



Great
Southern
Bank

Tax Transparency Report

Year ended 30 June 2022



Chief Financial Officer's Introduction

Credit Union Australia Ltd (trading as Great Southern Bank) is committed to being a responsible bank and disclosing the way we conduct our business.

This Tax Transparency Report (the Report) reflects our commitment to being a responsible corporate citizen and taxpayer by transparently - and voluntarily - publishing our approach to tax governance, tax compliance, and to paying our share of corporate taxes. It reflects our commitment to managing the material Environmental, Social and Governance (ESG) risks and opportunities for our business. This Report also demonstrates our belief in the need for maintaining governance, and for accountability to all our stakeholders (including customers, regulators, team members, and the community).

In the last financial year, we contributed over \$97 million in taxes for State and Federal Governments, a figure representing both direct and indirect taxes arising from our operations. We do not have any international operations and so do not pay tax in any other jurisdictions. We see this as another way we support Australia and the broader community, and in line with the partnerships we have formed with the Government to help first home buyers through Government backed lending schemes.

This Report has been prepared based on the principles in the Board of Taxation's Tax Transparency Code and offers a deeper insight into some of the most technical aspects of our business. It is designed to complement Great Southern Bank's 2022 Annual Report including additional income tax disclosures. This latter report - which can be found on our website - was prepared in accordance with Australian Accounting Standards and complies with the International Financial Reporting Standards.

We are proud to present this Report for Great Southern Bank and its controlled entities for the year ended 30 June 2022.



Alan Lee

Chief Financial Officer



Introduction

The Tax Transparency Code

The Tax Transparency Code (TTC) developed by the Board of Taxation is a set of principles and minimum standards designed to guide medium and large businesses in their public disclosure of tax information. Adoption of the TTC is voluntary and is intended to complement Australia's existing tax transparency measures.

We recognise the importance of greater tax transparency and also the need to improve our understanding of how large taxpayers comply with Australian tax laws. As part of our commitment to tax transparency and governance, we are proud to publish this Report for the year ended 30 June 2022. This Report provides an overview of compliance with our tax obligations, our tax strategy and governance and our tax contributions.

About Great Southern Bank

We have been helping Australians with their banking for over 75 years, and as at 30 June 2022 we had over 382,000 active customers and total assets of \$21.3 billion.

Our purpose is to help all Australians own their own home. As a customer-owned bank, our purpose is reflected in everything we do, including the way we support our customers and how we help the communities we live and work in, and guides the investments we make in our team members, products, and services. We are a sustainable bank, and this is backed by our commitment to doing business responsibly and in ways that benefits our customers, communities and environment, today and in the future.

Our principal activities during the year ended 30 June 2022 comprised of raising funds by attracting deposits and the provision of loans and associated services to customers. Through our controlled entities, our business operations also involved private health insurance, general insurance, and securitisation activities. During the year ended 30 June 2022, we sold our private health insurance business in CUA Health Limited (CUA Health) to HBF Health Limited, a member-owned and not-for-profit health fund. There were no other material changes to our business operations during the year ended 30 June 2022.

We are consolidated for accounting purposes but not for income tax purposes for the year ended 30 June 2022. Each of the entities in Great Southern Bank's corporate structure is regarded as a separate taxpayer for Australian income tax purposes.

Tax strategy and governance

Our approach

Our approach to tax strategy and governance is outlined in our Tax Risk Management Policy (the Tax Policy), which is reviewed and approved by our Board Risk Committee on a biennial basis. Our approach to how we operationalise our Tax Policy is outlined in our Tax Risk Management Standard (the Tax Standard). The Tax Policy, together with the Tax Standard, provides a systematic approach for how we manage our tax obligations, identify tax risks and mitigate and monitor these identified risks.

As a responsible bank, we seek to comply with all relevant laws and regulations imposed on participants in the Australian banking and financial services industry, including those relating to taxation. Our commitment to being a responsible bank means maintaining and demonstrating tax governance, accountability, and transparency with all our stakeholders (including customers, regulators, team members, and the community) and in our approach to tax compliance, our tax obligations and contribution to society. To this effect, Great Southern Bank is committed to:

- Complying with statutory obligations and making tax payments and tax filings in accordance with relevant tax rules and legislation;
- Being a responsible taxpayer and good corporate citizen; and
- Maintaining transparency with our stakeholders on our approach to tax governance, compliance and contributions to build and maintain trust with our stakeholders.

