



2016/2017 Remuneration Disclosure Requirements

Qualitative disclosures

- (a) Information relating to the bodies that oversee remuneration.
- The Board have delegated to the Board Remuneration & Succession Committee (RSC) the task of reviewing performance and recommending remuneration to the Board for senior managers and material risk-takers. The RSC is made up of non executive directors.
 - The RSC instructs the CEO to gather comparative remuneration information from organisations that are able to provide information from either within the mutual industry or from organisations that reflect specific skills industries eg. IT
Organisations used during 2016/2017 review were
 - McGuirk Management Consultants Pty Ltd
 - The Credit Union's Remuneration Policy covers senior managers and any identified material risk-takers across the whole business
 - There have been no staff identified as material risk-takers
 - The CEO and 4 of the CEO's direct reports are considered senior managers for the purpose of this disclosure. Therefore for the disclosure period there were 5 people in this group.
- (b) Information relating to the design and structure of remuneration processes.
- The objectives of the Credit Union's Remuneration Policy are:
 - Attracting, developing and retaining exceptional people
 - To encourage behaviour that supports the Credit Union's:
 - Purpose, Values and Culture
 - Strategy
 - Long-term financial soundness; and
 - Risk management framework
 - To align remuneration with prudent risk-taking
 - Key features include:
 - Fixed remuneration component
 - Variable remuneration component
 - The Remuneration Policy was not reviewed or amended during the 2016/2017 financial year. Any risk and financial control personnel are remunerated independently of the business area they oversee by ensuring that the fixed component is referenced to industry benchmarking and achieving the variable component is not linked to their department producing a particular result.
- (c) Description of the ways in which current and future risks are taken into account in the remuneration processes.
- Setting of fixed remuneration takes into account key person risk by using industry benchmark surveys to guide decision making to work with the objective of retaining exceptional high performing people.
 - The amount of variable remuneration is set at such a percentage of the fixed remuneration so as not to encourage excessive risk taking in order to earn excessive amounts of additional income.
 - Risks considered when setting the criteria for performance objectives linked to variable remuneration include:
 - Market risk (specifically interest rate risk)
 - Sustainability
 - Growth

- Operational
 - Strategic
 - Leadership competencies

- Senior managers are not set performance objectives in a way that encourages high risk behaviours in order to meet objectives. For example the senior manager responsible for lending is not given a growth objective.
- Where an objective in relation to the CEO may encourage high risk behaviour there is always a counter objective set to balance the risk equation. For example a growth objective will be counterbalanced with a capital adequacy objective.
- The measures used for the 2016/2017 financial year were similar in nature to those for the 2015/2016 financial year.

(d) Description of the ways in which the ADI seeks to link performance during a performance measurement period with levels of remuneration.

The main performance metrics include:

- Financial performance of the organisation compared to the budget
- Implementation of the executive's business plan which addresses the strategies required to achieve the Board's strategic vision
- Attainment of senior manager's individual performance objectives
- Assessment against leadership competencies
- Assessment against company values and behaviour statements

The overall performance of a senior manager, not limited to the above performance metrics, is taken into account when considering which quartile of the industry survey to benchmark the fixed remuneration to.

Of all the metrics used to assess performance the individual performance objectives are the one that could, in hindsight, be considered weak. To mitigate that outcome there are at least 3 different levels of performance set for each objective. Each different level attracts a different percentage of the total variable remuneration portion attached to that objective. This ensures that there is always a 'stretch' level built into the objective which should negate it being considered weak in hindsight.

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

The Credit Union does not currently have long term performance incentives therefore there is no policy on deferral and vesting of variable remuneration.

(f) Description of the different forms of variable remuneration that the ADI utilises and the rationale for using these different forms.

100% of all variable remuneration is paid using cash.

Quantitative disclosures

(g) Number of meetings held by the Remuneration & Succession Committee – 4
Remuneration paid to committee members – N/A*

*Committee members do not receive remuneration specific to this committee, committee members receive general board fees for being a MOVE director.

(h) Number of people who have received variable remuneration during the financial year - 5
Number and total amount of guaranteed bonuses – N/A
Number and total amount of sign-on awards – Nil
Number and total amount of termination payments - Nil

(i) Total amount of outstanding deferred remuneration – N/A
Total amount of deferred remuneration paid out – N/A

- (j) Breakdown of the amount of remuneration awards for the financial year in accordance with disclosure requirements is shown below:
- Fixed and variable – 100%
 - Deferred and non-deferred – 0%
 - Different forms of remuneration
 - 100% cash
- (k) Quantitative information about persons' exposure to implicit and explicit adjustment of deferred remuneration and retained remuneration.
- As the Credit Union only uses cash payments as remuneration and doesn't have deferred or retained remuneration as part of its remuneration structure, there is nothing to disclose in relation to this area.

**Total value of remuneration awards for senior managers/material risk-takers
2016/2017 financial year**

**Total value of remuneration awards for
the current financial year**

| | Unrestricted | Deferred |
|--|---------------------|-----------------|
|--|---------------------|-----------------|

Fixed remuneration

| | | |
|---------------------------------------|-------------|--------|
| • Cash based | \$1,231,029 | \$0.00 |
| • Shares and share-linked instruments | - | - |
| • Other | - | - |

Variable remuneration

| | | |
|---------------------------------------|-----------|--------|
| • Cash based | \$112,229 | \$0.00 |
| • Shares and share-linked instruments | - | - |
| • Other | - | - |