



REMUNERATION REPORT

1. BASIS OF PREPARATION

This Remuneration report is designed to provide members with an understanding of REST's remuneration policies in particular regarding Trustees and Executive Officers as required under s29QB of the Superannuation Industry (Supervision) Act 1993 ("SIS Act") and Regulation 2.37 of the Superannuation Industry (Supervision) Regulations 1994.

2. INDIVIDUAL TRUSTEES AND EXECUTIVE OFFICERS (EO)

The Individual Trustees and EOs of REST disclosed in this report are detailed in Table 1.

The movements which occurred during the financial year 2015/16 are summarised as follows:

Trustees

There were no changes to the Directors of REST during the 2015/16 financial year.

There were some changes to Alternate Directors during the year, as follows:

Mr Peter Malinauskas resigned as Alternate Director on 7 December 2015;

Ms Glenda Ralph resigned as Alternate Director on 2 May 2016; and

Ms Aliscia di Mauro was appointed as Alternate Director to Mr Geoff Williams on 4 May 2016.

Executive Management Team

There were some changes to the Executive Management Team during the year, as follows:

Ms Elizabeth Parkin was appointed to the role of General Manager, Customer Service effective 2 November 2015;

Mr Ashley Boland resigned as General Manager Strategic Relations effective 11 April 2016; and

Mr Ronan Walsh resigned as General Manager, Investment Management effective 25 May 2016.

TABLE 1: TRUSTEES AND EXECUTIVE OFFICERS

Name	Position	Term as IT/EO
Trustee Directors - Current		
K Marshman	Chairman, appointed as a Director December 2013 Appointed as Chairman July 2014	Full Year
I Blandthorn	Director, appointed September 2008	Full Year
J de Bruyn	Director, appointed December 1988	Full Year
S-A Burnley	Director, appointed March 1996	Full Year
J Edstein	Director, appointed October 2013	Full Year
R Jeffs	Director, appointed July 1990	Full Year
S Priestley	Director, appointed March 2014	Full Year
D Shaw	Director, appointed November 2010	Full Year
G Williams	Director, appointed July 2008	Full Year
Alternate Directors¹ - Current		
M Donovan	Alternate Director for I Blandthorn, appointed March 2011	Full Year
G Dwyer	Alternate Director for J de Bruyn, appointed April 2014	Full Year
J Fox	Alternate Director for S-A Burnley, appointed April 2014	Full Year
A di Mauro	Alternate Director for G Williams, appointed May 2016	Part Year
Chief Executive Officer (CEO)		
D Hill	CEO, appointed to REST January 1999, appointed CEO September 2006	Full Year
Executive Management Team		
M Atley	General Manager, Brand, Marketing and Communications, appointed June 2011	Full Year
P Budge	Chief Risk Officer, appointed June 2015	Full Year
S Coleman	General Manager, Information Systems, appointed January 2014	Full Year

¹ No remuneration is paid to Alternate Directors. Alternate Directors are entitled to receive reimbursement of out of pocket expenses associated with the conduct of their role.

T Evans	General Manager, People and Culture, appointed August 2014	Full Year
A Howard	Chief Operating Officer, appointed April 2015	Full Year
P Howard	General Counsel and Company Secretary, appointed March 2011	Full Year
E Parkin	General Manager, Customer Service, appointed November 2015.	Part Year
C Stevens	Chief Financial Officer, appointed March 2008	Full Year

Other Executives

J Nolan	Advisor to and non-voting member of, the REST Investment Committee, appointed October 2003	Full Year
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3. ROLE OF THE BOARD IN REMUNERATION

REST's People, Culture and Remuneration Committee (PCRC) is a Committee of the Board. The PCRC is responsible for overseeing corporate governance, organisation design, people strategy and compensation policies and practices which are designed to provide a level and composition of reward, including remuneration, and recognition for all people that:

- will attract, retain and motivate people with the requisite skills and expertise towards high performance;
- is linked to organisation and individual performance;
- maintains the integrity and competitiveness of the Group's remuneration strategies and practices; and
- provides appropriate alignment between members' interests and the employees' interests within an appropriate risk management framework.

The PCRC provides a corporate governance approach that supports the Trustee Company's People strategy and assists the Board to effectively perform a proper review and/or approve function, ensuring risk mitigation for operational, financial, regulatory and reputational matters; and compliance with all relevant laws including the Superannuation Industry (Supervision) Act and Regulations, the Australian Prudential Regulation Authority (APRA) Prudential Standards and employment related laws.

