

Notice of Annual General Meeting and Business Papers

Notice is hereby given that the 43rd Annual General Meeting of NSW Teachers Credit Union Ltd., will be held at 10.00am on Saturday, 17th October 2009 at Dooleys Lidcombe Catholic Club, 24 John Street, Lidcombe.

After the meeting a buffet lunch will be served. Your partner is most welcome to attend the Annual General Meeting and lunch.

Child minding facility

Child minding arrangements have been made with Dooleys Lidcombe Catholic Club from 9.30am until immediately after lunch for children **under twelve (12) years of age**.

Lunch will be provided and babies are to be accompanied by feeding bottles and appropriate formula. **Parents will be required to sign a document at the club relieving the Credit Union and the club of any responsibility.**

RSVP

Please let us know by Wednesday, 7th October 2009 if you are attending the meeting and of your child minding requirements. You can do this by calling **13 12 21** 8am to 7pm, weekdays or by returning the form below.



2009 Annual General Meeting acceptance and child minding requirements

I will be attending the Annual General Meeting

Name

Member no

Partner's name

Member no

I require child minding facilities for children, aged years.

(From 9.30am until immediately after lunch, for children under 12 years of age only)

Child minding bookings will not be accepted after Wednesday, 7th October 2009.

Signature

Date

Please return this form to one of our offices or mail to:
Teachers Credit Union PO Box 7501 Silverwater NSW 2128

Meeting agenda

1. Welcome to members, guests and apologies.
2. Confirmation of minutes of 42nd Annual General Meeting.
3. Business arising from minutes.
4. Receipt and adoption of
 - a. Directors' report
 - b. Statement of accounts
 - c. Auditors' report
 - d. Chief Executive's report.
5. Declaration of the poll for election of Directors and Members Committee.
6. Remuneration of Directors.
7. Appointment of BDO Kendalls as auditors.
8. Proposed changes to the Constitution - Special resolutions
 - a. Credit Union name change
 - b. Number of appointed directors
 - c. Introduction of Nominations Committee
 - d. Introduction of electronic voting
 - e. Future capital raising
 - f. Common Bond changes
 - g. WA Common Bond changes.

Agenda item 6 - Remuneration of directors

That Pursuant to Division 13.1(1) of the Credit Union's Constitution, the directors be paid the following remuneration during the period from this AGM to the next AGM and that such remuneration be paid in accordance with the following board policy.

- a. For elected directors collectively - a maximum total sum of \$250,000, by way of fees, concessions and other benefits. This sum shall include any relevant taxes payable either by the Credit Union or by individual directors.
- b. In addition to the above, elected directors will be paid or reimbursed for:-
 - i. The sum equivalent to any actual salary lost as a result of taking leave from employment for credit union purposes;
 - ii. Any use of a private motor vehicle for Credit Union purposes, such reimbursement to be at authorised tax rates; and
 - iii. Superannuation contributions at the prescribed Superannuation Guarantee Contribution rate to an approved superannuation fund provided that if superannuation contributions are not required to be paid to an approved superannuation fund in respect of any individual director, the equivalent amount shall be paid to the director instead.
- c. For any appointed director - a maximum total sum of \$40,000 by way of fees, concessions and other benefits. The sum includes any relevant taxes payable either by the Credit Union or by an individual appointed director.
- d. In addition to the above, an appointed director will be paid or reimbursed for superannuation contributions at the prescribed Superannuation Guarantee Contribution rate to an approved superannuation fund.
- e. In addition to all of the above entitlements as a director, if the chairperson is an elected director, the chairperson shall be entitled to the use of a fully maintained motor vehicle.

The Board's position for elected director remuneration has been openly communicated to members attending the Annual General Meeting over the past four years. The intention is to progressively raise the level of total remuneration to the average levels of total remuneration received by directors of the largest eight credit unions. Teachers Credit Union is currently the third largest credit union, ranked by on balance sheet assets. The average total remuneration for the six largest credit unions and building societies was \$511,000 for 2008. The total remuneration for directors of Teachers Credit Union including appointed directors will be approximately \$400,000pa for 2009/2010, if the proposed constitutional change resolutions are adopted.

