

# Question and Answer

**David Michael Gonski**

*Independent Chairman of the Board*

Microphone 1.

**Unknown Attendee**

Thank you, Mr. Chairman. I have a question from John Whittington of the Australian Shareholders' Association.

**John Whittington**

Mr. Chairman, my name is John Whittington, and I'm a volunteer company monitor for the Australian Shareholders' Association. Today, I hold proxies from over 2,000 ASA members and nonmembers for over 8.5 million ANZ shares, which, if consolidated, would make us the 14th largest shareholder. Mr. Chairman, in this year of consolidation and redirection, I have 4 questions and comments regarding your report. Would you like me to do them one at a time or do a couple now and come back later? What would you prefer?

**David Michael Gonski**

*Independent Chairman of the Board*

Why don't you give all to us; that will give us more time to think about them.

**John Whittington**

Okay. The first question is, ANZ' franking balance is falling significantly, whereas the other 3 banks' franking balances are steady or increasing. Given that ANZ' dividend payout ratio is already the highest or perhaps a -- pre the change, is the highest amongst the 4 banks and dividend cover is the lowest, how sustainable are ANZ' dividends, both franked and total? My second question is, your credit impairments in both percentage terms and dollar amounts seems to be the highest of the banks. Could you explain to shareholders why? The third question is, the annual report does not disclose any donations to political parties. Have any such donations or payments been made? If so, one, they should be disclosed in the annual report, not in other documents; and two, we fundamentally disagree with political donations and think you should take NAB's lead in coming out publicly on this matter. My last question is, last year, we raised the issue of -- sorry, the issue of lack of transparency regarding certain aspects of the external auditing, i.e., how long have they served, when the last audit partner was rotated and information about the last review of the auditor. And that ANZ had not had an audit tender in recent times. Nothing seems to have changed. Why is this not disclosed publicly in the annual report rather than us having to ask it every year?

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you, Mr. Whittington. I will attempt to answer the questions and others can help me as we go. Firstly, you asked the question about our franking balance. Our franking balance, in our view, will generate sufficient franking credits for the level of dividends that we have talked about, the 60% to 65%, that I discussed in my opening remarks. For the foreseeable future, you can assume that the dividends will be fully franked. One point I should just make, I think you know that Mr. Whittington, the reason our franking balance is lower than those that we compete with is the question of the mixture of our business. If some of our business comes from overseas and, of course, basically we pay tax there rather than here and that doesn't contribute to the franking balance.

The second question that you asked was in relation to our credit impairment. The credit impairment number is obviously affected also by the way that our business mix is made up as the ANZ, and this has been, by the way, the case for this company for years and it's not something we're not proud of. Our

competitors have a much higher Australian-based residential lending business. We have a commercial and institutional business, which is, in percentage terms, much bigger than they have. So basically I can say that to you in terms of the credit impairment. I'd also mention that, in terms of the Oswal matter, which I mentioned in my preamble, \$145 million was the cost of that, and that, of course, comes into the credit impairment figure.

The third question you asked was in relation to political donations. I think there were multiple questions there. The first point I'd make is, yes, during the year to September 2016, we did give political donations. They were in the amount of \$150,000 to each of the 2 major parties, that is Labor and Liberal, and obviously, they were given only in the federal sphere. In terms of political donations, as our CEO said in the parliamentary inquiry, it is something that we discuss annually, and we will keep the matter under review. On the question you raised as to why it's not in the annual report, well, that's a good question, it's not that we've tried to hide it, as you know. If you look at our corporate governance statement, which is on our website and, very clearly, it's all there, absolutely clearly stated. We will have a look, however, at the question of whether it should be in the annual report, as you have eloquently suggested that we should include it. You finally asked the question on external auditors. You did ask the question last year. And firstly, let me assure you, your questions are looked at and discussed with great emphasis, and we understand that you think very clearly about these things. I should assure you that we look at our auditors and our auditing position all the time. We're about to get a rotation in terms of partner. We've had excellent service to date, and we're pleased with where we sit with KPMG. However, we may well put that sort of detail in the annual report. I think that was a good suggestion. If you are upset we didn't do it from last year, that will give us even more impetus to try and make you happy next year.

I think I have covered all 4 questions. Thank you, and thank you for your contribution. I think the next question is #4.

**Unknown Executive**

Thank you, Mr. Chairman. I have a question from Luigi Bocello [ph] from Delmore [ph].

**Unknown Attendee**

A question to Mike Elliott (sic) [ Shayne Elliott ], what he's -- in his address, he said that he's visited regional country towns. I hope he doesn't limit it just to the regional areas and comes to the smaller towns. At the last AGM in Melbourne, I invited Mike Smith and anyone else to come to our small town. I was privileged with a call of Phil Chronican. Unfortunately, a week later, he resigned, and that's the last I heard from the ANZ bank or any staff that was with him. Not one staff that he brought along was interested in the big businesses that we got there. We've got an export industry of about \$120 million, mainly asparagus. And I would like the ANZ, if they see fit, to try and get some of that. At the moment, it's all of with the Commonwealth and the Bendigo Bank. Is Shayne going to come to the smaller towns or one of the executives?

**David Michael Gonski**

*Independent Chairman of the Board*

Could -- yes. Just before I ask the CEO to answer it, could you just tell us which town it is?

**Unknown Attendee**

Delmore [ph]

**David Michael Gonski**

*Independent Chairman of the Board*

Delmore [ph].

**Shayne Cary Elliott**

*CEO & Executive Director*

[indiscernible]

**David Michael Gonski**

*Independent Chairman of the Board*

Delmore [ph].

**Shayne Cary Elliott**

*CEO & Executive Director*

Okay, yes. I love coming to small towns, small towns and big towns. I love coming out and seeing customers. I'm more than happy to do that. I have visited -- when I mentioned the branch I visited, I've been to a lot of Australia already. I know it's a big country and there will be a lot of towns that I probably won't get to, but I'm more than happy to do that. And I'll talk to my team about how we can fit your town into one of those trips.

**Unknown Attendee**

August onwards would be the best time up until now, because that's when we're in full production.

**Shayne Cary Elliott**

*CEO & Executive Director*

Great.

**Unknown Attendee**

You'll see everything in action.

**Shayne Cary Elliott**

*CEO & Executive Director*

Okay.

**Unknown Attendee**

If you want to come beforehand, come to my place, and I will guide you around [indiscernible]

**David Michael Gonski**

*Independent Chairman of the Board*

Can I just ask, is that an invitation for everybody or just for him?

**Unknown Attendee**

Anyone is welcome [indiscernible] to the public.

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you. Thank you much. Thank you. The next one, I believe, is #2.

**Unknown Executive**

Thank you, Mr. Chairman. I now have a question from Mr. Paul Fanning, a shareholder from Melbourne.

**Unknown Shareholder**

David, I think it's a while since I've seen you, but I've seen you around the traps over many years. And thank you for your address and thank you for Shayne's address, and welcome, Michelle, as CFO, because a couple of questions will probably almost -- could land in the court of either 3. Now 4 questions, firstly, the financial performance of ANZ for FY '15/'16, a profit reduction of 24% to \$5.7 billion. I'm a bit concerned -- I think the market is also a bit concerned about the ongoing treatment or amortization of software in the bank being a significant write-down this time around. How is it going to be addressed in future years? What is the target for future years? Is it going to be such a large hit? Now moving into the inner-urban property markets in Melbourne and Brisbane, Deloitte assessed economics and Morgan

Stanley provided some feedback or reports in the last few weeks as to certain inner-urban apartments that are likely to cause loan impairments across the banking sector. From what I hear from other banks, there seem to be a diversity of approaches being taken. So I'm interested in how ANZ is going to deal with that, so we're not going to be hit with extraordinarily large impairments or increases in the '16/'17 year. Now in regard to the Oswal settlement, yes, David, you had given a good account of that, and I've always supported what you have said, \$145 million pretax settlement. Was it really, in fact, \$200 million? I think we just need to get a little bit of enlightenment on that. And I think that might do me for a minute.

**David Michael Gonski**

*Independent Chairman of the Board*

Well, Listen, thank you. 3 good questions, as always. Thank you very much. I might ask, if I may, Michelle Jablko to answer the first, which is in relation to what this write-off of software will do in the year to come.

**Michelle Nicole Jablko**

*Chief Financial Officer*

Thank you, Chairman. So what we did in financial year 2016 was increase the capitalization threshold for software that would be -- software projects that would be capitalized. In doing that, we didn't impair our software, but what we did do was accelerate the amortization of software that was in the business that would have been -- under the new policy, should be amortized under the new -- under the lower threshold. As a result, we had that one-off impact in 2016. Going forward, we'll have higher OpEx because the software -- those smaller projects will go through our expense line directly and not be capitalized. And so we shouldn't have that impact going forward.

**David Michael Gonski**

*Independent Chairman of the Board*

Did that answer your question on that?

**Unknown Shareholder**

Yes, yes.

**David Michael Gonski**

*Independent Chairman of the Board*

Good. I'm going to ask our CEO to deal with the inner-city urban question.

**Shayne Cary Elliott**

*CEO & Executive Director*

Actually, before that, I might just add to Michelle's answer there. It's really recognition that the world's changed and what we do in the bank. And we invest a lot in technology, because that's the way that our customers want to deal with us. That's a good thing. But what we're realizing today is that, that technology has a much shorter life than it used to. In the old days, you'd go in and build big rooms full of mainframes, et cetera, and they'd sit there for 20 years, and you could price those things over 20 years. Today, when we launch new products, like goMoney or Apple Pay or any of these things, their shelf life is a lot shorter. And so we just recognized that the way we're accounting for it really wasn't the best way for shareholders, right. So we just -- as Michelle said, we changed the policy. It resulted in that onetime charge, but it doesn't mean that we're going to be doing that every year, clearly.

In terms of your question about inner-city apartments, it's a very good one and it's very topical. I mean, obviously, there's a lot of concern about -- a lot of commentary about the level of house prices in Australia and New Zealand for that matter. And as a result of that, there's been a lot of development going on, particularly inner city. And we see that in Brisbane, we see that here in Melbourne and we see that in Sydney in particular. And there's always a concern that we end up with oversupply. That's not an easy thing to always see, and these projects have a reasonable time frame; started development today, takes a little while for that to come to market. So we've actually taken a view that's very cautious. And our total exposure to commercial real estate in all its shapes and forms, whether inner city or industrial

property, we've kept that pretty flat actually in total amount over the last years. So we haven't really sought to grow it. And what we've done is we do finance some developments in inner city. We've got great customers who know what they're doing, and we're proud to support them doing it. But we have reduced our exposure to CBD inner-city apartments, because we're a little bit concerned about some of the risk there. So I can't assure you that we won't have losses, because that's the nature of our business, but I think our portfolio is pretty conservatively set if there was to be any kind of risk or downturn in that part of the market.

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you, Shayne. And that leaves the final question, which was, yes, your suspicion, as you put it, that the \$145 million was, in fact, \$200 million. Let me start by saying in relation to the Oswals, we have signed a confidentiality agreement. I should quickly say to shareholders, that wasn't our requirement. That was a requirement of the other side. And it was agreed and we will stick to our deals, because that's what this bank does, that the net cost so that shareholders can, in their minds, see what our provision was increased by and what the net cost is to us was \$145 million.

**Unknown Shareholder**

Just one other question in regard to [indiscernible] and we have the move in a technology world, I think, Shayne, as you said. And I commend ANZ being an early adopter of different types of payment technologies. And the one I -- draws interest in the marketplace is Apple Pay. How much is that as an ongoing cost on the bottom line for the bank? Is it being borne by the bank? Or is it being borne by the customer base? Or is it a bit of both? And if so, how much?

**Shayne Cary Elliott**

*CEO & Executive Director*

Yes, look, actually the cost of it is actually really small. It's a very tiny amount because -- and actually, this is a huge benefit to shareholders, because what we've done with -- by offering that product and being different than our peer group is more and more customers in Australia are coming to ANZ to have that experience. And the great thing about working with Apple, as you all know, Apple is a company and a product and a service that customers just love. They love dealing with Apple and they're very loyal. And so we've really taken a bit of a big step forward, and that's why our customer acquisition numbers, new customers coming to ANZ was so strong this year. Partly, it was because of the Apple Pay piece. But I can assure you that cost of running that is really, really small, and we are massively a net beneficiary in terms of revenue generation to the group. So it costs -- you -- technically, it costs Apple a little bit to do that. It costs us a little bit. We don't pass that cost on to customers. So there's no charge for Apple Pay, but we are absolutely generating really great results by doing it.

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you, Mr. Fanning [ph]. Thank you. Can we move then to microphone 3?

