

Board Performance

Sample Credit Union

July 2008



1. Introduction

Corporate Governance is about the way your organisation is directed and governed. Corporate governance is inclusive with the controls, policies and practices that directly impact on your organisation's structure, performance, stewardship and its capacity to be accountable to its various stakeholders. This Board Performance Assessment report is a key contributor to good corporate governance as it provides feedback from the organisation's Directors on their perceptions of how the Board is currently performing its Board role and responsibilities.

The criteria in the Board Performance Assessment include key compliance requirements contained in APS 510 and APS 520.

2. Contents

Section

- 1 INTRODUCTION
- 2 CONTENTS
- 3 DIRECTORS RESPONDING TO SURVEY
- 4 EXECUTIVE SUMMARY
- 5 RADAR GRAPHS OF SURVEY RESULTS
Displaying the average score for each of the Performance Criteria rated by Directors
- 6 PERFORMANCE CATEGORIES – SUMMARY
Ranked Board performance Categories
- 7 PERFORMANCE – DETAIL
Detailed Performance Criteria in Categories
- 8 COMMENTS FROM DIRECTORS ON CRITERIA
- 9 APPENDIX: COMPLETE QUESTIONNAIRE

3. Directors responding to survey

7/7 Respondents completed questionnaires:

Brigid Archibald
Linden Evans
Colin Froud
Darren Gossling
Gordon Howard
Raad Richards
Margaret Young

4. EXECUTIVE SUMMARY

The following is a snapshot of the Board's performance and shows the 20 highest and 20 lowest scores.

Scale: 1=Not achieved 2=Very little achieved 3=Some/being achieved 4=Mostly achieved 5=Fully achieved 6=Excels.

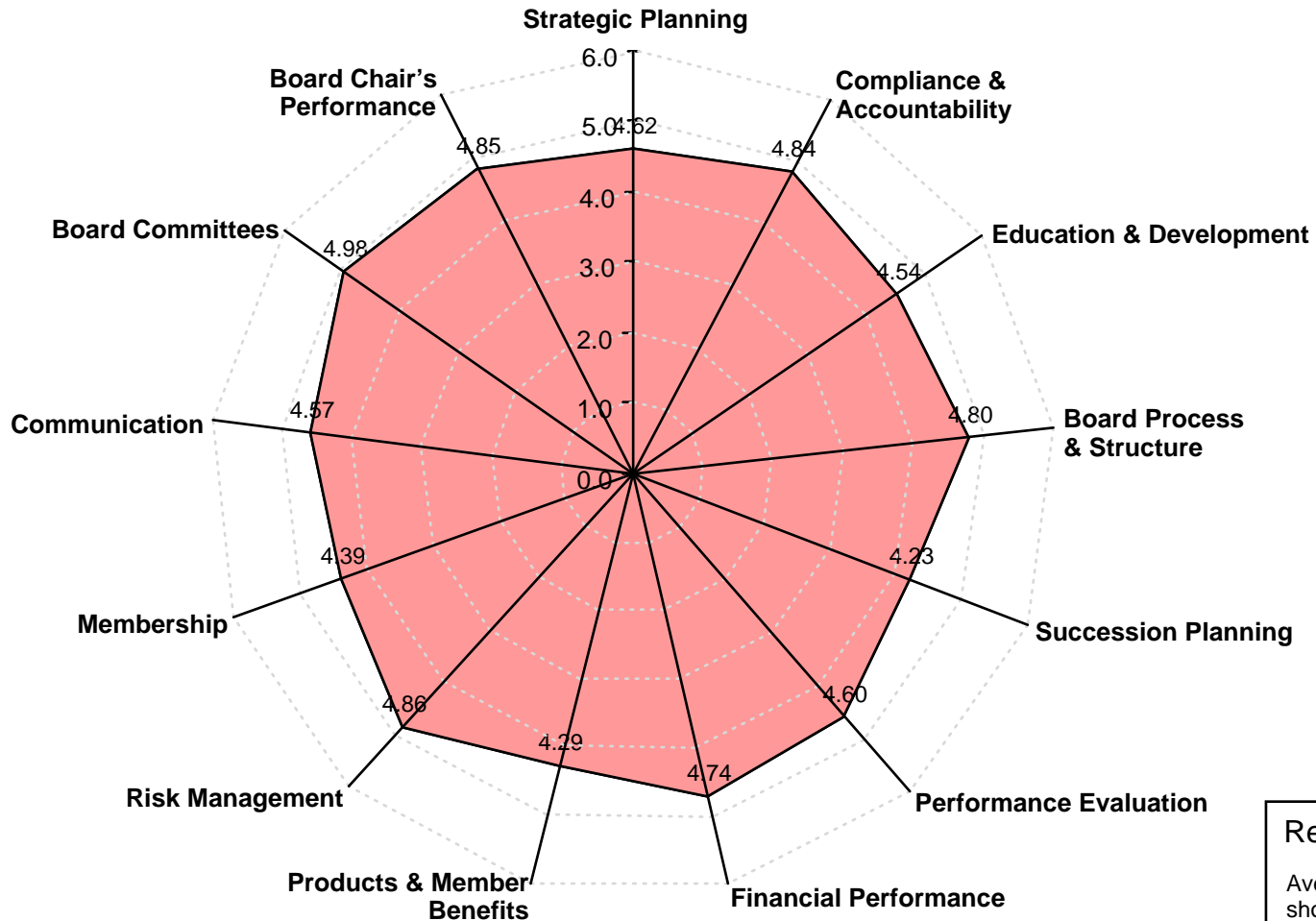
4a. PERFORMANCE CRITERIA - HIGH SCORES

	average score
4.14 All directors display confidentiality, integrity & honesty	5.14
4.15 All executive/senior managers display confidentiality, integrity & honesty regarding all Board and CU matters	5.14
1.11 Plan is being referred to at Board meetings for decision making	5.00
2.4 All employer legislation being met	5.00
2.7 Any conflict of interest is disclosed as appropriate re: Corporations Law	5.00
4.2 The required number of directors are independent	5.00
4.7 Positive and professional Board-management relations	5.00
4.9 Membership has full access to the election process	5.00
4.12 Annual Fit and Proper assessment done for each 'responsible person position'	5.00
6.1 Have a current director role & responsibilities description	5.00
6.3 Have a current Chairperson role & responsibilities description	5.00
6.4 Have a role description for all Committees	5.00
7.3 Monthly budget/financial reporting was reviewed by the board	5.00
7.4 Agreed KPIs and budget was used for CEO assessment	5.00
9.2 All Board approved insurance arrangements are adequate and current	5.00
9.4 The external auditor is independent and reports directly to the Board	5.00
9.5 The internal control systems are regularly monitored by both the CEO and the Board	5.00
12.1 Delegate the various powers, duties and responsibilities of the Board set out in the Board Charter, to one or	5.00
12.2 All Board committees have a Charter approved by the Board setting out the composition, duties and responsibilities	5.00
12.3 Minutes of the proceedings of all meetings of Board committees are maintained	5.00

4b. PERFORMANCE CRITERIA - LOW SCORES

	average score
10.3 Regular and consistent member communication and reporting is effective	4.43
10.5 Board has a confident understanding of and assessment of the member needs & attitudes	4.43
11.2 All directors active in representing CU at industry, CU and/or business forums	4.43
3.2 Minimum training & professional development, as per policy/rules achieved by all directors	4.29
3.3 Management development policy and program is being implemented	4.29
4.3 Full attendance by directors at scheduled meetings is achieved	4.29
4.11 Timely action has been undertaken on all agreed issues	4.29
5.2 The Board has the capacity for the CEO to be absent for up to 3-6 months without a major stress on the CU	4.29
6.9 Input & participation by all directors in the performance assessment of the CEO	4.29
10.2 Composition of membership is commercially viable (re: balance of transaction members, lenders and depositors)	4.29
10.4 Board has a current and detailed understanding of the member profile	4.29
8.2 Target product level per member is being achieved	4.14
8.3 Relationship balance as identified in the business plan is being achieved	4.14
1.4 External stakeholder (independent) input sought	4.00
7.1 All financial goals in the previous financial year's budget/financial plan were achieved	4.00
8.1 Member service satisfaction greater than the KPI set using a range of sampling techniques	4.00
5.3 The Board has the capacity for senior management and specialist staff to be replaced internally	3.86
6.8 Participation by all directors in the appointment of CEO	3.71
1.13 All goals and strategies are being achieved on or prior to due dates	3.57
5.1 The Board has a renewal policy with options available to fill a director casual vacancy should it arise	3.57

Note: with a cut-off of 20, it is possible that some items with similar scores may not appear on the lists.