Relationship with revenue authorities

Great Southern Bank is committed to maintaining an open, transparent, honest, and cooperative approach with revenue authorities. We take a proactive approach to working with revenue authorities in an open and constructive manner to:

- Providing revenue authorities with required information on a timely basis;
- Managing tax uncertainties, by engaging in discussions with revenue authorities, and seeking rulings/clearances from revenue authorities where appropriate; and
- Engaging in consultation with the revenue authorities, either directly or together with other industry banking institutions or representative bodies, on matters relevant to improving processes or on any proposed changes to the law that are open for consultation.

International related party dealings

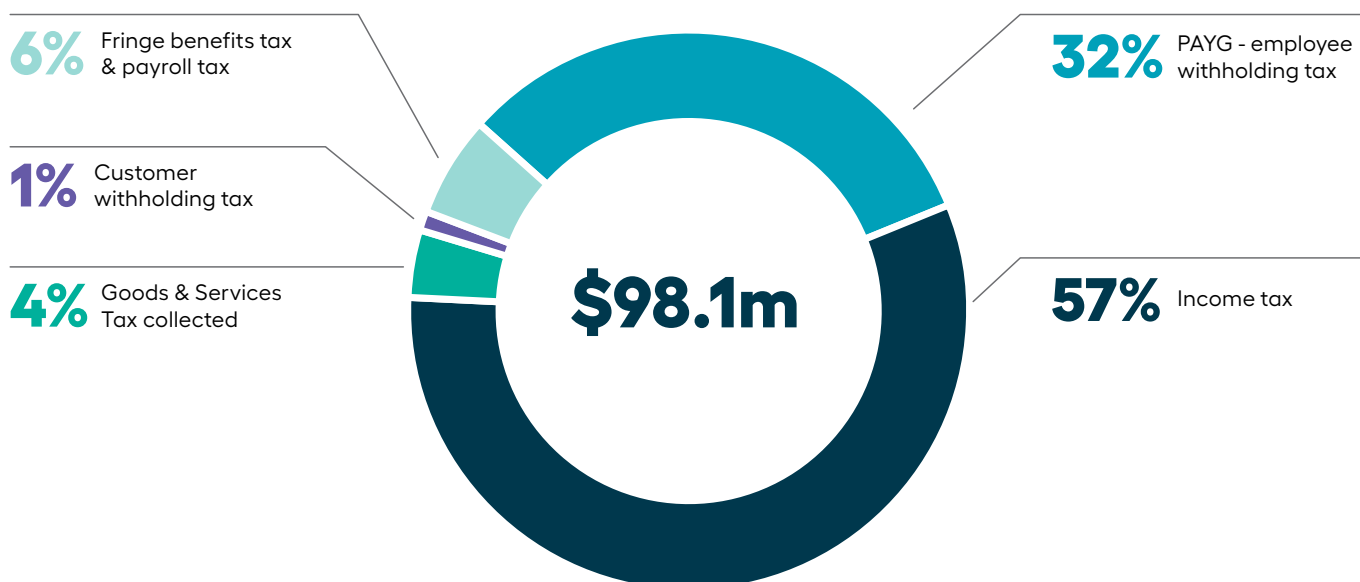
Great Southern Bank does not have any international related party dealings.



Tax contribution summary

The table below provides an overview of all the Australian Federal and State taxes paid and collected by Great Southern Bank in the 2022 income year (with comparatives to 2021) including taxes paid or collected by Great Southern Bank's controlled Australian entities.

Tax contribution summary		
Australian taxes paid	2022 \$m	2021 \$m
Income tax	55.9	22.8
Payroll tax	6.1	5.6
Fringe benefits tax	0.3	0.2
Total	62.3	28.6
Australian taxes collected on behalf of others		
PAYG - employee withholding tax	31.3	27.7
Customer withholding tax	0.6	1.0
Goods & Services Tax collected	3.9	4.2
Total	35.8	32.9
Total taxes paid and collected	98.1	61.5



Income taxes disclosed in Annual Report

Reconciliation of accounting profit to income tax expense

Australian Accounting Standards require entities to calculate and disclose various tax balances in its financial statements including its income tax expense (ITE) for the relevant period. We outline below a summary reconciliation of accounting profit to the income tax expense disclosed in our Annual Report for the year ended 30 June 2022.

The figures included in the below table are the Group figures as per the Annual Report (which also include Great Southern Bank's wholly owned subsidiaries continuing operations and discontinued operations).