**Unknown Executive**

Thank you, Mr. Chairman. I have a question from Wendy Farmer of the Latrobe Valley.

**Wendy Farmer**

As previously said, I am from Latrobe Valley, and you know that most of the people in the room will be aware that Latrobe Valley is going through a very hard time at the moment with Hazelwood closing and the transition that must happen. What -- my question today is what is ANZ doing to help the community in Latrobe Valley? I've heard you stand up this morning and say that you are being aware of what your customers need and your shareholders need. What has ANZ already done to help that community in a transition? What will ANZ promise to do? We've seen other banks stand up. We've seen superfunds stand up and say that they must be part of that transition as well. We have got workers that need the support of all the banks in Latrobe Valley, so all the Australian banks and wherever the -- in regards whether

its payments that they were unaware that they may not be able to afford. We look at what happens in Latrobe Valley in the future. We've got until 2048 when AGL have said that they will stop burning coal and producing power. You did say -- or one of you did say about power security. What is the future of power for Australia? What is the future of power for Latrobe Valley? There is new technologies coming online as in smartphones for apps for banking. We will see power change. It is changing. How will ANZ help the Latrobe Valley community in changing the power? The community have got plans for transition. We have plans for virtual power stations. Will ANZ bank make a commitment to my community, to their shareholders, to their customers to make sure that they are also part of those plans?

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you for your question. I'll ask the CEO to deal with what we're doing, the particular thing, but I do note your -- the essence of your question, I think, endorses what we said a little earlier that we see this as something that has to be a progressive change and that we're well aware of what the present technologies and so on are doing in terms of employment, in terms of bringing energy, et cetera.

**Shayne Cary Elliott**

*CEO & Executive Director*

So members of my senior team and myself have already met a number of months ago actually with political representatives of the Latrobe Valley. We've got a big business down there. We've got a lot of our own employees down there. We understand the transition that's happening there. We are not going to cut and run. We have a responsibility in the community. We're also, actually, we know that there's much more to the valley than it is just about coal and the power station. We know that, and we have responsibilities, as I mentioned, to help that transition to ensure that people that are affected by change there, that we can smooth the transition into new industries and to new jobs. And we acknowledge our responsibility and our commitment to that. I can't give you the specifics of what we are going to do. What I can give you is a commitment that we listened. And as I said, we are engaged with community leaders there, and we -- I'm happy to meet after this in -- next door and talk through some of the things that we're going to do.

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you, Shayne, and thank you for the...

**Wendy Farmer**

Can I just -- on top of that, one of the things you said is you've met with political leaders or community people. The community need to have a say in what happens with change. It's not just political, and we need the community people -- grassroots people to actually be part of the change. It's just about economy. It's about a community. And yes, I'd love that invitation to meet with you.

**Shayne Cary Elliott**

*CEO & Executive Director*

I understand that, yes.

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you for your question. We move to microphone 1.

**Unknown Executive**

Mr. Chairman, I have a question from Peter Morgan [ph] of Angeline [ph] Investments.

**Unknown Attendee**

Mr. Chairman, just 2 quick questions, looking forward a little bit. Interest rates are currently still near-record lows. According to APRA, there's approximately \$0.5 trillion in interest-only property lending in

Australia. Can I just have your thoughts as to whether the risk going forward there are properly reflected in the banking system? And secondly, with regards to tax and again looking forward, one of the promises and policies of the Trump organization or presidency is to lower the U.S. tax rate to 15%. Can I have your thoughts on the future outlook for Australia, particularly with regards to banks being high taxpayers in Australia in terms of capital competition and the like and the effects that could -- will have on Australia going forward.

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you, Mr. Morgan. I'll give the first one to the CEO, and I'll do the second.

**Shayne Cary Elliott**

*CEO & Executive Director*

Okay. That's a really good question about interest rates. And clearly, I would say the environment's changed, where people today are talking much more about the potential for rates to go up than perhaps if we were even sitting here 6 months ago. So that's true, and that's a global discussion. Interest-only, I just want to assure you that when we evaluate -- when somebody comes into ANZ and wants to borrow money on a mortgage, whether it's interest-only or not, when we evaluate their ability to be able to service that loan, we don't just look at interest rates as they are today. And what we do -- and by the way, this is now enshrined in regulations. So APRA require us to do this, but we did it anyway, but we're required to do it. We say, "Let's take today's interest rates and let's add -- let's assume that rates go up by 3.25%, or if they were forever at 7.25%." So we apply both those rules and say, "Would that customer still be able to afford to pay that mortgage?" So we build in a reasonable buffer so that we kind of build it if and when interest rates go up. So I think we've got a pretty prudent sitting there. That is not to say that if rates change -- there will always be people for different circumstances in terms of their own employment or their own income, maybe they can't afford to service the loan. And we have pretty robust processes in place where we can help people through hardship and work those things out.

**David Michael Gonski**

*Independent Chairman of the Board*

Mr. Morgan, as to your second question, which is a very good one also. Your question was basically, if, for example, the U.S. reduce tax rates, what does that mean to Australia, et cetera? In my opinion, there are 3 reasons why corporate tax should be, may be reduced in Australia. One is competition with other jurisdictions, and that fits exactly into your question. If it is the case that corporations in the U.S. are taxed at 15%, why would new technologies -- why would any corporations wish to basically be here when they're worldwide corporations, because basically our tax rate at that point would be double? So there's a competition for jurisdictions that they basically can house the corporate dollar and, indeed, the expansion, and we should be there for that competition. The second question -- second point about reducing taxes in -- for corporations, is that they would spend money basically on investment. This is particularly the case for small business. Obviously, small business, which is growing hopefully, nurturing, looking perhaps to have some further employment for others, the lower the tax rate for them basically allows them to have more dollars to spend building their business, et cetera. And finally, the third point, if you look at us, I mean, we have, I'm pleased to tell you, a good level of capital. But on the other hand, if we have to increase our capital, a lower rate of tax would allow us to do that without asking markets for shares or, indeed, having to change what we're doing or whatever. So there are good arguments for reducing the tax. The only thing I have to say is we're not the politicians of the time. It's up to them, and of course, it's up to Mr. Trump whether he adheres to the policy he suggested. But it's a very good question. Can we now move to microphone 4?

**Unknown Executive**

Mr. Chairman, your next question is from Rodney Hales [ph] from Thornbury.

**Unknown Attendee**

My question is that you mentioned about the capital adequacy for the bank and you mentioned where it is at the moment, but you didn't actually give out a timetable as to how we're going to meet that, the Basel III, and what the capital adequacy is, finally, to meet that agreement. The other thing is -- the other question is we, as shareholders, have sat back and watched a strategy where we've moved into Asia and we've done that over a number of years. And now we're -- we've pulled back. You've retreated back. Now you talk about culture within the bank. Isn't that a failure of culture that we haven't been able to actually prosecute our -- the business penetration into Asia? So it doesn't give us much confidence in the change of culture if we actually cannot operate in those different environments. And you threw a bone about China, but there is no mention about what sort of strategy that is. The other thing is, I do recognize that we have a more gender-balanced board than in previous times, but what about at the executive level? There's no mention about how we are going to change the culture about that. The other one comment I'd like to make is that a lot of organizations have criticized banking about upselling at the very basic level of the teller. Now isn't that part of that culture that we need to change?

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you very much for those questions. We are getting multiple questions today. So -- but they're good quality. Thank you. Let me -- I'm going to deal with items 2 and 3 and basically ask the CEO to talk about capital as he deals with that every single day, and I'll start on upselling and maybe switch to him on that. Firstly, you had talked about pulling back from Asia. I'm not sure that, that is exactly the right way to look at it. I have to say I'm actually proud that this bank decided that they would go off and have a look as to what's happening in very near countries with enormous capacity to engender growth and good profits for shareholders, et cetera. What's been achieved over the last few years is basically establishing beachheads and getting people and ideas established there in Asia. Whenever you go to start a new business, there are parts of it that does well and you want to nurture those, and there are parts that are not as good. And then if you're smart, you basically either get rid of or close down those to focus on the good bits. I personally think we're the envy of many companies that we have set out into Asia, got the relationships, worked out what works for us. As a company of almost 180 years, we followed the trade flows from -- first from London to Australia, even down to Tasmania, and now we're following the trade flows, the flows of money from Australia, Australasia, including New Zealand, to Asia. So our -- it's not pulling back. It's refocusing, and I want to make that very clear. And I think our CEO and his team are getting it right. They're focusing on what we can make good money from. They're focusing on where we can get good returns on the capital that you have allowed us to put in there, and I think that is natural in building a business over time. As to your second question -- or third question actually, gender and culture. I'm pleased that you're pleased about the board. And now that we have 33% female, we're on our way to making gender basically not a question on this board. In terms of the company, you probably know -- if you've read our sustainability report, we've increased over the last year our women in management. We're up to 41.5%, which is doing pretty well. And we will keep doing it, and I'm pleased and proud of what the CEO and his team are instigating in their ideas, their procedures and so on. At our senior management team, as I said earlier, we have now got 2 new recruits, wonderful people joining, and we have obviously had a third there. So we've got a good number of women working hard there. And we have a CEO who -- if I may use that term I used earlier, who gets it and understands we've got to go for the best, and we're not going to be deviated as to what gender or whatever. We are basically seeing people for the greatness that they are.

Finally, upselling. You talked about upselling, and I just want you to know that we are careful in how we do that. The board is well aware of that. Our Risk Committee asked that question. Our CRO basic [ph], Nigel Williams, is looking carefully that, that is not making us do things that are either wrong, that will sustain risk for the company or, indeed, be hurtful to our consumers. And I thought this would be, as my youngest son says, a good segue to our CEO, because he told me this morning a wonderful story about cross-selling, which comes for -- as to the one of the previous speakers from a country town. And if you'd start with then, could then -- could you answer the first question?

**Shayne Cary Elliott**

*CEO & Executive Director*



I was just commenting to our board about a year ago, actually, when I was first announced as the new chief executive. I spent a lot of that time, as I mentioned in my speech, going out to branches. And we drove out all over parts of Victoria and New South Wales. And the very first rural branch that I went to here in Victoria was a town not that far away that many of you will know, which is Kyneton. In Kyneton, we have a little branch there. There's about 6 of our staff who run it. And the branch manager's been with the bank for a long time, very experienced person. And as I was walking out, inside the branch on the wall, they had some of their metrics about how many mortgages they've sold or credit cards, et cetera. And I said to the manager, I said, "Look, tell me, how do you reconcile the revenue and your sales targets with doing the right thing by customers?" To your question, and he said, "Well, it's really easy actually, because I live in this town. I live here, and if I do anything wrong, people know where I live. And I see the community at netball on a Saturday morning. I see them in the supermarket. And that's why I look -- make sure that we always do the right thing." And that's the culture that we want and we have in many, many parts of the bank. And we live here in Australia. We want to do the right thing in those communities. And so it's really important, just as a final note on that, we don't reward our branch staff purely based on revenue and selling things. We don't. We have a very balanced approach to that. And one of the most important metrics that we reward is actually customer feedback. So we do this real-time customer feedback. And so if you go into a branch, we serve a lot of those people, and that's what -- so, where the customers are satisfied.

Moving onto the thing about capital, let me assure you the bank is very well capitalized. We already comfortably meet our requirements, whether it's our local requirements or international requirements. In fact, one of the big changes for ANZ this year is we've really changed our position relative to our peer group. The other major banks, we've gone from being kind of in the lower part of the pack, still well capitalized, to actually now being a leader. And part of the decisions we've made about simplifying the organization and just focusing on those things that we do really well has meant that our ability to improve capital over the future has been greatly enhanced. So we are comfortably above where we need to be today. In terms of the new requirements with the Basel IV, as people talk about, they still haven't been publicized. So we don't know exactly what they will be, but I can tell you we are very confident that ANZ will be able to meet those easily.

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you. Thank you, Mr. Hale [ph]. The next one is microphone 2.

**Unknown Executive**

Thank you, Mr. Chairman. I now have Ms. Lorraine Bull from the Latrobe Valley.

**Lorraine Bull**

As you noted, I'm from Latrobe Valley, so I'm intimately associated with coal, and I'm very pleased to hear that you're not going to interest in any more coal-fired power stations. However, you have to consider that we do have a lot of emissions still coming out of the old clunkers. My question is concerning myself as a self-funded retiree, and I depend on my investments, my income and my future financial security. Back in October, I was reading the Australian Financial Review and I noted that there was a report that Lloyds Bank had sold its exposure to the Wiggins Island Coal Export Terminal for \$0.79 on the dollar, incurring a loss. And I also noted that ANZ were the lead arrangers of this deal. So I thought I'd come and ask the experts whether we have conducted any analysis of the present value of our exposure to the Wiggins Island Coal Export Terminal and whether we're likely to sell any of this exposure.

