

# 2018 ANNUAL GENERAL MEETING



people's  
choice  
CREDIT UNION

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# 2018 ANNUAL GENERAL MEETING

## **Notice of Annual General Meeting**

AUSTRALIAN CENTRAL CREDIT UNION LTD A.C.N. 087 651 125

Notice is given that the 2018 Annual General Meeting of Australian Central Credit Union Ltd trading as People's Choice Credit Union (People's Choice) will be held on Thursday, 15 November 2018 at the Pullman Adelaide, 16 Hindmarsh Square, Adelaide, commencing at 11.00am, Central Daylight Saving Time.

### **Agenda**

1. Chair and Managing Director Reports.
2. To receive and consider the Financial Report of Australian Central Credit Union Ltd and the consolidated entity and the Reports of the Directors and Auditor for the financial year ended 30 June 2018.
3. To consider and, if thought fit, to approve the following resolution as a special resolution:  
  
"That the current Australian Central Credit Union Ltd Constitution be repealed and the Constitution in the form tabled at the meeting, and initialled by the Chair of the Board for the purposes of identification, is adopted as the Constitution of the Company, with effect from close of this meeting."
4. To note the appointment of Anne Skipper AM as a Director of Australian Central Credit Union Ltd.
5. Annual General Meeting Close.

**Please refer overleaf for important information concerning the Agenda items.**

BY ORDER OF THE BOARD

**Taryn Shearn**

General Counsel & Company Secretary

14 September 2018

## Directors' Explanatory Statement

### ITEM 2 Financial Reports

The *Corporations Act 2001 (Cth)* requires the Financial Report (which includes the financial statements and Directors' Declaration), the Directors' Report and the Independent Audit Report of People's Choice to be laid before the Annual General Meeting. There is no requirement in either the *Corporations Act* or the People's Choice Constitution for shareholders to approve the Financial Report, the Directors' Report or the Independent Audit Report. Shareholders will be given a reasonable opportunity at the meeting to ask questions and make comments on these reports.

### ITEM 3 Repeal of Current Constitution and Adoption of New Constitution

People's Choice is strongly committed to mutuality and ensuring that members' interests are protected. The environment within which People's Choice operates is highly competitive and is continually evolving. The Royal Commission and other regulatory developments will also bring about further change in the financial services industry over the coming years.

The current Constitution of People's Choice (Constitution) was adopted by members at the 2014 Annual General Meeting. The Board has reviewed the Constitution and recommended that it be amended to ensure that People's Choice is well placed to respond to changes in the environment within which it operates, encourages and facilitates membership growth and adheres to best practice corporate governance principles and standards.

The Board proposes that these amendments be effected by repealing the Constitution and replacing it with a new constitution (Updated Constitution). Under the *Corporations Act*, a company can replace its constitution by passing a special resolution.

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A copy of the Updated Constitution showing the proposed amendments can be obtained prior to the Meeting as follows:

- From the website [www.peopleschoicecu.com.au](http://www.peopleschoicecu.com.au);
- In person from People's Choice's registered office at 50 Flinders Street, Adelaide; or
- At no charge by writing to the General Counsel & Company Secretary at that address or by emailing [companysecretary@peopleschoicecu.com.au](mailto:companysecretary@peopleschoicecu.com.au).

A copy of the Updated Constitution will also be available for inspection at the Annual General Meeting.

To assist members in making an informed decision regarding the resolution to repeal the Constitution and adopt the Updated Constitution, a broad summary of the updates to the Constitution is set out below. However, this is necessarily a summary only and members may consider that reviewing the Updated Constitution in its entirety will further assist their decision as to how to vote with respect to this resolution.

## **Summary of some of the key changes**

### **a) Eligibility to be a member elected director**

The Constitution currently requires a person to have been a member for a continuous period of two years to be eligible for election as a member elected director. It is proposed to replace this with a requirement that the person must be a member by the closing of nominations for election.

