

14 October 2022

██████████
General Manager, Policy
Policy & Advice Division
Australian Prudential Regulation Authority

Via email: policydevelopment@apra.gov.au

Dear ██████████

Discussion Paper on CPS 511 Remuneration disclosure and reporting requirements

COBA welcomes the opportunity to comment on APRA's CPS 511 Remuneration disclosure and reporting requirements Discussion Paper.

COBA is the industry association for Australia's customer owned banking institutions (mutual banks, credit unions and building societies). As customer-owned banks, our members are not ASX-listed companies and given the absence of investors they are subject to fewer disclosure requirements compared to their much larger ASX-listed peer banks. Collectively, our sector has over \$150 billion in assets and 5 million customers.

Staged and measured approach to APRA's remuneration disclosure publication

COBA welcomes APRA proportional approach to remuneration disclosures. ADIs are currently subject to APS 330 disclosure requirements which are similar to these quantitative requirements. We acknowledge that, to reduce burden on ADIs, APRA intends to publish quantitative remuneration data on behalf of these ADIs.

However, COBA has concerns about how APRA intends to publish key quantitative remuneration information through its annual publication that will cover all APRA-regulated entities. APRA's Discussion Paper includes two pages outlining this proposal.

COBA would welcome the opportunity to understand what this publication looks like in practice as APRA develops this publication to ensure that it does not create any unintended consequences, particularly with the disclosure of individuals' data.

COBA members are not ASX-listed entities so detailed individual remuneration disclosure will be a new experience for ADIs and staff covered by these requirements, such as Chief Executive Officers (CEOs). Our sector was not the impetus for the 'profit before people' finding of the Banking Royal Commission. COBA notes APRA is still receiving this individual level data from all entities for supervisory purposes via the CRS 511 reporting form. APRA's Discussion Paper (page 5) notes the value of this data for supervision stating that "Having access to data on key aspects of remuneration addresses a gap highlighted by the Royal Commission".

We consider that this proposed disclosure may be quite a step for industry and APRA without understanding the full content of disclosures and the quality and comparability of reported data. APRA itself notes in its Discussion Paper (page 12) that the disclosure of CEO and senior key risk and financial control personnel (RFCP) remuneration outcomes is not done by other international peers such as the Prudential Regulation Authority, European Banking Authority, Basel Committee for

Suite 403, Level 4, 151 Castlereagh Street,
Sydney NSW 2000

Suite 4C, 16 National Circuit,
Barton ACT 2600

Customerownedbanking.asn.au

Banking Supervision and Financial Stability Board. Given these international views, APRA must take a staged approach to this detailed disclosure publication. Alongside individual CEO disclosure, we note some concern about the potential for senior RFCP to be disclosed, or easily identifiable, given the smaller organisation size (i.e. a limited number of RFCP reporting to senior managers). COBA notes that these issues may be able to be addressed via cohort disclosure (i.e. all relevant senior executives, including the CEO).

If you wish to discuss this submission, please contact [REDACTED] ([REDACTED]).

Yours sincerely

[REDACTED]

[REDACTED]
Chief Executive Officer