



YOUR 2016
NOTICE OF
MEETING

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of Railway & Transport Health Fund Ltd (the “Fund”) will be held on Wednesday 23 November 2016 at the Seagrass Room, offices of Grant Thornton, level 17, 383 Kent St Sydney, NSW, 2000, commencing at 10.00am (Sydney time).

The Explanatory Notes and Proxy Form are part of this Notice of Meeting.

Agenda

Ordinary Business

1. Tabling of minutes of 2015 Annual General Meeting

Receive the minutes of the Annual General Meeting held on 18 November 2015.

Explanatory Note

The minutes of the 2015 AGM held on 18 November 2015 are available for viewing in the library of the 'members' area' on the Fund's website. Visit rthealthfund.com.au and click on member login at the top of the screen.

The minutes of the 2015 AGM have been reviewed by Directors and approved as a correct record of the meeting.

2. Consideration of Annual Financial Report

Receive and consider the Annual Financial Report of the Fund for the year ended 30 June 2016, together with the reports of the Directors and Auditor thereon.

Explanatory Note

Members can access the 2016 Annual Report including the annual financial report online at rthealthfund.com.au/agm.

As part of the consideration of the Annual Financial Report, the Board Chair and the Chief Executive Officer each will deliver a short address to the general meeting on the Fund's operations during the financial year ended 30 June 2016.

Ordinary Resolutions

3. Resolution 1 - Director Remuneration

To consider and, if thought fit, pass the following resolution as an ordinary resolution:

"Resolved that, for the purposes of Article 12.8 of the Constitution and in accordance with the Directors Remuneration Policy and all other applicable laws, Members approve the base maximum aggregate amount that may be paid to all Directors in each financial year be increased to \$500,000 and which may be divided among Directors in the manner determined by the Board of the Fund from time to time."

Explanatory Note

As a result of significant changes to Director workload and responsibility the Board sought independent advice from remuneration consultants AON Hewitt to benchmark similarly regulated mutuals of comparable size. AON Hewitt determined that director fees were significantly below appropriate benchmarks. Based on the AON Hewitt advice, the Board is proposing an increase in the aggregate maximum annual remuneration (including superannuation) to \$500,000. This will allow director's fees to be paid at a similar level for comparable member owned funds. The Board will determine the allocation of the aggregate fees among the various director positions and committee roles.

Members are required to consider and, if thought fit, approve by ordinary resolution a proposal to increase the aggregate maximum annual remuneration payable to Directors to \$500,000.

The maximum aggregate annualised remuneration for all Directors is currently \$325,237 in total. The current aggregate maximum amount has been arrived at from applying an annual increase using a published index of the full time average ordinary time earnings (AWOTE) each year since the base amount of \$280,000 was approved by Members in 2011. The annual increase by applying the AWOTE index was approved by members in 2013. Any approved fees cover all remuneration including superannuation.

AGENDA (CONT.)

Members should note that the amount proposed is the total that may be paid collectively per annum to all Directors. It is not the Board's intention to fully utilise the available pool of Directors' fees at this time, but to provide capacity for the Board to respond to the Fund's needs.

Increasing complexity of regulation and the business environment requires highly qualified and experienced directors. The increase in fees allows the Fund to continue to improve the quality of the fund's directors.

Special Resolution

4. Resolution 2 - Constitution

To consider and, if thought fit, pass the following resolution as a special resolution:

"Resolved that, for the purposes of Article 15C(b) of the Constitution, Articles 15A and 15B continue for a further three-year period with effect from the close of the 2016 Annual General Meeting."

Explanatory Note

Members originally approved the insertion of the relevant articles into the Constitution at the 2008 Annual General Meeting. Further, when members approved the replacement and current Constitution at the 2013 Annual General Meeting Articles 15A, 15B and 15C were part of that Constitution. The wording was unchanged from that originally adopted in 2008.

In the years following the enactment of revised Private Health Insurance Legislation in 2007, the industry underwent structural change which continues. A number of private health insurers were either acquired by, or merged with, other private health insurers.

