

Remuneration

Table 18: Remuneration disclosure requirements

Qualitative disclosures	
<p>(a) Information relating to the bodies that oversee remuneration. Disclosures must include: the name, composition and mandate of the main body overseeing remuneration;</p> <p>the name of external consultants whose advice has been sought, the body by which they were commissioned, and in what areas of the remuneration process;</p> <p>a description of the scope of the ADI's Remuneration Policy (e.g. by regions, business lines), including the extent to which it is applicable to foreign subsidiaries and branches; and</p> <p>a description of the types of persons considered as material risk takers and as senior managers as defined in paragraph 17 of this Prudential Standard, including the number of persons in each group.</p>	<p>Up to 19 November 2013 the Board Remuneration Committee consisted of independent Directors with Mr John Pressler as Chairman. The independent directors who were on this committee were Peter Sawyer and Barry Dangerfield. The Committee now consists of Mr Barry Dangerfield as Chairman, Peter Sawyer and Gregory Kenny, who are all independent directors.</p> <p>MANDATE - CHARTER</p> <p>1. Scope The Group Remuneration Committee appointed by the Board of Directors of Wide Bay Australia Ltd performs the functions outlined in this charter, for Wide Bay Australia Ltd.</p> <p>2. Objectives The role of the Remuneration Committee is to assist the Board in fulfilling its responsibilities in relation to Remuneration Policy. All such policy to satisfy legal and regulatory requirements to protect the Company from liability, improve organisational effectiveness and assists in the attainment of business goals.</p> <p>3. Duties and Responsibilities The duties and responsibilities of the Remuneration Committee are as follows:</p> <ul style="list-style-type: none"> • Recommend remuneration arrangements of: <ul style="list-style-type: none"> - Board Members - CEO and other senior executives • Conduct regular reviews of, and make recommendations to the Board on, the Remuneration Policy. This must include an assessment of the Remuneration Policy's effectiveness and compliance with the requirements of Prudential Standard (APS 510 paragraph 50(a)). • Make annual recommendations to the Board on the remuneration of the Chief Executive Officer (CEO), direct reports of the CEO, other persons whose activities may in the Remuneration Committee's opinion affect the final soundness of the institution and any other person specified by APRA (APS 510 paragraph 50(b)). • Recommend remuneration policy, superannuation and other related arrangements for staff. • Consultation with the Board and Management regarding the negotiation of Industrial Agreements or Contracts for Senior Staff. • Ratify Industrial Agreements and Contracts for Senior Staff. • Recommend in relation to matters such as a Company Share Scheme or other incentive schemes for senior executives and staff. • Ensure compliance with relevant Company Policies and legal requirements of employment (i.e. Occupational Health and Safety, Anti-Discrimination etc). • Monitor programs in place to ensure Company staff have skills in place to competently perform their roles. • Review the Remuneration Report and recommend its adoption to the Board. <p>The Board Remuneration Committee commissioned King & Wood Mallesons for the implementation of the CEO's contract, as well as guidance for introducing short term and long term incentives to senior manager's contracts.</p> <p>Wide Bay Australia's remuneration strategy recognises and rewards performance of its People. The Board Remuneration Committee regularly reviews the remuneration strategy and principles to ensure they are consistent with generally accepted market practice and are based upon the long-term sustainable financial security of Wide Bay.</p> <p>Wide Bay's remuneration philosophy is underpinned by:</p> <ul style="list-style-type: none"> • Ensuring that balanced measures of performance are appropriately weighted towards long-term shareholder interests; • Variable performance based pay for Executives/Senior Managers involving a short-term incentive plan and a long-term incentive plan subject to an extended period of performance assessment; • Linking recognition and reward to strong performance by our People; • Providing competitive levels of remuneration to our People within our geographic markets to ensure that we retain capable staff at all levels. <p>Barrett, MJ Managing Director Schafer, WR Chief Financial Officer McLennan, M Chief Risk Officer Nevis, C General Manager Third Party & Strategic Alliances McArdle, A General Manager Sales & Distribution Caville, SM Chief Information Officer Ashton, AR Internal Auditor</p>
<p>(b) Information relating to the design and structure of remuneration processes. Disclosures must include: an overview of the key features and objectives of remuneration policy;</p> <p>whether the Remuneration Committee reviewed the ADI's Remuneration Policy during the past year, and if so, an overview of any changes that were made; and</p>	<p>The Total Reward methodology has been adopted and is designed to:</p> <ul style="list-style-type: none"> - Reward those who deliver highest relative performance; - Link employee rewards to the generation of sustainable value for shareholders; - Attract, recognise, motivate and retain high performers; - Provide fair and consistent rewards, benefits and conditions within our strategy; - Align the interests of employees and other shareholders through employee ownership of Wide Bay shares. - Review remuneration annually to ensure we remain market competitive in the financial services sector, as well as monitoring the pay differential internally between men and women at all levels. - Ensures our pay and incentive systems encourage and reward appropriate risk-taking and achievement of sustainable shareholder returns <p>The Remuneration Policy has been reviewed in the 2012/13 year. Wide Bay Australia's new remuneration policy is being designed to recognise and reward the performance of its People through the introduction of a performance management system.</p>

