

## **MINUTES**

### **OF THE SIXTY- SIXTH ANNUAL GENERAL MEETING OF SHAREHOLDERS OF LABORATORIES CREDIT UNION LTD HELD ONLINE ON THE 5TH NOVEMBER 2020 AT 6.00PM**

#### **OPENING:**

Chairman Allison Smart welcomed all members and guests to the 66th Annual General Meeting of Laboratories Credit Union advising that a quorum was present on-line and declared the meeting open at 6.00pm.

#### **PRESENT:**

The Chairman announced that approximately 35 members were in attendance at the beginning of the meeting (post-meeting information shows the total number logged in was 40) and spoke about this being the first AGM conducted virtually.

She welcomed the External Auditor's representative, Madeleine Mattera from Grant Thornton, and then introduced the directors in attendance being: Scott Martin, Anita Andrew, Tony Murphy, Peter Steele, John Stephens, Paul Swan & associate director Gordana Papic.

The Chairman gave an outline of how voting would be conducted electronically and the process for asking questions through the Q&A function. She advised questions could be asked at any time and would be read out by her at the relevant point in the meeting.

#### **APOLOGIES:**

The Chairman passed on director Frank Benito de Valle's apologies for this meeting.

Member apologies were received from Richard Soppe, Barry Clarke, Vivian Cateaux, Timothy Keighley, Daryl Kearvell, Phil Harris, Doug Shaw, Kieran Greene & Don Pendergast. The Chairman advised that this included two apologies advised on-line from the floor.

#### **PREVIOUS MINUTES:**

The minutes of the 65th Annual General Meeting held on 7 November 2019 were made available to all in attendance electronically and members had previously been advised of where to obtain the Minutes in the Notice of Meeting.

The Chairman advised the motion

*“to adopt the minutes of the 65<sup>th</sup> Annual General Meeting of LCU”*

was moved by Scott Martin and seconded by Anita Andrew.



The Chairman put to the meeting that the minutes of the Annual General Meeting of Laboratories Credit Union, held on 7 November 2019 as distributed be accepted and members asked to vote electronically for the motion.

The Chairman reviewed the number of votes for this motion reported on-line from those members logged in and declared the motion to be CARRIED.

#### **MATTER ARISING FROM THE MINUTES:**

There were no matters arising from the minutes.

#### **PROXY APPOINTMENTS:**

The Chairman advised that she held 5 proxies and thanked members who had submitted proxy forms.

#### **CHAIRMAN'S REPORT, DIRECTORS REPORT AND FINANCIAL STATEMENTS:**

The Chairman spoke of some numbers outside the financial reports which demonstrated how LCU was here for Members, despite record low interest rates and a global pandemic.

She reminded the meeting that it was the equivalent of 8.5 full time staff at LCU who look after over 3,300 members with an average of 3.5 accounts each and about how \$13 million in loans were originally under hardship during COVID with this now being down to just 2 members with loans of just \$345,000. She also mentioned that LCU achieved a NPS (Net Promoter Score) of 73 in our most recent member survey, an excellent result when compared to the banking industry average of -3. LCU had given back to its community since 1990 in excess of \$265,000 in scholarship awards to some 300 recipients.

The General Manager, Leanne Harris was invited to comment on the financial statements.

The General Manager addressed the meeting and reported that LCU had achieved solid growth with overall asset growth of 7.0%, taking total assets to \$211 million. Deposits grew by 7.15% while loans grew by 2.89%. The after-tax surplus was \$590,000 which represents a return on assets of 0.30%, and a capital adequacy ratio of 15.78%, which is well in excess of the prudential requirement. The total member equity is now \$15.3 million.

The General Manager spoke about the significant challenges for the Board and management due to the ultra-low rate environment.

The General Manager thanked the Board for their support and the staff for their hard work throughout the year and advised the meeting the Auditor was in attendance at the meeting to answer any questions.

## **AUDITOR'S REPORT:**

Madeleine Mattera (Grant Thornton Audit) addressed the meeting and referred to page 9 of the Annual Report being the Independence Declaration and the following page which contains the Independent Auditor's Report on the Financial Statements and stated that this is an unqualified audit opinion. She then passed back to the Chairman after asking for any questions to be referred back to her.

