to 22 of AASB 124 provide for disclosure where there have been transactions between related parties (as defined by the Standard). GOCs should disclose in accordance with these paragraphs where relevant.

Comparative Information

Financial information for the preceding reporting period that corresponds to the disclosures required for the reporting period must be disclosed, except:

- (a) for the disclosures in relation to KMPs required in respect of other transactions and balances; or
- (b) where the disclosures did not apply to a KMP in the preceding reporting period.

A GOC can provide additional comparative information in any situation where it considers the information would be useful.

Compensation

AASB 124 provides a definition of compensation as used in the Standard.

STATEMENT OF CORPORATE INTENT

Section 149(3)(a) of the *Government Owned Corporations Act 1993* requires that a GOC must include in the E&IR Plan, which forms part of the SCI, its remuneration arrangements including:

- The remuneration payable to its chief executive officer and all senior executives; and
- Any gain sharing schemes.

This information is to be presented as per the financial reporting disclosure requirements above, and should also include performance payments made or to be made to the CEO and all senior executives in the GOC for SCIs relating to 2007-08 onwards.

Senior Executive has the same meaning as that under the *Government Owned Corporations Act 1993* (i.e., "the holder of an office in the GOC that reports directly to the GOC's Chief Executive Officer and that is commensurate with an office held by an executive under the *Public Service Act 1993*"). In other words, those executives in a GOC who report directly to the chief executive officer and are directly accountable and responsible for the strategic direction and operational management of the corporation and whose total remuneration is equivalent to or greater than an SES 2 Level 1 in the Queensland Public Service.

The remuneration arrangements for each GOC director should also be included in the E&IR Plan. This information is to be presented as per financial reporting disclosure requirements above, and include the date each director was first appointed and the term of their current appointment.

EXAMPLE: GOC DISCLOSURES

Compensation Disclosures by Category:

Category	2005-06 \$'000	2004-05 \$'000
Short-term Employee Benefits	2,000	1500
Post-Employment Benefits	200	150
Other Long-term Benefits	0	0
Termination Benefits	0	0
Total	2,200	1,650

Compensation – Directors:

(While this illustrative table includes columns with zero values, note the guidelines provide that if one of the compensation components listed is not provided, it is not necessary to include a column with zero amounts)

Name	Short-term Employee Benefits \$'000	Post Employment \$'000	Other Long-term Benefits \$'000	Termination Benefits \$'000	Total \$'000
2006					
Director Name & Position 1	50	20	0	0	70
Director Name & Position 2	30	10	0	0	40
Director Name & Position 3	30	10	0	0	40
Director Name & Position 4	30	10	0	0	40
Director Name & Position 5	30	10	0	0	40
2005					
Director Name & Position 1	40	10	0	0	50
Director Name & Position 2	20	5	0	0	25
Director Name & Position 3	20	5	0	0	25
Director Name & Position 4	20	5	0	0	25
Director Name & Position 5	20	5	0	0	25

Compensation – Executives:

(While this illustrative table includes columns with zero values, note the guidelines provide that if one of the compensation components listed is not provided, it is not necessary to include a column with zero amounts)

Name	Short-term Employee Benefits \$'000	Post Employment \$'000	Other Long-term Benefits \$'000	Termination Benefits \$'000	Total \$'000
2006					
Chief Executive Officer	400	60	0	0	460
General Manager Position 1	300	20	0	0	320
General Manager Position 2	300	20	0	0	320
General Manager Position 3	300	20	0	0	320
General Manager Position 4	300	20	0	0	320
2005					
Chief Executive Officer	300	40	0	0	340
General Manager Position 1	200	20	0	0	220
General Manager Position 2	200	20	0	0	220
General Manager Position 3	200	20	0	0	220
General Manager Position 4	200	20	0	0	220

Executives may also earn performance based at-risk incentives payments which are not included in this table

Performance Payments to Employees:

Financial Year	Aggregate At-Risk Performance Remuneration \$'000	Total Fixed Salaries and Wages Payments \$'000	Employees Receiving Performance Payments
2005-06	3,500	50,000	500
2004-05	3,000	40,000	500

