

Statement regarding staff wages and board fees

STATEMENT FROM MARK MUGNAIONI, CEO, RACT GROUP

For over a century Tasmanians have relied on the RACT to provide a range of quality services and we look forward to continuing to do that for generations to come.

We believe our services and products are great value for money.

As with most businesses, the COVID outbreak caused considerable concern. In response to that, all Board members, all senior managers and a number of other staff agreed to a pay freeze for 2020 as a precautionary measure.

As soon as the reduced impact of COVID on RACT operations became clear, those staff subject to a pay freeze received a bonus in December 2020, equivalent to the amount of wages foregone as part of the pay freeze. A number of other RACT staff did not have their pay frozen in 2020 and received their annual pay increase in 2020 as per normal. All RACT staff received their scheduled 2021 pay increase.

To be clear: once we understood the impact of COVID on our business, we reversed the impact of the pay freeze for all staff. We are proud of that fact and we will always do whatever is possible to support our people.

This year, the RACT entered into an agreement to take 100 per cent ownership of RACT Insurance. Previously, RACT Insurance was a joint venture between RACT and Suncorp. This acquisition will see the RACT Group almost double in size, and our board members will take on increased complexity, responsibility and liability as a result.

Given this, fees for non-executive directors (i.e. RACT Board members) have been externally reviewed and benchmarked by an independent and experienced third party. This is the first time they have been reviewed since 2014.

The review found that Director fees should be commensurate with fees paid to board members of other similar organisations. It is proposed that fees be increased in recognition of this, however the resolution is seeking to increase fees to less than the median for similar organisations.

However, the decision on whether or not to increase fees will be a matter for RACT members. We are a member-owned organisation and each and every member has the opportunity to have their say and to cast their vote on this proposal online now or at our upcoming Annual General Meeting. Both the Chair and the Group CEO will be available at the AGM to answer any question from members.

Even if the proposal is agreed, it will not impact on the costs of membership or any of our products, nor will it impact any of our staff. We look forward to our AGM and continuing to ensure the RACT serves our members and the broader Tasmanian community.