The current provisions of the Constitution only enable long standing members of People's Choice to be nominated for election. As a consequence, members who have joined the organisation more recently and who may be able to make a valuable contribution to the Board are not eligible.

This amendment will increase the pool of individuals who may be nominated by members to stand for election, and will provide members with a greater opportunity to select the best potential directors available within the membership base.

## **b) Chair appointment**

The Constitution requires that the Board must comprise a minimum of 4 member elected directors and provides that the Board may appoint up to 2 directors (Board Appointed Directors) at any one time. The Constitution requires that if a Board Appointed Director is appointed to the office of chair or deputy chair of the Board, they must stand for election at the next AGM.

The role of the chair in an organisation is paramount to the successful functioning of the board. In most organisations, including People's Choice, the chair is appointed by the Board. Ordinarily, a board will appoint the director with the most suitable skills, experience and knowledge to undertake the role.

The current provisions of the Constitution do not readily lend themselves to the appointment of a Board Appointed Director as chair, as the requirement that the director stand for election at the next AGM gives rise to a lack of certainty with respect to the continuity of the chair. Accordingly, the proposed Constitutional change will allow the Board to appoint the director who is most suitable to occupy the position of chair irrespective of whether they are a member elected or Board Appointed Director.

The Constitution requires that member elected directors shall constitute a majority of directors on the Board at all times and provides that the chair does not have a deliberative vote. Accordingly, the interests of Members will continue to be adequately represented irrespective of whether the chair is a member elected or Board Appointed Director.

## **c) Member shares**

The demand for financial services via online and digital channels is continually increasing. People's Choice needs to ensure that it can remain competitive and can continue to attract potential members who wish to use these channels.

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People's Choice currently requires the member share price of \$2 to be paid in full by new members before a product can be acquired. This can be a disincentive to potential members, particularly those seeking to acquire products via digital or online channels.

In order to facilitate membership growth, it is proposed that in future, People's Choice will introduce partly paid shares and will not require the payment of the \$2 share price upon the opening of a membership. People's Choice will however, maintain the right to call for the \$2. It is proposed that the Constitution be amended to make it clear that People's Choice is entitled to do so.

## **d) Board determination on candidates**

As part of the assessment of persons who nominate for election as a director, the Board is required to determine whether each nominated person is of appropriate fitness and propriety to be and act as a director, by reference to the model criteria. If the Board determines that the person is of appropriate fitness and propriety to be and act as a director, then they become a candidate for election as a director.

It is proposed that the Constitution be amended to broaden these provisions to provide that the Board make a determination as to whether a nominated person:

- Is of appropriate fitness and propriety to be and act as a director for the purposes of the Company's obligations under applicable legislation and the Company's fit and proper policy; and
- Has the appropriate skills, knowledge and experience (including as assessed against the model set of criteria) to be a director.

Whilst the Board already considers the skills, knowledge and experience of nominated persons, which is a requirement under the model criteria, the Board considers that the Constitution should be amended to emphasise these requirements.

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## **e) Procedures for Nominations Committee**

It is proposed that the prescriptive provisions of the Constitution relating to the timing of activity to be conducted by the Nominations Committee are removed and replaced with provisions that will enable the Nominations Committee to determine reasonable timeframes for the undertaking of Nominations Committee activities.

## **f) Candidates contacting members**

It is proposed that the Constitution be amended to require candidates standing for election to refrain from contacting members in connection with that election in certain circumstances, including prohibiting a candidate from interfering with People's Choice business premises and providing members with information which in the reasonable opinion of the Board is likely to mislead or deceive a member in relation to the casting of their vote or the operations of People's Choice.

Candidates will still be entitled to otherwise communicate with Members in connection with a director election provided that they observe these requirements.

## **g) Procedures after close of the ballot**

It is proposed that the prescriptive provisions of the Constitution that outline the procedure for dealing with ballot papers returned in a director election be removed and replaced with a provision that enables the Board to adopt (and amend from time to time) a procedure for the counting of votes. These proposed amendments would provide the Board with flexibility to adopt more efficient procedures for the counting of votes.

