

Remuneration Disclosures

As required under APRA's prudential standard APS330 Public Disclosure all Authorised Deposit-Taking Institutions (ADIs) are required to publicly disclose on their websites information about remuneration practices. This further complements risk profile and capital disclosures that have been disclosed under this standard over recent years.

This disclosure is made in the interests of providing full transparency to our members and other stakeholders and is completed in accordance with the Remuneration Policy of the credit union as established in compliance with the APRA prudential standard CPS510 – Governance.

The period reported coincides with the financial year of the credit union, as at 30th June each year, and is updated accordingly.

Qualitative Disclosures

Remuneration Responsibility	<p>The Board of Directors has appointed the Governance Committee to assist the Board to oversee, implement and review the Remuneration Policy.</p> <p>The Governance Committee consists of 4 non-executive Directors, with one being the Chairman of the Board.</p> <p>The objectives of this committee are:</p> <ul style="list-style-type: none">• To ensure remuneration arrangements are, and remain, compliant with corporate governance requirements, including requirements under CPS510.• To ensure that we have leaders who have strategic vision, able to drive growth while maintaining stability and the financial soundness of Summerland;• To encourage behaviour that supports long term financial soundness and the risk management framework;• To ensure the independence of Risk and Control staff in the performance of their functions is not compromised; <p>To meet these objectives the key responsibilities of the committee are:</p> <ul style="list-style-type: none">• Annual remuneration recommendations to the Board;• Conduct regular reviews of the Remuneration Policy, ensuring its effectiveness and compliance with the requirements of CPS510;• Implement the Remuneration Policy;• Development, implementation and review of Board and Chief Executive Officer (CEO) performance assessment process;• Completion of Board, Directors and CEO performance assessment on an annual basis;
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	<ul style="list-style-type: none"> • Development of the Training Needs Analysis for Directors and the CEO; • Succession planning process for the Board and CEO; • Coordination of the activities of the Board Nomination Committee, with one member of the committee appointed to the Board Nomination Committee; • Ensure the Committee has the necessary experience and expertise to undertake its responsibilities, including by supplementing its expertise with appropriate external advice.
Scope	<p>As per APS330, remuneration disclosures are to include executive managers and material risk-takers. These are defined in CPS510 as <i>“persons whose primary role is risk management, compliance, internal audit, financial control or actuarial control”</i> or <i>“all other persons ...whose activities, individually or collectively, may affect the financial soundness”</i> of the credit union.</p> <p>Accordingly this Policy applies to eight (8) key management positions, being the four (5) Executive Managers and three (3) senior managers within the credit union.</p> <p>There are no other employees outside this group considered as material risk takers.</p>
Policy Review	<p>The Remuneration Policy was established when CPS510 was originally released and is reviewed biennially, or as directed by the Board.</p> <p>The Governance Committee reviewed the credit union's Remuneration Policy during the last twelve months. No material changes were made.</p>
Remuneration Structure	<p>Remuneration consists of fixed and performance-based components:</p> <ul style="list-style-type: none"> • The fixed components consist of base salary, superannuation benefits and other fringe benefits offered to staff as outlined in their contract of employment. • The performance-based component comprises: <ul style="list-style-type: none"> - Short-term: performance bonuses based on the achievement of Key Performance Indicators and Behaviour ratings as outlined in the Summerland Performance Management program. These bonuses are paid at the end of the 12 month period ending June or December. - Deferred: performance bonuses based on the achievement of strategic plan objectives. These payments are deferred until results are realised.

	<p>Performance-based remuneration takes the form of cash payments. As a mutual institution, Summerland does not provide equity, or equity linked forms of remuneration.</p> <p>The Board has the discretion to adjust the performance based components of the remuneration of a person covered by this Policy downwards, to zero if necessary, if such adjustment is necessary to protect the financial soundness of the credit union.</p>
Remuneration Assessment	<p>Remuneration is reviewed annually for all staff of the credit union, to take effect on the first full pay period in July each year. This process involves a number of external benchmarking exercises.</p> <p>Firstly there is a survey completed between a peer group of mutuals to share and compare remuneration components of specific classes of employee roles. Then through engagement of the Australian Institute of Management annual salary survey, each position is assessed based on turnover, industry and region.</p> <p>Following the compilation of this information the salary levels of all staff are reviewed by the Executive Management for a final decision. This excludes the Executive Management and the 3 senior management positions noted as key risk management roles, which are drafted as recommendations to the Governance Committee for their review and decision.</p> <p>Remuneration for all staff are fixed salaries and a variable annual performance bonus or, where applicable, a long-term incentive.</p>
Annual Performance	<p>The performance-based remuneration program in the credit union is based on the Summerland performance management program which applies to all staff, including Executive Management. At the beginning of each 12 month period, the credit union develops operational goals and budgets for the year which is cascaded down to each department. These are in turn developed into individual Key Performance Indicators (KPIs) and each employee and their team leader will review these goals at the beginning of the year.</p> <p>At the end of each 6 month period, a formal review of KPIs is completed and an overall rating assigned to each employee</p> <p>Clear indication is provided in each KPI category of how to achieve each result, with each KPI having a quantitative scale.</p>

	<p>The second part of the performance process covers the behavioural capabilities of employees. Whilst KPIs measure the outcome, the behaviours measure how the employee has achieved the outcomes.</p> <p>Each position has 5 behaviours that they are measured on. At the end of each 6 month period a formal review of each employee's performance is completed. Based on the overall rating of KPIs and Behaviours a bonus, as a percentage of salary, is paid.</p> <p>The KPI rating coupled with the behaviour review form the basis of the 6 monthly performance appraisal.</p> <p>The performance management system for staff has been updated from the beginning of 2017. The new system is based on team KPIs rather than individual KPIs to ensure all staff are working towards the branch or department result.</p> <p>The executive managers remain a yearly bonus which is paid in September each year after the company results have been finalised</p>
Focus on risk management	<p>The executive management salaries have a direct link to risk management in their areas of responsibility.</p> <p>Staff are reviewed on the compliance behaviours ie how they complete their work within the established risk and compliance framework,</p> <p>Bonuses are not linked to any one product to ensure there is no payment that could be considered conflicted remuneration</p>
Long term Performance	<p>Executive Managers, who are primarily responsible for the financial performance and soundness of the credit union, may receive long term incentives (LTIs). These are in the form of cash payments based on achievement of the strategic plan objectives of the credit union over the period of these officers' contracts.</p>

Quantitative Disclosures

The quantitative disclosures below are aggregated as all positions identified are senior managers.

Meetings	<p>During the financial year the Governance Committee held four (3) meetings.</p> <p>The committee members receive no additional remuneration above their Board allowance for involvement on the Governance committee.</p>
Remuneration Statistics	<p>Variable remuneration refers to the annual bonus, which applies to all eight (8) managers as part of this disclosure and long-term bonuses, as applicable to two (2) managers of this group.</p> <p>No termination payments were made above and beyond the legal entitlements to annual or long service leave throughout the year.</p>
Fluctuation and Adjustments	<p>There have been no implicit or explicit adjustments to remuneration packages for any staff.</p>

Total value of remuneration	Unrestricted	Deferred
Fixed remuneration		
-Cash-based	1,605,513	-
-Other	5,300	
Variable remuneration		
-Cash-based	107,054	187,232

Remuneration includes all payments made and accrued during the last financial year, including superannuation paid by the credit union.