<p>a discussion of how the ADI ensures that risk and financial control personnel (as defined in paragraph 48(b) of CPS 510) are remunerated independently of the businesses they oversee.</p>	<p>Board Remuneration Policy – states that Board has the discretion to adjust the STI/LTI payment down (potentially to zero) after assessing the final overall performance of the company or if a serious breach of duty has occurred by a manager and also allows for a claw back of any incentive to a manager where a deliberate management miss-statement is identified. These protection measures have been introduced to protect against the temptation of risk, outside the company's risk appetite, to achieve inflated results.</p>
<p>(c) Description of the ways in which current and future risks are taken into account in the remuneration processes. Disclosures must include:</p> <p>an overview of the key risks that the ADI takes into account when implementing remuneration measures;</p> <p>an overview of the nature and type of the key measures used to take account of these risks, including risks difficult to measure (values need not be disclosed);</p> <p>a discussion of the ways in which these measures affect remuneration; and</p> <p>a discussion of how the nature and type of these measures has changed over the past year and reasons for the change, as well as the impact of changes on remuneration.</p>	<p>A policy regarding risks associated with remuneration measures is in the process of being developed, however the following provides a scope for our direction.</p> <p>Wide Bay Australia Ltd aims to maintain a strong risk framework and continuous self assessment of risk across Wide Bay Australia to protect capital, losses, safety, people etc. Some risks involved with implementing remuneration measures could include figures being tampered with to enable targets to be reached, failure to follow policies and/or regulations so targets can be met or any act that is contrary to the vision and direction of the company, to attain goals.</p> <ul style="list-style-type: none"> - Manage all loan arrears to acceptable levels - Ensure WBA meets all its regulatory obligations within designated timeframes - Manage all compliance requirements of WBA to a standard that protects WBA from regulatory/financial reputational risk - Manage actions and Ensure completeness and accuracy on risk dashboard - Deliver risk Guidelines for all existing and new products - Ensure timely and effective decisions on credit quality that balance both volume growth and adversity assessment. - Separation of duties - Repercussions for deceptive behaviour <p>Variable remuneration is awarded when performance targets are met. Similarly, it is not paid when targets are not met. If any method used to achieve targets is not in line with policies and procedures, a claw back of previous remuneration payments can also be performed.</p> <p>A policy is currently being developed to support this. Short and long term incentives are a new introduction, being based on performance measures, both quantitative and qualitative. A methodology has been developed where superior performance is rewarded, to provide a more suitable performance/reward system to motivate employees. The importance of assessing risks associated with remuneration measures has consequently grown significantly. It is envisaged that risks surrounding the remuneration policy will be minimised through such measures.</p>
<p>(d) Description of the ways in which the ADI seeks to link performance during a performance measurement period with levels of remuneration. Disclosures must include:</p> <p>an overview of the main performance metrics for the ADI, top-level business lines and individuals;</p> <p>a discussion of how amounts of individual remuneration are linked to institution-wide and individual performance; and</p> <p>a discussion of the measures the ADI will in general implement to adjust remuneration in the event that performance metrics are weak.