

BANK ORANGE

MATTERS TO CONSIDER WHEN NOMINATING FOR THE POSITION OF DIRECTOR

If you are considering nominating to become a Director of your Credit Union, then the following is some general information you may like to know.

- Bank Orange is member owned.
- It has a membership in excess of 12,000.
- Total assets in excess of \$315 million.
- Equity (Reserves) in excess of \$31 million.
- Gross revenues in excess of \$15 million per annum.
- Bank Orange was formed in 1964 in the Email Plant, and was originally run on a voluntary basis by the Board of Directors.
- Employs 24 Staff.

Before nominating there are some important matters you should know about, they are:-

- Common Law and the Corporations Act establish the general proposition that ***"directors owe a fiduciary duty to the credit union"***.
- A ***fiduciary*** duty has been defined by the High Court of Australia as the duty to act with fidelity to another.
- Directors also have ***secondary*** duties to creditors and in some cases to individual members and employees.
- The common law and statutory duties of directors following the recent CLERP (Corporate Law Economic Reform Program) amendments to the Corporations Act are:-
 - Duty to act in good faith in the best interests of the company.
 - Duty to act with care and diligence.
 - Duty to avoid a conflict in the position of a director and/or any interest that a director may have; and
 - Range of duties that prohibit the misuse of information obtained by directors.
 - Duty to disclose material interests
 - Duty to prevent insolvent trading.

The statutory ***business judgement rule*** contained within the CLERP Act Amendments that became operative from 13th March 2000 is to be adhered to by all responsible persons.

The definition of ***business judgement*** is defined to mean, ***any decision to take or not to take action in respect of a matter relevant to the business operations of the corporation.***

In addition to the duties developed following case law and the Corporations Act there are many other pieces of legislation such as:-

- Equal Opportunity.
- Work Health and Safety; and
- Environmental,

Which place significant responsibilities on Directors.

Specific to credit union business operations, added responsibilities flow from:-

- Various Taxation Acts.
- Trade Practices Act.
- Consumer Credit Code.
- Financial Transaction Reports Act.
- Customer Owned Banking Code of Practice.
- E- Payments Code.
- Australian Privacy Principles.
- Privacy Act 1988 (Cth) and the Credit Reporting Code of Conduct.
- Prudential Standards.
- Accounting Standards.
- Financial Sector Reform Bill 2001.

Other points you should be aware of:-

- To comply with the Bank Orange Fit and Proper policy you must be a member of the Credit Union for a minimum of 1 year.
- Under the Corporations Act, as a Director of any organisation, you are ultimately responsible for the decisions made and the actions taken by the organisation. This applies equally to being a Director of a credit union.
- You must be prepared to devote the time required to attend meetings, seminars, and conferences and undertake regular director education and training courses. New Directors will complete the Associate Director Induction & Training Plan, 20 hours CPD and those with limited knowledge of Finance and Accounting will be encouraged to complete appropriate training to achieve a minimum level of financial literacy as per the Financial Literacy – Deloitte's Checklist.
- Each Director must include a minimum 20 CPD hours for training.
- Some of these activities may take place on a weekend.
- The following is a list of regular meetings held each year:-
 - Monthly Board meetings are held bi monthly on the last Wednesday of each month, commence at 5.30 pm running for approximately 1-1.5 hours.
 - In addition, Special Board meetings (2 to 4 a year), are for specific issues, e.g. budgets, strategic planning etc. These may also be held on a Saturday.

- You could be appointed to one of the following committees; the Corporate Governance Committee, or the Audit & Risk Committee's. The Audit & Risk Committees meet approx. 7 times per year on the scheduled Wednesday at 5.30pm, and the Corporate Governance Committee meets approx. 7 times per year on the scheduled Wednesday at 5.30pm. These meetings run for approximately 1 hour.
- Conference/Convention attendance may be required.
- You should, if you have not already undertaken, be prepared to undertake basic courses in accounting, financial management, marketing and corporate governance.
- If you are elected to the position of Director, it is for a term of three years.

Directors receive remuneration as determined by the Credit Union members at the Annual General Meeting. A minimum amount of \$20,000.00 may be taken as a guide as to the remuneration for the position of Board Director.

All out-of-pocket expenses are paid for by Bank Orange to attend training courses, seminars or conferences.

To nominate for the position of Director, you must be a **member** of Bank Orange and comply with the requirements as outlined in the Declaration by Applicant for Responsible Person Position – Initial Assessment.