

# Notice of Annual General Meeting

## Canterbury Surrey Hills Community Finance Limited

A.B.N. 96 099 590 593

To be held at the Balwyn Primary School, 86 Balwyn Road, Balwyn on Tuesday 8 November 2011  
at 7:30pm

### ORDINARY BUSINESS

#### 1. Receipt of Annual Report

To receive the Company's Financial Report, the Director's Report and the Auditor's Report for the year ended 30 June 2011.

#### 2. Election of Directors

To consider, and if thought fit, to pass each of the following resolutions as ordinary resolutions:

##### **Re-election of Director retiring by rotation**

- (a) That **Hans Diederick Menting** be elected as a Director of the Company.
- (b) That **Robert Einar Stensholt** be elected as a Director of the Company.
- (c) That **Gordon Lennox McFarlane** be elected as a Director of the Company.
- (d) That **John James Grace** be elected as a Director of the Company.

#### 3. Remuneration Report

To consider, and if thought fit, to pass each of the following resolutions as an ordinary resolution:

That the Remuneration Report be adopted.

#### 4. Directors' Remuneration

To consider, and if thought fit, to pass the following resolution as an ordinary resolution.

That the Directors of Canterbury Surrey Hills Community Finance Limited be remunerated in accordance with the proposal set out in the Explanatory Memorandum attached to this notice.

### Attending the meeting

All shareholders may attend the Annual General Meeting.

*Joint holders:* In the case of joint shareholders, all holders may attend the Meeting. If only one holder attends (including by proxy), that shareholder may vote at the Meeting as if that holder were solely entitled to the shares. If more than one joint holder is present (including by proxy), the joint holder whose name appears first in the register may vote.

*Proxy:* If you are unable to attend the Meeting, you are entitled to appoint a proxy to attend and vote. See the attached Proxy Form for information on appointing a proxy. In accordance with

*Corporate shareholder:* A corporate shareholder may appoint one or more persons to act as its representative under section 250D of the Corporations Act, but only one representative may exercise the corporate shareholder's powers at any one time. The Company requires written evidence of a representative's appointment to be given to the Company *before* the meeting.

### Voting rights

In accordance with the Constitution of the Company, each shareholder is entitled to **one** vote.

For the purposes of voting at the Meeting, shares will be taken to be held by the persons who are registered as shareholders as at **5:00pm** on **3 November 2011**.

By order of the Board

**Geoff Rowles**  
Company Secretary  
**7 October 2011**

# Notice of Annual General Meeting

## EXPLANATORY NOTES

This information has been included to assist you in making an informed decision about the resolutions proposed at the meeting.

### Agenda item 2. Election of Directors

The following information is provided about candidates for election to the Board.

#### Re-election of Director retiring by rotation

(a) **Hans Diederick Menting.** Dick is retiring by rotation in accordance with Clause 62 of the company's Constitution and offers himself for re-election.

Dick founded the Canterbury Steering Committee and became the founding Chairman of Canterbury Surrey Hills Community Finance Ltd. He has a strong banking and business background. Through his position as Councillor for the Maling Ward of the City of Boroondara, he has many contacts with not for profit organisations in Boroondara. He was very involved in the opening of the Ashburton branch and in the process to establish a further branch in Balwyn.

The Board recommends this resolution be passed by the members.

(b) **Robert Einar Stensholt.** Bob is retiring by rotation in accordance with Clause 62 of the company's Constitution and offers himself for re-election.

Bob is a foundation Director of the company. He is currently the Deputy Chair of the Board and Chairman of the Sponsorship and Marketing Committee and the Staff Committee and is a member of the Finance Committee. Bob has extensive community connections and contacts built over a career in areas including State politics, diplomatic postings and the education sector. Bob is a Director of a consulting firm and active in many community groups.

The Board recommends this resolution be passed by the members.

(c) **Gordon Lennox McFarlane.** Gordon is retiring by rotation in accordance with Clause 62 of the company's Constitution and offers himself for re-election.

Gordon is the Commercial Manager, Business Development at Melbourne Water and commenced with us as the Chairman of the Ashburton Steering Committee. As the Chairman of the Audit and Governance Committee, he has contributed to the further development of good corporate practices and business improvement plans. He is also a member of the Asset Management and Sponsorship & Marketing Committees. Gordon has strong business skills, has had extensive community involvement, and seeks to align these aspects for the benefit of our business and community.

The Board recommends this resolution be passed by the members.

(d) **John James Grace.** John has been appointed as a director during the year and, in accordance with Section 201H of the Corporations Act, offers himself for election by the members.

John has been involved in the sporting arena in the area for many years. His business experience has been in the finance and management arenas of not for profit organisations. He is currently General Manager of a clothing company. Since joining the Board he has served on the Sponsorship and Marketing Committee and the Staff Committee. Prior to joining the Board he was involved with the Balwyn Branch steering committee.

The Board recommends this resolution be passed by the members.

### Agenda item 3. Remuneration Report

The Corporations Act requires a resolution for the adoption of the Remuneration Report contained in the Company's Annual Report be put to the vote. The resolution is advisory only and does not bind the Directors of the Company.

### Agenda item 4. Directors Remuneration

The Audit and Governance committee of Canterbury Surrey Hills Community Finance Limited has undertaken a Board Recruitment Review of how new directors are recruited to the Board in order to ensure that the Board is able to attract and retain candidates of suitable skills, experience and diversity. This process has resulted in a clearly defined induction process involving interviews, background checks and an appointment to Board Committees in order to ensure a candidate is able to make a valuable contribution to the Board.

# Notice of Annual General Meeting

Ultimately, candidates recruited under this process will then submit their candidacy to the shareholders for approval in accordance with the Corporation Act. All directors are required to retire by rotation after three years in order to ensure shareholders retain the ability to influence the performance of the Board.

The current remuneration system, which has been unchanged since 2008, is based on a pool of \$50,000 that is distributed or split as the Board sees fit. In the last three years, the actual amounts paid have been:

2011	\$39,000
2010	\$40,833
2009	\$48,500

The Board Recruitment Review identified the need to realign the remuneration of directors. Rather than paying the Board members a payment for the level of involvement each contributes, the review determined that all Board members should be committed to a minimum performance expectation, and this performance expectation should *not* be remunerated. The Audit & Governance Committee is currently finalising the performance expectations for Directors for approval by the Board.

The Review did recommend the directors would receive a standard level of remuneration to reflect the personal liability each director of a public listed company is exposed to, particularly in light of more recent court decisions. The Review acknowledged that Canterbury Surrey Hills Community Finance Limited, with its direct and permanent links to the community service ethos, was not prepared to provide a remuneration level that was comparable to other listed companies, and has determined a figure that is designed to encourage high quality people to be prepared to accept the risks in order to provide the best service to the shareholders and the Company.

## Proposed New Remuneration System

The proposed new Director Remuneration Model will consist of a standard payment that is made in recognition of the personal liabilities directors of a public company are exposed to. This payment will be:

Chairman	\$21,000
Other Directors	\$7,000

The Review recommended the Chairman be paid three times the other Directors because the Chairman is required to oversee the performance of the directors and the conduct of the meetings and because this is a generally accepted rule-of-thumb for many listed companies.

The remuneration of the following office bearers for their services in their office is able to be determined by the Board without shareholder approval, but the Review recommended the following payments in addition to the payment outlined above:

Treasurer	\$3,000
Secretary	\$3,000
Marketing Committee Chair	\$3,000

These additional payments are made to compensate the additional work these Directors are required to undertake because of their positions.

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