</p>	<p>Variable performance based pay applies to Executives/Senior Managers including a short-term performance incentive plan and a long-term performance incentive, subject to an extended period of performance assessment. The total remuneration package for senior executives / management consists of a base salary plus STI/LTI performance based incentives at the total discretion of the Board. STI/LTIs payments are calculated based on the financial calculations of the individuals scorecard plus a discretionary behavioral assessment. Sales employees (branch staff and lenders) are rewarded for their efforts based on both their individual contribution to their team and the personal achievement of their KPIs and/or targets. Incentives will be paid on a quarterly basis and will vary according to individual targets. The branch staff program will be based on a "balanced scorecard" basis, being easy to measure; over 100% means the branch will qualify. The aim of the lenders program is to introduce a bonus scheme into the business, being simple to start with to meet the immediate needs of the business to grow assets. The bonus system will evolve over the year, starting out rewarding approvals and building to reward both settlements and cross sales in the longer run.</p> <p>Short term incentives: – Senior management will be eligible to receive an annual interim Short Term Incentive (STI) payment. The amount of any STI Payment is dependent on the Company's performance as well as their own individual achievement of the targets and measurements set out in their performance profile and scorecard and as assessed and determined by the Board.</p> <p>Long Term Incentives: – Senior management will be eligible to receive a Long Term Incentive (LTI) payment. The amount of any LTI Payment is dependent on the Company's performance as well as their own individual achievement of the targets and measurements set out in their performance profile and scorecard and as assessed and determined by the Board. LTIs are paid by way of Performance Rights. The grant of performance rights to subscribe for or to be transferred at no cost is one share for every performance right exercised. The Executive/Senior Manager must complete a full year of service to be eligible to receive the LTI for each applicable financial year, the bonus entitlement will be calculated based on the 30th June results and overall performance including discretionary as determined by the Remuneration Committee and paid on the 1st July. The performance rights carry no dividend or voting rights. Subject to the vesting conditions 33% of the performance rights vest on the second anniversary of the measured performance year, 33% on the third anniversary and 33% on the fourth anniversary.</p> <p>Fixed Remuneration: – in determining an employee's fixed remuneration (which comprises a cash salary/wage and a superannuation contribution), external benchmarking is performed to ensure that fixed reward is comparable and competitive within the markets in which we operate. Individual performance, skills, expertise, and experience are also used to determine where the employee's fixed remuneration should sit within a market range. Wide Bay aligns its remuneration strategy to the Banking Finance and Insurance Award 2010 and sets a market median fixed remuneration for each position. A minimum range (Award level) to a maximum range is set around those market positions – with the upper half of the range limited to exceptional performers.</p> <p>Pay & Incentives - rewards employees for their efforts based on both their individual contribution to their team and the achievement of their KPIs and/or targets.</p> <p>If required, in the performance correction phase, Managers will aim to resolve any performance problems through informal discussions with employees. These discussions will identify any problem areas and, if appropriate, result in an agreement as to next steps. If performance does not improve, a more formal meeting with the Manager will be held to explain where the employee is falling short of those expectations. The employee will be given an opportunity to respond to allegations of poor performance; and if applicable, be provided with steps and timeframes for the performance issues to be remedied.</p>
<p>(e) Description of the ways in which the ADI seeks to adjust remuneration to take account of longer-term performance. Disclosures</p>	