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you, Ms. Bull. Can I firstly say banks are -- and generally, banks that have survived 180 years are good at risk management. That's our job. So I want to firstly start by saying that whenever we make an investment, whenever we lend money or whatever, we have our processes, our procedures, and we are listening, and we make our decisions based on that. We've got a very good team, as it happens, at the moment in our risk management area, and that's what banks do. They invest based on risk. On

the question, specifically, of Wiggins Island, I'm not going to comment on specific situations, but what I wanted to do is to reassure you that whenever we make an investment -- and many people have asked the question, "Have you bought into this, have you bought into that?" it goes through many processes. We're not there just to either look good, because unfortunately, most of us know in the longer term, if you just look good, you can look bad a little later. So I want to assure you, if you were seeking advice as to whether you should invest in Wiggins Island, I think this is the wrong meeting for us to give you investment advice, and I'm certainly the wrong person to give it. Could I move to microphone 3?

**Unknown Attendee**

Thank you, Mr. Chairman. I have a question from Jack Batolas [ph] from Bentley.[ph]

**Unknown Attendee**

The financial stability board's Task Force on Climate-related Financial Disclosures, the TCFD, published their recommendations on Wednesday, which emphasized the need for greater information from those companies most prone to climate risk, such as energy and utility companies. I would like to ask, given this report, what actions has ANZ OnePath taken to date to measure and address climate risk?

**David Michael Gonski**

*Independent Chairman of the Board*

Do you want to talk about that one?

**Shayne Cary Elliott**

*CEO & Executive Director*

Well, you're quite right. The report's only been recently released, so we're still working our way through the specifics of it. I can assure you that everything that we do in the bank -- as David said, we're the business of managing risk, whether that's about people that we lend to or investments we make, when you refer to OnePath on behalf of others. And we have to assess risk for the long term. And so, of course, we take into account impact on climate change, community expectations, future regulatory risks, changes about policies, et cetera. So absolutely, it's a very real part of what we do, and the -- we will go through that report and see specifically -- I can comment -- look, in general, more transparency about the impact on climate change of individual actions of certain companies is always going to be a better thing because it helps us to be able to assess those risks even more clearly.

**Unknown Attendee**

And will you be communicating -- because I've looked through to see ANZ OnePath's material and I can't see any mention of climate and the address of -- addressing those risks. Is that something that you're looking at communicating to customers?

**Shayne Cary Elliott**

*CEO & Executive Director*

I have to look at -- in terms of the OnePath, you're talking about OnePath, specifically? I will talk to our Chief Investment Officer and make sure that we improve our disclosures about our policies in there, because we do -- clearly, we do have policies around that, and we do have thoughts about it. And I see no reason why we shouldn't be -- increase our public disclosure.

**David Michael Gonski**

*Independent Chairman of the Board*

And many of our policies, et cetera, are in our Sustainability Report, which applies to the group as a whole. So -- and you can collect a copy, if you wish, on the way out. Thank you very much.

**Unknown Attendee**

I just have one follow-up. You said, Shayne, that the recommendations were only released on Wednesday. That's absolutely true, but this is a conversation which has been going on in the financial space for some

time now, specifically around the key recommendations of the report, which were treating climate risk as a material business risk and conducting climate change scenario analyses. So I'd just like to know, and you said it was a good thing for energy companies to be doing, does ANZ OnePath -- well, have they requested energy companies to take these steps? And if not, is that something that you're considering doing?

**Shayne Cary Elliott**

*CEO & Executive Director*

So again, in the general area, yes. I mean, when we're assessing -- when we lend money or we finance a project, obviously, it's in our interest we want to be able to ensure that, that customer has the ability to repay shareholder's funds back to us and we get a decent return on it. So one of the things that we need to do is to look at the sustainability of their business, and we have to look at it in all sorts of environments, not just around potential changes around regulation about climate, but what if there were -- we even do things that -- thinking about natural disasters. If there was a natural disaster in that area, what would the company -- do they have plans in place to be able manage it? So yes, we do, do that. Whether it's specifically that particular analysis as per that FSB report, I can't say. I'd have to go and do my homework on that, but absolutely, we ask customers. We need our customers to be able to survive and prosper in all sorts of future environments, and we do, do stress testing on that.

**David Michael Gonski**

*Independent Chairman of the Board*

Just one further point, which -- our CFO's point, if you look at Page 186 of the annual report, you'll see that we actually focus on this as a risk, and we've got quite an explanation there. That might be helpful to you. We now go, if we may, to microphone 1.

**Unknown Attendee**

Our next question is from Deborah Hart [ph] of Billionaires United.

**Unknown Attendee**

Look, it's very encouraging to hear you say that coal will move forward, will still be the amazing fuel that we are, but I'm just curious what you will do to protect us billionaires, our capacity to trickle, whether it's -- whether we go offshore to the U.S. and Trump's -- he loves us, you all know that, but how are you going to protect us from these rolling tides of cutting-edge renewable energies, these solar panels that are sucking the rays of the sun out of the universe? We have roaring 40s winds that are causing global warming. I mean, people should warm in the privacy of their homes, don't you think? But really, it is serious. Coal Investile Dysfunction is sweeping across the planet. It's a vile contagion, and it's wiping away trillions -- I believe, 5 trillion is roughly the amount at the moment, because people are fleeing, and we're desperate. And I've got here, this is a coral and coal [Foreign Language]. I think it's quite gorgeous, and I think we get -- we need to get used to this new look for our Great Barrier Reef. And I'm just wondering, what kind of succor will you offer us billionaire coal diggers, darlings?

**David Michael Gonski**

*Independent Chairman of the Board*

Can I say, in the 40 years of business, and I don't know how many years I have chaired AGMs, you are the most amusing questioner, but I've got a feeling there is no answer to your question. So thank you.

**Unknown Attendee**

Darling, we can frack later.

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you for your contribution. I think we might move on to a questioner who's at microphone 4.

**Unknown Attendee**

Thank you, Mr. Chairman. The next question is from Christopher Jacoby, who's from the organization Seed.

**Unknown Attendee**

My name is Christopher Jacoby. I'm a strong and proud Gunditjmara man of Southwestern Victoria. I want to first acknowledge the traditional owners of this unseated land. We meet on the land of the Wiradjuri people of the Kulin nation and, I pay my respects to elders, past and present. As a first Australian, I'm glad to hear our commitment to indigenous people, their environment and climate change, although 2 degrees is an unsustainable future. As an equities transport banker -- sorry, as an equities transport bank, we are required to conform to the international finance corporation performance standards, which require free, prior and informed consent to be obtained from indigenous people. Given this, I can be confident that our bank will avoid exposure to projects, where free, prior and informed consent of indigenous people is not obtained.

**David Michael Gonski**

*Independent Chairman of the Board*

Well, thank you, Mr. Jacoby. I think that was a statement, and we, as they...

**Unknown Attendee**

No. Sorry, that is a question.

**David Michael Gonski**

*Independent Chairman of the Board*

Was it a question?

**Unknown Attendee**

Yes. Sorry. So can I be assured that we won't engage in projects in the future without the consent obtained from indigenous people?

**David Michael Gonski**

*Independent Chairman of the Board*

I think the answer to you is this: firstly, can I say, we have every sympathy with actually a number of the things that you've said. I can't say what's going to happen in the future. What I can say is that the issue you've raised is one of the issues we look at and...

**Unknown Attendee**

Sorry. The issue I've raised is a legal obligation from the...

**David Michael Gonski**

*Independent Chairman of the Board*

No, I'm aware of it, but as an old lawyer, I know that there are differences in whether there's approval or there isn't. But if you're saying that we have that legal liability, let me assure you, we will adhere to the law. I thought you were going a little further and asking us to commit for future projects way beyond what the law is. If you're asking, will we commit to adhering to the laws that apply to us, I give you that commitment now.

**Unknown Attendee**

Then I would assume that, given the ongoing legal challenges of the Adani Carmichael coal mine in Queensland, run by the Wangan and Jagalingou Family Council, this would then render the project ineligible for financial command -- sorry, support. Is this correct?

**David Michael Gonski**

*Independent Chairman of the Board*

I can't say whether it's correct or not. I don't know the facts. And also, I think as I said earlier, it's not really appropriate to look at particular things. But what I will say is, as you know, this meeting is both webcast and recorded. I can assure you that if and when, and I make the word "if and when" our people look at things like that, they will note of what you said. Thank you for your contribution. Could we move to microphone 1?

**Unknown Attendee**

Thank you, Mr. Chairman, I have a question from Michael Standle [ph] of Hawthorne.

**Unknown Attendee**

Excuse me reading it. A bit I'm nervous doing this sort of thing. I was very heartened by the multiple comments on your focus on the environment and sustainability. Just to quote a couple of them, driving at the purpose and values of that transformation to a sustainable business for all shareholders; willing to break some tradition; completely aligned with shareholders interest. My concern is that you're actually not aligned with shareholder interest on the interest of -- on the matter of climate change. That implicit in the assumptions in the path that you described was that there is some sort of carbon budget left. You were talking about -- you said no more conventional coal plants. Even that sounded like a wiggle room that you might take ultra-critical coal plants as a viable investment. The truth is -- the science is that there is no carbon budget left for even a 90% chance of a habitable planet. And at the moment, I see the ANZ following our federal government as a real laggard. When are you going to actually be leaders as a bank of your size and reputation and backing can do and actually act the way the country and the world needs? And you give the impression -- sorry, that -- with what you said that you were doing a fair bit on renewables and just a tiny bit on fossil fuel investments, but my impression from the numbers I've read, that it's the reverse, that it's something like \$1 billion investment -- of the order of \$1 billion since Paris, your commitment in Paris to 2 degrees; and something like 1/10 of that on renewables. So for every million you invest in renewables, you spend \$9 million undoing that and making the situation much worse.

**David Michael Gonski**

*Independent Chairman of the Board*

Look, we note your comments and we note your view of the situation. The numbers you've actually given are wrong. And I should quickly say -- I've mentioned earlier, and it's probably my own fault that I didn't mention some other parts of it, but I mentioned we're committed to putting up \$10 billion by 2020 in relation to carbon reduction. What I didn't do, in fairness to you, is to say that in the last 12 months, I can report that we've advanced \$2.5 billion of that \$10 billion.

**Unknown Attendee**

How does that compare to your investment in fossil fuels, though?

**David Michael Gonski**

*Independent Chairman of the Board*

I worked it out the other night. It's a little bit more because we're 0.18 of \$900 billion. That's -- I've got to be quick on that, but I think that's less than \$2.5 billion. It's about \$1.8 billion. Can we move to, I think. Microphone 4?

**Unknown Attendee**

Thank you, Mr. chairman. The next question is from Naomi Halpern who's from the Holt, Norman, Ashman, Baker Action Group.

**Naomi Halpern**

This is the third time that victims of multiproduct lender, white collar crime, including placement in Timbercorp, has spoken at the ANZ AGM. We have a short update for you today around KordaMentha, the liquidators handling of Timbercorp victims, and to make some urgent requests of ANZ. Now we do understand that ANZ cannot instruct the liquidator, but as the bankers profiting from KordaMentha's

refusal to honor commitments, shareholders deserve to be informed and also have a responsibility to take a stand where ethical concerns or injustice occurs. We don't imagine that shareholders would want to profit from things like blood diamonds or any products involving slave labor, which cause seriously devastating impacts to innocent people, which is the case in Timbercorp. And massive profits have been made for ANZ on the backs of victims of white-collar crime and their families. We also know that ANZ have rectified problems such as these in respect to farmers. In brief, there have been significant inconsistencies and serious concerns about the liquidator's hardship program. Treatment of people is disturbing. The deed of settlement does not provide accuracy, clarity, certainty or protection. Largely, efforts to address concerns with the KordaMentha directly or through its hardship programs advocates have been thwarted. Commitments made in Senate testimony have not been honored or were misleading and inaccurate. And even though his involvement is not necessary at all if KordaMentha upheld commitments, the liquidator has used Senator Xenophon's commitment since last December to assist us to delay matters given his busy schedule and time constraints over the election campaign. The ANZ Deputy CEO, Graham Hodges, informed us in February 2015, almost 2 years ago, that KordaMentha had been encouraged to entreat individual Timbercorp victims of notorious accountant and adviser Peter Holt as swiftly as possible, very generously and incredibly compassionately.

