

**STATUTORY AND OTHER OFFICES REMUNERATION TRIBUNAL
REPORT AND DETERMINATION PURSUANT TO SECTION 14(2) OF THE SOOR ACT**

REPORT:

1. On 23 November 2015 the Premier requested the Statutory and Other Offices Remuneration Tribunal (the Tribunal) to make a determination in respect of the remuneration payable to the office of a member of a Board of Governors of a Corporation constituted by the *Electricity Retained Interest Corporations Act 2015*. In requesting the Tribunal to make this determination the Premier provided supporting information from the Hon Gladys Berejiklian MP (the Treasurer).
2. The Premier advised that upon proclamation, the *Electricity Retained Interest Corporations Act 2015* (the ERIC Act) will amend Schedule 2 Public Offices, Part 1, of the *Statutory and Other Office Remuneration Act 1975* (the SOOR Act) to include the new office of 'Full-time or part-time member of a Board of Governors of a Corporation constituted by the *Electricity Retained Interest Corporations Act 2015*' (the Board of Governors).
3. The ERIC Act will establish separate corporations, namely Electricity Retained Interest Corporations for Ausgrid and Endeavour Energy (the ERICs) following their partial leases under the *Electricity Network Assets (Authorised Transactions) Act 2015*, and a Board of Governors for each ERIC. The remuneration of a full-time or part-time member of the Board of Governors is to be determined by the Tribunal having regard to levels of remuneration paid to non-executive directors of entities that have interests in energy utility assets comparable to those of a corporation.
4. The ERICs have been created to provide effective stewardship and oversight of the part of the retained interest for which it is responsible for the purpose of protecting the value to the State. In exercising the functions under the ERIC Act the ERICs are not subject to the control or direction of the Government or a Minister on behalf of the Government.

5. Other governance arrangements in respect to the transaction include the proposed formation of:
 - general Partnerships by the State and private investor – the Network Asset Partnership (the NAP) and Network Operator Partnership (the NOP) each being supervised and controlled by a board;
 - stapled trusts – the NSW Asset Partner Trusts and NSW Operator Trusts (the NSW Trusts), with trustees participating as partners in the NAP and NOP; and
 - a Holding Corporation to own and control the trusts.
6. The Board of Governors will make all decisions relating to the operations of the ERICs and will be responsible for:
 - Ensuring that the ERIC appropriately discharges its functions.
 - Overseeing and providing directions in relation to the participation of the NSW Trusts, the actions of the NSW Trustee boards and the actions of the ERIC's appointee directors to the Partnership boards.
 - Administering the Fund established for ERIC (into which financial returns derived from the entity are to be paid), invest proceeds of the Fund and otherwise deal with the funds as directed by the Treasurer.
 - Complying with any accountability and reporting directions issued by the Treasurer.
 - Complying with any corporate governance guidelines notified by the Treasurer.
7. The expected time commitment required for the Board of Governors to undertake the above responsibilities is likely to be greater than 3 days per month. On that basis the Tribunal's determination will be for the remuneration payable to a part-time member of the Board of Governors.
8. The ERIC Act requires appointees to the Board of Governors to have substantial experience or expertise, and professional credibility and significant standing, in at least one of the following fields:
 - the management of investments in financial assets,
 - corporate governance,

- the management or operation of regulated public utility assets (such as regulated energy transmission or distribution assets) or infrastructure assets (such as transport infrastructure assets).

9. In determining the remuneration for the Board of Governors the Tribunal has had regard to the role and responsibilities of the ERICs and the experience and level of expertise required of members. In addition, and as required by the ERIC Act, the Tribunal has had regard to the levels of remuneration paid to non-executive directors of entities that have interests in energy utility assets comparable to those of a corporation. The Tribunal is of the view that the office of Part-time member of a Board of Governors of a Corporation constituted by the *Electricity Retained Interest Corporations Act 2015* should receive annual remuneration of \$150,000 for the Chair and \$85,000 for Members. The Tribunal's determination is consistent with advice contained in the Premier's request.

DETERMINATION:

Pursuant to section 14(2) of the *Statutory and Other Offices Remuneration Act 1975* the Tribunal determines that the office of Part-time member of a Board of Governors of a Corporation constituted by the *Electricity Retained Interest Corporations Act 2015*, receive annual remuneration of \$150,000 for the Chair and \$85,000 for Members. The determination will take effect from the date of the proclamation of the *Electricity Retained Interest Corporations Act 2015*.

**Statutory and Other Offices
Remuneration Tribunal**

(Signed)

Richard Grellman AM
27 November 2015