



PEOPLE, CULTURE & EMPLOYMENT GOVERNANCE

Executive Remuneration: Broader, More Disclosed, and More Conflicted Than Assumed

Remuneration means far more than salary. And the person being paid should never help set their own number

Executive remuneration governance is a different discipline from the director remuneration this series has already covered. It concerns the CEO, chief financial officer, and other senior staff, and it carries its own disclosure obligations, its own definition of what actually counts as remuneration, and its own conflict of interest risk sitting quietly at the centre of how that pay actually gets decided.

Which rules apply to your association?

The law depends on how your association is set up. A **company limited by guarantee** follows the Corporations Act 2001 (Cth) and its constitution. An **incorporated association** follows its state or territory associations Act and its rules. A **registered charity** also follows the ACNC Act and the ACNC Governance Standards, and some Corporations Act rules are replaced for charities that are companies. Check your own governing documents, and get advice before decisions with legal consequences.

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Remuneration Is A Broader Category Than Most Boards Assume

The ACNC defines remuneration for key management personnel disclosure purposes considerably more broadly than salary alone. It captures wages, salaries, and bonuses, but also non-financial benefits, a provided vehicle, subsidised goods or services, and items easily overlooked entirely, paid long-service leave, superannuation and other post-employment benefits, and termination payments. A board reviewing executive compensation while only examining the base salary figure is looking at an incomplete picture of what the organisation is providing, and potentially an incomplete picture for disclosure purposes as well.

The Disclosure Obligation Most Boards Should Know Precisely

Large registered charities (annual revenue of \$3 million or more) must disclose the total remuneration paid to key management personnel, a category that includes senior executives such as the CEO, CFO, and COO alongside Responsible People, in both the Annual Information Statement and the annual financial report, connecting directly to the related party transaction discipline discussed earlier in this series. Charities preparing general purpose financial statements already disclose this under AASB 124. A large charity that pays only one key management person does not have to disclose the total, to protect that person's privacy. Associations that are not registered charities have no equivalent ACNC requirement, though those preparing general purpose financial statements may have disclosure obligations under accounting standards. Transparency around executive pay is not simply a compliance requirement to satisfy quietly. ACNC guidance expects charities that pay Responsible People to be able to show the payment is reasonable and properly approved, and the same approach is good practice for senior executive pay.

The Conflict Of Interest Sitting Inside Every Remuneration Decision

Setting reasonable executive remuneration depends on an independent review process, one where the person whose pay is being reviewed is not part of the actual decision. This connects directly to the conflict of interest discipline this series has established throughout: a CEO's own remuneration should never be set through a process the CEO themselves meaningfully influences. Comparability matters too. Comparing a CEO's pay only to organisations of a similar mission, budget size, and geographic context produces a meaningfully more defensible benchmark than comparing against the sector broadly, since an urban, large-budget organisation and a small, regionally-based one are simply not comparable on this measure.

- Understand the full, broad definition of remuneration for disclosure purposes, including non-financial benefits, vehicles, superannuation, and termination payments, not just base salary.
- If your association is a registered charity, confirm whether it is a large charity that must disclose total key management personnel remuneration, and if so, ensure the aggregate figure is reported accurately and completely.
- Ensure executive remuneration decisions exclude the individual whose pay is under review, applying the same conflict of interest discipline this series has established for other board decisions, and keep the evidence, such as an independent benchmarking report and minutes showing the executive was not present for the decision.
- Benchmark executive pay against organisations comparable in mission, budget size, and geography, rather than broad sector averages that may not reflect your organisation's actual context.
- Be prepared to publicly justify executive remuneration decisions in substance, not merely satisfy the minimum disclosure requirement, consistent with the ACNC's expectation that payments to Responsible People are reasonable and properly approved.

Executive remuneration, set well, reflects a defensible judgment about what it takes to attract and retain the leadership an association needs, made through a process free of the conflict that would otherwise undermine it. Set poorly, or disclosed incompletely, it becomes exactly the kind of governance weakness that erodes the public trust this entire series has returned to as the sector's most valuable asset. This is one of the practical governance topics built into our Board Director course, alongside the papers, tools and frameworks that turn the principle into your board's actual practice. [Explore the course](#)

Annie Gibbins

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BOARDROOM ACTION WORKSHEET

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Turn the resource into evidence, a decision and an accountable next step. Keep the completed record in your association's approved board records system.

1 What is the issue or decision?

State the governance question in one clear sentence.

2 What evidence do we already have?

Record the facts, source documents and stakeholder evidence available now.

3 What evidence is still needed?

Identify the legal, regulatory, financial, member or operational information still required.

4 What is the agreed next action?

Capture the owner, timeframe and how the matter will return to the board.

Action owner	Review date	Board decision or resolution

General education, not legal, financial, tax, clinical or governance advice. Confirm specifics at the relevant primary source or with your own qualified adviser. Nexus Leadership is operated by Lipstick Consulting Pty Ltd · ABN 15 619 120 482.

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