



APS330 Public Disclosure: Remuneration Disclosures 2021/22

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 Board Governance Committee consists of 3 non-executive Directors, with one being the Chair of the Board. One member of the Governance Committee attends the Board Risk Committee meetings. The Committee met twice in the current year.

The objectives of this committee are:

- To ensure remuneration arrangements are, and remain, compliant with corporate governance requirements, including requirements under APRA Prudential Standard CPS 510.
- To ensure that we have leaders who have strategic vision, can 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 increases for Directors.
- Develop, implement and review the Board and Chief Executive Officer (CEO) and the Executive performance assessment process.
- Ensure the committee has the necessary experience and expertise to undertake its responsibilities, including supplementing its expertise with appropriate external advice.
- Manage contracts for Chief Executive Officer.
- Full oversight and approval of the incentive payments for Executive Management.

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. In 2021/22 financial year, the Governance Committee consulted the following organisations:

- Gente Consulting: on the Executive Managers' salary in comparison to the market and on the 22/23 Incentive program for all staff
- McGuirk Consulting: who provided a mutual industry salary survey

The Summerland Remuneration Policy (CPS 510) details how remuneration arrangements will be managed for the identified staff. This policy relates to Summerland Financial Services Limited which is based on the Northern Rivers of NSW. We do not have any branches or foreign subsidiaries.

For this disclosure, Senior Managers have been identified as per the APRA Prudential Standard Governance (CPS510) classification. During the 2021/22 financial year there were 7 roles within this group which include:

- The Chief Executive Officer
- All other senior managers of Summerland as defined in Prudential Standard CPS 510, being:
 - Deputy Chief Executive Officer/Chief Transformation Officer
 - Chief Growth and Customer Experience Officer
 - Chief Financial Officer
 - Chief Risk Officer
 - Head of Credit
 - Chief Operating Officer

The Chief Risk Officer and Chief Financial Officer have financial control and/or risk responsibilities for the credit union.

There are no other material risk takers other than those designated Senior Managers.

(b)

Summerland's Remuneration Policy aims to remunerate competitively in line with similar sized financial services organisations 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.

The Remuneration Policy (CPS 510) is reviewed every three years and was last reviewed by the Board Governance Committee in May 2020.

Competitive market salaries are supported by short-term incentive payments. 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.

The Chief Risk Officer's performance assessment has the growth KPIS removed and replaced with their performance as a CRO which is assessed by the Chairs of Board Risk Committee and Board Audit Committee.

<p>(c)</p>	<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 Executive management have a combination of total credit union performance, team performance and individual performance. The individual performance is assessed against Divisional Employee Engagement surveys and behaviour standards.</p> <p>Executive Management have Key Performance Indicators for the results of the annual risk culture survey and Employee Engagement Survey. In addition, each Executive’s risk behaviour is assessed as part of the behaviour review</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>
<p>(d)</p>	<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 several external benchmarking exercises.</p> <p>Through participation in an annual salary survey, each position is assessed based on revenue, industry and location aspects.</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 Managers covered by CPS 510 including those noted as key risk management and financial control roles. For Managers covered by CPS 510 recommendations are drafted for the Board Governance and Culture Committee for their review and then the final decision is made by the Board.</p> <p>Remuneration for all staff are fixed salaries and for those staff who are rated exceeds expectations or outstanding in their performance assessment a variable annual short-term incentive can be paid at the discretion of the CEO. A bonus is not paid if the gatekeeper of Profit (NPAT) as allocated in the budget is not met.</p> <p>If the staff member does not reach the KPIs or behaviour requirements of their role, then this will result in no bonus being received.</p> <p>If performance metrics are weak, then the individual staff member will be placed on a performance improvement program (PIP). Whilst the staff member is participating in the performance management process their bonus payments are deferred. If they conclude the performance improvement program successfully, they will receive a pro rata bonus based on the period in the year they were not on a PIP.</p>
<p>(e)</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 Remuneration Policy (APS 510).</p> <p>The Board Governance Committee has the authority to pay no bonus to staff based on the performance of the organisation.</p>

(f) All managers covered by CPS 510 are entitled to a short-term incentive (STI) payment in cash if they have achieved performance measures for that financial year.

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.

Individuals on performance management are not eligible for incentives. The payment of STI to Executive Management is subject to approval by the Board.

Summerland does not provide share and share-linked instruments and other forms of variable remuneration.

Quantitative Disclosures

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

(g) The Board Governance Committee held two meetings during the 2021/22 financial year.

The Chair of the Board Governance Committee receives a loading for their role, whilst the other members do not receive any additional remuneration for their involvement in the Board Governance Committee

The table below contains the aggregated remuneration details for the four (4) Board Governance Committee members for the 2021-22 financial year. The Directors who were members of the Board Governance Committee during this period were:

- Katrina Luckie
- Colin Sales
- Sally Gibson from 17/11/2021
- Nicolas Harrison up to 17/11/2021

The directors annual Summerland Non-Executive Director fee and remuneration for all other roles they perform in the organization.

Number of Directors	4
Total Remuneration of the Board Governance Committee.	\$178,982

(h) Variable remuneration refers to the short-term incentive, which applies to all six (6) managers as part of this disclosure.

*Please note that accrued annual and long service leave is not included in this amount

Type of payment	Number of payments	Total amount
Guaranteed Bonuses	-	-
Sign on Awards	-	-
Termination Payments	-	-

(i) The total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms.

Total amount of deferred remuneration	Outstanding	Paid in Financial Year
• Cash-based	-	-
• Shares and linked-shares instrument	-	-
• Other	-	-

(j) The total value of fixed and variable remuneration awards for the current financial year.

	Unrestricted	Deferred
Fixed remuneration		
• Cash-based	\$1,764,776	-
• Shares and linked-shares instrument	-	-
• Other	\$46,280	-
Variable remuneration		
• Cash-based	\$62,459	-
• Shares and share-linked instruments	-	-
• Other	-	-