



Holiday Coast Credit Union Ltd

APS 330 Remuneration disclosures as at 30 June 2016

Introduction and scope of application

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 disclosure is made in the interests of full transparency for our members and other stakeholders and is completed in accordance with Board approved policy and the reporting requirements contained within APS 330.

The information presented in this disclosure document is not audited, however it has been prepared based on information lodged with APRA and information contained within the Credit Union's annual report for the year ended 30 June 2016 which was subject to external audit.

Qualitative Disclosures

a. Information relating to the bodies that oversee remuneration

The Credit Union's Board Remuneration & Succession Planning Committee is responsible for overseeing the remuneration of the Board as well as senior management and staff generally. This includes conducting annual reviews of, and making recommendations to the Board on the Remuneration Policy; making annual recommendations to the Board on the remuneration of the Board; the CEO; direct reports of the CEO; other persons whose activities may, in the Board Remuneration & Succession Planning Committee's opinion, affect the financial soundness of the credit union and any other person specified by APRA; and making annual recommendations to the Board on the remuneration of the categories of persons covered by the Remuneration Policy. The Board Remuneration & Succession Planning Committee operates in accordance with its written terms of reference that outline the Committee's roles, responsibilities and terms of operation. The Remuneration & Succession Planning Committee normally meets at least 2 times a year and as required.

The members of the Board Remuneration & Succession Planning Committee during the year were:

- Jeffrey Brian Pattinson (Chairperson) – Independent Non-Executive;
- Allan Greenlees Gordon – Independent Non-Executive;
- Susan Elizabeth McGinn – Independent Non-Executive; and
- Kristal Elizabeth Kinsela – Independent Non-Executive.

During the year, the Board Remuneration & Succession Planning Committee engaged McGuirk Consultants to provide advice on the appropriate remuneration level for Directors and used that information to recommend to the Board the recommendation to go before the Annual General Meeting in relation to the total amount for Directors' Remuneration.

The Board Remuneration & Succession Planning Committee used the information provided by AM Institute Annual Remuneration Survey to determine the applicable Salary for the CEO at the review undertaken in May 2016.

The Committee also noted that all other staff were remunerated by reference to the AM Institute Annual Remuneration Survey in accordance with the credit union's Remuneration Policy.

The Board Remuneration & Succession Planning Committee has reviewed the risks and remuneration structures and considers the following employees as at 30 June 2016 material risk takers and senior managers in accordance with the APRA Prudential Standard - CPS 510:

Types of employees as defined in CPS 510	Number
A Senior managers	
Chief Executive Officer & Director	1
Non-executive directors	7
Chief Financial Officer	1
Chief Risk Officer	1
Executive Manager - Digital	1
Executive Manager - Retail	1
Executive Manager - Administration & Credit	1
B Material risk takers	Nil

b. Information relating to the design and structure of remuneration processes

The Remuneration Policy seeks to ensure that quality employees are recruited, retained and are remunerated in accordance with their responsibilities and experience. The remuneration committee assesses the relevant remuneration on a case by case basis to ensure that remuneration reflects the skill and experience required to meet Board expectations and achieve its strategic objective. Each position's key performance indicators include metrics pertaining to risk and compliance.

During the year, the Remuneration Policy was reviewed and approved by the Board on 25 November 2015 resulting in no changes being made.

The performance and remuneration of risk and financial control personnel is assessed according to objectives specific to the roles they undertake, which are independent of the businesses they oversee. Remuneration is reviewed and benchmarked against the market and internally to ensure that it is set at an appropriate level in accordance with the credit union's Remuneration Policy.

- It is important that personnel in this category be free of potential conflicts of interest. While they need to be rewarded for their respective roles; volume based metrics are not appropriate and shall not be utilised.
- Finance department officers who are investing surplus funds on behalf of the Credit Union shall not be incentivised based on investment benchmarks, and shall have due regard for the balanced and prudent investment limits set by policy.
- Risk and compliance officers have a special role in monitoring for fraud activity and compliance with policies and procedures and shall not be incentivised for the level of fraud or failure to comply that is detected.

c. Description of the ways in which current and future risks are taken into account in the remuneration process

The Credit Union has a Risk Appetite Statement that is the cornerstone of the credit union's risk management framework and culture which describes the quantum and types of risks that it is prepared to take in executing its strategy. The risk management framework / system has significant influence on how employees are remunerated, especially the variable component. The following are the key risks that the Credit Union takes into account when implementing remuneration measures:

- Financial risks;
- Operational risks;
- Compliance risks; and
- Strategic risks.

d. Description of the ways in which the Credit union seeks to link performance during a performance measurement period with levels of remuneration

Performance based arrangements for Senior Executive Remuneration, if granted, are designed to encourage behaviour that supports:

- The Credit Union's long-term financial soundness, and
- The Risk Appetite Statement and the risk management framework of the Credit Union.