Reading the Graph
Average scores are shown for each of the Performance Criteria as rated by Directors

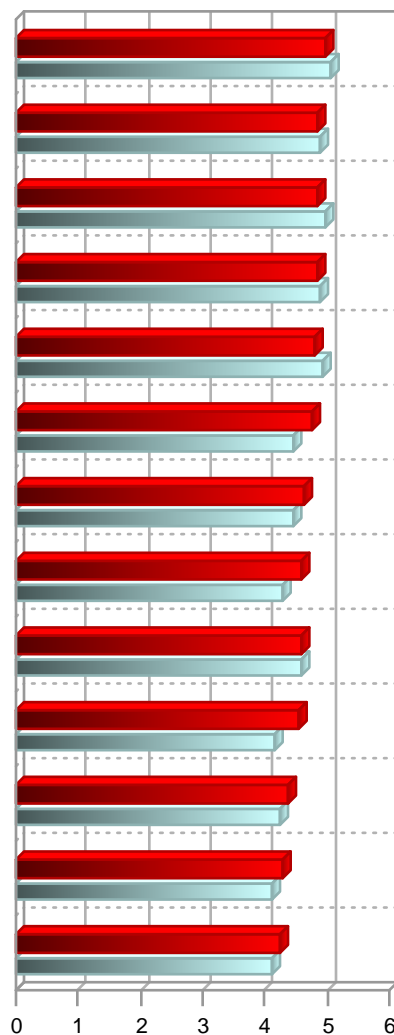
Scale: 1=Not achieved 2=Very little achieved 3=Some/being achieved 4=Mostly achieved 5=Fully achieved 6=Excels

(If there is insufficient data, the graph will plot at centre).

6. CATEGORIES - SUMMARY

Prioritised Board Performance Categories

Rank	Performance Category	Current 2008	Previous 2007
1	12. Board Committees	4.98	5.05
2	9. Risk Management	4.86	4.87
3	13. Board Chair's Performance	4.85	4.99
4	2. Compliance & Accountability	4.84	4.88
5	4. Board Process & Structure	4.80	4.91
6	7. Financial Performance	4.74	4.46
7	1. Strategic Planning	4.62	4.46
8	6. Performance Evaluation	4.60	4.29
9	11. Communication	4.57	4.57
10	3. Education & Development	4.54	4.14
11	10. Membership	4.39	4.23
12	8. Products & Member Benefits	4.29	4.12
13	5. Succession Planning	4.23	4.10



Scale: 1=Not achieved 2=Very little achieved 3=Some/being achieved 4=Mostly achieved 5=Fully achieved 6=Excels

7. PERFORMANCE CRITERIA - DETAIL

CATEGORY 1. STRATEGIC PLANNING

Strategic Planning includes values, processes, internal and external input.

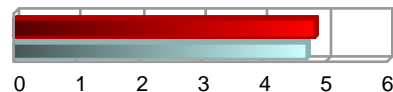
(a) Development

1.1 An annual planning process is implemented

Current 2008: 4 5 5 5 5 5 5

Current 2008: 4.86

Previous 2007: 4.71

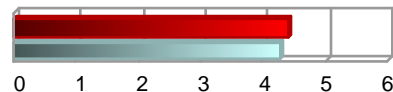


1.2 Vision/Mission is being achieved

Current 2008: 4 4 4 4 5 5 5

Current 2008: 4.43

Previous 2007: 4.29

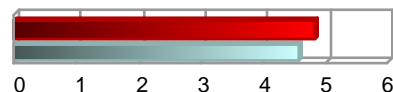


1.3 Values are determined & reflected in planning

Current 2008: 4 5 5 5 5 5 5

Current 2008: 4.86

Previous 2007: 4.57

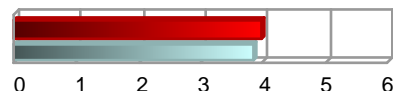


1.4 External stakeholder (independent) input sought

Current 2008: 2 3 4 5 5 5

Current 2008: 4.00

Previous 2007: 3.86

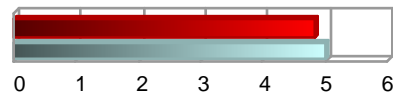


1.5 There is active director input in the planning process

Current 2008: 4 5 5 5 5 5 5

Current 2008: 4.86

Previous 2007: 5.00

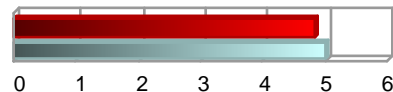


1.6 There is active management input in the planning process

Current 2008: 4 5 5 5 5 5 5

Current 2008: 4.86

Previous 2007: 5.00



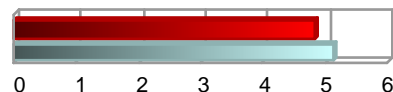
(b) Implementation

1.7 Ongoing strategic KPI's and progress reports used

Current 2008: 4 5 5 5 5 5 5

Current 2008: 4.86

Previous 2007: 5.14

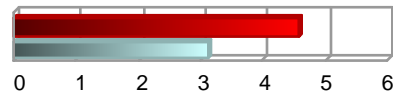


1.8 Plan is used for Board performance review

Current 2008: 3 4 5 5 5 5 5

Current 2008: 4.57

Previous 2007: 3.14

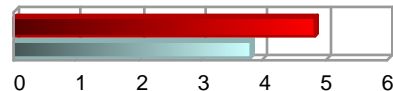


1.9 Strategic Plan is used for senior management performance reviews

Current 2008: 4 5 5 5 5 5 5

Current 2008: 4.86

Previous 2007: 3.83

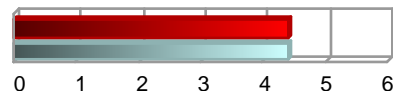


1.10 Features of the plan are communicated to key stakeholders (staff and members)

Current 2008: 3 4 4 5 5 5 5

Current 2008: 4.43

Previous 2007: 4.43



Scale: 1=Not achieved 2=Very little achieved 3=Some/being achieved 4=Mostly achieved 5=Fully achieved 6=Excels

7. PERFORMANCE CRITERIA - DETAIL

CATEGORY 1. STRATEGIC PLANNING (cont.)

Strategic Planning includes values, processes, internal and external input.

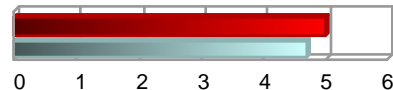
(b) Implementation (cont.)

