

**LA TROBE UNIVERSITY CREDIT UNION CO-OPERATIVE LIMITED
MINUTES OF THE THIRTY-EIGHTH ANNUAL GENERAL MEETING
HELD ON TUESDAY 4 AUGUST 2009**

Present:

Directors:

Richard Jackson	Charles Mott
Stephen Muir	Arlene Peace
Oreste Pompetti	Michelle Powell
Robin Young (Deputy Chair)	

Members:

There were thirty four members in attendance as per the attendance register.

Guests:

Mr Graeme Day	Partner; Jeffrey Thomas and Partners Chartered Accountants
Mr John Green	Chair; Melbourne University Credit Union
Ms Nerida Irving-Dusting	Relationship Manager; Australian Prudential Regulation Authority
Mr Karl Kaiser	Internal Auditor; Mike Jolley and Associates
Mr Stuart Neave	Manager; Melbourne University Credit Union

The following apologies were received:

Ms Jenny Clarke	Managing Director; Raising Expectations
Mr David Daniels	Partner DB Legal
Mr Steven Glenfield	Head of Supervision; Australian Prudential Regulation Authority
Prof Paul Johnson	Vice Chancellor La Trobe University
Mr Mike Jolley	Director; Mike Jolley and Associates (Internal Auditor)
Mr Neil McDonald	Chair; La Trobe University Credit Union Board
Mr Paul Morrissey	Managing Director; Car Search Brokers

Apologies were received from ten members who were unable to attend.

38.1 OPENING AND WELCOME

At 1:00 pm, in the absence of the Chair, Robin Young the Deputy Chair declared the meeting open and extended a welcome on behalf of the Board to those present. Members were advised that the folder handed to them on arrival contained the meeting papers comprising:

- An agenda for this meeting
- A copy of the minutes of the 2008 Annual General Meeting
- A copy of the Financial Report for the year ended 31 March 2009
- A copy of the reports to be presented from the Chair and Committee Convenors

The Chairman informed the meeting of the following:

- No proxies had been received
- The item 'Other Business' had been deleted from the agenda under lawyer's advice following changes to the Corporations Act and therefore no motions could be received from the floor

38.2 MINUTES OF THE PREVIOUS MEETING

The Chairman advised the meeting that Section 251A of the Corporations Act requires a company to record the minutes in the minute book within 1 month of the AGM. It is no longer necessary to have the minutes accepted at the next meeting.

The minutes of the thirty-seventh Annual General Meeting held on 29 July 2008 were circulated at the commencement of the meeting. The minutes were approved by the Board, signed by the Chair and entered into the minute books in accordance with the Corporations Act. The minutes of the meetings are also available on the Credit Union's web site.

38.3 BUSINESS ARISING FROM THE MINUTES

There was none to report. No matters were raised from members.

37.4 REPORTS FROM THE CHAIR AND CONVENORS OF COMMITTEES

CHAIRMAN

Neil McDonald, presented by Robin Young

Firstly on behalf of the Board and members present I would like to thank the staff of the Credit Union:

Operations Manager	Colleen Maskiell
Senior Lending Officer	Sharney Byrne
Senior Member Service Officer	Louise Harrison
Member Service Officers	Phil Mangano
	Mary Dimovski
General Manager	Doug Andrews

Each year now I appear to be telling you we have been through a very challenging past twelve months, and this report is no different. At the time of last year's report we saw the beginning of the effects of the Global Financial Crisis. At that time I don't believe anyone foresaw just how bad that crisis would become. With the rapid decline in interest rates, the tightening of the wholesale lending markets globally, and the major loss of confidence in the share market, we faced the biggest financial crisis in seventy five years.

In talking to our regulators, it is expected more than half the credit unions in Australia will bring in a sizeable deficit for the past financial year, and very likely the same result for the next financial year. In my report last year I pointed out that your Board were being very diligent in their efforts to ensure this Credit Union had an extremely sound base, and appropriate policies and procedures, with which to withstand the hard times ahead. As you will see from the financial report, in spite of the major impost of the transfer to the new banking platform, we still had a sound result for the 2008/2009 financial year. Although in the current climate it would perhaps be unrealistic to expect a similar result for the coming year, we do anticipate finishing this financial year with a modest profit.