[Audio Gap]

justifiable to demand 1% less than the 85% which is asked of someone who is not deemed to be in hardship. A transparent auditor inquiry to independently examine the liquidator program is needed, with severe penalties imposed of power structures taking advantage of people. Separate to the hardship program issues, given Mark Korda's acknowledgment of Holt victims having been subjected to fraud, the clear position of ANZ as the largest creditor and the liquidator's commitment to maximum empathy, along with its legal power to grant full waiver under statutory obligations and discretion, hardship should be entirely irrelevant to cases of Holt victims. Liquidator for Timbercorp Finance has the statutory power to decide debt of any amount in the hardship program. The problem is the liquidator's refusal to honor commitments or to exercise integrity or ethics. He boasts that not even the Prime Minister can instruct him what to do and he does not have to justify his demands for settlements. We are informed that the view amongst liquidators...

**David Michael Gonski**

*Independent Chairman of the Board*

Excuse me, Ms. Halpern. Can I just -- I have to chair this meeting. Can I just ask, this is not a meeting of the liquidator. This is the ANZ Bank. We are a creditor. We don't -- so could you just ask -- succinctly just ask the question and I would absolutely -- if you want to send that as a letter to us, I'm sure we'll look at it, and you can certainly send it to the liquidator as well. Could you just ask, what is the question you want from this meeting?

**Unknown Attendee**

What we are asking at this meeting is that we believe that it is reasonable, given the profit that ANZ has made on the backs of Timbercorp victims, to pay for -- to return funds that have been collected by the liquidator to the victims, particularly of Peter Holt's victims, who have been frauded and who've -- in very dire financial situations, to repay those monies that the liquidator has collected on your behalf.

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you for your question. Let me just make a few comments. Firstly, can you say it is my absolute understanding and, indeed, over the time our board has been informed about this matter, that our people have been working with the liquidator, KordaMentha. As you would know, because I know you studied the matter, the liquidator is not just there for the ANZ. It is there for lots of other people, and they have to do whatever they do. If you have a bone to pick with them, it should be picked, as they say, with them. We have very much, personally, through our Deputy CEO and so on, advocated the hardship scheme and pushed for it. It is interesting to me that in the parliamentary inquiry recently, which is, I think, on November 29 that it was dispatched, the government basically said in its response to the parliamentary

inquiring manage investment scheme that the inquiry's findings that Holt Norman Action Group (sic) [Holt, Norman, Ashman, Baker Action Group] should work with the Timbercorp hardship program to resolve matters was a good one. And it also noted, by the way, that 339 Timbercorp investors to date had taken it up. We don't make profits out of it. Your suggestion that any of our people misled anyone is denied. But I have to say, if you feel strongly, which you obviously do about it, please send it to us, and I'm sure that our people will look at it. Could we move now, if we may, to microphone 3?

**Unknown Attendee**

Thank you, Mr. Chairman. The next question comes from Susan Henry, also from the Holt, Norman, Ashman, Baker Action Group.

**David Michael Gonski**

*Independent Chairman of the Board*

Ms. Henry, can I start by just saying...

**Unknown Shareholder**

No, actually, Mr. Chair, if I would just really like to say, we anticipated that you would shut Naomi down and me and whoever may follow. It is absolutely unreasonable. Your shareholders have a right and a responsibility to understand the situation. Naomi was endeavoring to explain the background and why our question is appropriate, and I think it is entirely unreasonable. And it also goes to the concern that a lot of what is being said here is corporate spin. You don't want the people to actually know what is going on, and what she was trying to explain is absolutely relevant to the question. You mentioned the comment in the Bitter Harvest report. We have tried, since that hardship program was established at the end of 2014, repeatedly, to work with KordaMentha and the liquidator, both Craig Shepard and Mark Korda. What Naomi didn't get to say fully was, it is a joke, it is entirely disingenuous, parliamentarians are aware of that, and that has much to do with the new Senate inquiring to consumer protections that is being called that will be starting next year. There are so many things I could say, including after -- you say that you will meet, we can send letters. We have sent folder's full of letters to ANZ, to KordaMentha and to various people, and we just get no real response back. In fact, after this first AGM that we spoke at in 2014, we were invited to meet with Graham Hodges and -- what's his name, Gerard Brown. Sorry, I think he's Manager of Corporate Affairs. Now after that, we had a couple of useful meetings with Graham Hodges in which he has acknowledged that we were able to help his understanding, and he made comments in a Senate inquiry in relation to that and thanked us for it. However, Gerard Brown duped us into meeting with the hardship program advocate KordaMentha despite the purpose of the meeting being clear in e-mail. So I think people here deserve to know that you're not being told the truth and you might clap merrily, but I don't believe there will be many shareholders here who will actually be happy to be making profits on the backs of victims of white-collar crime.

**David Michael Gonski**

*Independent Chairman of the Board*

So could I just say, I've let to have your say. I think, actually, there are many problems with me, but I am reasonable person. I do allow people to have their say. You've made it very clear. I do want to just point out that, again, your allegations were against the liquidator. You know that we didn't even lend the money. We basically bought those debts and you know also that we've been very instrumental, as has Graham Hodges, put a lot of time and effort into seeking the hardship fund and the customer advocate which is there and available for people to do it. I think, unless the meeting would like us to continue on this, we should move on to matters that relate to our bank, and we wish you well with what you're trying to do. We've listened, but it's time to move on. It's time to move on. I rule we'll move now to microphone 1, and I do hope it's not about Timbercorp.

**Unknown Attendee**

Thank you, Mr. Chairman. I have a question from Gabriela Hunt of Mentone.

**Unknown Attendee**

Sorry, the short ones of us have a problem. My question is actually for the auditor. For the conduct of the audit, did the directors instruct the auditor to consider risks associated with climate change?

**David Michael Gonski**

*Independent Chairman of the Board*

We have our auditor here, and may I invite him to speak to the audience?

**Andrew Yates**

Thank you for the question, Mrs. Hunt. The directors didn't instruct us to look directly at climate change risk. We -- and I do a full assessment of the risk of the bank when we plan our audit, and that includes a range of things, including, where relevant, environmental risk. And off the back of that plan, we execute the audit and focus on the areas of high risk.

**Unknown Attendee**

Right. So -- but you didn't specifically look at the physical impact of climate change on our assets and also perhaps the exposure to really highly carbon-intensive sectors?

**Andrew Yates**

Certainly, we are relevant in assessing the recoverability of loans. We look at a range of factors, and where relevant and appropriate, that may well be considered.

**David Michael Gonski**

*Independent Chairman of the Board*

And can I just add, we, as a board of directors, question that. We have an excellent auditor. He puts it in what he's looking for and so on, but it's our responsibility, and we do look at that. And we have a very good risk area. As I said earlier, that's what banks do.

**Unknown Attendee**

I'm really pleased to hear that, because my shareholding was bought decades ago by my father to look after and provide for his grandchildren and their offspring. And I've been really concerned that, although you say, yes, you look at risks and you manage them really well, I'm just not totally convinced that you are aware of how serious the climate risks are. And if you're not that concerned about how serious the climate risks are, I'm wondering about my role in providing for those grandchildren and children of the people here as well as the board, because these climate matters are enormous, and it's not just a matter of fiddling around the lawyer's words about, "Oh, yes, we only do a bit for coal and we do a bit for this and a bit for that."

**David Michael Gonski**

*Independent Chairman of the Board*

Can I say, in what we said at the beginning, we made it very clear we look at climate matters and it was not to do with lawyers' words. We made it very clear, our commitments and so on. The board, I assure you, looks at it. And the only thing I would say, because I think the meeting does need some levity, your father was a very wise person investing in ANZ. Can I now move to the questioner who's at microphone 3?

**Unknown Attendee**

Thank you, Mr. Chairman. I have a question from Kathleen Marsh from the Holt, Norman, Ashman, Baker Action Group.

**David Michael Gonski**

*Independent Chairman of the Board*

May -- could I ask the meeting, do we want to hear further on this subject?

**Unknown Attendee**



No.

**David Michael Gonski**

*Independent Chairman of the Board*

I think, unless the questioner is talking a completely different matter, I rule that we will move to another microphone. We'll go to #2.

**Unknown Attendee**

Chairman, I now have Ms. Tracy Porter [ph], a shareholder from the Gold Coast.

**Unknown Attendee**

I'm not sure when this happened, whether it was in Australia or it may have even have been in New Zealand recently. I've been an ANZ shareholder for a number of years, and generally, been very, very happy with ANZ' performance. I've been very proud to be a shareholder. Recently, on the news on the Internet, there was an incident where a chemotherapy patient was unable to be served in an ANZ Bank. She just went in to do her everyday banking and the staff had to inform her that she would be unable to be served unless she removed her scarf. The customer behind her left, walked out with her and said that, that was it. The staff member that had to inform her of that was extremely apologetic. They were mortified. This has made the news, wherever it was. Sorry, I can't tell you which branch it was. I'm just wanting to just make sure, as a shareholder, that this isn't an ANZ policy, because it's an absolute disgrace. I've never been ashamed as I was when I read that. And there was plenty of people who apparently witnessed this. It was an appalling situation. I understand that it wasn't covering her face. It wasn't a motorcycle helmet. It was someone in a terrible situation, and I just wanted to know that -- I don't believe it was -- I don't think it was a legal requirement, and policies, as you know, can be changed. And you're our board, so if it's a ANZ policy, I hope it isn't. But if it is, it needs to be changed.

**David Michael Gonski**

*Independent Chairman of the Board*

It is not a policy.

**Shayne Cary Elliott**

*CEO & Executive Director*

Absolutely not a policy. You're absolutely right, and it's disgraceful. And we will make sure -- I -- just looking at one of my team here. We'll make sure that, that's very clear throughout our branch that it's not acceptable.

**David Michael Gonski**

*Independent Chairman of the Board*

Thank for raising that. May we move now to microphone 4.

**Unknown Attendee**

The next question is from Isabelle Monit [ph] from Melbourne.

**Unknown Attendee**

So I would like to note that our position on climate change is that we support the goal of holding global warming below 2 degrees, consistent with the Paris climate change agreement that has just come into force, and we recognize that we have a role to play in helping to achieve that goal. Does the board agree that achieving this goal means the global economy must remain within a limited carbon budget?

**David Michael Gonski**

*Independent Chairman of the Board*

I think, actually, the way you asked that question, the answer -- I think you're going to be very clever and ask me an even more difficult question, because the answer to that, of course, is yes. And that is exactly what we've said in our policies. So why don't you follow on with the next one?

**Unknown Attendee**

I will.

**David Michael Gonski**

*Independent Chairman of the Board*

And then I'm going to suggest to the meeting, given the time, that we don't have more climate change -- if there's something pressing on the financial report, we will move to that.

**Unknown Attendee**

So the second part of my question is, leading Oxford economist Cameron Hepburn published a paper this year indicating that if we want a 50-50 chance of staying below 2 degrees of warming, the world cannot build any new fossil fuel infrastructure for electricity after 2017. If we do build new fossil fuel infrastructure, some of these new and existing projects will become stranded assets needing to be decommissioned early in order to limit warming to below 2 degrees, to which, as noted before and as mentioned before, ANZ is committed. This threatens the long-term profitability of all investments in fossil fuels. Representing your concerned shareholder, I therefore ask the board, will the bank commit to not funding any new fossil fuel infrastructure electricity generation from 2017, specifically onwards, in line with your 2-degree commitment and protect shareholders from the risk of assets stranding?

**David Michael Gonski**

*Independent Chairman of the Board*

I think the answer to that is that we have already made a commitment that the traditional coal power plants we will not lend to, unless they are of the relevant thing, which remind me, is 0.8 of a kilowatt or whatever thing. So in other words, we've moved on from that and already put that there. In terms of the Oxford economist, our team look at all of that, you may be assured. And we're well aware of what clever people like that are saying and we are watching it. So thank you for your questions, and I think we might say, please, obviously, we will be here after the meeting if those who want to talk about fossil fuels. But for this meeting, given that we've already been going almost 1.5 hours, I think we should just focus on the financials. So if there's any question to do with this bank and its report, I would really ask that they be given now. Number 1?

**Unknown Attendee**

Thank you, Mr. Chairman. I have another question from Thomas Soundness [ph] of Corfield.

