



APS330 Public Disclosure: Remuneration Disclosures

Summerland Credit Union

ABN: 23 087 650 806 AFSL 239 238

Qualitative Disclosures

(a)

The Board of Directors has appointed the Board Governance Committee to assist the Board to oversee, implement and review the Remuneration Policy.

The Governance Committee consists of 4 non-executive Directors, with one being the Chair of the Board.

The objectives of this committee are:

- 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, are 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.

To meet these objectives the key responsibilities of the committee are:

- Make annual recommendations to the Board on the remuneration of those employees covered by the CPS 510 Remuneration Policy or any other person specified by APRA from time to time;
- Review and implement the Remuneration Policy;
- Make recommendations to the Board for salary annual increase for Directors;
- Develop, implement and review the Board and Chief Executive Officer (CEO) performance assessment process;
- Ensure the committee has the necessary experience and expertise to undertake its responsibilities, including by supplementing its expertise with appropriate external advice;
- Manage contracts for Executive Management;
- Full oversight and approval of the short/ long term incentive payments for Executive Management.

The Committee comprises four non-executive Directors who meet at least three times a year. All members of the Governance Committee attend the Board Risk Advisory Committee meetings.

Although the Chief Executive Officer and Chief Operating Officer attend Governance Committee meetings, the Committee meets without management being present, as determined by the Committee from time to time.

The Governance Committee has the option of engaging independent advisors when it considers necessary to discharge its role and responsibilities. For the 2017/18 reporting period, the Committee has not engaged with a third party to review the salaries of Executive and Senior Managers covered by CPS510.

	<p>For the purpose of this disclosure, Senior Managers have been identified as per the Fit and Proper (CPS520) classification. During the 2017-18 financial year there were 8 roles within this group which include:</p> <ul style="list-style-type: none"> • Chief Executive Officer • Chief Financial Officer • Chief Customer Officer • Chief Information Officer • Chief Operating Officer • Chief Risk Officer • Finance Manager • Information Technology Manager <p>There are no other material risk takers other than those designated Senior Managers.</p>
(b)	<p>Summerland's Remuneration Policy aims to remunerate competitively in line with similar sized financial services organisation in order to attract and retain leadership talent necessary to meet organisational objectives. In addition, the Remuneration Policy and framework is designed to ensure Summerland's long-term financial soundness and support an effective risk management framework.</p> <p>The CPS510 Remuneration Policy was reviewed by the Board Governance Committee in May 2018. There were no material changes made to this policy.</p> <p>Competitive market salaries are supported by short-term incentive payments to a maximum level of 10-15% of salary. The lack of significant variable reward schemes and the inclusion of risk measures on individual performance objectives create an environment where there is no incentive for unnecessary risk taking.</p>
(c)	<p>The credit union has a risk management framework, linked to its governance framework to identify, monitor and manage key risks in the organisation. Accordingly all management staff have a combination of total credit union performance, team performance and individual performance. The individual performance is assessed against risk and behaviour standards.</p> <p>Executive Management are assessed against the results of an annual risk culture survey, plus depending on their responsibilities will have KPI's that link to:</p> <ul style="list-style-type: none"> • Financial Risk • Liquidity risk • Credit risk • Market Risk • Strategic Risk • Operational Risk <p>These measures affect remuneration through individual management accountability for some or, in the case of the CEO, all of the risk exposures the organisation may face at any time.</p> <p>The measures have not changed substantially in the financial year as they are integrated into the corporate strategic plan and risk management framework, including the Board's Risk Appetite Statement.</p>