1.11 **Plan is being referred to at Board meetings for decision making**

Current 2008: 5 5 5 5 5 5 5

Current 2008: **5.00**

Previous 2007: **4.71**

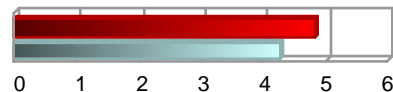


1.12 **Plan is being used by management to prepare business plan and budget**

Current 2008: 4 5 5 5 5 5 5

Current 2008: **4.86**

Previous 2007: **4.29**

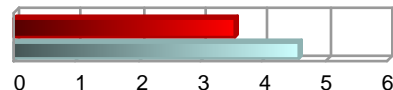


1.13 **All goals and strategies are being achieved on or prior to due dates**

Current 2008: 3 3 3 4 4 4 4

Current 2008: **3.57**

Previous 2007: **4.57**

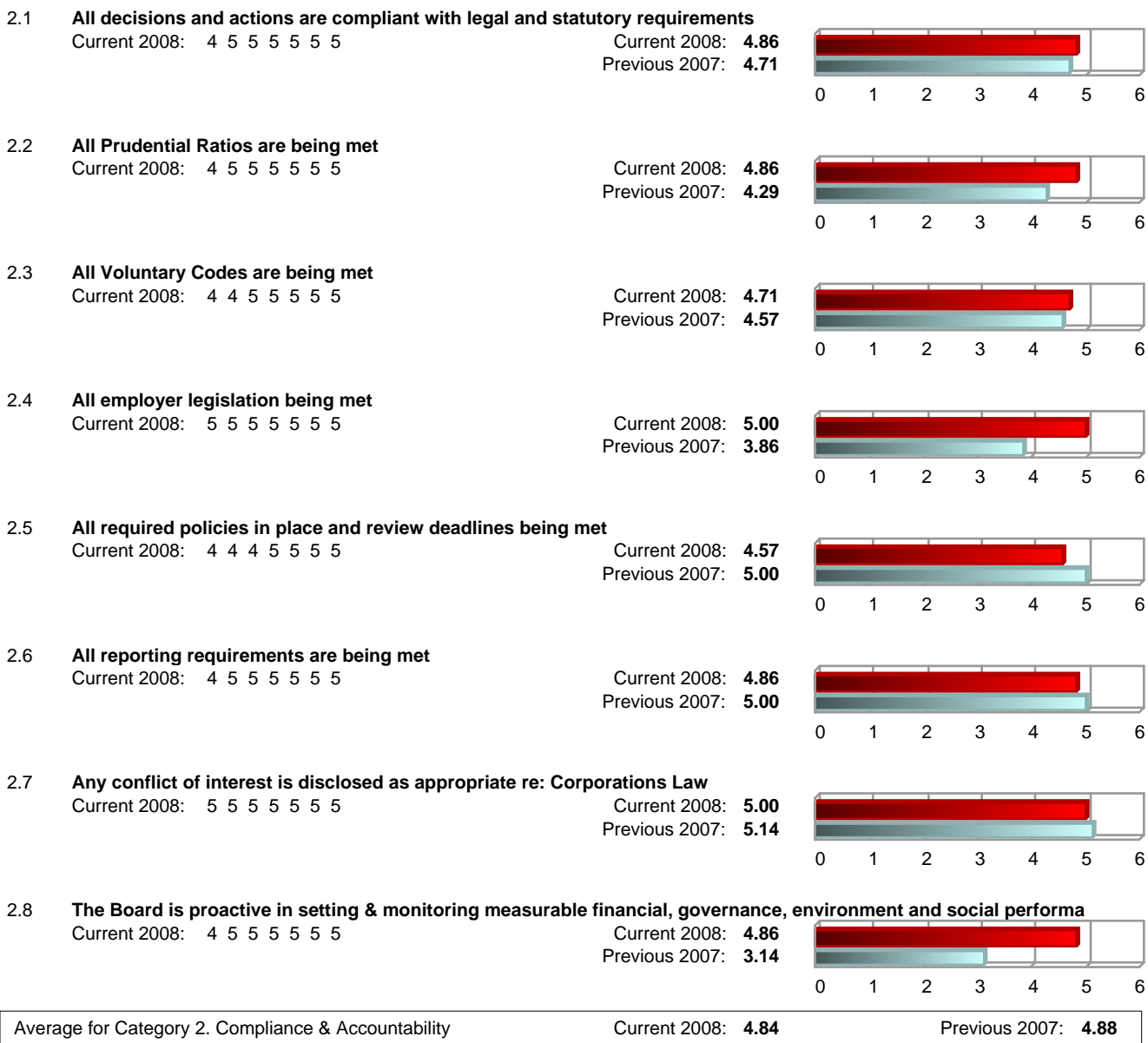


Average for Category 1. Strategic Planning	Current 2008: 4.62	Previous 2007: 4.46
--	---------------------------	----------------------------

7. PERFORMANCE CRITERIA - DETAIL

CATEGORY 2. COMPLIANCE & ACCOUNTABILITY

Compliance and accountability includes employer legislation, industry codes, policy setting, reporting & Corporations Law.

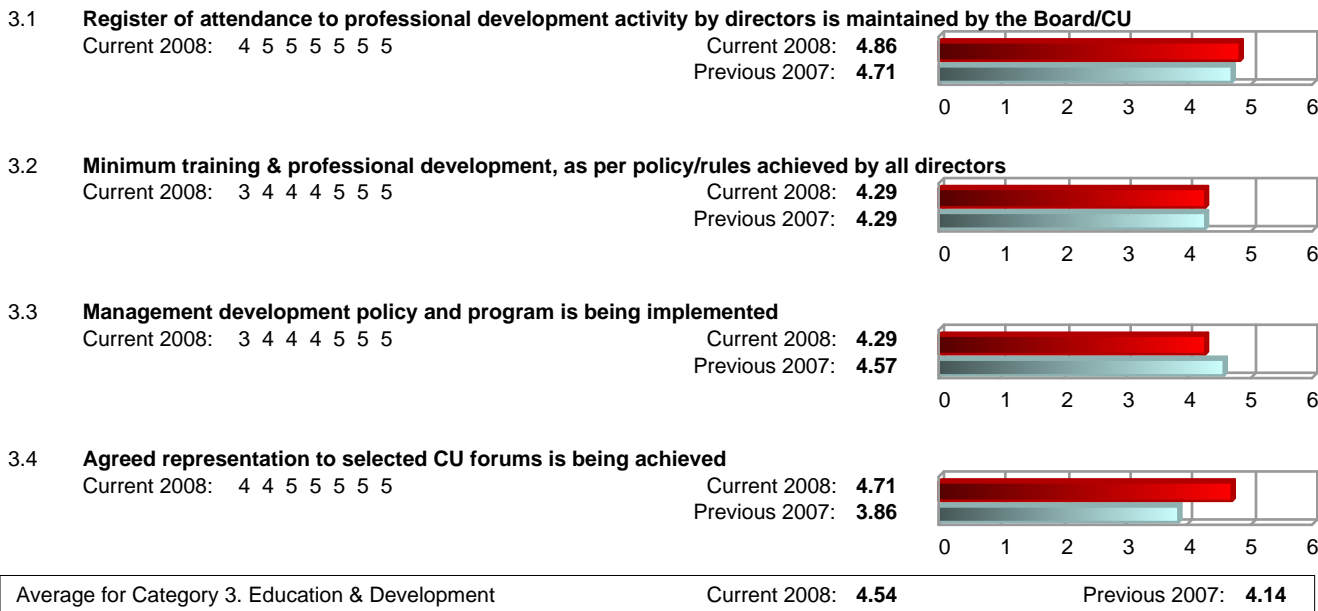


Scale: 1=Not achieved 2=Very little achieved 3=Some/being achieved 4=Mostly achieved 5=Fully achieved 6=Excels

7. PERFORMANCE CRITERIA - DETAIL

CATEGORY 3. EDUCATION & DEVELOPMENT

Education and Development includes professional training and other development activities undertaken.