On the matter of the new banking platform, I would like to thank the staff, and in particular Colleen and Doug, for the work they put in to ensure a smooth transition, and also to congratulate them on a job extremely well done. It would seem Ultradata are so impressed they are referring other credit unions to us to see just how well it can be done.

It is with sadness I inform the meeting of the passing of three former Directors of the Credit Union; Elwyn Davies in March 2008, Bill Horrigan in November 2008, and most recently, Kathy Ward in June this year. Our thoughts and sympathies go out to their family and friends.

In conclusion, I would like to thank all members of the Board for an outstanding effort over the past year. As usual they have worked tirelessly to ensure the continued safety, soundness and success of the Credit Union. I would like to thank the staff, both long standing and new arrivals, for the exemplary service they provide to the members. Last but certainly not least, I would like to thank the members, for your faith and support of the Credit Union. We look forward to the challenges of the coming year, and once again out-performing our peers.

AUDIT COMMITTEE**Oreste Pompetti**

The global events over the past year bring to our attention the importance of addressing the risks facing the financial sector. Our Credit Union has performed well considering the environment we are in, due in part to the minimal impact upon the Australian landscape but also a consequence of the fact that the Credit Union risk profile is low in relative terms.

In this environment, the Audit Committee has continued to do what it has always done; that is oversee the process of identifying, managing and mitigating risks. From an external audit perspective I am pleased to say that the work performed by Jeffrey Thomas & Partners has returned an unqualified report for the Credit Union.

The Committee does not work alone in achieving its objectives and I would like to acknowledge the following partners in the process of overseeing the Audit and Risk areas of the Credit Union:

Australian Prudential Regulation Authority (APRA)
 Jeffrey Thomas & Partners (External Auditors)
 Mike Jolley & Associates (Internal Auditors)
 Credit Union staff

Finally and most importantly I would like to acknowledge and thank all members of the Credit Union for making it a solid organisation.

FINANCE COMMITTEE**Robin Young**

During the past year your Credit Union continued to operate on a sound financial basis, achieving a net profit of \$113,815 for the year. This was a great result given the significant reduction in interest margins resulting from of the rapid reduction in lending rates during the latter part of 2008 and was achieved by close control of expenditure during the year.

The strong financial result would normally have enabled your Credit Union to increase its prudential capital base. However, for capital adequacy purposes the cost of the new core banking system was charged directly to capital which together with a significant increase in deposits meant that the capital adequacy ratio actually declined from 13.2% to 12.74%. This result was anticipated as we planned the project and in fact is a better result when considering the strong asset growth over the period. These imposts are once off items and we don't expect any further imposts this year, consequently capital adequacy is expected to steadily increase this financial year.

From the Statement of Financial Performance:

Total Income increased by	\$22,692 or	2.11% to	\$1,099,229
Operating Expenses increased by	\$14,751 or	1.60% to	\$935,522
Profit before tax increased by	\$7,941 or	5.09% to	\$163,707
Net profit after tax increased by	\$4,527 or	2.38% to	\$113,815

From the Statement of Financial Position

Total Assets increased by	\$2,536,898 or	10.46% to \$26,795,523
Total Equity increased by	\$113,815 or	7.15% to \$1,705,636

Other Significant Figures

Total loans increased by	\$1,156,639 or	8.51% to \$14,740,150
Total deposits increased by	\$2,287,805 or	10.29% to \$24,513,161

During the year the governance responsibilities of the Loans Committee were absorbed into the Finance Committee and with it the report on lending.

It was pleasing to see strong growth in both loans and deposits during the year particularly given the global financial crisis and its effect on the Australian economy. The lending book grew during the year from \$13.6 million to \$14.7 million. That growth has continued this year to a current level of \$15 million; predominantly in home and investment loans. Our bad and doubtful debt situation has remained almost unchanged; our current level of doubtful debts more than 90 days in arrears is low, standing three loans totalling \$6,400.

STRATEGIC PLANNING COMMITTEE**Stephen Muir**

In light of all that has happened in the financial industry over the last eighteen months and the increasing concern by regulatory authorities the Strategic Planning role has been expanded to form a new committee of the Board. I would firstly like to thank the chairman, Neil McDonald for the work he had previously undertaken looking after this portfolio on his own.