**Unknown Attendee**

My question arises from some of the comments that have been said around the place already, and I do recognize what you've said about climate change, but my question is more about those investments that have taken place in the past. Your auditor did make comments. You've got exposed assets in those pathways. And my view is that if I'm going to be proud of a bank that I'm a shareholder of, I'd be proud of the past lending practices as well as the future. So the bit that's concerning to me is that I feel as though we put investments into the past and some of those investments are ones where we've got a sunk cost. And I feel as though there's a legacy and an apology that could be said about what's happening in the future. And I feel as though there are impacts that will come with those put -- those investments that have taken place. I feel like as though our company has helped to cause some of those concerns. And will the board and will specifically, yourself, Mr. Gonski, Ms. Atlas, Mr. Liebelt and Mr. MacFarlane, who, I understand, is an outgoing member of the Environment Sustainability and Government Committee, use this AGM as an opportunity to apologize for those aspects of lendings that have taken place in the past and to show a future pathway which is going to be, as you've dictated, as you said is very, very positive, is very, very refreshing. And I want to commend you for that. But there's an apology for what may have been laid up in the past, so I'd really like to hear if you can put forward an apology along those lines.

**David Michael Gonski**

*Independent Chairman of the Board*

Can I say, no, I can't apologize, but what I can do is to say what I think I've said a number of times in this meeting, and forgive me for repeating it. We understand the issue. We may have different views to you, but the one thing I can say to all the shareholders is this is not a new issue to us. We look at it all the time. And all I can say to the shareholders is, we will do our best to do the best by all stakeholders. Can we move on then? I believe there's somebody at #3 and I hope that this is...

**Unknown Attendee**

[indiscernible] question.

**Unknown Attendee**

[indiscernible] mention if they feel -- that they feel that there should be an apology?

**David Michael Gonski**

*Independent Chairman of the Board*

No, I don't...

**Unknown Attendee**

If anyone else would like stand up and make a comment?

**David Michael Gonski**

*Independent Chairman of the Board*

I think the answer -- thank you. Thank you very much. I wonder if you would sit down. I don't think that apologies do anything for anybody when we are working on the subject very diligently. Could we move now to #3?

**Unknown Attendee**

Thank you, Mr. Chairman. Next, I have a question from John Clancy of Albury? John?

**Unknown Attendee**

Just harking back to your opening address and talking about people losing trust in your institutions and whatever and not trusting the company directors. And yet I look up there and your boardroom's a cesspit of sleaze and corruption. You've got Ian MacFarlane from Leightons [ph]; Graeme Liebelt from Orica, both deeply involved in corruption. This is why we don't trust.

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you, Mr. Clancy. I had forgotten, two years ago, you made the same statements. And I remember my comment to you that you were a very angry and upset person and I was hoping your day would improve. Obviously, the last couple of years may not have, but I don't think this is the place for making those statements. Can we move to microphone #1?

**Unknown Attendee**

Mr. Chairman, I have a question from Carol Wilkinson of Clifton Hill.

**Unknown Attendee**

You implied that ANZ' exposure to fossil fuels is insignificant.

**David Michael Gonski**

*Independent Chairman of the Board*

I thought I had -- I think I have -- I'm sorry.

**Unknown Attendee**

The proposed Adani Carmichael coal mine would dig up enough coal at current production...

**David Michael Gonski**

*Independent Chairman of the Board*

No, excuse me. I have this wonderful ability to turn the microphone off, but I'm a polite man. We have answered the question. We will now move on. May we move to #3, please?

**Unknown Attendee**

Thank you, Mr. Chairman. Next, we have a question from Ray Logan of Mount Waverley.

**Unknown Attendee**

Mr. Chairman, I'd like to take exception to some of your comments earlier on about low tax. I don't want to live in a low tax environment like the United States. I'm prepared to pay tax. The next question I'd like to ask is about ANZ Trustees. You sold ANZ Trustees to Equity Trustees. Now I think it's still operating as ANZ Trustees. I'd like to know how that relationship is working.

**David Michael Gonski**

*Independent Chairman of the Board*

Well, I'll give the second one to our CEO. But can I just say, you don't have to apologize. There are different views on tax. I just made the 3 or 4 comments on the virtues of having lower company tax. I am very happy to pay whatever tax the government determines. That's their decision, as I may, and you certainly are quite right in the way you say you're happy to pay it. You're entitled also to your views on it, so thank you for expressing those.

**Shayne Cary Elliott**

*CEO & Executive Director*

I'll have to check the exact details. So my understanding -- so we've absolutely sold ANZ Trustees. There will have been a transition period, where it was probably still operating under that name, but it should no longer be the case. There is no ANZ Trustees anymore. It's moved on to new ownership.

**Unknown Attendee**

How is this arrangement, like if someone comes into ANZ and is looking for trustees, how is this arrangement working? Is it a favorable sort of arrangement?

**Shayne Cary Elliott**

*CEO & Executive Director*

I'll have to -- I'm not technically the right person... I'll have...

**David Michael Gonski**

*Independent Chairman of the Board*

Could we take that question on notice and, perhaps, afterwards, we'll put you in touch with the right person? Thank you. Next question, microphone #1.

**Unknown Attendee**

Thank you, Mr. Chairman. I have a question from Michael Stanley of Brunswick.

**Unknown Attendee**

In April this year, ANZ was named as one of the creditors to Asmin Koalindo Tuhup, pardon my Indonesian, the largest coal mine in Borneo, which has suspended repayments and sought protection. The Reuters article about it referred to ANZ as one of 3 creditors who are owed a collective U.S. billion dollars. I'd like

to know what the status is on this line of credit and whether we have been able to recoup the outstanding loan amount.

**David Michael Gonski**

*Independent Chairman of the Board*

Can't answer it?

**Shayne Cary Elliott**

*CEO & Executive Director*

Not -- what was the name again?

**David Michael Gonski**

*Independent Chairman of the Board*

I don't even know the name.

**Unknown Attendee**

Asmin Koalindo Tuhup. I can spell it, if you like. A-S-M-I-N K-O-A-L-I-N-D-O T-U-H-U-P.

**David Michael Gonski**

*Independent Chairman of the Board*

Let me answer the question this way. If you want to know the answer, we will seek to find it. But let me just reassure the shareholders, if there was a big loss, I and my directors would know the name backwards, how to spell it and where the directors live. But having said that, this is news to me, so we will come back to you. Thank you.

**Unknown Attendee**

Well -- can I just confirm that if -- so we don't know -- or you can't say if there has been a loss or if you haven't been told about it?

**David Michael Gonski**

*Independent Chairman of the Board*

We haven't been told about it, and we don't discuss specifics, anyway. But I'm telling you because you've raised a name that none of us can remember, so I thought that might help you.

**Unknown Attendee**

Okay. So -- but does that mean that you, like -- is the question -- because that's a very -- like obviously, USD 1 billion or USD 3 billion, that can be a very large amount of money. Does that mean that there is oversight, because this is a big issue, given that coal is...

**David Michael Gonski**

*Independent Chairman of the Board*

I think you're now leaping. I have said to you that if there was a loss of that size, we would know about it. We don't discuss specifics. But I think you should be fairly at ease that your question is not a problem. Could we move then to the next, #4?

**Unknown Attendee**

Mr. Chairman, the next question is from David Radkey from Port Melbourne.

**Unknown Attendee**

Okay. All right. This is about the ANZ operation in Vietnam. Until about a year ago, I lived in Vietnam for close to 2 years. During that time, I'd looked for a suitable bank to use while there. Naturally, I thought of the 2 Australian banks operating in Vietnam, ANZ and the Commonwealth. I went through, initially,

through my ANZ manager at Melbourne, and he said he could not help me with any arrangements. It turns out that there's no benefit for being an ANZ customer in Australia while in Vietnam, except for free ATM transactions. That's the first problem. I approached the ANZ in Vietnam and was told there was a minimum USD 2,000 to open an account there. Then, I turned to the expat community for advice on banks in Vietnam. It turns out that even if I'd managed to get an account opened, the level and quality of service of the operation in Vietnam was quite substandard by Australian levels. The expats even rate the local banks as having a better service. Customer service, knowledge of products, problem resolution are all below par there. If the attention is just keep the riffraff out of the operation there, you've succeeded. If you actually want to offer an Australian-style service to the Vietnamese market, it's not been a success. Does the board realize what the ANZ brand is being, having such a poor reputation in Vietnam through the operation there?

**Shayne Cary Elliott**

*CEO & Executive Director*

Well, I just...

**David Michael Gonski**

*Independent Chairman of the Board*

[indiscernible]

**Shayne Cary Elliott**

*CEO & Executive Director*

So -- yes, as you know, we haven't sold Vietnam, but we've sold our retail business in other markets. And actually, your experience is precisely part -- well, it's part of the reason why. The reality is that operating a retail network across multiple countries is incredibly complicated because of local regulation, because of different technology requirements and the competitive environment in each of those places, and that's partly -- unfortunately, you end up with the sorts of stories that you've just given us, and that's why we've said we don't think we can -- we're the best person to run a retail network across Asia Pacific, and we should focus on what we do really, really well. And we're a really, really good institutional bank, and we should focus on helping our institutional clients do well in Asia, and that's what we're going to do.

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you for your question. we move now to microphone 3.

**Unknown Attendee**

Thank you, Mr. Chairman. The next question comes from John Story of Clarinda.

**Unknown Attendee**

I'd like to refer to an article in the Economic Times of India, where ANZ apparently had to write-off \$42 million on bad debt to the Jindal Steel and Power, selling our exposure at just \$0.32 on the dollar. Is this type of write-off on steel, power and coal exposure, becoming common? How many examples in the past year have there been, where we have had to write-off or write-down exposure to companies involved in power, steel and coal sectors? As a response, along these lines, is that just a disguise attack on coal? I just want to know what the hell is going on in our resources desk? You don't need to be a greeny to see that the sector is in peril, and I'm not sure why our company has to be the last one to understand this.

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you. Can I firstly say, I think we've answered quite considerably those questions. Let me firstly say, we don't obviously deal with the specifics of what you've talked about. We are not, I think it's fair to say, seeing that a whole industry is having massive write-offs. We absolutely do not believe that we're the last to be lending. We're not a lender of last resort, et cetera. And I assure you that our team is active

in putting our various lenses on things. We don't like losing money. We understand the trust that the shareholders have put in us, and I assure you, we are very much awake to these things. If I could now move to microphone 4.

**Unknown Attendee**

Mr. Chairman, your next question is from John Knox from S&N. [ph]

**Unknown Attendee**

First off, I'd like to support the gentleman to my right here who actually said that he was willing to pay tax. I believe that paying tax is what you do. The more tax you pay provides a more civilized society. You just need to look at the countries in Scandinavia to see that. Now I have concerns, and I would like to apologize to the Pacific Island people. The ANZ Bank, our bank, has actually got a large presence in the Pacific islands, and the Pacific Island nations are actually going under due to sea level rise. I would like to apologize for that, and I would encourage anybody else who would like to apologize to victims of climate change to please stand up.

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you. We note your views and your apology, which is yours, and those who wish to make it, and not, obviously, for this corporation. And the second thing I should mention is your views on tax, actually, I agree with. And I can see that you regard them very highly. So thank you, and let's move to, I think, microphone 3.

**Unknown Attendee**

Thank you, Mr. Chairman. The next question comes from Barbara Martin of East Melbourne.

**Unknown Attendee**

My question will be short. You've talked about franking credits in the foreseeable future, but I couldn't work out, should I be thinking 5 years or 10 years?

**David Michael Gonski**

*Independent Chairman of the Board*

Can I just say, could you please take that out? I don't think that's fair to those people sitting there. If you have a view, you are -- I think this is a very sad thing to do. Okay, thank you. Point taken. Okay. Can we please -- could I ask those to help us please remove the sign. There are a lot of people who have things to say. They want to get to the other resolutions. It's very unfair to monopolize this meeting. And I apologize to the questioner. I didn't hear your question due to what was going on. Please...

**Unknown Attendee**

As I said, my question is short. You talked about franking credits in the foreseeable future. Now I will tell you, I'm 77. And do you think my foreseeable future is maybe for franking credits, maybe 5 years?

**David Michael Gonski**

*Independent Chairman of the Board*

Can I say that's one of the best questions that could be asked. And if you are apologizing for being 77, as a man over 60, I think you're very young. So -- but can I just say, we don't want to mislead our shareholders. We believe, for the foreseeable future that we're fine with our franking credits. We have, as you know, reduced the dividend to the 60%, 65% of cash profits level. At that level, I think you're pretty safe, but I don't want to make that as a projection. Otherwise, my CFO will tell me I'm in trouble. So thank you.

All right, are we coming to -- there are no further questions, I do thank you all. I'm sorry that I had to rule against some of those questions, but the points were made, and we did allow all. So now that there are no

further questions, and I think there has been a reasonable opportunity for everyone to be heard, we will now move to the formal resolutions.