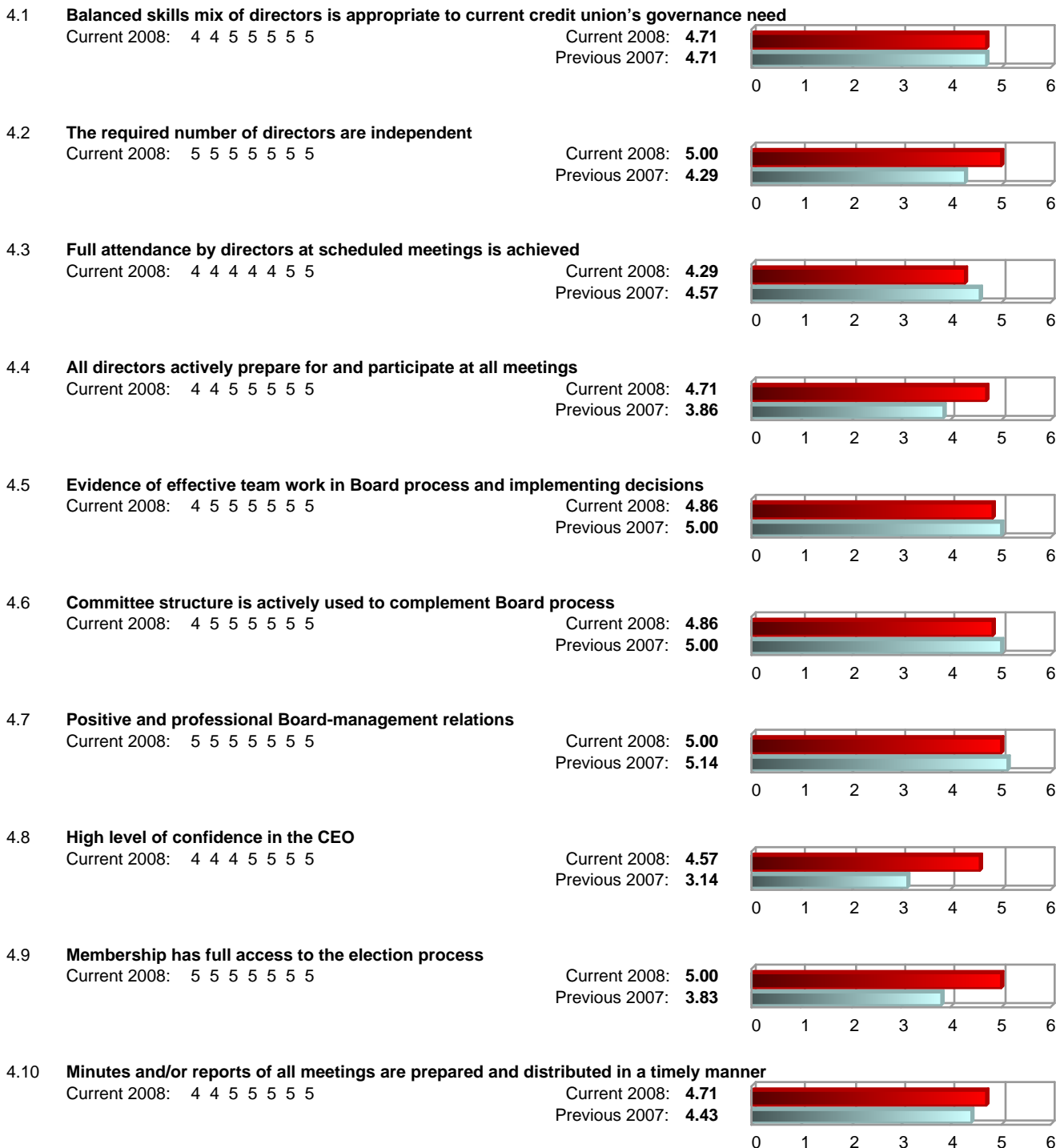


Scale: 1=Not achieved 2=Very little achieved 3=Some/being achieved 4=Mostly achieved 5=Fully achieved 6=Excels

7. PERFORMANCE CRITERIA - DETAIL

CATEGORY 4. BOARD PROCESS & STRUCTURE

Board process and structure includes Board structure, Board process and Director behaviour, teamwork, knowledge and decision making.

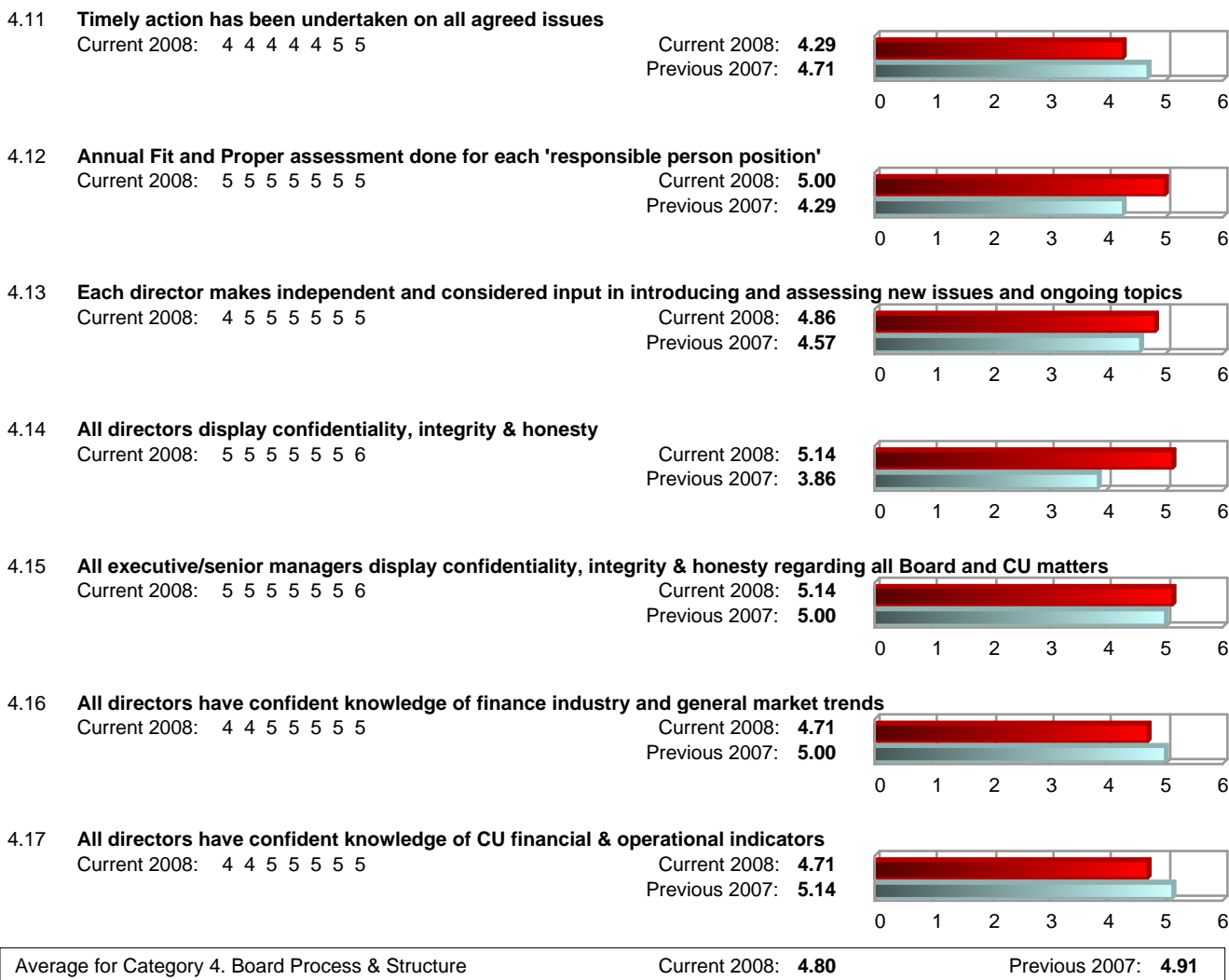


Scale: 1=Not achieved 2=Very little achieved 3=Some/being achieved 4=Mostly achieved 5=Fully achieved 6=Excels

7. PERFORMANCE CRITERIA - DETAIL

CATEGORY 4. BOARD PROCESS & STRUCTURE (cont.)