The Board is proposing that the total maximum remuneration for **elected** directors (as outlined in a. above) collectively for the 2009/2010 year remain at \$250,000, the same as the 2008/2009 year.

Your Board has determined to fill 2 elected director positions at this election and is proposing to increase the number of appointed directors from 2 to 3. This will maintain a total number of 9 directors on the Board. While the total maximum remuneration for elected directors remains at the same level as last year, ie \$250,000, the number of elected directors will be reduced from 7 to 6. It is the decision of the Board not to apportion the \$250,000 to the 6 directors, but to keep individual director apportionments to the same level as last year.

Agenda item 7 - Appointment of auditors

Appointment of BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd as auditor

That:

1. Having been advised by the directors that BDO Kendalls, having first obtained the consent of the Australian Securities and Investment Commission to do so, have resigned as auditor of the Credit Union;
2. BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd:
 - (a) Having been, nominated by a member of the Credit Union, in accordance with s.328B(1) of the Corporations Act 2001; and
 - (b) Having given its Consent to Act as auditor, in accordance with s.328A(1) of the Corporation Act, to the directors, be appointed as the auditor of the Credit Union.

Resignation of BDO Kendalls as auditor

Appointment of BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd as auditor

The directors have been advised by our auditor, BDO Kendalls, that:

1. The partners of that firm have decided to transfer all audit work currently performed by BDO Kendalls to an Authorised Audit Company - BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd (Auditor Registration Number 291558)
2. In order for this to occur, BDO Kendalls wish to resign at the Annual General Meeting;
and
3. The members be asked to pass a resolution that BDO Kendalls Audit & Assurance (NSW-VIC) Pty Ltd be appointed as the auditor.

The Directors have considered this request and have noted that it is a change in legal form only and, as the same team from BDO Kendalls will continue to provide the Credit Union's audit and assurance services, have agreed to put the above resolution to the members at the Annual General Meeting.

Agenda Item 8a - Credit Union name change

That the name of the Credit Union be changed to Teachers Credit Union Limited with effect from the date this special resolution is registered by ASIC.

Reasons for proposing this change

Teachers Credit Union is now operating in NSW, WA, ACT and NT - and needs to change its name to reflect its broader coverage across Australia. The name Teachers Credit Union has already been used in NSW and other states in Australia for some time.

It would also help to minimise the confusion between the Credit Union's trading and business names, and to reduce administration costs by consolidating all printed materials to reflect one name only.

Agenda Item 8b - Number of appointed directors

That existing Rule 9.1 be replaced by the following:

9.1 Number of Directors

The credit union must have such number of directors being not less than 7 and not more than 9 as the board from time to time determines of which:

- (a) not more than 7 may be elected or appointed by members ("elected director"); and
- (b) not more than 3 may be appointed by the board ("appointed director").

Reasons for proposing this change

The Board's role is to protect and promote our members' interests as well as provide guidance and governance. Each year there is increased regulatory focus on financial institutions by both the Australian Prudential Regulation Authority and the Australian Securities and Investments Commission.

For the Board to meet its future corporate governance obligations and ensure our Credit Union is positioned well to answer challenges and take advantage of opportunities that lie ahead, it is proposing an alteration to the way the Board members are elected and appointed.

It is recommended that the number of appointed directors with specific knowledge and skill sets be increased to 3. These appointed directors would increase the expertise of the Board. These directors will be appointed for a fixed period not exceeding 3 years.

As our Credit Union continues to grow in size and sophistication this change will improve the Board's ability to appoint directors with specific knowledge and skill sets to meet rapidly changing financial situations.

Agenda Item 8c - Introduction of Nominations Committee

- (i) That existing Rule 1.1 be amended to insert definitions of "Fit and Proper Policy" and "Nominations Committee" as follows:

"Fit and Proper Policy" means a written policy adopted by the board relating to the fitness and propriety of directors, senior managers and auditors of the credit union, complying with prudential standard APS 520 or any other prudential standard or provision of law which is from time to time applicable.

"Nominations Committee" means the committee appointed by the board in accordance with Appendix 5.