As usual, this year we're using an electronic voting system to conduct the poll for each of the items of business. And for those who've not been to one of our AGM's before, I will quickly go over the how it works. And I would like to say to the previous questioner who said she was aged at 77, isn't it fantastic that a man over 60 has to explain an electronic device to everybody, so beware.

Those entitled to vote were given a handset, a smart card and a white card, which includes details in relation to voting. The first thing you need to do is insert the smart card into the top of the machine, with the card facing you. And at the bottom of the card, you pop it in. A welcome message should come on the screen. It will appear briefly, followed by the holding screen where your name should appear.

When I ask you to vote on a resolution, you'll see the "voting open" on the screen. And then you can press either 1, if you want to vote for; 2, if you want to vote against; or 3, if you wish to abstain. Your selection and the word "received" will then appear briefly on the handset.

While the electronic voting is open, you can change your vote at any time by pressing 1, 2 or 3 or x, if you want to change your mind and decide not to vote.

Once electronic voting for each item of business is closed, the provisional poll results, including the proxy votes, will be displayed on the screen behind me. After the meeting, any votes cast using paper voting cards will be added, and the final results will be announced to the ASX later today and published on our website.

Wayne Hopkins of Computershare will act as our returning officer, and our auditor, Andrew Yates of KPMG, will act as scrutineer.

If you're having any problems, please ask one of the Computershare staff in the room and they will happily assist you on any questions.

So ladies and gentlemen, we now move to items 2 and 3, which relate to remuneration.

Item 2 concerns the Remuneration Report. Full details of how we structure compensation are contained in the annual report and there is a summary in the shareholder review.

To give you an overview of the report, I'm now going to ask Graeme Liebelt, the Chairman of the Human Resources Committee, to speak to you. Graeme?

**Graeme Richard Liebelt**

*Independent Non-Executive Director*

Well, thank you, David. Good afternoon, ladies and gentlemen.

ANZ' remuneration framework is designed to create value for all stakeholders through differentiating based on group and individual performance and providing competitive rewards that attract, motivate and retain talented people. 2016 saw a significant progress at the start of what is a period of consolidation and transition for ANZ. Shayne became CEO in January 2016, and there were several changes to disclosed executives during the year. For each of these appointments, fixed remuneration was set lower than that of the prior incumbent, including the CEO, who's fixed remuneration was set at nearly 40% lower than his predecessor.

This year, there've been significant reductions in variable remuneration for the majority of executives that reflects the reduction in profit and shareholder dividend. Five executives received a variable reward, which was below target, including the CEO, who received 79% of his target reward. Accordingly, the total remuneration allocated for the CEO and disclosed executives has reduced, on an annualized basis, by around 25% in the 2016 financial year compared to the prior year. In addition, despite delivering positive returns for shareholders over each period, the long-term variable remuneration awarded to the current CEO, the former CEO and disclosed executives in both 2012 and 2013 did not meet the performance



criteria and they have now lapsed. In fact, this is the fourth year in which the LTI has provided no benefit to executives, demonstrating the variable nature of this award.

Individual performance continues to be assessed against group, divisional and individual annual objectives based on a balanced scorecard of measures and positive demonstration of values-led behaviors. Measures relate to annual targets and also contribution towards medium and longer-term performance outcomes, aligned, of course, to ANZ' strategic objectives.

This year, we implemented a combined variable remuneration framework for disclosed executives, combining annual variable remuneration and long-term variable remuneration. The grant of variable remuneration is determined at the end of the financial year, and for these executives, is delivered as 33% cash, 33% shares and 34% performance rights, delivered over the short, medium and longer term.

The CEO remains on a separate short and long-term framework as advised at the time of his appointment.

For both the CEO and the disclosed executives, the cash portion of variable remuneration vests immediately. Shares are now deferred equally over 4 years, an increase from 2 years previously. And performance rates continue to be deferred over 3 years and are then tested against the performance hurdles.

The maximum opportunity is now 150% of target, down from 200%, previously. Today, we're seeking your approval to allocate performance rights to Shayne Elliott, which will be granted in 2 tranches and tested at the end of the 3-year performance period.

The first tranche is weighted at 75% and measures ANZ' TSR against the financial services comparator group. The second tranche is weighted 25% and measures ANZ' TSR against the absolute targets, as set out in the Notice of Meeting.

Whether Shayne receives any of these shares depends on the extent to which the performance hurdles in each tranche are met in 3 years' time.

The board recommends shareholders vote in favor of item 2.

Thank you, and I'll hand you back to our Chairman.

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you, Graeme. Are there any questions regarding the adoption of the Remuneration Report?

**David Michael Gonski**

*Independent Chairman of the Board*

I think we have #3. I think there might be a muddle with our thing. Can we go to #2 first because your light came on. It's get a little bit -- maybe they're pressing buttons instead of -- thank you. Sorry.

**Unknown Attendee**

I know have Ms. Julia Angrisano from the Finance Service Union -- Finance Sector Union.

**Julia Angrisano**

Mr. Chairman, on the 13th of May 2016, you were reported by the Australian Financial Review as holding the following views: "It is imperative that the person working in a branch should be proud of who their chairman is, should be keen on who the board members are, because they are emblematic of the culture of that organization." And in your view, "Remuneration should encourage longer-term thinking for the benefit of the bank; all of the bank stakeholders, which includes the customer, the society and the staff." Given these comments and in light of the Australian Bankers Association Cedric [ph] review into frontline retail bank staff paying incentives, how will the board ensure that executive remuneration structures and outcomes drive a culture from the top down and deliver on rebuilding trust and confidence in the bank and our financial system?

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you for that question. I think it's a very good question. And one is always nervous when you say what you said on a particular date, but I agree with what I said on that date. And I just want to assure you and the other shareholders that we know that the way we pay people does instigate particular ways of dealing with things, and we are absolutely aware of that. This is why, as Shayne mentioned in his speech, we've moved to this balanced score card, which gives at least an equal weighting to customer satisfaction because we see that as incredibly important. Before anybody gets paid, we have what we call a gateway, and the gateway is that our staff adhere to our code of conduct. And let me tell you, and I know that you're from the union. Our staff are excellent and indeed would adhere to the code, but we make that a principle that it's got to get through the gateway. We want to make sure that, in bringing things together that the stakeholder importance, together with the staff motivation, together with the abilities of the staff are all weighed together. So they're not pushed to do things which would be improper, and are not paid when they do something wrong. So I can assure you that from the top, we are aware and have spoken to our CEO, our People Committee is aware of this, that we have this balanced scorecard, which is being intensified and I think working pretty well. We also, I should say I'm being reminded, measure customer satisfaction over time, not just at a point in time. So for those who are cynical, you can't just improve your customer satisfaction one moment and then expect that, that will give you bonuses or pay or whatever. Thank you. Thank you for the question. Number one? By the way, have I overlooked number three?

**Unknown Executive**

We're coming back in a minute.

**David Michael Gonski**

*Independent Chairman of the Board*

You're coming back? Okay.

**Unknown Attendee**

Thank you, Mr. Chairman. I have a question from John Whittington of the Australian Shareholders' Association.

**John Whittington**

Mr. Chairman, I'd first like to highlight that our vote on this motion will not be based on the considerable termination payments for Mr. Smith, as those were due to previous remuneration policies, which we consistently opposed. Our vote will be based on the current remuneration policy. We believe that the current level of remuneration is not excessive, and the incentives are generally aligned with shareholders, so we'll support the motion. However, we are -- also think it appropriate to highlight that we found it very difficult to determine this without spending considerable time studying the Remuneration Report, delving into footnotes and detailed questioning of the company, none of which is an option for a normal retail shareholder. We would encourage you to ensure that future Remuneration Reports achieve better communication and transparency to shareholders rather than mere compliance. Picking up on some of the details, we'd like to highlight some good changes in your remuneration this year, i.e. we applaud the change to the remuneration structure which would -- what we would call short-term incentives vest progressively over 4 years. So if the share price takes a dive, so does the value of the incentive. We believe this better aligns remuneration with shareholder return. We'd also appreciate the covering comments by the chairman of the HR committee, but don't feel that his summary always align with the detail in the rest of the report. Finally, I'd like to raise a couple -- or a few areas of concern, where we have concern in the remuneration structure. We again ask for a table of actual remuneration that clearly shows the payments received by key management personnel during the year. Please don't half-do it or mix it with other data, just one table that clearly shows what has been received during the year. Many other companies, including CVA and Westpac do, and we would like ANZ to do the same. Also, we do not support the reduction in the percentage of awards based on absolute total shareholder return this year. That means that key management personnel can still get a bonus if shareholder returns are negative, but ANZ performs equally as well or badly as the other banks. And finally, we believe that the disclosure

of how the quantum of equity awards is calculated is poor and could be seen as misleading. Last year, we were led to believe that they were all based on face value, but they have -- but we've been able to discover that some equity awards are still issued based on fair value, a strategy which greatly increases the number and value of the equity awards issued.

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you very much for your critique, and I firstly want to say it is useful to have somebody who's not involved in writing it and the very many times that we look at it to look at it afresh. And we note your comments, and thank you for what you've said. I just take the one at the end, because I think other shareholders might be interested. We have moved to face value. There is only really one exception to that, as you now know. And so your point is right that there is a fair value, and that's where we issue share rights, which is the exception, not the rule. And the reason we have to use fair value there is that a share right holder doesn't get the dividends, so you've got to make some allowance for that. But your point is right. We need to be clearer, and I've got to say, and I know you dropped us a note about it, it's good to hear that you found it hard to read. We note that. We thought that we're getting better and better. We'll seek to be even better next year. Thank you. Next one is #3.

**Unknown Attendee**

Thank you, Mr. Chairman. The next question I have is from Ray Logan [ph] of Mount Waverley.

**Unknown Attendee**

Mr. Chairman, with the shares that are issued with performance, are they purchased on the exchange or are they just new issue? I much prefer them to be purchased rather than you just creating new shares.

**David Michael Gonski**

*Independent Chairman of the Board*

That's a very good question. Can I say what we have done is that we have the discretion, whether we will issue new shares to fulfill it or whether we'll buy, and that depends a lot on our capital position at the time or where we see things. Last year, that's for the 2015 year, we basically issued new shares. What you say you don't like. This year, you'll be pleased to hear we bought shares. I think it's best for the company to have the right. I understand exactly your point, because you're worried about dilution, but I think it's best for us to have that right so that we can determine what our capital position is, whether we need the money or whether we don't, within the company. So thank you for the question. We move now to #2.

**Unknown Attendee**

Thank you, Mr. Chairman. I now have a question from Ms. Rachel Deans [ph] from Thornbury.

**Unknown Attendee**

Firstly, I'd like to acknowledge the traditional owners of our land, the Wiradjuri people of the Kulin Nation, and pay my respects to our elders, past and present, to any Aboriginal or Torres Strait Islander people in the room today. And to also acknowledge all of our ancestors that are here today. My question starts with Aboriginal and Torres Strait Islander peoples' lives and country...

**David Michael Gonski**

*Independent Chairman of the Board*

Sorry, can I -- I really am interested and sympathetic to it, but is this to do with the Remuneration Report? That's the resolution we're talking to.

**Unknown Attendee**

Yes.

**David Michael Gonski**

*Independent Chairman of the Board*

It is?

**Unknown Attendee**

Yes.

**David Michael Gonski**

*Independent Chairman of the Board*

Okay. I trust you on that.

**Unknown Attendee**

If you just listened until I get to the question, you will hear that, yes, it is. So our people are being disproportionately affected by the extraction of fossil fuels.

**David Michael Gonski**

*Independent Chairman of the Board*

So far it's not looking like...

**Unknown Attendee**

If you will just hear me out, that would be fabulous.

**David Michael Gonski**

*Independent Chairman of the Board*

Maybe you should get to -- tell us the question and work backwards.

**Unknown Attendee**

I am directionally getting to the question. Basically, NAB have committed to ruling out any funding for Adani's Carmichael coal mine.

**David Michael Gonski**

*Independent Chairman of the Board*

That's not a remuneration question.

**Unknown Attendee**

Which would directly impact on indigenous communities, in particular, the Wangan and Jagalingou people. This project would destroy aboriginal land.

**David Michael Gonski**

*Independent Chairman of the Board*

Sorry, can I please ask. There are a lot of people here. They've sat through. They're wonderful people. Just what's it got to do with remuneration? I am listening, I can't hear.

**Unknown Attendee**

Okay. This project would destroy land culture and people's livelihoods.

**David Michael Gonski**

*Independent Chairman of the Board*

I think...

**Unknown Attendee**

Basically, my question to you is...

**David Michael Gonski**

*Independent Chairman of the Board*

Yeah, let's just hear what the question is. What is the question?