Board process and structure includes Board structure, Board process and Director behaviour, teamwork, knowledge and decision making.

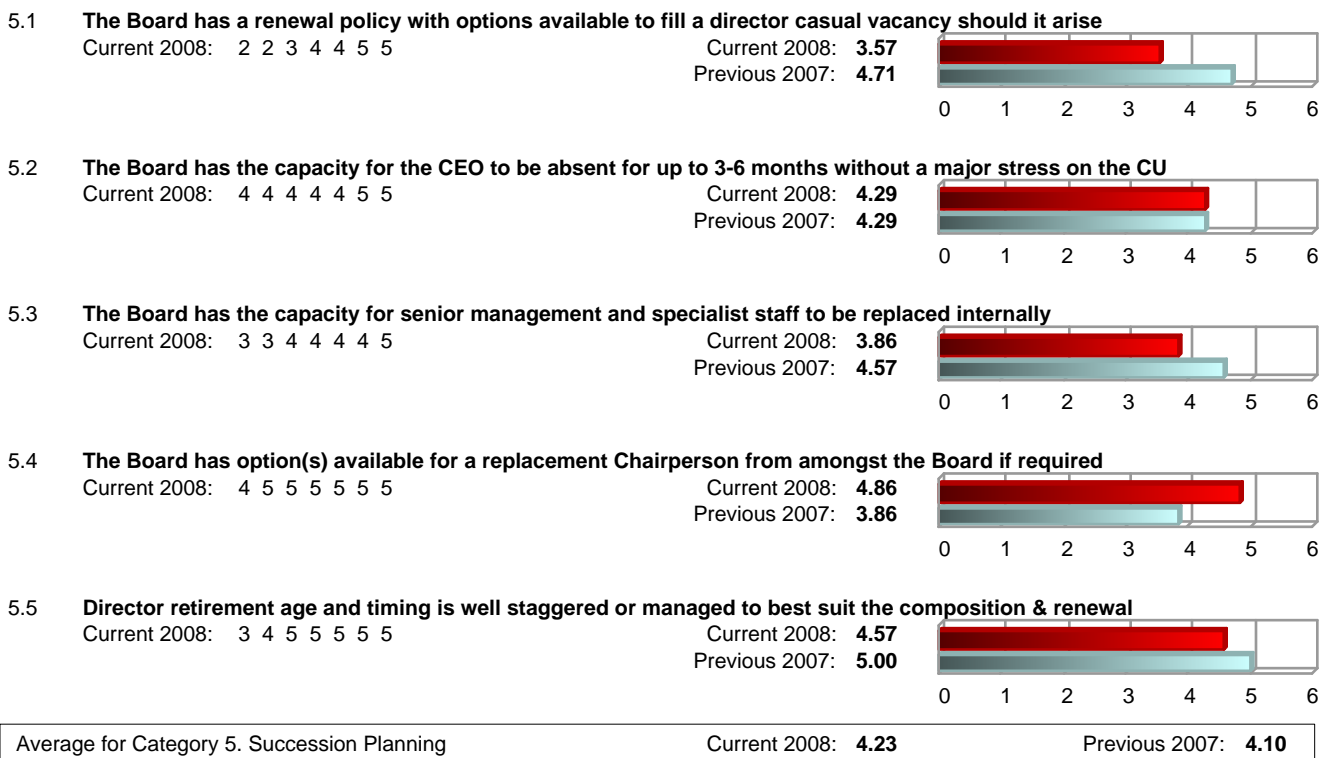


Scale: 1=Not achieved 2=Very little achieved 3=Some/being achieved 4=Mostly achieved 5=Fully achieved 6=Excels

7. PERFORMANCE CRITERIA - DETAIL

CATEGORY 5. SUCCESSION PLANNING

Succession Planning includes current and future planning and capacities for Director and Board structure.

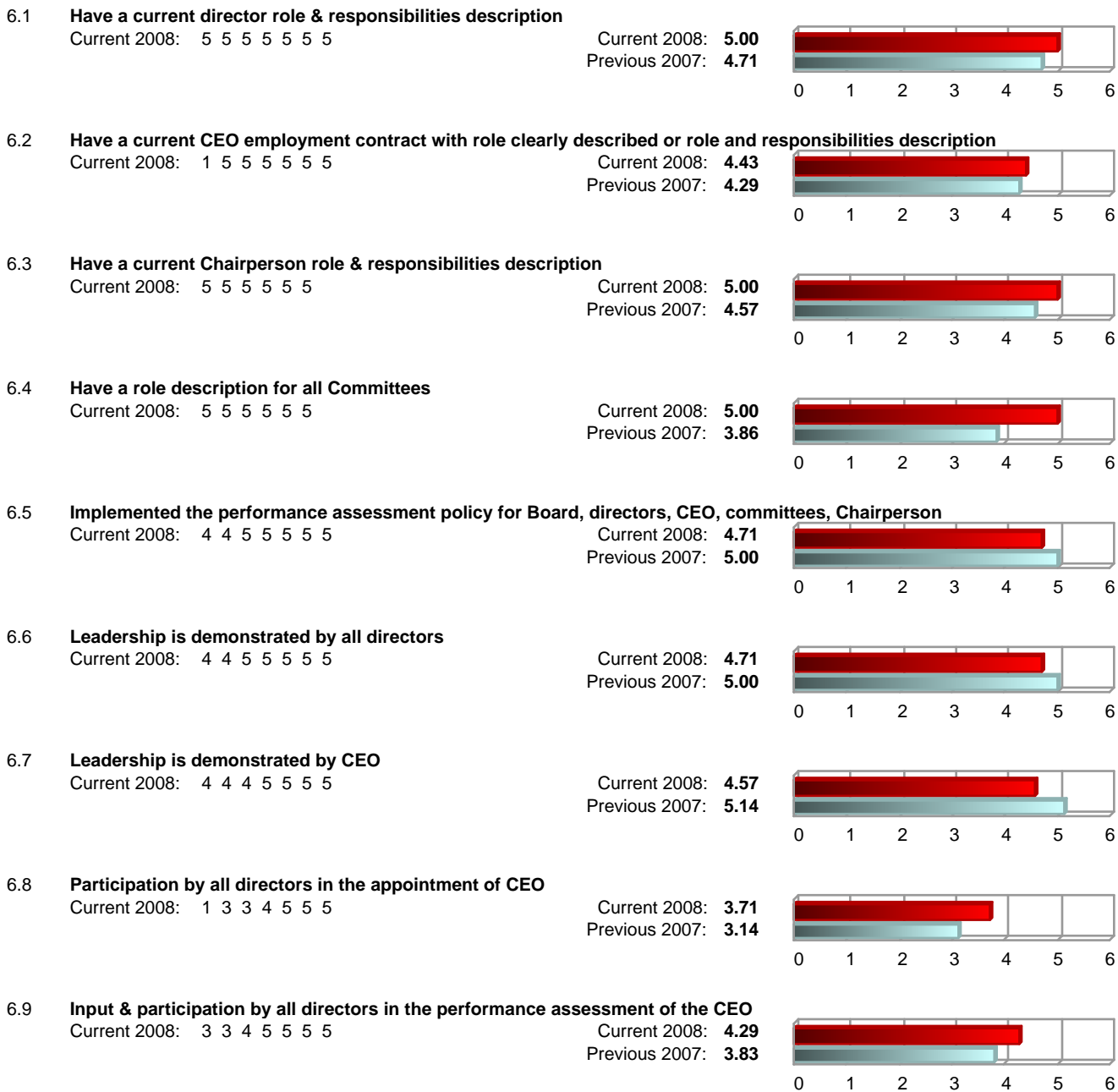


Scale: 1=Not achieved 2=Very little achieved 3=Some/being achieved 4=Mostly achieved 5=Fully achieved 6=Excels

7. PERFORMANCE CRITERIA - DETAIL

CATEGORY 6. PERFORMANCE EVALUATION

Performance evaluation includes roles and responsibilities, accountability and competence of the Board as a whole.