- (ii) That Rule A5-13 Nominations Committee be added to Appendix 5 as follows:

A5-13 Nominations Committee

- (1) The board must establish and maintain a Nominations Committee.
 - (2) The function of the Nominations Committee is to assess whether a person, including an existing director, is fit and proper under the terms of the Fit and Proper Policy to be appointed or elected as a director.
 - (3) The Nominations Committee shall consist of not less than three persons as the board determines, provided:
 - (a) the majority of the members of the Nominations Committee must be independent; and
 - (b) none of the members of the Nominations Committee are employees of the credit union; and
 - (c) no director may be a member of the Nominations Committee if the director is nominated as a candidate for re-appointment or re-election.
 - (4) The board may, at any time, and in its absolute discretion:
 - (a) suspend or terminate the appointment of a person as a member of the Nominations Committee; and
 - (b) give directions to the Nominations Committee as to the procedures it is to follow.
- (iii) That Rule A5-6 Rejection of Nomination be amended to read as follows:
- (1) Each candidate must provide to the Nominations Committee all information and documentation as the Nominations Committee requires for it to determine if the candidate is fit and proper to become a director by reference to the Fit and Proper Policy.
 - (2) Each candidate will be invited to attend before the Nominations Committee to be interviewed to determine if the candidate is fit and proper to become a director by reference to the Fit and Proper Policy.
 - (3) Any candidate who fails to attend the interview with the Nominations Committee will have their nomination rejected by the returning officer under Rule A5-6 (5).
 - (4) The Nominations Committee will provide the returning officer with a report setting out:
 - (a) the name of each candidate who failed to attend the interview with the Nominations Committee; and
 - (b) the name of each candidate who is fit and proper to become a director by reference to the Fit and Proper Policy.
 - (5) The returning officer must reject the nomination of any candidate where:
 - (a) it appears to the returning officer that the candidate is not eligible under Rule 9.2 or because the nomination does not otherwise comply with the requirements of Rule A5-4 (3);
 - (b) a candidate is named in the Nominations Committee's report as having failed to attend the interview with the Nominations Committee; or
 - (c) a candidate is not named in the Nominations Committee's report as fit and proper to become a director by reference to the Fit and Proper Policy.
 - (6) The returning officer shall advise each candidate, their proposers and the board whether the candidate's nomination has been accepted or rejected.
 - (7) Only a candidate whose nomination has been accepted by the returning officer becomes a candidate for election.

Reasons for proposing this change

The Board is proposing to establish a Nominations Committee to assist members in appointing appropriately qualified people to the role of director. It is essential to ensure that candidates to the Board are not only properly qualified but also meet legislative and prudential requirements regarding governance, competence, fitness and propriety.

APRA require that credit unions are managed in a sound and prudent manner by a competent board of directors capable of making reasonable and impartial business judgements in the best interests of the Credit Union. A key requirement is that the fitness and propriety of responsible persons be assessed prior to initial appointment.

The Nominations Committee would ensure that all candidates for the Board qualify for the role of director. This means that members can be sure the directors managing their credit union, including their elected representatives, are eligible for the role, and more importantly, capable of managing their credit union for them.

It is standard practice for all large credit unions and financial institutions to have Nomination Committees.

Agenda item 8d - Introduction of electronic voting

Electronic Voting System

- (i) That existing Rule 1.1 be amended to insert a definition of "Electronic Voting System" as follows:

"Electronic Voting System" means a system approved by the board which enables members to submit their vote by electronic means.

- (ii) That existing Rule 8.1 Voting be replaced by the following:

8.1 Voting

- (1) A resolution put to the vote at a members' meeting must be decided on a show of hands unless a poll is demanded.
- (2) If the credit union has an Electronic Voting System which permits members to vote at or prior to a meeting by electronic means on a show of hands or a poll, a vote cast by a member by electronic means is taken to have been cast on the show of hands or poll and is to be counted accordingly.
- (3) If a member has voted on a resolution by electronic means prior to a meeting the member may not cast another vote on the resolution at the meeting.
- (4) Before a members' meeting votes by a show of hands on a resolution, the chair must inform the meeting if any votes have been received by electronic means prior to the meeting and, if so:

- (a) how many valid votes by electronic means the credit union has received prior to the meeting; and

- (b) how the votes received by electronic means prior to the meeting have voted on the resolution.

