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From: Martin Jones (AU) [mailto:Martin.Jones@computershare.com.au]

Sent: Monday, 24 April 2006 9:36 AM

To: Tim Sheehy

Subject: Comments on the Direct Voting Discussion Paper

Dear Mr Sheehy,

As the leading provider of securities registration services in Australia, Computershare is vitally interested in any proposals for change to the manner in which general meetings are conducted and particularly the methods available to holders of securities for the purposes of voting at those meetings. We trust our comments below will be of interest and would be happy to discuss any of the points raised. In that connection, please either contact the writer (contact details below) or Ken Dyer on 03 9415 5015 or 0438 012 435.

General Comment

As a general proposition, Computershare is supportive of any proposal that will enhance the ability for holders of securities to participate in activities such as general meetings. We believe that providing a further method by which holders of securities can submit votes in relation to resolutions, has the ability to increase participation. Computershare notes that in recent history there has been a decline in both proxy appointments and attendance at general meetings and therefore we would anticipate that the direct voting concept might assist in reversing this trend and lead to an increase in security holder participation.

At one level, direct voting already exists in that a security holder may appoint a proxy and direct them how to vote. The amendments proposed in the Corporations Amendment Bill (No. 2) 2006 will assist in ensuring those voting intentions are carried out. However, the proposal for direct voting will simplify the voting process to something similar to the electoral process that holders of securities will be familiar

We submit however, there are a number of areas (refer to the matters set out below) that will require specific attention before the proposal is widely adopted. However, none of these issues are in our view compelling enough for us to withdraw our support for the proposal.

Procedural Motions

The treatment of direct votes received where there is a procedural motion put to a meeting will require clarification. Currently, if there is a procedural motion put to a meeting, a proxy is at liberty to either abstain from voting or to vote in accordance with their view of what they believe their principal would have wanted. With direct voting, the security holder would not have been aware of the details of the motion and therefore would not have had the opportunity to express a view (by way of vote). Hence, their participation in part of the meeting process would be limited.

Attendance at Meetings after lodging a direct vote

This relates to a situation whereby a securityholder wishes to attend the meeting after lodging their directly lodging their vote(s). Currently, where a security holder appoints a proxy prior to the meeting, they have the ability to attend the meeting and, should they choose, revoke their proxy appointment. If the security holder does that they will be able to vote themselves in relation to any motion. It would seem that under the direct voting concept such an option would not be available to a security holder, thereby potentially disadvantaging them if, subsequent to lodging their direct vote, they change their mind and decide to attend the meeting.

It is possible to address this issue by allowing the securityholder to attend the meeting but not vote. However, what should be the correct response if the (non-voting) member wants to join in the demand for a poll or to vote on a procedural resolution?

It should also be noted that some company's constitutions state that if the securityholder attends in person, any proxy appointment they have given must be revoked. Therefore, the direct vote procedures will need to cater for this process.

Amendments to Voting Instructions

The Corporations Act recognises that a securityholder, having lodged a proxy appointment and provided voting instructions to their proxy, may change their mind (for example as the result of additional information being made available). Section 250A(7) provides for a later proxy appointment to revoke an earlier appointment if both cannot be validly used at the meeting. It is recommended that in order to encourage use of the direct voting process and early lodgement of direct votes (as opposed to leaving lodgement of votes to close to the meeting date) similar provisions should be introduced. These would allow a later lodged direct vote to revoke an earlier one.

Voting on additional resolutions

Whilst noting that in the Discussion Paper it is suggested that there are limited exceptions to the proposition that once the notice of meeting has been issued, new motions cannot be added, there have nevertheless been instances where, subsequent to the issuer sending out the required notice of meeting, additional resolutions have been legitimately proposed or been required to be added. In some cases this has been addressed by sending holders notification of the additional resolution. In others a new notice of meeting has been sent.

If there was to be a new notice of meeting forwarded and a holder returned the direct voting form in relation to both notices of meeting, there would need to be processes around the ability for a holder to lodge a second, but possibly different direct voting instruction.

Authentication of Direct Votes lodged by electronic means In the sample rules it is suggested that "If sent by electronic transmission the Direct Vote is to be taken to have been signed if it has been signed or authorised by the member in the manner approved by the directors or specified in the notice of meeting." It is suggested this should be more closely aligned with the provisions of the Corporations Act and in particular the authentication process that is already in place. there is then only one source to be consulted should a question arise as to the correct method to adopt.

Show of hands voting at the meeting

It is suggested in the Discussion Paper that where a resolution is put to the meeting for vote by show of hands, the Chair will add to the count a number equivalent to the number of holders who have lodged direct votes; with the additional votes being in accordance with the voting intention expressed by the member (who lodged the direct vote).

This is at odds with the position currently accepted that a proxy who has appointments by more than one holder has only one vote on a show of hands.

It is suggested that these provisions should be more closely aligned. If proxy holders only have one vote on a show of hands, no allowance should be made for holders who have lodged a direct vote. If holders who have lodged a direct vote are to be counted, similar provision should be made for proxies; at least in the situation where the proxy has been given voting directions by the holder.

Specific Questions for Consideration

In relation to the specific questions posed in the Discussion Paper, the following comments are made:

1) Do you agree, in principle, with the need for an addition to the current system of appointing proxies as the sole means of providing for shareholder participation if shareholders are unable to physically attend the general meeting?

A) We have reviewed the paper on direct voting and agree that appointing a proxy does not always provide the most transparent way for securityholders to express their wishes in respect of voting at a meeting.

A sampling of meeting results across all our clients has shown that recently there has been a decrease in both proxy appointments and attendance at AGMs. We consider

that the direct voting concept will assist in reversing this trend and lead to an increase in securityholder participation.

It is arguable that introduction of direct voting will merely formalise what a number of holders will already believe they are doing. Where a securityholder appoints a proxy and directs them how to vote, many would already believe they have expressed their vote in an irrevocable manner. As such introduction of direct voting will formalise that belief.

2) Do you think that the proposal to introduce direct voting would increase shareholder participation?

A) Yes we believe it should increase participation. Securityholders will not need to rely on the appointment of a person who may or may not be known to them.

3) Do you believe there are further advantages attached to the introduction of direct voting than have been outlined in this paper?

A) No

4) Can you point to any disadvantages attached to the introduction of direct voting?

A) Please refer to the comments provided in relation to the unintended consequences.

5) Do you believe there will be unintended consequences to the law of meetings that might be introduced if direct voting were provided for in companies' constitutions?

A) One matter that will need to be addressed is the treatment of the direct votes received where there is a procedural motion put to the meeting. Currently, if there is a procedural motion put to the meeting, a proxy is at liberty to either abstain from voting or to vote in accordance with their view of what they believe their principal would have wanted. With direct voting, the securityholder would not have been aware of the details of the motion and thus would not have expressed a view (by way of vote). Hence, their participation in part of the meeting process would be limited.

Currently, where a securityholder submits a proxy prior to the meeting, they have the ability to attend the meeting and, should they choose, revoke the proxy appointment. If the securityholder does that they will be able to vote themselves in relation to any motion. Whilst there would be greater transparency in relation to the voting intentions of holders, if a direct vote cannot be revoked there is the potential for securityholders who on attending a meeting wish to change their vote, may feel disenfranchised.

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