

MINUTES OF THE 48TH ANNUAL GENERAL MEETING

OF SOUTHERN CROSS MEDICAL CARE SOCIETY

Held on Thursday 26 November, 2009 at 10.00am

at The Ellerslie Convention Centre,

82-100 Ascot Avenue, Ellerslie, Auckland

PRESENT:

G S Hawkins, Chairman

Dr D D Baird, Ms C B Durbin, Ms L M Hickey, D J May, P J Meyer and M J Verbiest (Directors)

Dr I B McPherson, P J Tynan, Lee Hohaia, L Bojsen-Moller, A McPhail, K L Jones, Rachel Cunningham, P J Regtien, J A Feyter, and others totaling in excess of 250 members.

WELCOME:

Mr Hawkins welcomed members to the meeting.

INTRODUCTION:

Mr Hawkins acknowledged the presence of representatives from the Society's external Auditors, KPMG; internal Auditors, Ernst & Young; external legal advisors, Minter Ellison Rudd Watts; and eight past members of the Board.

Mr Hawkins made a special acknowledgement of Mr Todd and Dr Macken two long serving Directors who retired on 30 June this year.

Mr Hawkins introduced the Directors, Dr McPherson, the Chief Executive Officer and Mr Jones, the Secretary to the Board and members of the senior management team to the meeting.

NOTICE OF MEETING:

Mr Hawkins advised that the notice of this Annual General Meeting was published in the five national newspapers as well as being individually circulated to all members of the Society who were eligible to vote.

Mr Hawkins confirmed that the Annual General Meeting had been called in accordance with the Rules of the Society.

VOTING AND SPEAKING PROTOCOL:

Mr Hawkins outlined the voting and speaking protocols to be followed, in dealing with the various motions to be considered in the meeting.

APOLOGIES:

Mr Jones advised that there were no apologies received.

PRESENTATION OF ANNUAL REPORT AND FINANCIAL STATEMENTS:

In presenting the Annual Report and Financial Statements, Mr Hawkins gave a brief overview of the 2008/09 year. A copy of Mr Hawkins's presentation is available on the Society's website.

Mr Hawkins invited the Investment Committee Chairman Mr Meyer to elaborate on the Society's investment strategy and performance. A copy of Mr Meyer's speech is available on the Society's website.

Dr McPherson, the Chief Executive Officer, made a presentation on the performance of the Society, and the challenges in the future. A copy of Dr McPherson's presentation is available on the Society's website.

Prior to putting the motion to the meeting, Mr Hawkins and Dr McPherson answered a range of questions from members.

It was then moved by Mr Hawkins, and seconded by Dr Macky, That the Annual Report and Financial Statements, including the Auditors Report, for the year ended 30 June 2009, be received and adopted.

With no further discussion or questions, the motion was put to the meeting and passed.

APPOINTMENT OF AUDITORS: KPMG, the Society's external Auditors, who were appointed in 2006, were willing to continue in office.

It was moved by Mr Hawkins and seconded by an unnamed member from the floor, That KPMG be appointed Auditors, until the conclusion of the next Annual General Meeting of the Society.

In answer to a question regarding the 11.5% increase in the Audit fee for 2009, Mr May, the Chairman of the Audit Committee advised that this related to extra work around the International Financial Reporting Standards which the Society must comply with.

The motion was put to the meeting, and passed.

ELECTION OF TRUSTEES: As Mr Hawkins was standing for election as a Trustee this year, to fill the vacancy created by the retirement of Mr Todd, Mr May put this resolution to the meeting.

In answer to a question regarding the role of a Trustee, Mr May advised the meeting that under the Rules of the Society, all property belonging to the Society vests in the Trustees who hold it in Trust for the Members. It was appropriate therefore that the Trustees are also members of the Board and make investment decisions which are clearly consistent with the Board's strategic directions.

It was moved by Mr May and seconded by Dr Matthews , That Mr Hawkins be appointed a Trustee of the Society.

The motion was put to the meeting, and passed.

Mr Hawkins returned to chair the meeting.

SPECIAL RESOLUTIONS TO AMEND THE RULES OF THE SOCIETY:

Mr Hawkins advised the meeting that a more comprehensive review and updating of the Society's Rules was underway.

The Society's Rules date back to the early 1960s and have undergone periodic, ad hoc changes in the years since then.

There would be a consultation process with members during 2010 and further amendments to the Rules would be brought as special resolutions to next year's Annual General Meeting.

However, in the meantime, the Board felt it was appropriate to put the following three proposed Rule changes to the membership this year.

Rule changes require 75% of those voting to vote in favour of the change in order for the resolution to be passed.

Mr Hawkins outlined the voting process to the members, and advised that the Directors had engaged the Society's external Auditors, KPMG, to act as scrutineers.

ITEM 4 – TO CHANGE RULE 8

Item 4 in the Notice of Meeting – the purpose of this special resolution was to change Rule 8 in the Rules of the Society to enable the use of modern technology such as audio conferencing and videoconferencing by Directors to attend Board meetings, reducing costs associated with air travel.

The wording of the proposed change was as specified in the Notes to Item 4 in the Notice of Meeting.

In answer to a question regarding whether the words "commencement of the meeting" should be "entire meeting" in the proposed new clause 8.2 (d)(v)(aa), Mr Rowe from Minter Ellison Rudd Watts the Society's external legal advisors advised that this was standard wording used for this purpose otherwise Directors would have to constantly say that they were still present.