Throughout the year the PCRC and management received information and advice from external providers (FIRG, Mercer, Ignite Performance, Egan Associates, McGuirk Management Consultants, KPMG, and Clayton Utz) on human resources and remuneration matters. This information related to remuneration market data and analysis, market practice on design and structure of the short term incentive program and advice on legislative requirements and compliance. All PCRC and Board decisions related to human resources and remuneration matters were made independently using the information provided and having careful regard to REST's strategic objectives and remuneration principles.

4. COMPOSITION OF EXECUTIVE OFFICER REMUNERATION

4.1 Fixed Remuneration

The fixed remuneration amount is expressed as a total dollar amount taken as cash salary, mandatory superannuation contributions and, where appropriate other nominated benefits.

REST reviews fixed remuneration for the CEO and the Executive Management Team against the relevant financial services market taking into consideration role responsibilities, qualifications, experience and performance.

4.2 Variable STI Incentive

The CEO and the REST Executive Team have the same remuneration structure, comprising fixed remuneration and Short Term Incentive (STI) components.

To be eligible for STI payment, Executives must consistently display behaviours aligned to REST Values.

A Balanced Scorecard approach to STI remuneration is adopted. The scorecard of objectives is developed from REST's Strategic and Operational objectives and has two performance based elements - Organisational based objectives and Individual based objectives.

The weighting of measures in the Balanced Scorecard varies by position to reflect the responsibilities of each role.

The achievement of objectives results in payments of STI at target levels. Maximum STI is paid in circumstances where objectives are significantly exceeded.

The PCRC and Board approach the assessment of Organisational and Individual performance having regard to a range of factors that impact final outcomes, including both quantitative and qualitative measures.

5. 2015/16 REMUNERATION

5.1 Trustee Directors

From inception of the Fund in 1988 until December 2013 no fees were paid to the Directors of REST apart from the reimbursement of out of pocket expenses in performing their duties.

During the year, Directors received a fee for their duties as a Director or Chairman of the REST Board, and additional fees for either chairing or being a member of a Board Committee, as set below. Included in their fees, Directors receive a Superannuation Guarantee Contribution made in accordance with current Superannuation Guarantee legislation.

The fees are based on the complexity of, and time committed by Directors in performing their Board and Committee responsibilities. The amount of their fees has been determined having regard to the above and on the basis that they are fair and reasonable, as confirmed by an independent remuneration consultant. Fees were adjusted in September 2015 and will be next reviewed in 2017. Directors are not entitled to any STI or any other variable-based remuneration.

Elements of Director Remuneration

Board / Committee	Chairman \$ per annum	Member \$ per annum
Trustee Board	\$85,000	\$45,000
Investment Committee	\$70,000	\$40,000
Member and Employer Services Committee	\$40,000	\$30,000
Audit Risk & Compliance Committee	\$40,000	\$25,000
Strategy Review Committee ²	\$30,000	\$20,000
People, Culture and Remuneration Committee	\$25,000	\$15,000
Marketing Committee ³	\$10,000	\$7,500
Trust Deed Committee	\$5,000	\$5,000
Tax Planning Committee	\$3,000	\$3,000
Insurance Committee ⁴	\$2,500	\$2,500

² The Strategy Review Committee ceased to operate from August 2015

³ The Marketing Committee ceased to operate from June 2016

⁴ The Insurance Committee ceased to operate from August 2015

TABLE 2: TRUSTEE DIRECTORS FOR YEAR ENDED 30 JUNE 2015 AND 30 JUNE 2016

		Short-term benefits				Post-employment benefits		Long term benefits	Total ⁵	
		cash salary, fees and short-term compensated absences	short term cash profit-sharing and other bonuses	non-monetary benefits	other short-term employee benefits	pension and superannuation benefits	other post-employment benefits	other long term employee benefits		Fees paid to
Year										
Current Directors										
K. Marshman Independent Chairman	2016	173,364	-	-	-	16,469	-	-	189,833	Director
	2015	143,988	-	-	-	13,679	-	-	157,667	Director
I. Blandthorn	2016	70,815	-	-	-	6,727	-	-	77,542	SDA
	2015	46,499	-	-	-	4,417	-	-	50,916	SDA
J. de Bruyn ⁶	2016	147,298	-	-	-	13,993	-	-	161,291	Director
	2015	137,291	-	-	-	13,043	-	-	150,334	SDA / Director
S-A. Burnley	2016	50,609	-	-	-	4,808	-	-	55,417	SDA
	2015	32,344	-	-	-	3,073	-	-	35,417	SDA

⁵ Changes in Directors annual remuneration are a consequence of changes in the membership of Committees

⁶ From 1 November 2014, Director fees are paid to Mr de Bruyn rather than the SDA.