The Directors continue to consider that the Fund provides a valued service to its Members and persons insured by the Fund as an independent not-for-profit organisation. The Directors are mindful that the Fund exists to serve its members and that all profits are reinvested in the business for the sole benefit of members.

Members should be aware that the proposed renewal may continue to result in the Fund being considered less attractive to other organisations which may consider seeking to acquire or merge with the Fund. Members should also be aware that Articles 15A and 15B may also make it more difficult for the Fund to undertake necessary corporate restructuring, to solicit proposals to acquire the Fund, or to pursue opportunities to merge with other private health insurers.

A copy of the Constitution, including the current Articles 15A and 15B, is available on the Fund's website or on request from the Company Secretary at the registered office during business hours.

Article 15A.1

The purpose of Article 15A.1 is to prevent the Directors from:

- (a) causing an application to be made under Part 5.1 of the Corporations Act for an order for a meeting of Members to approve an unsolicited offer from another company to acquire control of the Fund, merge or amalgamate the Fund with another Company without the approval of the Members in accordance with Article 15A.1(c);
- (b) sell or dispose of the main undertaking of the Fund in connection with an unsolicited offer without the approval of the Members in accordance with Article 15A.1(c);
- (c) into an arrangement with another private health insurer whereby the health insurance fund of rt health fund becomes referable to the fund of another private health insurer in connection with an unsolicited offer without the approval of the Members in accordance with Article 15A.1(c); and
- (d) cause an application to be made to the Private Health Insurance Council to change the registration of the Fund from a "not-for-profit" fund to a "for-profit" fund in connection with an unsolicited offer without the approval of the Members in accordance with Article 15A.1(c).

AGENDA (CONT.)

Should the Board wish to implement any of those matters, then it must first obtain approval of the members in accordance with Article 15A.1(c). That article requires that:

- (i) at least 21 days notice of the meeting has been given at which members are to consider and, if thought fit, approve the resolution;
- (ii) at least 45% of the Members eligible to vote on the resolution must cast a vote on the resolution (whether in person or proxy); and
- (iii) the resolution must be passed by at least 85% of the votes cast by Members.

Article 15A.2

The purpose of Article 15A.2 is to prevent the Directors from:

- (a) causing the Fund to make an application under Part 5.1 of the Corporations Act to the relevant Court for an order convening a scheme of arrangement meeting to approve a proposal (other than a proposal described in Article 15A.1(a)) to acquire control of the Fund, merge or amalgamate the Fund with another company, without the approval of the Members in accordance with Article 15A.2(c);
- (b) sell or dispose of the main undertaking of the Fund in connection with a proposal (other than a proposal described in Article 15A.2(a)) without the approval of the Members in accordance with Article 15A.2(c);
- (c) enter into an arrangement with another private health insurer whereby the health insurance fund of rt health fund becomes referable to the fund of another private health insurer in connection with a proposal (other than a proposal described in Article 15A.1(a)) without the approval of the Members in accordance with Article 15A.2(c); and
- (d) cause an application to be made to the Private Health Insurance Council to change the registration of the Fund from a “not-for-profit” fund to a “for-profit” fund in connection with a proposal (other than a proposal described in Article 15A.1(a)) without the approval of the Members in accordance with Article 15A.2(c).

Should the Board wish to implement any of those matters, then it must first obtain approval of the members in accordance with Article 15A.1(c). That article requires that:

- (i) at least 21 days notice of the meeting has been given at which members are to consider and, if thought fit, approve the resolution; and
- (ii) at least 25% of the Members eligible to vote on the resolution must cast a vote on the resolution (whether in person or proxy).

Article 15A.3

The purpose of Article 15A.3 is to prevent the Board from causing the Fund to make an application under section 163 of the Corporations Act to change the company from a public company limited by guarantee to another type unless a special resolution has been passed by the Members in accordance with section 163 of the Corporations Act which satisfies the requirements of Article 15A.3(b).