It was moved by Mr Hawkins and seconded by an unnamed Member from the floor That Rule 8 of the Society's Rules be amended as specified in the notes to Item 4 in the Notice of Meeting.

Although the results of the ballot were not available prior to the meeting being closed, they were published on the Society's website the following day.

The result of the ballot, as advised by the scrutineers, was that the change to Rule 8 was approved by 98.63% of the Members who voted.

Therefore the special resolution was passed.

ITEM 5 – TO CHANGE RULE 14

Item 5 in the Notice of Meeting – the purpose of this special resolution was to change Rule 14 in the Rules of the Society which relates to Southern Cross offering a broader range of competitive and affordable products and

benefits. The change would clarify that the Society can offer insurance benefits other than just the payment or reimbursement of treatment costs. Examples of such benefits/policies include lump sum grants or critical illness cover.

The wording of the proposed changes was as specified in the Notes to Item 5 in the Notice of Meeting.

Prior to putting the motion to the meeting, Mr Hawkins and Dr McPherson answered a range of questions from members.

It was moved by Mr Hawkins and seconded by an unnamed Member from the floor That Rule 14 of the Society's Rules be amended as specified in the notes to Item 5 in the Notice of Meeting.

Although the results of the ballot were not available prior to the meeting being closed, they were published on the Society's website the following day.

The result of the ballot, as advised by the scrutineers, was that the change to Rule 14 was approved by 97.06% of the Members who voted.

Therefore the special resolution was passed.

ITEM 6 – TO CHANGE RULE 15

Item 6 in the Notice of Meeting – the purpose of this special resolution was to change Rule 15 in the Rules of the Society to enable the use of modern technology, such as email, to deliver notices to Members, such as the AGM Notice of Meeting. This would enable the Society to develop systems that deliver information to Members in the manner of their choice and may save future printing and mailing costs. Members will only receive notice by email if they choose to do so – it is not an obligation.

The wording of the proposed change was as specified in the Notes to Item 6 in the Notice of Meeting.

Prior to putting the motion to the meeting, Mr Hawkins and Dr McPherson answered a range of questions from Members.

It was moved by Mr Hawkins and seconded by Dr Le Grice, that Rule 15 of the Society's Rules be amended as specified in the notes to Item 6 in the Notice of Meeting.

Although the results of the ballot were not available prior to the meeting being closed, they were published on the Society's website the following day.

The result of the ballot, as advised by the scrutineers, was That the change to Rule 15 was approved by 98.15% of the Members who voted.

Therefore the special resolution was passed.

ELECTION OF DIRECTORS:

In accordance with the Rules of the Society, two existing Directors, Dr Douglas Baird and Ms Carole Durbin retired by rotation, and being eligible, stood for re-election.

Ms Elizabeth Hickey, who was appointed to the Board on 1 October 2009, in accordance with the Rules, sought election.

In addition, Ms Jane Arnott had been nominated for office as a Director.

All four candidates made a brief speech to the Members.

The Rules of the Society provide that the number of Directors shall not be more than nine, nor less than seven.

Mr Hawkins commented that the Board had recently reviewed the number of Directors on the Board, and confirmed that seven was still the appropriate number.

Mr Hawkins outlined to the meeting the Board's views on why the Board expressed support for some candidates and not others in the Notice of Meeting and proxy form.

When filling a vacancy the Board considers the skills set of the current Directors, identifies the qualifications, competencies and experience that are required, and engages a recruitment firm specialising in senior appointments to conduct a search for suitable candidates who are then put through a rigorous interviewing and assessment process – a process you would expect to find associated with any senior appointment in a business context.

While the Society is a not-for-profit mutual organisation, it is also a significant commercial enterprise and many of the practices we follow reflect "best practice" among large organisations.

In answer to questions regarding marketing expertise on the Board, Mr Hawkins advised the meeting that he had experience working for a company dealing in fast moving consumer goods for eight years of which five years was in the CEO position.

Mr Kensington spoke in support of the approach the board had taken as the Society was a large business operating in a complicated industry and people being put forward for the position of Director needed a broad range of business experience.

In answer to a question regarding the Proxy form, Mr Rowe from Minter Ellison Rudd Watts the Society's external legal advisors commented that following feedback from Members last year the form was reviewed. It is a combined voting/proxy form which any candidate must receive more "for" votes than "against" votes before they are in the election. This year the three candidates receiving the most "for" votes would be elected.

Mr Verbiest, who chairs the Society's Constitutional Committee provided the meeting with further comments on the format of the proxy/ voting form.

Prior to asking Members and proxy holders to cast their votes, Mr Hawkins and Dr McPherson answered several question from Members.

Mr Hawkins advised the meeting that the Directors had engaged the Society's external Auditors, KPMG, to act as scrutineers.

Although the results of the ballot were not available prior to the meeting being closed, they were published on the Society's website the following day.

The result of the ballot, as advised by the scrutineers, was that Dr Baird, Ms Durbin and Ms Hickey were elected to fill the three vacancies on the Board.

GENERAL BUSINESS:

There were no formal items of general business that were notified by the close-off date of 7 October 2009.

Mr Hawkins and Dr McPherson answered further questions from members.

There was no further business, and the meeting closed at 12.18pm.