The amended provisions require that the procedure adopted by the Board is consistent with the provisions of the Constitution, will ensure to the extent possible that votes be counted without disclosing or revealing a member's vote, will



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ensure that all members are given a reasonable opportunity to vote and will ensure that all members are treated equally in relation to voting.

## **ITEM 4 Director Election**

All persons who nominate for the Director Election are required to undertake a Nominations Committee process to satisfy the Board that they demonstrate an ability to be a director of People's Choice and that they are of appropriate fitness and propriety to be a director of People's Choice. Information relating to the Nominations Committee process is contained on page 13.

In accordance with the Constitution, directors Terry McGuirk and Anne Skipper AM retire as directors, having reached the end of their respective terms. Director Anne Skipper AM has offered herself for re-election and director Terry McGuirk will retire at the conclusion of the 2018 Annual General Meeting. During the course of the year, the Board resolved that the number of member elected directors will be reduced from 5 to 4 with effect from the conclusion of the 2018 AGM. Accordingly, there is only one Board vacancy this year.

Following consideration by the Nominations Committee and the Board, Ms Anne Skipper AM was determined by the Board to become a candidate.

As there is one candidate for one vacancy, in accordance with Clause 10.11(2)(a) of the Constitution, Ms Anne Skipper AM is declared elected with effect from the end of the 2018 Annual General Meeting.

## **Directors' Remuneration**

Under the Constitution, non-executive directors are entitled to be remunerated for their services as directors and the total amount of fees for all non-executive directors must not exceed the amount determined by the Company in general meeting.

The Board is not proposing to increase the aggregate amount of remuneration payable to non-executive directors this year and accordingly, the amounts to be paid to the Chair and to each director will remain unchanged. As no increase in remuneration is proposed, no resolution with respect to directors' remuneration is required to be considered by members at the Annual General Meeting.

## Voting by Proxy

Members can vote on the resolution being proposed at Item 3 by proxy. An Appointment of Proxy form is enclosed with this Notice, together with instructions on how to vote using the proxy. Please read these instructions carefully. If you lose or damage your Proxy form, you can obtain another by calling 13 11 82.

If you intend to vote on the resolution by proxy, please note that for your Appointment of Proxy to be valid, your Appointment of Proxy form must reach Computershare by 11:00am Central Daylight Saving Time on 13 November 2018.

You can lodge your proxy by one of the following means:

### **Posting it (in the envelope provided with this notice) to:**

The Returning Officer  
People's Choice Credit Union  
C/- Computershare Investor Services Pty Limited  
GPO Box 242, Melbourne, VIC 3001

### **Sending it by facsimile:**

(Within Australia) 1800 783 447  
(Outside Australia) +61 3 9473 2555

### **Appointment of Proxy Online**

Members can appoint a proxy online. Please visit [www.votingservices.com.au/peopleschoicecu2018](http://www.votingservices.com.au/peopleschoicecu2018) and follow the instructions. An online proxy can be submitted up until 11.00am Central Daylight Saving Time on 13 November 2018.

## Questions at Annual General Meeting

One of the benefits of being a member of People's Choice is that you are an owner of the business. This entitles you, amongst other things, to attend the Annual General Meeting and ask questions about the operations of People's Choice.

People's Choice seeks to achieve the highest ethical and moral standards and legal compliance. It is particularly concerned to ensure there are no breaches of privacy laws. For this reason members are asked to ensure their questions are about the operation of the business and not about the operation of specific accounts or of a type which involve specific account holder details. Staff in uniform will be available before and after the meeting to answer any questions of this nature.

**PLEASE DO NOT ASK QUESTIONS INVOLVING INDIVIDUAL ACCOUNTS OR INDIVIDUAL ACCOUNT HOLDER DETAILS DURING THE ANNUAL GENERAL MEETING.**

To assist members who find asking questions in public difficult, provision has been made for you to ask a question in writing on the printed proxy form.

