

Minutes of the Annual General Meeting (AGM)

Monday, 29 October 2018 at 6.00pm

Havelock North Function Centre, 30 Te Mata Road, Havelock North

1 **OPENING**

The International Credit Union Prayer was read.

2 **WELCOME TO MEMBERS AND GUESTS**

The AGM was declared open and a warm welcome extended to members and visitors. The attendance of Geoff Powley (PricewaterhouseCoopers), Tinashe Shoniwa and Susan Bingham (Trustees Executors Ltd), Claire Evans (Lane Neave) and Stuart Signal (Staples Rodway) was acknowledged.

2.1 **Deceased Members**

A minute's silence was held as a mark of respect to members who had passed away over the past 12 months.

2.2 **Ascertain Quorum**

It was ascertained there was a quorum present (minimum 15 members).

2.3 **Meeting Format**

No objections were received to not move and second resolutions, noting the outcome will still remain based on the majority of votes.

3 **APOLOGIES**

John Dixon (PricewaterhouseCoopers), Shahazad Contractor (Trustees Executors Ltd), Kim McCabe (Wairarapa Building Society), Teresa Davies (NZCU Employees), Bruce Ross (NZCU Steelsands), Elizabeth Peters, Sandra Hazelhurst (Mayor of Hastings), Bill Dalton (Mayor of Napier), Roy Gardiner (Patron), Barry Pulford, John Jones, Blair Robinson, Moira Stewart, Mandy Cartwright (Grow HR), Gerard Dale (Trustees Executors Ltd), Bill Stevenson, Glenys Hannan, Kathy Corfield, Patricia Collins.

Resolution

Apologies received were accepted.

4 **CONFIRMATION OF MINUTES**

4.1 **2017 AGM**

Page two, third paragraph – "additional" to be added before "remuneration".

Subject to the above amendment, the Minutes of the AGM held 30 October 2017 were tabled and accepted as a true and accurate record.

4.2 **Matters Arising from the Minutes**

Nil.

5 **REPORTS:**

5.1 **Directors' Review**

The Directors Review as printed in the 2018 Annual Report was presented by Iain Taylor and taken as read.

Iain Taylor addressed a question raised on the passing of the Friendly Societies and Credit Unions Amendment Act noting the biggest change is it allows NZCU Baywide to move into

areas of lending it's previously been precluded ie lending into small to medium entrepreneur lending; an opportunity to be more relevant to many members.

Concerns were raised around Co-op Money NZ (CMNZ), in particular its profitability and defecting credit unions. Members were advised as the largest by asset size in New Zealand, NZCU Baywide's investment in CMNZ gives it access to key critical operational infrastructure. As a major stakeholder NZCU Baywide is heavily invested to protect members' interest and is active in its oversight of CMNZ. The credit unions that have defected felt they could go it alone and it appears personal agendas were driving these decisions. The public statement is they didn't like the strategic direction of CMNZ. Legal action was taken by one of the defecting credit union's which lead to the Registrar upholding the credit union's view. CMNZ then appealed the decision as third party income is key critical to CMNZ's survival. The High Court had little hesitation in finding in favour of CMNZ. Legal costs involved have been significant totalling hundreds of thousands dollars.

The NZCU Baywide Board is very supportive of CMNZ's role and it is important NZCU Baywide stays with CMNZ for the stability of the credit union movement in New Zealand. CMNZ has had a couple of tough years with big costs and lost revenue from defecting Credit Unions. If, for any reason CMNZ collapsed, work was well advanced that would see NZCU Baywide stepping in and taking control of key CMNZ assets to ensure critical services continue to be provided to Credit Unions.

5.2 **Chief Executive's Review**

The CEO report as printed in the 2018 Annual Report was taken as read and presented by Gavin Earle.

The new banking system cost was questioned. Gavin Earle explained the old banking was system was around 30 years old and had to be replaced as it could no longer be reliably supported. NZCU Baywide has taken a big leap in technology capability with the new platform and will be leveraging off this investment.

Perry Spiller queried access to capital noting there is \$90M in term deposits not being linked to members. Gavin Earle advised capital in the Balance Sheet is made up entirely of retained earnings, being NZCU Baywide's only course of capital raising at present. Balance is needed in delivering a reasonable profit from members while ensuring we deliver the best possible experience and offering for members.

5.3 **Trustees' Report**

The Trustees' Report as printed in the 2018 Annual Report was taken as read and presented by Alan Bartlett.