- (5) Before a members' meeting votes by poll on a resolution, the chair must inform the meeting:

- (a) If any proxy votes have been received and, if so :

- (i) how many proxy documents the credit union has received that validly appoint a person present at the meeting as proxy;
- (ii) how many of these proxy documents direct the proxies how to vote on the resolution; and
- (iii) how the proxies are directed to vote on the resolution.

- (b) If any votes have been received by electronic means prior to the meeting and, if so:

- (i) how many valid votes by electronic means the credit union has received prior to the meeting; and
- (ii) how the votes received by electronic means prior to the meeting have voted on the resolution.

- (6) The members' meeting passes an ordinary resolution only if more than half the total number of votes cast on the resolution are in favour of it.
 - (7) The chair does not have a casting vote in addition to his or her deliberative vote.
- (iii) That Rule A5-13 Electronic Voting and Rule A5-14 Vote Counting be added to Appendix 5 - Election of Directors as follows:

A5-13 Electronic Voting

- (1) If the credit union has an Electronic Voting System which permits members to vote for the election of directors by electronic means, then the board may determine:
 - (a) that the members may record their votes in the election by electronic means; and
 - (b) the manner in which members will be identified for the purposes of voting in the election.
 - (2) If the board makes such a determination:
 - (a) members may vote by post or by electronic means, but may only vote once.
 - (b) the information referred to in Rule A5-5(2) may be made available for access by members by electronic means.
 - (c) the returning officer shall provide an interactive copy of the ballot paper in a secure online system to facilitate voting by electronic means and make available to members all information reasonably necessary to facilitate voting by electronic means. Requirements for an authenticating mark of the returning officer on the ballot paper shall not apply, but the returning officer must ensure that a member cannot vote by electronic means more than once in the election.
- (d) a member who votes by electronic means must ensure that his or her vote is submitted to the returning officer in accordance with any instructions given for voting by electronic means.
 - (e) in respect of any vote received by the returning officer by electronic means, the returning officer must ensure that the fact that the member has voted is recorded.
 - (f) the returning officer must cause all votes received by electronic means to be recorded in such a way that they cannot subsequently be identified with any particular member.
 - (g) if a member lodges both a vote by post and a vote by electronic means, then the returning officer must:
 - (i) if one of the votes is informal, accept the formal vote; and
 - (ii) if both votes are formal, accept the vote received first.
 - (h) the election procedures set out in the preceding Rules of Appendix 5 are deemed to be otherwise modified to the extent necessary to permit voting by electronic means.

A5-14 Vote Counting

Counting of votes may be undertaken manually, electronically or by using scanning technology and equipment or a combination of such methods.

Reasons for proposing this change

The Board is proposing this constitutional change to permit members to cast their votes by electronic means. The changes to the Constitution will enable members to exercise their voting rights without having to attend meetings or appoint proxies. It is hoped that this will lead to greater member participation. The Credit Union has reached an advanced stage of negotiations with Computershare which should ensure that the Credit Union will be able to offer the option for members to vote by electronic means at next year's AGM.

Agenda item 8e - Future capital raising

- (i) That existing Rule 5.2 be replaced with the following:

5.2 Board Power to Issue Shares

- (1) The board may exercise the credit union's power to issue member shares on an on-going basis.
- (2) The board has the power to issue additional classes of shares from time to time with the approval of the members.

- (ii) That Rule 5.4 Additional Shares be added as follows:

5.4 Additional Shares

- (1) All shares issued by the credit union other than member shares are additional shares.
- (2) Subject to this Constitution, an additional share must not confer the right to vote.
- (3) Additional shares may confer the right to vote, at meetings of the holders of additional shares, on questions affecting the continuing existence of the credit union.
- (4) An additional share may confer the right to participate in the credit union's profits through payment of dividends.
- (5) An additional share may confer a right to participate in surplus when the credit union is wound up but only to the extent of:
 - (a) repayment of capital paid on the additional shares; and
 - (b) payment of arrears of cumulative dividends.
- (6) The right to participate in profits and surplus conferred by additional shares may be preferred, equal or deferred to the rights conferred by the member shares.
- (7) An additional share may confer on the holder of the additional share a right to redeem or, subject to this Constitution, to transfer the additional share.