Average for Category 6. Performance Evaluation	Current 2008: 4.60	Previous 2007: 4.29
--	---------------------------	----------------------------

Scale: 1=Not achieved 2=Very little achieved 3=Some/being achieved 4=Mostly achieved 5=Fully achieved 6=Excels

7. PERFORMANCE CRITERIA - DETAIL

CATEGORY 7. FINANCIAL PERFORMANCE

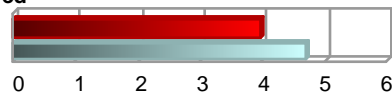
Financial performance includes assessment, targets and goals.

7.1 All financial goals in the previous financial year's budget/financial plan were achieved

Current 2008: 3 4 4 4 4 4 5

Current 2008: **4.00**

Previous 2007: **4.71**

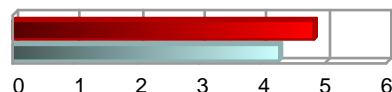


7.2 Half-yearly review and assessment for the current financial year was undertaken

Current 2008: 4 5 5 5 5 5 5

Current 2008: **4.86**

Previous 2007: **4.29**

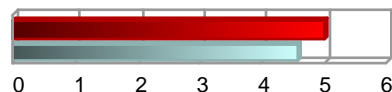


7.3 Monthly budget/financial reporting was reviewed by the board

Current 2008: 5 5 5 5 5 5 5

Current 2008: **5.00**

Previous 2007: **4.57**

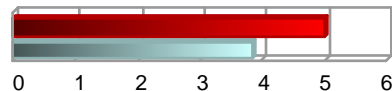


7.4 Agreed KPIs and budget was used for CEO assessment

Current 2008: 5 5 5 5 5 5 5

Current 2008: **5.00**

Previous 2007: **3.86**

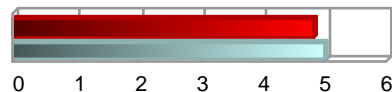


7.5 Financial/Budget performance reported to members and stakeholders

Current 2008: 4 5 5 5 5 5 5

Current 2008: **4.86**

Previous 2007: **5.00**



Average for Category 7. Financial Performance	Current 2008: 4.74	Previous 2007: 4.46
---	---------------------------	----------------------------

7. PERFORMANCE CRITERIA - DETAIL

CATEGORY 8. PRODUCTS & MEMBER BENEFITS

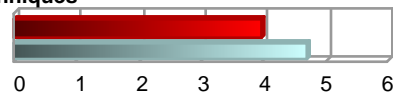
Products and Member benefits includes services, product awareness, pricing and member satisfaction.

8.1 Member service satisfaction greater than the KPI set using a range of sampling techniques

Current 2008: 3 3 4 5 5

Current 2008: **4.00**

Previous 2007: **4.71**

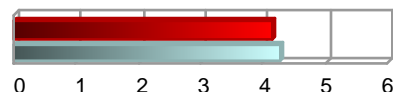


8.2 Target product level per member is being achieved

Current 2008: 3 4 4 4 4 5 5

Current 2008: **4.14**

Previous 2007: **4.29**

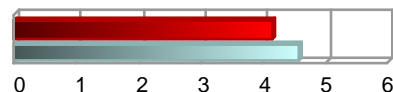


8.3 Relationship balance as identified in the business plan is being achieved

Current 2008: 3 4 4 4 4 5 5

Current 2008: **4.14**

Previous 2007: **4.57**

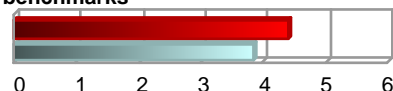


8.4 Agreed/selected products are priced and/or featured better than agreed competitor benchmarks

Current 2008: 4 4 4 4 5 5 5

Current 2008: **4.43**

Previous 2007: **3.86**

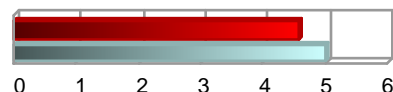


8.5 Awareness of all the credit union products by directors

Current 2008: 4 4 4 5 5 5 5

Current 2008: **4.57**

Previous 2007: **5.00**

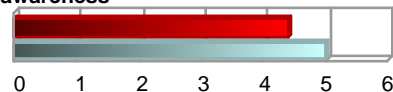


8.6 Directors maximising their use of the credit union as a means of product & service awareness

Current 2008: 4 4 4 4 5 5 5

Current 2008: **4.43**

Previous 2007: **5.00**



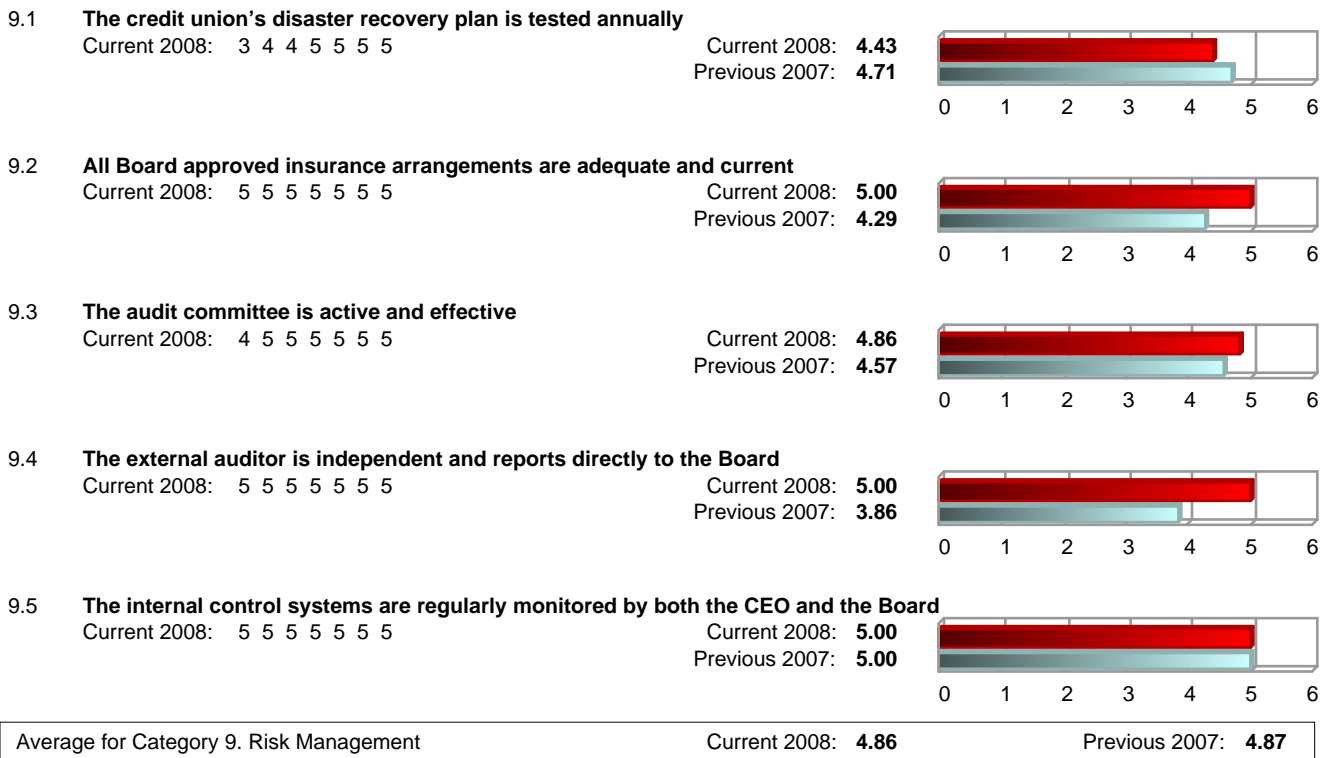
Average for Category 8. Products & Member Benefits	Current 2008: 4.29	Previous 2007: 4.12
--	---------------------------	----------------------------

Scale: 1=Not achieved 2=Very little achieved 3=Some/being achieved 4=Mostly achieved 5=Fully achieved 6=Excels

7. PERFORMANCE CRITERIA - DETAIL

CATEGORY 9. RISK MANAGEMENT

Risk Management includes the operational and environmental processes and controls.