<p>a discussion of the ADI's policy on deferral and vesting of variable remuneration and, if the fraction of variable remuneration that is deferred differs across persons or groups of persons, a description of the factors that determine the fraction and their relative importance; and a discussion of the ADI's policy and criteria for adjusting deferred remuneration before vesting and after vesting through clawback arrangements.</p>	<p>At the end of the financial year the Chief Executive Officer assesses the actual performance of the Company and the Executives/Senior Managers against their KPIs set at the beginning of the financial year. Based upon that assessment, a recommendation is made to the Remuneration Committee as to the STI payment.</p> <p>The Remuneration Committee recommends the STI payments to be made to the Chief Executive Officer and Executives/Senior Managers for approval by the Board. Payment of an STI to the Chief Executive Officer or Executive/Senior Managers is at the complete discretion of the Board and can be adjusted downwards, to zero if necessary to protect the financial soundness of the Company, i.e. to, at a minimum ensure that no breach of capital adequacy or liquidity policy thresholds occurs.</p> <p>The Board also has discretion to adjust the STI payment down (potentially to zero) in the event that the Chief Executive Officer or an Executive/Senior manager commits a serious breach of duty</p> <p>If the results on which any STI reward was based are subsequently found by the Board to have been the subject of deliberate management misstatement, the Board may require repayment of the relevant STI, in addition to any other disciplinary actions.</p>
<p>(f) Description of the different forms of variable remuneration that the ADI utilises and the rationale for using these different forms. Disclosures must include: an overview of the forms of variable remuneration offered (i.e., cash, shares and share-linked instruments and other forms); a discussion of the use of the different forms of variable remuneration and, if the mix of different forms of variable remuneration differs across persons or groups of persons), a description the factors that determine the mix and their relative importance.</p>	<p>Variable remuneration is paid in the form of cash through short term incentives. The introduction of long term incentives by way of performance rights has resulted in shares becoming an additional form of variable remuneration from the 2013/2014 financial year.</p> <p>Pay & Incentives - rewards employees for their efforts based on both their individual contribution to their team and the achievement of their KPIs and/or targets.</p> <p>Short term incentives: –STIs reward our senior management level for their contribution to our business success over a short time frame, generally 12 months. STIs are a variable reward and are not guaranteed. STIs reward employees for their individual performance which is assessed against key performance objectives as well as their contribution to the organisational outcomes during a performance year.</p> <p>Long term incentives: – LTIs are awarded to senior management level to drive management decisions focussed on the long term prosperity of Wide Bay through the use of challenging performance hurdles and are subject to the discretion of the Board. Awards under the LTI may also require shareholder approval and will be conditional upon such approval being obtained if required by the Corporations Act, ASX Listing Rules or corporate governance principles determined by the Board.</p>
<p>Quantitative disclosures</p>	
<p>(g) Number of meetings held by the main body overseeing remuneration during the financial year and the remuneration paid to its members</p>	<p>5 meetings were held in the 2012/13 financial year. \$248,250 was paid to the board members of this committee.</p>
<p>(h) The number of persons having received a variable remuneration award during the financial year. Number and total amount of guaranteed bonuses awarded during the financial year. Number and total amount of sign-on awards made during the financial year. Number and total amount of termination payments made during the financial year.</p>	<p>Nil</p> <p>Nil</p> <p>Nil</p> <p>1 termination payment of \$84,162.</p>
<p>(i) Total amount of outstanding deferred remuneration, split into cash, shares and share-linked instruments and other forms. Total amount of deferred remuneration paid out in the financial year.</p>	<p>Nil</p> <p>Nil</p>
<p>(j) Breakdown of the amount of remuneration awards for the financial year in accordance with Table 18A below to show: – fixed and variable; – deferred and non-deferred; and – the different forms used (cash, shares and share-linked instruments and other forms).</p>	<p>\$2,813,579 cash-based remuneration.</p> <p>\$900 non-monetary benefit of carpark.</p> <p>\$8,856 non-monetary benefit of discount on share price on annual purchase offer.</p>
<p>(k) Quantitative information about persons' exposure to implicit (e.g. fluctuations in the value of shares or performance units) and explicit adjustments (e.g. malus, clawbacks or similar reversals or downward revaluations of awards) of deferred remuneration and Total amount of outstanding deferred remuneration and retained remuneration exposed to ex post explicit and/or implicit adjustments. Total amount of reductions during the financial year due to ex post explicit adjustments. Total amount of reductions during the financial year due to ex post implicit adjustments.</p>	<p>Nil</p> <p>Nil</p> <p>Nil</p> <p>Nil</p>

Table 18a: Total value of remuneration awards for senior managers/material risk-takers

Total value of remuneration awards for the current financial year	Unrestricted	Deferred
Fixed remuneration		
Cash-based	2,813,579	
Shares and share-linked instruments		
Other	9,756	
Variable Remuneration		
Cash-based		
Shares and share-linked instruments		
Other		