		Short-term benefits				Post-employment benefits		Long term benefits	Total ⁵	Fees paid to
	Year	cash salary, fees and short-term compensated absences	short term cash profit-sharing and other bonuses	non-monetary benefits	other short-term employee benefits	pension and superannuation benefits	other post-employment benefits	other long term employee benefits		
J. Edstein ⁷	2016	80,746	-	-	-	7,671	-	-	88,417	Director
	2015	31,666	-	-	-	3,036	-	-	34,702	Director
R. Jeffs	2016	125,723	-	-	-	11,944	-	-	137,667	Director
	2015	135,008	-	-	-	12,826	-	-	147,834	Director
S. Priestley	2016	93,303	-	-	-	8,864	-	-	102,167	Director
	2015	50,609	-	-	-	4,808	-	-	55,417	Director
D. Shaw	2016	79,681	-	-	-	7,570	-	-	87,251	Director
	2015	102,664	-	-	-	9,753	-	-	112,417	Director
G. Williams	2016	101,598	-	-	-	9,652	-	-	111,250	Director
	2015	104,110	-	-	-	9,890	-	-	114,000	Director
Total	2016	923,137	-	-	-	87,698	-	-	1,010,835	
	2015	784,179	-	-	-	74,525	-	-	858,704	

Notes

No termination benefits were paid to any Director

No payments were made to any Director for agreeing to hold the position

SDA: Shop, Distributive and Allied Employees' Association

⁷ During the year an amount of \$96,250 including GST (2015 \$215,765) was paid to J. Edstein under a contract with the RSE for legal consulting services whilst he was a director of the RSE. The compensation was determined on standard commercial terms with fees based on an hourly rate. The contract ended on 31 December 2015. From 1 January 2016, an amount of \$93,324 was paid to Carroll & O'Dea Lawyers and attributable to legal services provided by Carroll & O'Dea through J. Edstein. Not all of that amount was paid by Carroll & O'Dea to J. Edstein. The contract with Carroll & O'Dea ended on 30 June 2016

5.2 CEO

Remuneration for the CEO in 2015/16 is detailed in Table 3. This includes both fixed remuneration and short term incentives in relation to the financial year to which the performance relates.

Short term Incentive (STI). The CEO has a maximum STI entitlement which fully vests in the financial year and is based on a proportion of the CEO's fixed remuneration. The actual amount payable can increase or decrease dependent upon his performance as CEO and the performance of the organisation as a whole, measured against specific KPI based objectives. The Board approved the balanced scorecard objectives for the Financial Year and assessed his performance against these objectives at the end of the year and determined if an STI payment would be made. Any STI objective not met results in that proportion being forfeited due to not fully meeting performance criteria.

5.3 Executive Management Team

Statutory remuneration provided to Executives in the 2015/16 Financial Year is detailed in Table 3. Where relevant this includes the short term incentives payable in relation to the financial year to which the performance relates.

Short term Incentive (STI). The STI opportunity fully vests in the financial year and is based on a proportion of the Executive's fixed remuneration. The actual amount payable can increase or decrease dependent upon personal performance and the performance of the organisation as a whole. The Board / CEO approved the balanced scorecard objectives for the Financial Year and assessed their performance against these objectives at the end of the year and determined if an STI payment would be made.

5.4 Other Executives

John Nolan is engaged by REST as an independent non-voting member of the Investment Committee. In this role he is deemed to be an Executive Officer of REST. He also provides consulting services to the Fund. He is entitled to fees for his role and out of pocket expenses, but is not entitled to any STI. His remuneration for his role as an Executive Officer is detailed in Table 3.

TABLE 3: CEO, EXECUTIVE MANAGEMENT TEAM AND OTHER EXECUTIVES REMUNERATION FOR 2014/15 AND 2015/16

		Short-term benefits				Post-employment benefits		Long term benefits	Total
Key Date	Year	Cash salary, fees and short-term compensated absences ⁸	Short term cash profit-sharing and other bonuses ⁹	Non-monetary benefits ¹⁰	Other short-term employee benefits ¹¹	Pension and superannuation benefits	Other post-employment benefits	Other long term employee benefits ¹²	
Current Executives									
D. Hill	2016	479,802	99,228	35,230	-23,084	29,856	0	17,157	644,445
Chief Executive Officer	2015	467,586	94,795	34,840	4,073	28,713	0	23,180	653,187
M. Atley	2016	222,878	31,000	0	3,857	21,169	0	6,777	285,681
General Manager Brand, Marketing & Communications	2015	208,005	31,084	0	-4,951	19,759	0	4,465	258,362
P. Budge	2016	208,430	25,300	0	15,538	19,796	0	1,096	270,160
Chief Risk Officer	2015*	12,926	0	0	-6,711	1,232	0	44	7,491

⁸ Includes any salary sacrifice superannuation items.