The Chair's and Managing Director's addresses for the Annual General Meeting will be framed to cover as many of the issues raised as possible. If you feel your question has not been covered or not adequately answered you may ask further questions at the meeting.

## Information Relating to the 2018 Director Election Process

As outlined above, Ms Anne Skipper AM is declared elected with effect from the end of the 2018 Annual General Meeting. Information relating to the nominations and Board endorsement processes is set out below.

### Nominations Committee

The Nominations Committee comprises the Chair of the Board and two other independent persons with an overall suitable mix of character, skills, knowledge and experience who are not directors, employees or members of People's Choice.

The Board (via its Corporate Governance Committee) provided the Nominations Committee with a list of competencies (model criteria) which the Board considered as being relevant in undertaking the role of a director of People's Choice.

The Nominations Committee has the responsibility of:

- Asking nominees to provide relevant information (through an interview with the Nominations Committee and in writing) to address these competencies.
- Reviewing the information provided by the nominees.
- Issuing a statement setting out the Nominations Committee's view as to whether nominees demonstrate an ability (as assessed against the model criteria) to be a director of People's Choice.
- Recommending to the Board whether each nominee is of appropriate fitness and propriety to be and act as a director of People's Choice.

In addition to determining whether nominees demonstrated an ability (as assessed against the model criteria) to be a director of People's Choice, the Nominations Committee may

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elect to make a statement regarding the level of contribution a nominee is likely to make to the Board.

Ms Anne Skipper AM undertook the Nominations Committee process as required by the Constitution. The Nominations Committee made the following statement in relation to Ms Anne Skipper AM:

*The Nominations Committee is satisfied that Ms Anne Skipper AM has demonstrated an ability (as assessed against the model criteria) to be a director of People's Choice. The Nominations Committee considers that Ms Anne Skipper AM has the capacity to contribute to the Board of People's Choice at the highest level.*

## **Board Endorsement**

The Board reviewed comprehensive information about the nominee as:

- Provided by the nominee,
- Summarised by the Nominations Committee after it interviews the nominee,
- Discovered during interviews conducted by the Corporate Governance Committee with two referees whose names are provided by the nominee, and
- From checking undertaken in accordance with the Board's Fit and Proper person policy which complies with the requirements of the Australian Prudential Regulation Authority.

Based on all of the above information, the Board assesses the nominee for suitability as a director of People's Choice with consideration given to the following attributes:

- The nominee's ability to meet identified needs, if any, in the Board's desired set of skills as determined from time to time.

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- The professional and industry backgrounds of the nominee to ensure a diversity of backgrounds among directors on the Board.
- The depth and breadth of skills of the nominee and whether they will add value to People's Choice.
- Whether the nominee's personal and interpersonal attributes add to the effectiveness of the Board.
- The independence of the nominee.
- Any significant conflicts of interest with the business of People's Choice.
- The nominee's satisfaction of the model criteria.

The Board's first priority, after considering all available information, is to determine whether the nominee has met the minimum requirements to become a candidate.

The Board then further carefully deliberates about the value that the individual candidate can reasonably be expected to add to the Board as a whole taking into account the individual skills each candidate offers to People's Choice compared with the skills already available on or to the Board and the level of experience of each candidate on Boards of similar significance and with similar responsibilities.

Where the Board concludes that it is likely that a candidate will add considerable value to the Board it will endorse that candidate. Where it feels that the information does not allow it to reach a conclusion that there will be sufficient value added by a candidate's expected contribution it will explicitly not endorse a candidate. Where it believes that the contribution of a candidate is likely to be positive but not at a level superior to endorsed candidates it will remain silent.

The Board (with the current director standing for re-election absent and not voting) resolved to endorse the election of Ms Anne Skipper AM.



People's Choice Credit Union,  
a trading name of Australian Central  
Credit Union Ltd ABN 11 087 651 125,  
acts under its own Australian  
Financial Services Licence 244310  
and Australian Credit Licence 244310.