

CORPORATE GOVERNANCE STATEMENT



The ultimate responsibility for the sound and prudent management of Holiday Coast Credit Union rests with the Board of Directors in accordance with the Australian Prudential Regulation Authority (APRA) prudential standard APS 510 - Governance.

The key responsibilities of the Board include:

STRATEGY AND POLICY

- Approving and regularly reviewing a formal Board Charter, setting out the roles and responsibilities of the Board.
- Approving the strategic direction of Holiday Coast Credit Union.
- Monitoring the implementation of current strategic initiatives to ensure they are on schedule, on budget and producing effective results.
- Ensuring all major business risks are identified and appropriate policies are in place to effectively manage those risks.
- Approving major decisions, and, where appropriate, making recommendations to members via general meetings.
- Delegating and monitoring appropriate authority to the Chief Executive Officer and to management, and clearly documenting such delegation.
- Overseeing the establishment and maintenance of effective reporting systems and internal controls.
- Communicate appropriately with key stakeholders.
- Ensuring an effective committee structure is in place to support the Board in its decision making process.
- Reviewing Board processes and effectiveness, including succession planning for the Board and key executives.
- Ensure that directors and senior management collectively have the full range of skills required, and that each director has the skills needed to make an effective contribution to the Board.

BUDGETING AND PLANNING

- Approving the annual operating and capital budget and monitoring the financial performance of the credit union.
- Ensuring regulatory compliance.
- Ensuring compliance with the prudential and solvency requirements of the Australian Prudential Regulation Authority (APRA).
- Selecting and determining remuneration of the external auditor.
- Overseeing both the internal and external audit processes and reviewing the implementation of management's actions in audit matters.
- Ensuring that appropriate compliance and risk management systems are in place and monitoring the effectiveness of those systems.

KEY PERSONNEL

- Appointing, monitoring and reviewing the performance of the Chief Executive Officer.

REPORTING TO SHAREHOLDERS

- Approving reports and announcements to members.
- Planning the Annual General Meeting of members.

BOARD COMMITTEES

To allow Board members adequate time to concentrate on strategy, planning and enhancement of Holiday Coast Credit Union performance, the Board has delegated specific duties to Board Committees. To this end the Board has established six committees with

specific terms of reference. The structure, membership and terms of reference of each of these committees are reviewed at least annually.

- Governance Committee
- Audit Committee
- Budget & Performance Committee
- Risk Committee
- Remuneration & Succession Planning Committee
- Director Nominations Committee

GOVERNANCE COMMITTEE

The primary objective of this committee is to assist the Board in fulfilling its governance responsibilities providing for the efficient and effective operation of the Board, its Committees, and the Credit Union generally.

Its duty and responsibility is to monitor and review Board performance and where necessary recommend improvements in the corporate governance systems and practices of the Credit Union.

Committee members:

- Sue McGinn OAM (Chair)
- Jeff Pattinson
- Phillip Bryant
- Paul Longworth
- Neville Parsons

AUDIT COMMITTEE

The primary objective of this committee is to assist the Board in fulfilling its responsibilities relating to accounting and reporting practices of the Credit Union including:

- Developing and monitoring the Audit Plan
- Monitoring the External Audit Plan
- Support for risk minimisation
- Overseeing internal audit and control functions and their relationship with the external audit.

The duty and responsibility of the Committee is, independently and objectively, to:

- Review the financial information presented by management to the regulators, members, and the general public
- Determine the adequacy of the Credit Union's administrative, operating, and accounting controls.

Committee members:

- Phillip Bryant (Chair)
- Allan Gordon
- Ross Gilshenan

BUDGET & PERFORMANCE COMMITTEE

The primary objective of this committee is to assist the Board in fulfilling its responsibilities relating to the financial performance of the Credit Union including:

- Oversee the financial performance and strategic goals of the credit union generally
- To assess performance at least quarterly and to receive, note and endorse APRA Quarterly Returns
- To determine budget key performance indicators (KPI) and outcomes required to be achieved in budget and to review performance against budget

- When necessary, to make recommendations to the board for any variations to budget.

Committee members:

- Allan Gordon (Chair)
- Jeff Pattinson
- Ross Gilshenan
- Neville Parsons

RISK COMMITTEE

The primary objective of the Committee is to assist the Board in fulfilling its responsibilities relating to prudential and statutory requirements and overall risk management practices of the Credit Union.

The committee's duty and responsibility is to:

- Develop and monitor risk management policies and systems to ensure compliance, and support risk minimisation
- Oversee the adequacy of the risk management systems and risk minimisation

Committee members:

- Jeff Pattinson (Chair)
- Sue McGinn OAM
- Paul Longworth
- Neville Parsons

REMUNERATION & SUCCESSION PLANNING COMMITTEE

The objectives of the committee are:

- Recommend to the Board annually on the appropriate remuneration package in accordance with accepted benchmark reviews available.
- Consider the succession planning arrangements for senior executives and independent non-executive directors

The duties and responsibilities of the Committee are to:

- Conduct regular reviews of the Remuneration Policy for directors, including an assessment of its application, effectiveness and compliance with the requirements of APS 510 and make recommendations to the Board
- Review and make recommendations to the Board on the remuneration of those **responsible persons**, as that term is defined in APS 520, excluding responsible auditors and non-executive directors

Committee members:

- Jeff Pattinson (Chair)
- Allan Gordon (Deputy Chair)
- Sue McGinn OAM (Chair of Governance)
- Neville Parsons (Committee Secretary)

DIRECTOR NOMINATIONS COMMITTEE

The objectives of the committee are:

- Advise the Board as to the fitness and propriety of candidates for election in accordance with Board Fit & Proper Policy
- Recommend to the Board the appropriate remuneration package for Directors

The duties and responsibilities of the Committee are to:

- Assess and advise as to the fitness and propriety of candidates for election or appointment to the Board
- Make assessment reviews in accordance with the Board's Fit & Proper Policy

- Make appropriate recommendations to the Board in relation to Director remuneration.

Committee members:

- Jeff Pattinson (Chair)
- Kate Costello (Independent Member)
- Bob McClelland (Independent Member)
- Neil Porter (Independent Member)
- Neville Parsons (Committee Secretary)

BOARD APPRAISAL

Directors are committed to regular and objective assessment of director's individual and collective performance to ensure maximum effectiveness is maintained for the overall benefit of Holiday Coast Credit Union. The Board formally reviews its performance on an annual basis, and at least every two (2) years, engages an independent corporate governance specialist to assist with this process.

Current as at 01 November 2011