**Unknown Attendee**

My question is for you, Mr. Chairman, and for every single person in the room to please just think about how you would feel if someone wanted to come into your home, destroy your house, your culture and your tradition.

**Unknown Attendee**

I must rule. We understand. You've made your point, as have many people today. I think we will now move, if we may. Are there any other questions on the Remuneration Report? No, I don't think it sounds as that's on the topic. Have a think about it. You can talk to me afterwards. No, I've ruled that you're not. Could I go to #1?

**Unknown Executive**

Thank you, Mr. Chairman.

**David Michael Gonski**

*Independent Chairman of the Board*

No, because I know what your question is. You've indicated it's got nothing to do -- one thing, tolerance is a wonderful thing. We've got a lot of people here who've got lots of things to do with their day. They've now moved to the resolution. They want to hear about remuneration. I'm offering to talk to you after the meeting. I think we should, for their sakes, move on to somebody who's got a question on remuneration. #1?

**Unknown Attendee**

Thank you, Mr. Chairman. I have a question from Peter Morgan [ph] of Angeline Investments [ph].

**David Michael Gonski**

*Independent Chairman of the Board*

I've asked you very politely, and I'm a polite man. Please do sit down. Well, I'm always polite. There is no excuse for unpoliteness. Could you just sit down? Thank you so much. We'll talk later. #1, let's go.

**Unknown Attendee**

Thank you, Mr. Chairman. I'd like to reintroduce the question from Peter Morgan [ph] from Angeline Investments [ph].

**David Michael Gonski**

*Independent Chairman of the Board*

Peter, I hope you can speak loudly. Oh, dear. Mr. Morgan?

**Unknown Attendee**

Mr. Chairman, I hope this isn't a silly question or a stupid question. I think as you know, I've worked in financial markets for 25 years. I've read -- I don't know, tried to read thousands of Remuneration Reports. I've read a lot of Remuneration Reports, and I've got to be honest with you. I don't -- this is not...

**David Michael Gonski**

*Independent Chairman of the Board*

Please do ask your question.

**Unknown Attendee**

No, it's all right, sorry. It's not on anything specific. If I can just ask a very simple question. Honestly, I don't understand a lot of them anyway. But can I -- either to you or to Graeme, on a very hypothetical example. If the ANZ share price fell from \$30 to \$20, a 33% loss, and every other company that it was marked against fell by 50%, how many shares and at what price would Shayne be remunerated at? If I -- you know what I'm trying to say.

**David Michael Gonski**

*Independent Chairman of the Board*

I do exactly know what you're going to say, and it's a very good question. There are 2 parts to the question. If the loss of the shares over time is immense and the other banks go down even further, this was the point that the Australia Shareholders' Association was making earlier. We are paying 3/4 of our performance rights based upon what others do. So if we fall less, we will have a bigger TSR return than they will. And therefore, it may or may not trigger, depending on what other dividends and so on is paid. On the specific question of how many shares Shayne gets or whatever, you will...

**Unknown Attendee**

Sorry. Relative to the \$20. If they fell to \$20, what am I...

**David Michael Gonski**

*Independent Chairman of the Board*

Okay, just to explain. At the beginning of the whole thing, as we're doing in the next resolution, we set the number of shares. So in other words, we take the face value based upon a date, around about the 23rd or so of November. We do a VWAP, taking of an average of the share prices for a week before that, and we take that number and divide it into the dollar amount that we're giving or potentially giving to the executive involved. That sets the number of shares. If the share price goes up and indeed the targets are, I think, in other words, we have a TSR greater than the other banks, we have the absolute TSR greater than 9%, then they will get that number of shares. It doesn't change. But of course, the value, in your scenario, will go down because they were worth \$30 when we awarded them, but it went down to \$20.

**Unknown Attendee**

So if I -- sorry, I don't have a specific example, but if I had an award value of \$23 based on a Black and Scholes methodology...

**David Michael Gonski**

*Independent Chairman of the Board*

We don't use Black and Scholes. Let me give you a simple example. If we are giving, on your example, if you've got \$30 share price and somebody is entitled to \$3,000 worth of performance rights, we divide \$30, if that's the average price, into the \$3,000, right, and that will give you 100. He gets -- he or she gets the 100, and it's got all these vesting conditions. If they march through all those vesting conditions over 3 years, then they will get 100 shares. Now if the share prices dropped, by the way, it's unlikely it will vest, if it drops -- if the share price drops to \$20, they'll have still 100 shares, but worth \$20 a share. Thank you, Peter. Questioner at microphone 2.

**Unknown Executive**

Thank you, Mr. Chairman. I now have Mr. Paul Fanning [ph] again from Melbourne.

**Unknown Attendee**

Thank you, David. These questions, I can assure the audience, is directly related to the Remuneration Report and these are critical and ongoing concerns, which we should all know about. I assume the Board of Directors would support that too. First question relates to Page 45 of the annual report and then Page 41. The contractual terms for the departure of Mike Smith are noted here, and David, you commented on them before in your address. Post Mike Smith's departure, there has been -- one of the national newspapers has reported a consultancy arrangement whereby Mike Smith is providing

consultancy services to ANZ Bank. Was that ever factored into his employment agreement? Or was that a subsequential issue? And is it morally correct to give in the short space of time?

Okay, now 2 or 3 questions relating to performance rights for Shayne Elliott. Shayne, I apologize. I have to drag you over the coals, but notice of meeting, how do we determine the breakup of the tranche 1 and tranche 2 of the performance rights, i.e. tranche 1 is 75% of the pie; tranche 2 is 25% of the pie. Now we know, for tranche 1, we know what the comparator group is. That's already on Page 6 of the Notice of Meeting. That is clear, crystal clear. What we do not know with tranche 2 is the CAGR TSR. Where does that -- where is the numbering, the methodology come to generate that? And also, which feeds directly into the percentage quartile for the divesting, i.e. 50% percentile, 75% or 100%, it seems like it's based on numbers such as 5% -- sorry, 9% absolute growth or more, and not exceeding 13.5%. Are these sort of numbers reasonable, I may guess, in terms of the latter, the absolute compound annual growth rate? Where do these numbers come? Do you go to an actuary to get these or is that the one that the -- one of the board's committees have determined that? Is it something for Graeme to look at, David?

**David Michael Gonski**

*Independent Chairman of the Board*

I can answer those question. Is that it for your questions?

**Unknown Attendee**

Yes, they're 3 or 4 questions.

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you, no, and they're right on the subject. Can I deal firstly with the consultancy agreement with Mike Smith? This was announced just before the AGM last year. It was part of the discussion of his termination. We were very keen to have the ability to have Mike as a consultant because we knew that he had a lot of contact and reference points in Asia, and we have used them. We signed up for 1 year and for \$250,000. That year ends on the 30th of June of 2017, and that's all it is in and it's a straight sum. On your question about -- and I understand your point. There are 2 parts, you're quite right, to the performance rights. 3/4 of it is to do with relative TSR, and the calculation of TSR, total shareholder return, is quite a scientific one, Graeme, and which we do get audited et cetera. And we then compare that for the big tranche, the 3/4, against what the other 9 comparative groups are, and we determine, whether we are in the 50%, he gets a certain number; over 50%, he gets a bit more, right up to 75%. For the second one, which you rightly asked, we've determined that any amount, 9% or greater, and that's compounding over the 3 years of TSR, calculated to the weight [ph] TSR is, audited, then he gets, as we say in there, once you get to 9%, going up, right, to a maximum amount of 13.5%. If we're lucky enough to have a TSR return of greater than 13.5%, he gets no more, he's got plenty, and that's the way we look at it. And I understand your point, it's a different way of looking at things, but it is not just determined by the directors willy-nilly. There's a science to it. And by the way, it's a conformed science. Everybody does it. Graeme, I don't know whether there's anything. Okay, I think I've answered it. Thank you very much.

**Unknown Attendee**

Just in regard to those numbers like 9% and 13.5%, where were they derived?

**David Michael Gonski**

*Independent Chairman of the Board*

Ah, thank you. Good point. We thought -- we worked out what the risk-free rate is, that's if you were able to lend money to the government of Australia through the Reserve Bank or whatever, what is their risk-free rate. And then we said to ourselves, would the shareholders be happy to give our CEO some more if he had distinguished himself by getting a total shareholder return for all of us, which was a certain margin above the risk-free rate? Now the risk-free rate was below 2%, so we added, basically, quite a margin to get to the 9%. And we thought to ourselves, and I'm a shareholder too, if that happens, he deserves something. If it doesn't happen, he gets nothing. That's the way it was done.

We have one more question at #1.

**Unknown Attendee**

Thank you, Mr. Chairman. I have a question from Joana Richardson of Yarraville.

**Unknown Attendee**

I'm really sorry. This is about the general rather than remuneration, but it is quick. I'm a person who avoids Internet banking, so I was intrigued by the statements about the changes to your amortization of software. What sort of time frame are you looking at? And could you comment on computer-based risks, generally?

**David Michael Gonski**

*Independent Chairman of the Board*

I think in order to be absolutely fair, I'm focusing on the remuneration, but it is a good question. And Michelle is sitting here, please don't leave the room afterwards. She can explain that entirely. Thank you. We move to, I think, microphone 3.

**Unknown Attendee**

Thank you, Chairman. I have a question from Iver Perrera [ph] from Melbourne.

**Unknown Shareholder**

Thanks, Mr. Chairman. I have a question in relation to Mr. Shayne Elliott's remuneration. I've been a shareholder of ANZ for a number of years and, by and large, happy with the total shareholder return. A couple of concerns. Obviously, the reduction in dividend. The other concern I have is around what is the -- how does Shayne see the differentiation strategy for ANZ going forward, given that all 4 banks now appear to be concentrating on Australia and New Zealand growth strategy. Interested in Shayne's thoughts on that, notwithstanding the comments about pulling out of Asia. I think it's generally acknowledged that the previous CEO, Mike Smith, pursued an Asian growth strategy. So I'd like to know Shayne's views on how he's going to differentiate it to his other major banking peers in Australia.

**Shayne Cary Elliott**

*CEO & Executive Director*

I can do that really quickly.

**David Michael Gonski**

*Independent Chairman of the Board*

Can you do it quickly, because it's sort of tangential.

**Shayne Cary Elliott**

*CEO & Executive Director*

I don't accept that we are following our peer group. I think we're actually going to be really different. So first of all, we're not exiting Asia, we just want to be focused on Asia on what we do incredibly well, which is institutional banking, so helping people who are in the business of import and export. We're great at that. In fact, we are one of -- already #4 in the whole Asia region of all foreign banks, not just Australian banks. We're #4 in the world in that business. So we want to put a big part of our business into that. That absolute differentiates us from our peer group. Here in Australia and in New Zealand, you're right, we are going to go head-to-head with our competitors. This is a very, very competitive market, but we've got some real strengths. And I think we've taken a different tech than our peer group. We think differently, we are listening to our customers. We're going to win by being easier and more convenient, that's why we launched Apple Pay. That's why we're investing in our digital future. And look, all the banks talk about it, but I think actions speak louder than words, and I think this year we've shown our willingness to be bold and frankly be better. And just one more point, we've got about 16% market share in Australia, so there's 84% of the market that don't bank with us. So we've got a huge opportunity to grow and win customers,



and that's what we're doing as every day at the moment. More and more customers are choosing to come to us. So we are going to be different, and we are going to be better.

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you, Shayne.

**Unknown Shareholder**

So in summary, Shayne, what I heard was Asia is still a differentiation strategy, and you're going to go for better digital customer experience in Australia and New Zealand.

**Shayne Cary Elliott**

*CEO & Executive Director*

Yes.

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you for the question. Ladies and gentlemen, according to what's been sent to me, there appear to be no further questions, and I will now show details of the proxies received before the meeting regarding the approval or otherwise of the Remuneration Report. That should come up on the screen. There it is. I will now put the motion that the Remuneration Report be adopted and open the poll. Could I ask you to please either vote 1, which is for; 2, which is against; or 3, to abstain.

[Voting]

**David Michael Gonski**

*Independent Chairman of the Board*

I hope your machine's working better than mine. Yours works, well mine doesn't. Excellent. Has everybody who wanted to vote been able to and has done so? Well done. I now declare that the electronic voting on this item has closed. The provisional result should now appear on the screen.