The design of each individual's performance-based remuneration arrangements allows for adjustments to reflect:

- The risks arising from the business activities in which the individual is engaged;
- The controls in place to mitigate those risks;
- The time necessary for the outcomes of those business activities to be reliably measured; and
- The capital allocated to those business activities.

e. Description of the ways in which the ADI seeks to adjust remuneration to take account of longer-term performance

There is currently no mechanism to reward longer term performance. Remuneration is based on agreed salary with the senior manager. There is no deferred remuneration arranged with the managers other than the employee statutory entitlements.

f. Description of the different forms of remuneration that the Credit Union utilises and the rationale for using these different forms

The structure of the remuneration arrangements comprise of the following components:

- Fixed component; and
- Variable component.

Fixed component

Fixed compensation consists of salary, any FBT charges related to employees benefits including motor vehicles, leave entitlements and employer contributions to superannuation funds.

Compensation levels are reviewed annually by the Board Remuneration & Succession Planning Committee by reference to the Australian Mutuals Institute Annual Remuneration Survey conducted by Terry McGuirk. The review process considers individual, business units, overall performance of the credit union and the markets in which it operates.

Variable component

Some employees other than the CEO and Senior Managers have the opportunity to participate in variable pay arrangements, in addition to their base pay, through the eligibility to receive incentive bonuses to reflect the extent to which set objectives have been met. Directors, do not receive performance based rewards. Currently the only group of employees eligible for a variable component of remuneration are mobile lenders.

Incentives earned by an individual are dependent on the achievement of the objectives set for the individual.

Sign on awards and guaranteed bonuses are not paid.

Quantitative Disclosures

Holiday Coast Credit Union's Remuneration & Succession Planning Committee met on 2 occasions during the last financial year.

Directors do not receive any payment in addition to their remuneration as a director of Holiday Coast Credit Union for the services to the Remuneration & Succession Planning Committee.

The total remuneration paid to the members of the Remuneration & Succession Planning Committee in 2015/2016 was \$145,416

Table 1: All Senior Managers – Components of Variable Remuneration	2016	
	Number of employees	Total (\$)
Number of Senior Managers	13	N/A
Number & Value of Discretionary Bonuses	-	-
Number & Value of Guaranteed Bonuses	-	-
Number & Value of Sign-on Payments	-	-
Number & Value of Termination Payments	-	-
Value of Deferred Remuneration Paid in Year	-	-
Value of Outstanding Deferred Remuneration	-	-

Table 2: All Senior Managers - Breakdown of Total Remuneration	2016		
	Unrestricted (\$)	Deferred (\$)	Total (\$)
<i>Fixed remuneration</i>			
Cash-based	1,047,931	-	1,047,931
Shares and share-linked instruments	-	-	-
Other	417,035	-	417,035
Sub-total	1,464,965	-	1,464,965
<i>Variable remuneration</i>			
Cash-based	-	-	-
Shares and share-linked instruments	-	-	-
Other	-	-	-
Sub-total	-	-	-
Total	1,464,965	-	1,464,965

Table 3: Material Risk Takers – Components of Variable Remuneration	2016	
	Number of employees	Total (\$)
Number of Material Risk Takers	-	-
Number & Value of Discretionary Bonuses	-	-
Number & Value of Guaranteed Bonuses	-	-
Number & Value of Sign-on Payments	-	-
Number & Value of Termination Payments	-	-
Value of Deferred Remuneration Paid in Year	-	-
Value of Outstanding Deferred Remuneration	-	-

Table 4: Material Risk Takers - Breakdown of Total Remuneration	2016		
	Unrestricted (\$)	Deferred (\$)	Total (\$)
<i>Fixed remuneration</i>			
Cash-based	-	-	-
Shares and share-linked instruments	-	-	-
Other	-	-	-
Sub-total	-	-	-
<i>Variable remuneration</i>			
Cash-based	-	-	-
Shares and share-linked instruments	-	-	-
Other	-	-	-
Sub-total	-	-	-
Total	-	-	-

Table 5: Movement in Deferred Remuneration	Outstanding at 30 June 2016					Paid During The Year				
	Cash (\$)	Shares (\$)	Share- linked (\$)	Other (\$)	Total (\$)	Cash (\$)	Shares (\$)	Share- linked (\$)	Other (\$)	Total (\$)
Deferred Remuneration Pre-adjustment	-	-	-	-	-	-	-	-	-	-
Adjustments- implicit Mark-to-market value of shares	-	-	-	-	-	-	-	-	-	-
Adjustments- implicit Clawback	-	-	-	-	-	-	-	-	-	-
Deferred remuneration Post-adjustment	-	-	-	-	-	-	-	-	-	-