The Chairman asked for any questions and paused for members to be able to type in any questions regarding the report. There being no questions, she then advised the meeting that the following resolution was moved by John Stephens and seconded by Peter Steele:

*“That the financial reports on the results of the operations of the Laboratories Credit Union during the financial year ended 30 June 2020 be noted”*

and to please vote in favour or not of this motion with the on-line voting system.

The Chairman reviewed the number of votes for this motion reported on-line from those members logged in. She declared the motion to be *CARRIED*.

## **ELECTION OF DIRECTORS:**

The Chairman reported that two directors were retiring by rotation at the end of this meeting and that two vacancies existed.

The two directors who were retiring by rotation had re-nominated and are standing for re-election at this meeting:

- Peter Steele; and
- Richard John Stephens

As LCU received only two nominations for two positions an election was not required. The Chairman advised there would be 2 separation resolutions, one for each of the nominated Directors to be re-elected as a director for a term of 3 years.

The Chairman advised the resolution

*“That Peter Steele be re-appointed for a further term of 3 years”*

was moved by Tony Murphy and seconded by Paul Swan and asked the Members to vote on-line for or against that resolution.

The Chairman reviewed the number of votes for this motion reported on-line from those members logged in. She declared the motion to be *CARRIED* and congratulated Mr Steele.

The Chairman then advised the resolution

*“That Richard John Stephens be re-appointed for a further term of 3 years”*

was moved by Anita Andrew and seconded by Leanne Harris and asked the Members to vote on-line for or against that resolution.

The Chairman reviewed the number of votes for this motion reported on-line from those members logged in. She declared the motion to be *CARRIED* and congratulated Mr Stephens.

**DIRECTORS’ REMUNERATION:**

The Chairman announced the next item on the Notice of meeting was regarding Director Remuneration. She noted this was the total pool of funds to be divided amongst the Directors in such proportion and manner as agreed to by the Board.

She advised the resolution

*“the Board’s recommendation that the director remuneration be increased from the current level of \$55,000 in aggregate, to \$57,000 plus 9.5% SGC”*

was moved by Gordana Pasic and seconded by Eileen Thoms and asked the Members to vote online for or against that resolution.

The Chairman reviewed the number of votes for this motion reported on-line from those members logged in. She declared the motion to be *CARRIED*.

**QUESTIONS:**

<b>Question</b>	<b>Answer</b>
<p>Our total director remuneration package of \$57K (plus super) seems low by industry standards for similar sized organisations.</p> <p>(i) Do current Directors feel that this is an impediment to their participation, or (ii) is there any evidence that this has been an impediment to attracting suitably qualified and experienced director candidates to our board (e.g. in terms of number of candidates seeking election)?</p>	<p>(Answered by The Chairman)</p> <p>Directors have actually considered this matter. Not long ago we had a director assessment and feedback session where we discussed the reasons our current directors participate within LCU. The general consensus was that we participate as part of our community obligation to give back to our community and give our time. So the reason the current directors are on the board is not the remuneration but the greater purpose of serving our community.</p>

	<p>In terms of evidence of this being an impediment to attracting suitably qualified and experienced director candidates, certainly that does reduce the pool of people that might otherwise be willing to participate on our board but being a mutual and being the organisation that we are, we feel that the cost of the board is right for the size of the organisation that we are and that changing that significantly could change who we are.</p>
<p>How do you see term deposit interest rates in the future?</p>	<p>(Answered by the General Manager) As the latest RBA announcement was only on Tuesday we have not had an opportunity to assess what is happening in the market. We will get back to members shortly on this.</p>

**GENERAL BUSINESS:**

No notification of general business was received prior to the meeting.

The Chairman invited any comments from the floor.

There were no comments from the floor.

**CLOSE OF MEETING**

In closing, the Chairman thanked her fellow directors for their valuable contribution to the governance of LCU over the past year and then thanked the staff for their friendly service and commitment.

She then thanked the members for their support, and thanked Vero & Matthew Thoms for their technical support hosting the virtual AGM

Being no further discussion the 66th Annual General Meeting was declared closed at 6.45pm.

Signed:   
Chairman

Date: 20 - 11 - 20