⁹ Includes the short term incentives (STI) payable in relation to the financial year to which the performance relates

¹⁰ Non-monetary benefits include motor vehicle and parking benefits and any associated fringe benefits tax

¹¹ Other short term employee benefits include the movement in annual leave accrual values for the financial year

¹² Other long term employee benefits comprises long service leave accrual determined in accordance with AASB 119 Employee Benefits

		Short-term benefits				Post-employment benefits		Long term benefits	Total
Key Date	Year	Cash salary, fees and short-term compensated absences ⁸	Short term cash profit-sharing and other bonuses ⁹	Non-monetary benefits ¹⁰	Other short-term employee benefits ¹¹	Pension and superannuation benefits	Other post-employment benefits	Other long term employee benefits ¹²	
S. Coleman General Manager Information Systems	2016	245,012	27,423	0	-387	23,271	0	2,794	298,114
	2015	234,689	40,832	0	7,863	22,293	0	1,470	307,147
T. Evans General Manager People & Culture	2016	203,151	25,607	0	-3,172	19,296	0	1,487	246,369
	2015*	174,277	29,459	0	6,366	16,559	0	434	227,095
A. Howard Chief Operating Officer	2016	368,809	68,377	10,790	-7,249	30,267	0	2,089	473,082
	2015*	78,901	16,000	0	6,212	6,656	0	201	107,971
P. Howard General Counsel & Company Secretary	2016	265,716	38,010	0	7,558	25,238	0	9,098	345,620
	2015	256,872	45,110	0	10,769	24,400	0	5,536	342,687
J. Nolan ¹³ Investment Consultant	2016	35,469	0	0	0	3,281	0	0	38,750
	2015	32,037	0	0	0	2,963	0	0	35,000

¹³ J. Nolan received total remuneration of \$160,000. The table above discloses the amount allocated relating to his Executive Officer role for being a non-voting member of the Investment Committee. The remaining amount of \$121,250 incl. super (2015 \$122,500 incl. super) relates to consulting services to the Fund.

			Short-term benefits				Post-employment benefits		Long term benefits	Total
	Key Date	Year	Cash salary, fees and short-term compensated absences ⁸	Short term cash profit-sharing and other bonuses ⁹	Non-monetary benefits ¹⁰	Other short-term employee benefits ¹¹	Pension and superannuation benefits	Other post-employment benefits	Other long term employee benefits ¹²	
E. Parkin General Manager Customer Service	Appointed 2 November 2015	2016*	152,792	22,945	0	1,466	14,515	0	377	192,095
		2015	NA	NA	NA	NA	NA	NA	NA	NA
C. Stevens Chief Financial Officer		2016	282,733	38,097	0	-4,386	26,854	0	12,250	355,548
		2015	276,132	48,946	0	1,117	26,230	0	10,496	362,920
Past Executives										
A. Boland ¹⁴ General Manager Strategic Relations	Resigned 11 April 2016	2016	284,314	0	8,488	-23,566	24,808	0	-17,729	276,315
		2015	279,850	58,987	13,780	-927	27,861	0	6,685	386,236
P. Sayer Chief Operating Officer	Resigned 25 October 2014	2016	NA	NA	NA	NA	NA	NA	NA	NA
		2015	162,211	0	0	-51,609	6,804	0	-48,773	68,632
J. Townsend General Manager Investments	Resigned 10 April 2015	2016	NA	NA	NA	NA	NA	NA	NA	NA
		2015	205,744	0	0	-7,296	18,836	0	-26,095	191,190

¹⁴ A. Boland received a termination payment of \$160,791 in addition to the amount disclosed above

			Short-term benefits				Post-employment benefits		Long term benefits	Total
	Key Date	Year	Cash salary, fees and short-term compensated absences ⁸	Short term cash profit-sharing and other bonuses ⁹	Non-monetary benefits ¹⁰	Other short-term employee benefits ¹¹	Pension and superannuation benefits	Other post-employment benefits	Other long term employee benefits ¹²	
R. Walsh General Manager Investments	Resigned 25 May 2016	2016*	168,149	0	0	0	15,125	0	0	183,274
		2015	NA	NA	NA	NA	NA	NA	NA	NA
Total		2016	2,917,256	375,987	54,508	-33,425	253,476	0	35,396	3,609,454
		2015	2,389,230	365,213	48,620	-35,094	202,306	0	-22,357	2,947,918

Notes

* The remuneration is from the date of appointment. STI has also been awarded on a pro-rata basis.

No payments were made to any Executive for agreeing to hold the position.

No contracts for other services provided by Executives to the RSE were made during the year.