

## REMUNERATION DISCLOSURE

### FINANCIAL YEAR ENDED 30 JUNE 2016

#### Qualitative Disclosures

a) Information relating to bodies that oversee remuneration

Queenslanders Credit Union uses two different approaches to remuneration of The Board and Executive Management.

In relation to the Board, the Corporate Governance Committee is responsible for overseeing remuneration reviews, performance evaluations and succession planning. The Corporate Governance Committee comprises four Directors elected by the Board and meetings are also attended by the Chair and the CEO

Remuneration for Executive Management is incorporated into Queenslanders Credit Union's Human Resources Management Policy. The remuneration of Executive Management shall be determined by the Chief Executive Officer in consultation with the Corporate Governance Committee.

Such remuneration shall be based on the total "cost to company" concept and shall include superannuation, private use of company vehicle and any other salary sacrifices at the discretion of the Chief Executive Officer.

The Corporate Governance Committee meets at least annually to discuss appropriateness of Board Remuneration. Any changes to Board remuneration must be agreed upon by vote at the Annual General Meeting.

b) Information relating to the design and structure of the remuneration process

In performing the annual review of Board and Executive Management remuneration the objectives of the remuneration arrangements are to:

- (a) Attract and retain capable, motivated Board members, managers and staff;
- (b) Attract Board members and managers with appropriate knowledge and experience, with ability to drive growth while maintaining stability and financial soundness;
- (c) Encourage behaviour that supports long term financial soundness and the risk management framework.
- (d) Ensure the independence of risk and control personnel in the performance of their functions is not compromised.
- (e) Ensure remuneration arrangements are, and remain, compliant with corporate governance requirements, including requirements under CPS 510

In determining remuneration for the Board, the Corporate Governance Committee used the following information supplied through the remuneration surveys issued by McGuirk Management Consultants Pty Ltd:

- Industry comparative remuneration data across all positions, including Directors;
- Remuneration benchmarking of for organisations of similar Asset Size.

In determining remuneration for Executive Management, Queenslanders Credit Union uses information obtained from the following sources:

The AMI Annual Remuneration Survey

Hays Salary Survey

ABS CPI Index

c) Incorporating current and future risks into the remuneration process

The Strategic Planning process identifies all key strategic risks and examines the Board's Risk Appetite in each area. Part of each Executive Manager's Key Performance Areas include reference to ensuring risks of this nature that impact on their operations are kept within Board tolerance levels at all times. If risks fall outside nominated Board risk tolerance levels the Executive Manager must design an action plan that successfully implements controls aimed at mitigating risk to acceptable levels.

Current and future risks relating to operational risks follow the same approach as above. Executive Managers are responsible for ensuring key operational risks remain within Board approved tolerance levels.

Whilst this is a key performance area for each Executive Manager, achievement of satisfactory results is not linked to financial incentives/bonuses.

(d) It was agreed that none of the Executive Managers would receive a pay increase of any form in the 2015/2016 financial year as part of the Credit Union's commitment to managing costs in a challenging environment. Remuneration reviews for future years will be linked to any increases in the Wage Price Index (WPI). Whilst all executive Managers have defined key performance indicators (KPIs), achievement of these KPIs will not result in an incentive of any description. Where KPIs are not achieved the performance of the relevant Executive Manager will be reviewed to assess the underlying reasons why the KPI was not achieved. It is highly unlikely that this in itself will result in a pay decrease for an Executive Manager.

(e) The credit Union does not seek to adjust remuneration to take account of longer-term performance of Executive Management. Performance will be assessed on an annual basis. Deferred remuneration is not payable to Executive Managers under the current remuneration policy.

(f) Executive Managers will receive a cash based salary together with the compulsory superannuation guarantee payments required under superannuation legislation. No other remuneration types (eg share issues) will be available to Executive Managers

### **Quantitative Disclosures**

g) There was two Corporate Governance Committee meeting held during the 2015/16 financial year. The Corporate Governance Committee members do not receive remuneration specific to this committee. Fees are paid to directors for their role on the credit union board.

h) No executive manager was paid a variable remuneration component during the 2015/16 financial year.

No guaranteed bonuses were paid during the 2015/16 financial year.

No sign-on awards were paid during the 2015/16 financial year.

No termination payments were paid to Board or Executive Management during the 2015/16 financial year

- i) The total amount of outstanding deferred remuneration paid out during the 2015/16 financial year was \$0.

The amount of remuneration awards for the 2015/16 financial year is in accordance with the table below:

Fixed and variable – 100%

Deferred and non-deferred – 0%

Forms of remuneration – 100% cash

No deferred remuneration was payable and there was no retained remuneration

**j) Remuneration awards for Executive Managers/Material risk-takers**

Table 18A – Total Value of remuneration for senior managers and material risk takers  
1/7/15 to 30/6/16

<b>Number of Executive Managers</b>	<b>5</b>
<b>Number of Material Risk Takers</b>	<b>0</b>
<b>Total value of remuneration awards for the Financial Year ended 30 June 2015</b>	
Fixed Remuneration	
• Cash-based	\$687,513
• Shares and share linked instruments	Nil
• Other	Nil
Variable Remuneration	
• Cash Based	Nil
• Shares and share linked instruments	Nil
• Other	Nil

There are no Managers remunerated on a commission or incentive basis

- k) QCU's employees had no exposure to implicit or explicit adjustments during the 2015/2016 financial year.