As part of the strategic planning role the marketing committee was rolled into this new committee since marketing planning is crucial to the implementation of strategic goals. I also take this opportunity to thank the past members of the Marketing Committee and note that an expanded group now coordinate the operational aspects of marketing. This has been led up until recently by Jenny Clarke, whom we employed as a consultant and will be sorely missed as she moves on to other opportunities. I also thank the enthusiastic staff of the Credit Union who have stepped into the breach and taken an active role in marketing endeavours.

We have reviewed and revised our strategic plan for the next three years to ensure we are well prepared for all eventualities. From this plan we can extract monthly targets which are reported against to APRA. Further, all our policies, processes and business plans are involved in a rolling twelve month review to ensure both regulatory compliance and best business practice. At the same time we have been exploring further the role of a socially responsible corporate organisation and continue to develop our social and environmental indicators to minimise the environmental impact of our business operations in line with community expectations, which along with our financial targets map our movement towards triple bottom line sustainability.

38.5 AGENDA ITEM 1 - FINANCIAL ACCOUNTS AND REPORTS

The Chairman informed members that copies of the Financial Report as at 31 March 2009 were available and included:

- The Directors' Report
- The Directors' Declaration
- The Auditor's Independence Declaration
- The Independent Audit Report
- Income Statement
- Statement of Changes in Member Equity
- Balance Sheet
- Cash Flow Statement
- Notes to and forming part of the Financial Statements

Members were advised that the Financial Report had been lodged with both regulators ASIC (Australian Securities and Investments Commission) and APRA (Australian Prudential Regulation Authority). Asking members to vote to accept the report is now redundant under the Corporations Act.

38.6 AGENDA ITEM 2 - APPOINTMENT OF DIRECTORS

The Chairman advised the meeting that the candidates for appointment as director were Neil McDonald, Stephen Muir and Arlene Peace. No other nominations had been received and there were currently four vacancies on the Board.

As the number of candidates for election as director was less than the total number of vacancies to fill, the election process was discontinued and members would vote on the appointment of each candidate as a director until the end of the 2012 AGM by separate resolution.

The Chairman called on Mr Ian McCabe the Returning Officer, to count the votes if necessary.

It was moved by Graham Knight and seconded by Michael Mulready:

“That Neil McDonald be appointed as Director until the end of the 2012 AGM”.

CARRIED

It was moved by John Scott and seconded by Margaret Alexander:

“That Stephen Muir be appointed as Director until the end of the 2012 AGM”.

CARRIED

It was moved by Stephanie Chard and seconded by Sharon Worth:

“That Arlene Peace be appointed as Director until the end of the 2012 AGM”.

CARRIED

38.7 AGENDA ITEM 3 - REMUNERATION OF DIRECTORS

The Chairman informed the meeting that 2008 Annual General Meeting approved the director remuneration for the 2008/09 financial year at \$10,500. It was acknowledged that the rate of remuneration was well below the market and would need to be increased significantly in future years.

It had been accepted over the last few years that director remuneration should strike a balance between the mutual philosophy underpinning the credit union and the need to pay a reasonable remuneration without seeking to pay full commercial rates. It was agreed several years ago that remuneration needed to be increased considerably over a three year period to around \$13,500. In fact remuneration increased by only \$1,000 in 2007/08 and \$1,500 in 2009/09 to the current \$10,500.

In consideration of the above information, it was recommended that the remuneration of directors be increased to \$12,000 for the financial year ending 31 March 2010.

It was moved by John Scott, seconded by Graham Knight:

“That the maximum aggregate directors’ remuneration be set at \$12,000 for the financial year ending 31 March 2010”.

CARRIED

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37.8 CLOSURE

A vote of thanks and appreciation to the staff of the Credit Union for the excellent service and care provided to members was proposed by Graham Knight. This proposal was endorsed by the members present with acclamation.

A small number of questions were raised by members regarding the financial accounts which included a request to break down the item of expense of \$81,516 noted as "Other" and an explanation of why Internet banking expenses had reduced significantly.

An invitation was extended to all present to join the Board over coffee at the conclusion of the meeting.

The Chairman thanked the Returning Officer Mr Ian McCabe and declared the meeting closed at 1:35 pm.

CONFIRMED

25 August 2009

Neil McDonald
Chair

Doug Andrews
Secretary