(d)	<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>Through participation in the Australian Institute of Management annual salary survey, each position is assessed based on credit union revenue, 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 three 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 short-term incentive or, where applicable, a long-term incentive.</p>
(e)	<p>All managers covered by CPS510 are entitled to a short-term incentive (STI) payment if they have achieved performance measures for that financial year.</p> <p>Eligibility for STI is subject to the individual meeting risk and compliance requirements, organisational values and accepted behaviours, as well as meeting team and credit union performance goals.</p> <p>Individuals on performance management are not eligible for incentives. The payment of STI to Executive Management is subject to approval by the Board Governance Committee.</p> <p>The CEO and CFO, who are primarily responsible for the financial performance and soundness of the credit union, may receive long-term incentives (LTIs). These incentives are deferred based on the conditions in their contract of employment and the payment is linked to the achievement of strategic goals. The decision on the payment of these incentives is made by the Board Governance Committee.</p> <p>To ensure prudent management of risks Summerland faces, compliance with the Board's Risk Appetite Statement is a significant consideration of overall performance. Risk management practices are governed by an integrated risk framework including the CPS510 Remuneration Policy.</p> <p>The Board Governance Committee has the ability to pay no bonuses to staff based on the performance of the organisation.</p>

Quantitative Disclosures

The quantitative disclosures below are aggregated as all positions identified are Senior Managers.

(f)	<p>The Board Governance Committee held five (5) meetings during the 2017-18 financial year.</p> <p>The Board Governance Committee Charter requires there to be a minimum of three (3) members at any one time during the financial year.</p> <p>The Chair of the Board Governance Committee receives a loading for their role, whilst the other members of do not receive any additional remuneration for their involvement in the Board Governance Committee</p> <p>The table below contains the aggregated remuneration details for the four (4) Board Governance Committee members for the 2017-18 financial year, including their annual Summerland Non-Executive Director fee and remuneration for all other roles they perform in the organization.</p> <table data-bbox="402 1808 1331 1890"> <tr> <td>Number of Directors</td><td>4</td></tr> <tr> <td>Total Remuneration of the Board Governance Committee.</td><td>175,292</td></tr> </table>	Number of Directors	4	Total Remuneration of the Board Governance Committee.	175,292
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(g)	<p>Variable remuneration refers to the short-term incentive, which applies to all eight (8) managers as part of this disclosure, and long-term incentives, as applicable to two (2) managers of this group.</p> <p>There were no guaranteed bonuses awarded during the financial year.</p> <p>There were no sign on payments made during the financial year.</p> <p>Termination payments made during the year were nil.</p>												
(h)	<p>There were no deferred payments distributed in the 2017/18 financial year. Deferred payments are only made as cash</p> <table data-bbox="500 604 1198 871"> <tr> <th>Deferred</th><th>Remuneration (\$)</th></tr> <tr> <td>Cash-based outstanding deferred remuneration¹</td><td>217,525</td></tr> <tr> <td>Total deferred remuneration paid during the year²</td><td>-</td></tr> </table> <p>1 - Deferred cash-based remuneration represents the deferred and unpaid portion of LTIs awarded in 2017-18 financial years including superannuation</p> <p>2 - Consists of all deferred cash incentives from prior years paid during the financial year including superannuation received whilst employed in the capacity of Senior Manager.</p>	Deferred	Remuneration (\$)	Cash-based outstanding deferred remuneration ¹	217,525	Total deferred remuneration paid during the year ²	-						
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(i)	<table data-bbox="430 1144 1312 1480"> <tr> <th>Total value of remuneration</th><th>Unrestricted</th></tr> <tr> <td>Fixed remuneration</td><td></td></tr> <tr> <td>-Cash-based</td><td>1,701,686</td></tr> <tr> <td>-Other</td><td>59,636</td></tr> <tr> <td>Variable remuneration</td><td></td></tr> <tr> <td>-Cash-based</td><td>82,938</td></tr> </table> <p><i>Remuneration includes all payments made and accrued during the last financial year, including superannuation paid by the credit union.</i></p>	Total value of remuneration	Unrestricted	Fixed remuneration		-Cash-based	1,701,686	-Other	59,636	Variable remuneration		-Cash-based	82,938
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(j)	<p>There are no deferred or retained remuneration exposures subject to implicit or explicit adjustments for Senior Managers for the organisation.</p>												