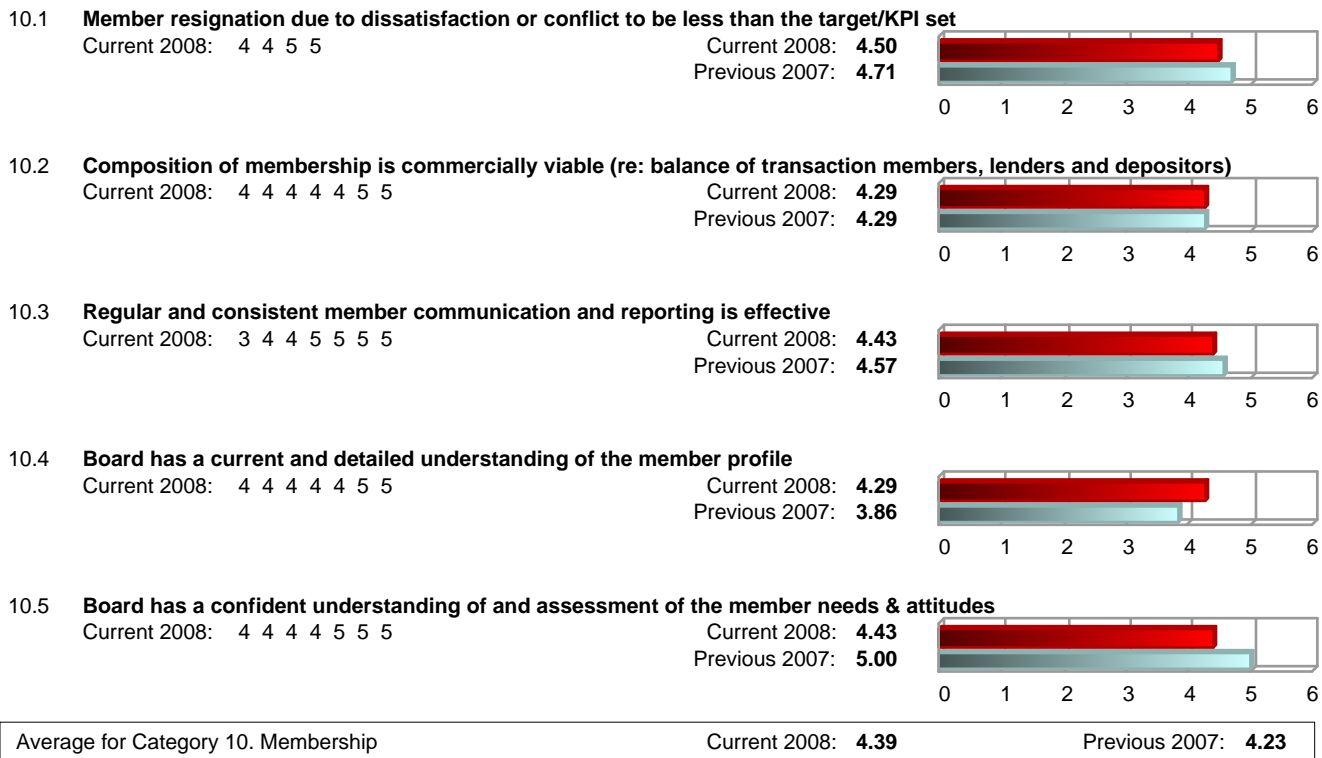


Scale: 1=Not achieved 2=Very little achieved 3=Some/being achieved 4=Mostly achieved 5=Fully achieved 6=Excels

7. PERFORMANCE CRITERIA - DETAIL

CATEGORY 10. MEMBERSHIP

Membership includes communication, understanding and assessment of member needs.

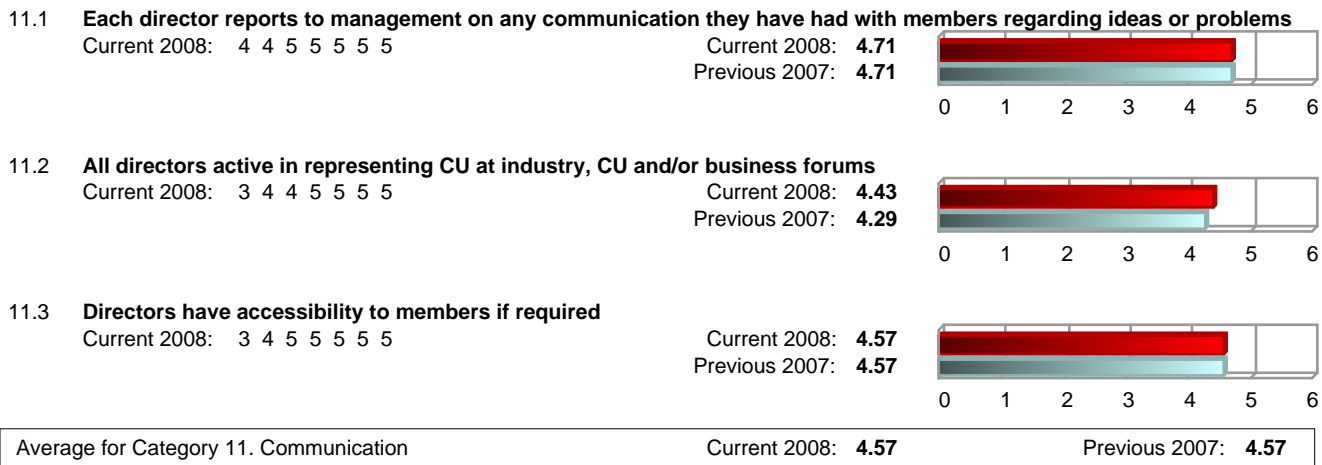


Scale: 1=Not achieved 2=Very little achieved 3=Some/being achieved 4=Mostly achieved 5=Fully achieved 6=Excels

7. PERFORMANCE CRITERIA - DETAIL

CATEGORY 11. COMMUNICATION

Communication includes accessibility, utilisation and outcomes.



Scale: 1=Not achieved 2=Very little achieved 3=Some/being achieved 4=Mostly achieved 5=Fully achieved 6=Excels

8. Comments from Questionnaires

1.4 External stakeholder (independent) input sought:

» External input not sought this year

» Independent Consultant

4.8 High level of confidence in the CEO:

» CEO tends to be reactionary to topical issues and not always strategic.

4.10 Minutes and/or reports of all meetings are prepared and distributed in a timely manner:

» Monthly Board papers are well presented on Financials/Notes/KPIs

5.1 The Board has a renewal policy with options available to fill a director casual vacancy should it arise:

» Work in progress

5.5 Director retirement age and timing is well staggered or managed to best suit the composition & renewal:

» At present Board composition has a variety of ages-only 2 younger directors. It is imperative for Board succession planning to have people interested in becoming directors or associates for the future of the Credit Union.