Questions were asked why NZCU Baywide can't compete with the banks for home lending rates, the risk profile of lending and what is being done to mitigate this in the event of a significant property correction. General discussion followed with Alan Bartlett noting that while there are risks, these are factored into interest pricing margins. In the background it was noted that the level of security against the level of borrowing is monitored and impacts capital adequacy NZCU Baywide holds.

Rex Ingram queried members loans in the Annual Report noting personal loans are less than 20% of total loans and if NZCU Baywide is heading towards being a building society. Alan Bartlett replied the reality is most retailers offer interest free details and for some members

there's no need to see a credit union. To stay relevant, NZCU Baywide has had to go into the mortgage market.

5.4 **Financial Statements and Auditor's Report**

Chris Fenwick presented the Financial Statements for the period to 30 June 2018 and gave a brief summary of the highlights of the full audited accounts as included in the 2018 Annual Report.

An overview was provided on the support that CMNZ provides, benefits NZCU Baywide receives as a member of CMNZ; Base Capital Notes and the level of return NZCU Baywide receives noting the amount invested with CMNZ is mainly regulatory driven.

Murray Speers queried 'doubtful debts' and why NZCU Baywide was seeing an increase in impairment. Chris Fenwick advised the impairment expense of \$460k was light compared to peers in the market. This reflects the policies NZCU Baywide has in place are conservative.

5.5 **Appointment of Auditors**

Members were advised the Board has approved the re-appointment of PricewaterhouseCoopers as external auditors for the year ending 30 June 2019.

Perry Spiller asked what function the auditors carry out in relation to members. Grant Travis advised they audit the accounts. Perry also queried the approval auditors from the Board as opposed to members. Grant Travis advised that this was the role of the Board.

6 **GENERAL BUSINESS**

6.1 **Appointment of the Scrutineer**

Board advised they had approved PricewaterhouseCoopers as Scrutineer for tonight's meeting.

6.2 **Amendment to the Rules**

Chris Fenwick presented and outlined the proposed amendment to the Rules.

Resolution

Amendment to the Rules was accepted.

6.3 **Director Remuneration**

Iain Taylor presented and outlined the proposed increase to Director remuneration. Questions were asked of the Chair regarding IoD being classified as an independent organization; the current Board overseeing another decline in profit, and why the Associate Director meeting fees weren't being increased.

Iain Taylor replied that the remuneration reflects the qualities Directors bring to the governance of the credit union. The Board is charged with providing strategic direction governance and oversight of the organisation. While there has been a reduced profitability in previous years the growth in assets has been substantial. The Board is acutely aware of the reduced profit from previous years. The challenges continue unabated. He noted IoD has the credentials in New Zealand to assess Director remuneration. The Board was comfortable with the current meeting fees recommendation by IoD, noting Associate Directors don't have the same liability and risk as a Director. They have speaking rights but no vote.

Resolution

Increase in total remuneration to Directors by 3.65% was accepted.

6.4 **Other General Business**

Murray Speers expressed his dissatisfaction with the new telephone system in particular the impersonal service and wait time. Gavin Earle advised the challenge experienced with the implementation of the new banking system saw a big spike in enquiries which was expected. While it's back to business as usual, the challenge is from time to time there are peaks in incoming calls.

Perry Spiller commented about the jargon being used and would like to see plain English instead. Iain Taylor commented there is consistency that needs to be used for legislation and rules in particular the use of "customers" and "members" noted by Perry.

7 **ELECTION OF OFFICERS**

7.1 **Directors Nominating Committee (DNC) Report**

The Directors Nominating Committee Report was taken as read and presented by Iain Taylor.

7.2 **Candidate Presentations**

Candidates Chris Lord, Fortune Tlapi and Grant Travis gave a two minute presentation.

7.3 **Election of Directors and Trustee**

Members cast their vote. Meeting continued while votes were counted.

8 **RECOGNITIONS**

Staff who have completed long service in the last 12 months were acknowledged: Jayne Ferguson, Shona Green, Fiona Sergent, Margaret Kerr, Trudie Geerkens, Tracey Cooper, Trish Fisher, Marilyn Love and Bruce Buckley.

Directors Katrine Imrie, Grant Travis were acknowledged for 10 years long service and Alan Bartlett for 15 years long service. Gavin Earle was acknowledged for 30 years long service.

9 **ELECTION RESULTS**

Grant Travis and Christine Lord were elected as Directors for a further three year term and Christine Lord was elected as a Trustee for a further three year term.

10 **CLOSING**

There being no further business, the meeting closed at 8.45pm.

Signed: _____

Dated: _____