- (8) Accumulation of securities issued by the credit union must be restricted so that no person, or group of associated persons, may exercise a significant degree of influence over the affairs of the credit union.

- (iii) That existing Rule 6.1 be replaced by the following:

6.1 Payment of Dividends

- (1) The board may determine that the credit union pay a dividend on shares to which a right to participate in dividends attaches and may determine:
 - (a) the amount of the dividend; and
 - (b) the time for payment of the dividend; and
 - (c) the method of payment of the dividend.

The method of payment may include the payment of cash, the issue of securities and the transfer of assets. Where the credit union pays the dividend other than in cash, the board may fix the value of any securities issued or assets transferred.

- (2) If the terms of issue for a share require the Annual General Meeting's approval of any payment of a dividend on the share, the board's determination under Sub-Rule(1) is effective only if the Annual General Meeting approves the dividend before the time for payment of the dividend arrives. The Annual General Meeting may not vary the board's determination.

- (iv) That Rules 6.2 and 6.3 be added as follows:

6.2 Differential Dividends

Subject to the terms on which shares in a class are issued, the board may determine dividends to different members in a class that differ:

- (a) in amount; and
- (b) in the method of payment (whether cash, securities, assets or any combination of them).

6.3 Interest on Dividends

Interest is not payable on a dividend.

Reasons for proposing this change

The Board is proposing to establish a constitutional change that would allow for a possible future capital raising involving a share issue. At present the Credit Union has no immediate proposal before it for a capital raising, but the Board feel it prudent to establish a constitutional change that would enable such future capital raising. This constitutional change will maintain the Credit Union's current mutual status by general voting rights attached to ordinary shares.

Agenda item 8f - Common Bond changes

That Category 1 of the Description column Employment of Appendix 2-Common Bond of the Credit Union's Constitution be amended to read as follows:

- (a) A person who is a financial member of the Australian Education Union and is employed as a teacher, lecturer or instructor in Australia in:
 - (i) a government school;
 - (ii) a tertiary educational institution; or
 - (iii) a government funded teaching service.
- (b) A person who was a financial member of the Australian Education Union up to the point of promotion but has ceased to be eligible for membership because of promotion within a government education department.
- (c) An employee or paid officer of:
 - (i) the Australian Education Union;
 - (ii) Teachers Federation Health Ltd.;
 - (iii) NSW Teachers Credit Union Ltd.;
 - (iv) the Professional Teachers' Council NSW;
 - (v) the NSW Teachers Federation; or
 - (vi) the State School Teachers Union of Western Australia.
- (d) A person who is employed as a clerical assistant, teacher's aide or other ancillary staff member in any of the institutions referred to in (a) above and is a financial member of an appropriate industrial association.
- (e) A student in a teacher training course at any educational institution in Australia and is an associate or student member of the Australian Education Union.
- (f) A person who is employed as an education officer in a government department and is a financial member of the Australian Education Union
- (g) A retired person who was eligible under any other category prior to his or her retirement.
- (h) A person who is an employee of a government education department in Australia and is a financial member of their appropriate industrial association where one exists.
- (i) A person who is a member of Teachers Federation Health Ltd.

Reasons for proposing this change

Changes were made to the Common Bond at the 2008 AGM. While supporting the reasons for the 2008 changes, the NSW Teachers Federation had concerns that the changes had the unintended consequence of potentially excluding some members of the NSW Teachers Federation and the Queensland Teachers Union.

Minor changes have been made to address the issues raised. The Teachers Club has also been removed, as it no longer exists.

Agenda item 8g - WA Common Bond changes

That paragraph (j) be added to the Description column Employment of Category 1 of Appendix 2-Common Bond of the Credit Union's Constitution as follows:

- (j) A person who is a member of Western Australian College of Teaching and is a financial member of an appropriate industrial association where one exists.

Benefits of this proposed change

Members voted at last year's AGM to allow membership to be expanded into Western Australia. As a result Teachers Credit Union has opened an office in Perth to develop and build membership across the State.

Teachers Credit Union is working closely with the WA Department of Education and the State School Teachers Union of WA, both of which have indicated their support for the inclusion of members of the Western Australian College of Teaching (WACOT) in the Common Bond.

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