6.2 Have a current CEO employment contract with role clearly described or role and responsibilities description:

» CEO does not have contract

6.8 Participation by all directors in the appointment of CEO:

» Not full Board

8.1 Member service satisfaction greater than the KPI set using a range of sampling techniques:

» No Survey undertaken this year

» Unaware of sampling on member satisfaction

10.1 Member resignation due to dissatisfaction or conflict to be less than the target/KPI set:

» No target set but reported to board monthly

13.1 Chair attends & chairs all Board and general meetings:

» As the chair I will not answer part 13

8. Comments from Questionnaires

OTHER COMMENTS:

- » The Board displays a great level of understanding in directing and guiding the business of the Credit Union.
- » The Board works as united team.
- » Category 6 - 6.1, 6.3, 6.4-certain roles & responsibilities are covered in Board Charter.
- » Current Committees or directors to my knowledge do not have a role/responsibility description.
- » BCCU Board are a committed group of individuals who work as a team with management for the members, ensuring continuing financial benefit and viability in a competitive market.
- » The Board has composition of varying skills & works very well.

9. Appendix: Complete Questionnaire

(Scale: 1=Not achieved 2=Very little achieved 3=Some/being achieved 4=Mostly achieved 5=Fully achieved 6=Excels)

- 1.1 An annual planning process is implemented
- 1.2 Vision/Mission is being achieved
- 1.3 Values are determined & reflected in planning
- 1.4 External stakeholder (independent) input sought
- 1.5 There is active director input in the planning process
- 1.6 There is active management input in the planning process
- 1.7 Ongoing strategic KPI's and progress reports used
- 1.8 Plan is used for Board performance review
- 1.9 Strategic Plan is used for senior management performance reviews
- 1.10 Features of the plan are communicated to key stakeholders (staff and members)
- 1.11 Plan is being referred to at Board meetings for decision making
- 1.12 Plan is being used by management to prepare business plan and budget
- 1.13 All goals and strategies are being achieved on or prior to due dates
- 2.1 All decisions and actions are compliant with legal and statutory requirements
- 2.2 All Prudential Ratios are being met
- 2.3 All Voluntary Codes are being met
- 2.4 All employer legislation being met
- 2.5 All required policies in place and review deadlines being met
- 2.6 All reporting requirements are being met
- 2.7 Any conflict of interest is disclosed as appropriate re: Corporations Law
- 2.8 The Board is proactive in setting & monitoring measurable financial, governance, environment and social performance indicators
- 3.1 Register of attendance to professional development activity by directors is maintained by the Board/CU
- 3.2 Minimum training & professional development, as per policy/rules achieved by all directors
- 3.3 Management development policy and program is being implemented
- 3.4 Agreed representation to selected CU forums is being achieved
- 4.1 Balanced skills mix of directors is appropriate to current credit union's governance need
- 4.2 The required number of directors are independent
- 4.3 Full attendance by directors at scheduled meetings is achieved
- 4.4 All directors actively prepare for and participate at all meetings
- 4.5 Evidence of effective team work in Board process and implementing decisions
- 4.6 Committee structure is actively used to complement Board process
- 4.7 Positive and professional Board-management relations

9. Appendix: Complete Questionnaire

(Scale: 1=Not achieved 2=Very little achieved 3=Some/being achieved 4=Mostly achieved 5=Fully achieved
6=Excels)

- 4.8 High level of confidence in the CEO
- 4.9 Membership has full access to the election process
- 4.10 Minutes and/or reports of all meetings are prepared and distributed in a timely manner
- 4.11 Timely action has been undertaken on all agreed issues
- 4.12 Annual Fit and Proper assessment done for each 'responsible person position'
- 4.13 Each director makes independent and considered input in introducing and assessing new issues and ongoing topics
- 4.14 All directors display confidentiality, integrity & honesty
- 4.15 All executive/senior managers display confidentiality, integrity & honesty regarding all Board and CU matters
- 4.16 All directors have confident knowledge of finance industry and general market trends
- 4.17 All directors have confident knowledge of CU financial & operational indicators
- 5.1 The Board has a renewal policy with options available to fill a director casual vacancy should it arise
- 5.2 The Board has the capacity for the CEO to be absent for up to 3-6 months without a major stress on the CU
- 5.3 The Board has the capacity for senior management and specialist staff to be replaced internally
- 5.4 The Board has option(s) available for a replacement Chairperson from amongst the Board if required
- 5.5 Director retirement age and timing is well staggered or managed to best suit the composition & renewal
- 6.1 Have a current director role & responsibilities description
- 6.2 Have a current CEO employment contract with role clearly described or role and responsibilities description
- 6.3 Have a current Chairperson role & responsibilities description
- 6.4 Have a role description for all Committees
- 6.5 Implemented the performance assessment policy for Board, directors, CEO, committees, Chairperson
- 6.6 Leadership is demonstrated by all directors
- 6.7 Leadership is demonstrated by CEO
- 6.8 Participation by all directors in the appointment of CEO
- 6.9 Input & participation by all directors in the performance assessment of the CEO
- 7.1 All financial goals in the previous financial year's budget/financial plan were achieved
- 7.2 Half-yearly review and assessment for the current financial year was undertaken
- 7.3 Monthly budget/financial reporting was reviewed by the board
- 7.4 Agreed KPIs and budget was used for CEO assessment

9. Appendix: Complete Questionnaire

(Scale: 1=Not achieved 2=Very little achieved 3=Some/being achieved 4=Mostly achieved 5=Fully achieved
6=Excels)

- 7.5 Financial/Budget performance reported to members and stakeholders
- 8.1 Member service satisfaction greater than the KPI set using a range of sampling techniques
- 8.2 Target product level per member is being achieved
- 8.3 Relationship balance as identified in the business plan is being achieved
- 8.4 Agreed/selected products are priced and/or featured better than agreed competitor benchmarks
- 8.5 Awareness of all the credit union products by directors
- 8.6 Directors maximising their use of the credit union as a means of product & service awareness
- 9.1 The credit union's disaster recovery plan is tested annually
- 9.2 All Board approved insurance arrangements are adequate and current
- 9.3 The audit committee is active and effective
- 9.4 The external auditor is independent and reports directly to the Board
- 9.5 The internal control systems are regularly monitored by both the CEO and the Board
- 10.1 Member resignation due to dissatisfaction or conflict to be less than the target/KPI set
- 10.2 Composition of membership is commercially viable (re: balance of transaction members, lenders and depositors)
- 10.3 Regular and consistent member communication and reporting is effective
- 10.4 Board has a current and detailed understanding of the member profile
- 10.5 Board has a confident understanding of and assessment of the member needs & attitudes
- 11.1 Each director reports to management on any communication they have had with members regarding ideas or problems
- 11.2 All directors active in representing CU at industry, CU and/or business forums
- 11.3 Directors have accessibility to members if required
- 12.1 Delegate the various powers, duties and responsibilities of the Board set out in the Board Charter, to one or more committee of the Board
- 12.2 All Board committees have a Charter approved by the Board setting out the composition, duties and responsibilities of that committee
- 12.3 Minutes of the proceedings of all meetings of Board committees are maintained
- 12.4 Copies of committee minutes and related reports are distributed to all directors at the next meeting of the Board following the Board committee meeting
- 12.5 Committee members display the competence required to fully undertake their role and meet their responsibilities
- 12.6 All Board Committees are proactive and attentive in attending to their responsibilities
- 13.1 Chair attends & chairs all Board and general meetings
- 13.2 Length of meetings is within time allocated and the appropriate time allocated to agenda items is well managed

9. Appendix: Complete Questionnaire

(Scale: 1=Not achieved 2=Very little achieved 3=Some/being achieved 4=Mostly achieved 5=Fully achieved
6=Excels)

- 13.3 Is well prepared for every meeting
- 13.4 Ensures Agenda contains relevant items for Board discussion and resolution
- 13.5 Ensures papers and reports are in the approved format
- 13.6 Mentors directors, including providing ongoing performance feedback
- 13.7 Engages and involves all directors
- 13.8 Effectively controls meetings including late business
- 13.9 Confident and articulate speaker
- 13.10 Communicates with directors outside of meetings
- 13.11 Refers to policy and strategy in decision making
- 13.12 Actively networks in the market/industry
- 13.13 Provides confident leadership