Should the Board wish to change the company type, then it must first obtain approval of the members in accordance with Article 15A.3(b). That article requires that:

- (i) at least 21 days notice of the meeting has been given at which members are to consider and, if thought fit, approve the resolution; and
- (ii) at least 45% of the Members eligible to vote on the resolution must cast a vote on the resolution (whether in person or proxy).

AGENDA (CONT.)

Article 15B

The purpose of Article 15B(a) is to prevent the Fund from:

- (a) modifying or repealing Articles 2.2, 2.3, 4.2, 15.1, 15A, 15B or 15C;
- (b) adopting any rule which is inconsistent with Article 2.2, 2.3, 4.2, 15.1, 15A, 15B or 15C; or
- (c) adopting a constitution which does not include provisions which are of equivalent effect to each of Articles 2.2, 2.3, 4.2, 15.1, 15A, 15B or 15C.

Should the Board wish to implement any of those matters, then it must first obtain approval of the members in accordance with Article 15B(b). That article requires that:

- (i) at least 21 days notice of the meeting has been given at which members are to consider and, if thought fit, approve the resolution;
- (ii) at least 45% of the Members eligible to vote on the resolution must cast a vote on the resolution (whether in person or proxy); and
- (iii) the resolution must be passed by at least 85% of the votes cast by Members entitled to vote on the resolution.

5. Other Business

Members may raise a relevant item that may legally be brought forward to the meeting.

If you have any queries on the financial affairs or operations of the Fund, please do not hesitate to submit a written question directly to the Company Secretary by email to companysecretary@rhealthfund.com.au. Your question should be submitted a reasonable period before the date of the meeting to enable a response to be provided to the meeting.

By Order of the Board



John E Hartigan
Company Secretary

Dated at Sydney 21 September 2016

Notes

1. The Explanatory Notes form part of this Notice of Meeting and should be read in conjunction with the Notice of Meeting.
2. Voting – A member's entitlement to attend the Annual General Meeting is based upon that member being a member of the Fund, as recorded in the Fund's Register of Members as at 10:00am (Sydney time) on Monday 21 November 2016.
3. Appointment of a Proxy – A member of the Fund entitled to attend and vote at the Annual General Meeting is entitled to appoint a proxy. A proxy need not be a member of the Fund. A proxy shall be appointed online or in writing under the hand of the appointer or their attorney duly authorised in writing. A member shall be entitled to instruct their proxy to vote in favour of, against, or abstain from any proposed resolutions. Unless instructed otherwise the proxy may vote as they think fit.
4. If you appoint the Chair of the Annual General Meeting as your proxy and do not specify how the Chair is to vote on any item of business, the Chair will exercise your votes in favour of the resolutions considered at the meeting.
5. The Fund has appointed the Company Secretary to act as its Registrar.
6. Online or Postal voting – members have the facility to vote and appoint a proxy either online, or by post using the Proxy Form which contains instructions for completion of voting using either manner.
7. Members wishing to lodge their proxy vote electronically may do so by visiting the Fund's website home page at www.rthealthfund.com.au and login to the Member's Area using your member number and password to complete your voting and proxy appointment online. Also refer to instructions on the Proxy Form sent with this Notice of Meeting.
8. For those members wishing to vote by post, a Proxy Form may be obtained by request from the Company Secretary either by email at companysecretary@rthealthfund.com.au or by phone at 02 9910 4452. To be effective it must be properly completed and received by the Registrar using the reply paid envelope which will also be provided no later than 10:00am (Sydney time) on Monday 21 November 2016, or otherwise as follows:

To the Fund
By post: marked 'Reply Paid' to PO Box 545
Strawberry Hills NSW 2012

or The Registered Office
1 Buckingham Street Surry Hills NSW 2010
By fax: 1300 887 123
By email: saved and attached to the email as a pdf.
The email should be sent to
companysecretary@rthealthfund.com.au

1300 886 123
help@rthealthfund.com.au
rthealthfund.com.au

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