It's not there? Good, because it's not there. Ladies and gentlemen, these results show shareholders voting to pass the resolution. Now we move to item 3, which deals with the grant of performance rights to Shayne Elliott. This forms part of his at-risk pay. Today we are seeking your approval to grant to Shayne Elliott performance rights with a total face value of \$4.2 million, equating to 150,482 performance rights based on an average price of \$27.91, which was announced to the market on 1st December 2016. The number of performance rights that Shayne will ultimately be able to exercise and therefore the number of shares he will be entitled to acquire will depend on the extent to which the relevant performance conditions are met. Details of the performance conditions are set out in the Notice of Meeting, and Graeme has already provided an overview to you. The board recommends shareholders vote in favor of item 3. The words of the proposed motion will now be displayed on the screen. There it is. Before I put the motion, are there any questions on it? Mr. Whittington, I think is there.

**Unknown Attendee**

Thank you, Mr. Chairman. I have a question from John Whittington of the Australia Shareholders' Association.

**John Whittington**

Mr. Chairman, just 2 things. Firstly, before we have the discussion, I would ask that you put the proxies up on the screen as general policy, because that way the people at the meeting have an idea of if there's been a protest vote or how the vote is stacking up. That makes it much easier for informed debate.

**David Michael Gonski**

*Independent Chairman of the Board*

I wonder if we can -- I might rule that we'll do what we usually do, but could you and I, in the next 12 months, have a debate on that? Because I think, if we've got millions of votes in our favor, I think it closes down discussion, which after 3 hours, you may welcome, ladies and gentlemen. But normally, I believe the small shareholders should be allowed to have their say, not daunted by the fact that I'm pretty sure I've won it already. But I think they need to know that before they vote. But you and I can debate that. I mean, it's too late to do that.

**John Whittington**

But on a similar basis, if there's a strong protest vote, mainly in the rem thing, the shareholders should know before, earlier in the debate.

**David Michael Gonski**

*Independent Chairman of the Board*

I understand the argument.

**John Whittington**

Anyway, just one question on this. Mr. Chairman, we believe that these rights should be at-risk for more than 3 years, say 4 or 5. We don't mind whether this be 3-year performance in 1 or 2 years holding lock or some other combination, but believe the current structure does not encourage a genuine long-term development of the business that we believe it should. Would the board consider this in the future?

**David Michael Gonski**

*Independent Chairman of the Board*

I can absolutely say to you that our committee looks every year at the question of whether 3 years is the right number or whether it should be 4 or 5. You -- as you know, in our variable component, we now have a component of 4 years as well, and we will always keep looking. But there are arguments, as you know, because you and I have discussed it before both sides of that, but we do understand what you're saying. Can we move to microphone 2?

**Unknown Attendee**

Thank you, Mr. Chairman. I now have Mr. Paul Fanning [ph] from Melbourne.

**Unknown Attendee**

Thank you, David. Look, the continuation on from my previous questions, and I realize I probably put them into the wrong resolution. So I apologize. Tranche 1 and tranche 2 for the performance rights for Shayne, how was it decided what percentage would go into tranche 1, which is deemed as 75% of the viable pie; and for tranche 2, which is 25% of viable pie? Was it -- Graeme, did you do consultancy with an actuary? Or was it your committee that determined that? Or was there some other means by which it was achieved?

**David Michael Gonski**

*Independent Chairman of the Board*

Can I just ask, is that the final -- thank you, Mr. Fanning. I'm going to ask Graeme. He might know the answer.

**Graeme Richard Liebelt**

*Independent Non-Executive Director*

Yes. Thank you for the question. So we consulted widely with various interested parties, and the committee then made a judgment about how it should be allocated between the 2 tranches for recommendation to the board and the board ultimately signed off. So it's not done on an actuarial basis, the break between 75% and 25%. It's done on a judgmental basis and signed off by the board.

**Unknown Attendee**

Would that change in future years?

**Graeme Richard Liebelt**

*Independent Non-Executive Director*

It may, but we've got no present intention to change it.

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you for your question. There being no further questions, I'll now show the details of the proxies received before the meeting. There they are, and I will now put the motion and open the poll. Please vote in the way that we've discussed previously.

[Voting]

**David Michael Gonski**

*Independent Chairman of the Board*

Has everyone had a chance to vote? Okay, I now declare that electronic voting on this item has closed. The provisional results should now appear on the screen. These results show that shareholders have voted to pass the resolution.

Our final items, ladies and gentlemen, items 4A and 4B, relate to the election and reelection of directors. Two of your directors, Jane Halton and Graeme Liebelt, are seeking election and reelection, respectively. The candidates' experience and profiles are included in the notice of meeting, and extensive details around the board's governance can be found in the Corporate Governance statement. I'm confident that the processes we have in place for considering board composition and performance evaluation matters are such that we have the right balance of skills, experience, diversity and perspective on the board and that we critically analyze how we function as a board regularly and are always looking to continually improve.

After due consideration, the board, excluding the interested director in each case, recommends that shareholders vote in favor of both of the directors standing today. The resolutions in relation to each candidate will be introduced separately, and there will be an opportunity for shareholders to ask questions about each candidate before I call the poll.

The first is the election of Jane Halton. Jane joined our board on the 21st of October, 2016. She has experience, and expansive experience, indeed, in the public sector and until her retirement in October was the secretary to the Australian Department of Finance, responsible for supporting the delivery of the Australian government budget, the management of the government's domestic portfolio, key asset sales and the financial framework for Australian government agencies. She's already made a wonderful and valued contribution to our board considerations in the 3 meetings that she's attended. I now invite Jane to address the meeting. Jane?

**Sarah Jane Halton**

*Independent Non-Executive Director*

Thank you, David, and good afternoon, everyone. I'm conscious I'm standing between you and lunch. Can I start, though, by paying my respects to traditional owners on whose lands we meet, their elders past and present. As David said, I joined the board in October of this year, and I'm really pleased to offer myself for election today. I'm new to banking, but I'm not new to finance. And as David said, I've recently retired from the role of secretary of the Department of Finance, where I did deliver the Australian government's budget. I accepted David's offer because I think I can contribute to the board's set of perspectives to the deliberations of the board, and there are things that I have learned, I suppose, over 33 years of career in the public service.

I also held the positions, previously, as the secretary of the Australian Department of Health, the Department of Health and Ageing. And I was a deputy secretary in the Prime Minister's department for quite a period. And I'm not saying that to highlight specific roles, but really rather to point to the

experience I have in a wide range of areas. And that's the kind of experience that comes from running large, complex organizations that actually directly impact on Australians every day.

So I've had experience in insurance risk management, information technology, HR and health and aging. And at a time when the banks are under external scrutiny, and David talked about this in his address, my years in government have also equipped me with extensive and relevant experience in public policy, both here in Australia and internationally. And of course, I've also spent rather a large number of years as a regulator in a number of quite complex industries. I'm committed to fully supporting the discussions of the board in participating and to ensuring that ANZ is focused on increasing values for all of our value -- I should say, for all of our stakeholders, customers, shareholders and the community alike. I've really enjoyed the first couple of months as a director and, with shareholder approval, would welcome the opportunity to continue to serve shareholders as a non-executive director. Thank you.

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you, Jane. Are there any questions? No? Well, if there are no more questions, I will now show details of the proxies received before the meeting. There they are. I now put the motion that Jane Halton be elected as a director, and I duly open the poll and ask you, please, to vote now.

[Voting]

**David Michael Gonski**

*Independent Chairman of the Board*

Has everyone had a chance to vote? Thank you. I now declare that the electronic voting on this item has closed. The provisional poll result will now appear on the screen. These results show that shareholders have voted to elect Jane as a director. And Jane, I congratulate you, and welcome you officially to the board.

Ladies and gentlemen, our last resolution is the reelection of Graeme Liebelt. Graeme joined the board in 2013. He is currently, as you saw earlier, the Chairman of the Human Resources Committee and a member of the Environment, Sustainability and Governance Committee. He's also a member of the Digital Business and Technology committee. Outside of ANZ, he's the Chairman of Amcor and a non-executive director of Australian Foundation Investment Company and DuluxGroup. I now invite Graeme to address the meeting. Graeme?

**Graeme Richard Liebelt**

*Independent Non-Executive Director*

Thank you, David, and good afternoon again, ladies and gentlemen. I must say that 3 years since I was first elected to the ANZ board have passed very quickly. It's been a challenging time for all banks and including the ANZ. But I feel very fortunate to have been part of the ANZ at this time. It's given me the opportunity to work with some very talented, experienced and energetic people, both at the board and at the executive levels. And I also feel fortunate to have been part of a significant transition at the bank, with David's and Shayne's appointments over the past little while. The strategy has been sharpened, as you've heard, and you've heard Shayne today talking about how he and his team are building a better bank.

My executive experience was as a CEO in the mining services and chemicals sectors. I've worked in a variety of other industries, including consumer goods, pharmaceuticals, fertilizers, plastics, I was even an academic for a while. I've been a consultant. And having been in global businesses, I've had the opportunity to work in many countries, having had responsibility for operations in more than 100 countries around the world. I've been on listed company boards for nearly 20 years, and I think that, that breadth of experience can help me make a useful contribution to the bank's success.

Of course, there are plenty of challenges we face, an uncertain political and economic landscape, increasing regulation, digital disruption and diminished trust in the banking sector recently, to name a few of those challenges. But I have great confidence in the strategy of the bank, the strategy being pursued by

Shayne and his team. And with your support today, I look forward to contributing to the continued success of the bank in coming years. Thank you very much.

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you, Graeme. Are there any questions? #1?

**Unknown Attendee**

Thank you, Mr. Chairman. I Have a question from John Whittington of the Australian Shareholders' Association.

**John Whittington**

Thank you, Mr. Chairman. Very briefly before lunch. At this time, we support Mr. Liebelt's election, but also look forward to him increasing his holding in ANZ shares to an equivalent of at least 100% of his total annual remuneration in the near future.

**David Michael Gonski**

*Independent Chairman of the Board*

Would you like to make a statement?

**John Whittington**

Skin in the game. We also -- he's got a reasonable holding at the moment. We acknowledge that.

**David Michael Gonski**

*Independent Chairman of the Board*

I think I can help you because we have announced...

**Graeme Richard Liebelt**

*Independent Non-Executive Director*

Yes, so I can fix that. I have remedied what you perceived to be a shortfall in the recent past.

**David Michael Gonski**

*Independent Chairman of the Board*

He meets our requirements. It was announced to the exchange 2 weeks ago?

**John Whittington**

Okay. Apologies, I missed that. We also look forward to him as a relatively new Chairman of the HR committee improving the quality and communication of transparency in next year's Remuneration Report. I know he's on to it, but that's an important part of his role, so we look forward to that.

**David Michael Gonski**

*Independent Chairman of the Board*

Thank you very much. Microphone 3?

**Unknown Executive**

Thank you, Mr. Chairman, I have a question from Ray Logan [ph] of Mount Waverley.

**Unknown Attendee**

Mr. Chairman, I was unfortunately a shareholder in Orica, and the environmental disasters that kept on occurring, and my ears just pricked up when Graeme is on the Environmental committee of the ANZ Bank, would he please like to explain? Or...

**David Michael Gonski**

*Independent Chairman of the Board*

I think I can explain, if that's all right. I mean, he's on the same committee, which I chair, which many of you who watch these things will note. I think we're one of the few companies, listed companies that has now a board committee that looks at the environment and sustainability. And I can honestly say Graeme's abilities -- I mean, in my opinion, he's got plenty of things that are good, but the 3 things that are wonderful about Graeme is, one, his international business skills; second, his understanding of environmental sustainability, all sorts of things, which have been absolutely in his mind for years; and the third was he was a diligent and very well-known and respected CEO, so he knows how to run big companies.

**Unknown Attendee**

Well, I sold my shares in Orica because I was absolutely fed up with the environmental problems that Orica was having.

**David Michael Gonski**

*Independent Chairman of the Board*

Well, I think we note that, and I think that we're very comfortable with Graeme Liebelt, absolutely. Are there any other questions? I think, according to this machine, there are none. So as there appear to be no further questions, I will now show details of the proxies received before the meeting. There they are. I will now put the motion that Graeme Liebelt be reelected as a director, and I open the poll. Please vote now.

[Voting]

**David Michael Gonski**

*Independent Chairman of the Board*

Has everyone had a chance to vote? That being the case, I now declare that electronic voting on this item has closed. The provisional result will now appear on the screen. These results show shareholders voting to reelect Graeme Liebelt as a director. I congratulate you, Graeme.

Ladies and gentlemen, that now completes the formal business of today's meeting. For those using paper voting cards, please ensure you place them in the ballot box or hand them to a Computershare representative as you leave the room.

Please, if you could also return your handsets to the registry staff as you leave. Can I also just thank you all for your perseverance. You are amazing that you sat through that. We appreciate your loyalty, and we look forward to seeing you in a year's time. Thank you.