Reconciliation of accounting profit to ITE			
(Note 2.3(b) and Note 4.13 of our 2022 Annual Report)	Note	2022 \$m	2021 \$m
Accounting profit before tax from continuing operations and discontinued operations	1	125.2	68.9
Income tax on accounting profit at 30%		37.6	20.7
Increase/(decrease) in income tax expense due to:			
Franking credits offset	2	(1.5)	(0.1)
Non-deductible expenses		18.2	(0.1)
Prior year adjustments			
Research & Development incentive		1.0	-
Other tax adjustments		(0.5)	(0.7)
Income tax expense reported in the Annual Report		54.7	19.8
Adjustments relating to prior years		(0.5)	0.7
Income tax expense for the current year		54.2	20.5
Effective tax rate	3	43.7%	28.7%

Note 1: The ITE disclosed in our 2022 Annual Report is calculated in accordance with the Australian Accounting Standards and the International Financial Reporting Standards.

Note 2: Franking credits arise from franked dividends received by Great Southern Bank from companies in which it has an interest (directly, or through interposed entities) and that have paid Australian income tax on their taxable income. This ensures that we are only exposed to tax on the taxable income of those companies at the rate we would be exposed to if it carried on those businesses directly.

Note 3: The non-deductible expenses relate to the differences between the accounting and tax gain on the sale of CUA Health which has increased the effective tax rate of the Group in 2022. On the other hand, the franking credits offset claimed by Great Southern Bank and/or its wholly owned subsidiaries have reduced the effective tax rate of the group in 2021.

Reconciliation of income tax expense to income tax payable

We outline below a summary reconciliation of income tax expense disclosed in our Annual Report for the year ended 30 June 2022 and actual income tax payable in the 2022 financial year.

Reconciliation of ITE to income tax payable			
(Note 2.3(a) and Note 4.13 of our 2022 Annual Report)	Note	2022 \$m	2021 \$m
Income tax expense for the current year from continuing operations and discontinued operations		54.2	20.5
Temporary differences between accounting and tax			
Depreciation of plant, equipment, and intangible assets	4	2.4	3.1
Derivative financial instruments and financial assets	5	1.3	(0.9)
Movement in provisions and other accruals		2.1	0.8
Movement in provision for employee benefits		0.7	1.2
Lease assets and liabilities		0.6	(0.2)
Other adjustments		(2.2)	0.5
Income tax payable for the current year from continuing operations and discontinued operations		59.1	24.9

Note 4: Plant and equipment and other intangible assets are generally depreciated at a different rate under the Australian Accounting Standards compared to the income tax rules, resulting in tax adjustments each year in respect of depreciation. The item was also impacted due to the application of the instant asset write-off measures.

Note 5: Unrealised gains and losses on fair value movements of our financial instruments. These items are subject to tax when they are realised.

Reconciliation of income tax payable to tax paid

We outline below a summary reconciliation of income tax payable disclosed in our Annual Report for the year ended 30 June 2022 and income tax paid in the 2022 financial year.

Reconciliation of income tax payable to tax paid			
(Note 4.5 of our 2022 Annual Report)	Note	2022 \$m	2021 \$m
Income tax payable for the current year from continuing operations and discontinued operations		59.1	24.9
Less: income tax paid for current year		16.5	21.6
Balance of income tax payable / (refundable)	6	42.6	3.3
Income tax paid / (refund) for prior years in current year		3.0	1.1
Income taxes paid in the Cash Flow Statement	7	19.5	22.7

Note 6: The income tax payable includes the amount of income tax payable of c.\$0.5 million in relation to CUA Health for the period from 1 July 2022 to 30 September 2022 (i.e. prior to its disposal by Great Southern Bank on 1 October 2022).

Note 7: Income taxes paid in cash flow statement includes income tax paid by Great Southern Bank for the current year and income tax paid or refunded for prior years in the current year. Further, the income taxes paid in the table above includes income taxes paid of c.\$1.6 million in relation to CUA Health for the period from 1 July 2022 to 30 September 2022.

ATO public tax transparency disclosures

Australia's public tax transparency laws require the ATO to publish the specific tax return information of public companies and foreign-owned companies with a total income of \$100 million or more, and Australian-owned private companies with total income of \$200 million or more.

The ATO has published the following income tax information in respect of the 2022 financial year for Great Southern Bank (as a separate taxpayer) based on its lodged 2022 income tax return.

Total Income (\$)	Taxable Income (\$)	Tax Payable (\$)
541,992,810	214,187,890	54,615,428

This information may be subject to further amendment between the date of this report and the publishing of the ATO's tax transparency report. If amendments are made to this information, we may provide an addendum to this report if appropriate.





Great
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Bank

greatsouthernbank.com.au

Great Southern Bank, a business name of Credit Union Australia Ltd ABN 44 087 650 959 AFSL and Australian Credit Licence 238317. RC1858512_240306