



CONTINUING IMPROVEMENT

1. DIRECTOR PROTECTION

1.1 Information Seeking Protocol

Directors will adhere to the following protocol when seeking information:

1. approach the Company Secretary to request the required data;
2. if the data is not forthcoming, approach the Chairman;
3. if the information is still not forthcoming, write a letter to all Board Members and the CEO detailing the information that is required, purpose of the information, and who the Director intends to approach in order to obtain the information; and
4. as a last resort, employ the provisions of the *Corporations Act*.

1.2 Access to Professional Advice

A Director of the Company is expected to exercise considered and independent judgment on the matters before them. To discharge this expectation a Director may, from time to time, need to seek independent, expert opinion on matters before them.

All Directors have the individual authority to commit the company to up to \$2,000 per annum in professional advice.

Prior to seeking professional advice a Director shall inform the Chairman about the nature of the opinion or information sought, the reason for the advice, the terms of reference for the advice and the estimated cost of the advice. Where more than one Director is seeking advice about a single issue, the Chairman shall endeavour to coordinate the provision of the advice.

If the cost of professional advice is likely to exceed \$2,000, the Director shall seek authority from the Chairman prior to engaging an external expert. The Chairman has delegated authority to authorise expenditures up to \$50,000. If the Chairman withholds authorisation, the Director has the right to seek authority from the Board at the next Board Meeting.

If the cost of professional advice is likely to exceed \$50,000, then the Board must approve the engagement of an external expert.

Advice so received should be received on behalf of the Board as a whole.

1.3 Access to Board Papers

The Directors have the right to access Board Papers as granted by the Corporations Act.

1.4 Insurance

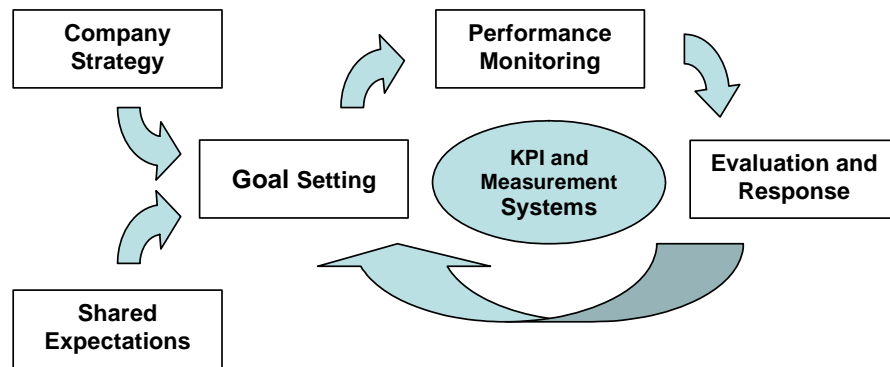
The Company maintains a Directors' & Officers' Liability Policy,

2. BOARD AND SENIOR EXECUTIVE EVALUATION

2.1 Evaluation Process

The Board considers the evaluation of its own and Senior Executives' performances as fundamental to establishing a culture of performance and accountability. The common process that guides evaluation at the Company is set out in figure 1 and ensures that those evaluated clearly understand performance expectations prior to the evaluation period.

Figure 1: Performance Evaluation Cycle



2.2 Board and Director Evaluations

The Board considers the ongoing development and improvement of its own performance as a critical input to effective governance. As a result, the Board undertakes an Annual Evaluation of the Board and Directors' performances. The review is based on a number of goals for the Board and individual Directors that are established at the start of the year. The goals are based on corporate requirements and any areas for improvement identified in previous reviews.

2.3 Board Committee Evaluations

At the end of each year, the Board reviews the performance of the Committees and itself against set expectations. Based upon the review, individuals and groups are provided with feedback on their performance. The results of the review are a key input into the expectations set by the Board.

2.4 Senior Executive Evaluations

All Senior Executives at the Company are subject to an annual performance evaluation. Each year, Senior Executives (including the CEO) establish a set of performance targets with her or his superior. These targets are aligned to overall business goals and the Company's requirements of the position. In the case of the CEO, these targets are negotiated between the CEO and the Remuneration Committee (or the full Board in the absence of a Remuneration Committee) and signed off by the whole Board.

An informal assessment of progress is carried out half year. A full evaluation of the Executive's performance against the agreed targets takes place at the end of the year. This will normally occur in conjunction with goal setting for the coming year. Since the Company is committed to continuous improvement and the development of its people, the results of the evaluation form the basis of the Executive's Development Plan. Performance pay components of Executives' packages are dependent on the outcome of the evaluation.

3. NON-EXECUTIVE DIRECTOR REMUNERATION

3.1 Fees

Non-executive Directors are paid their fees out of the maximum aggregate amount approved by shareholders for the remuneration of Non-executive Directors. The sum each Non-executive Director is paid is determined by the Remuneration Committee (or full Board in the absence of a Remuneration Committee) from time to time. Additional fees are paid for participation on Board Committees; however, the total fees paid to Non-executive Directors, including fees paid for participation on Board Committees, are kept within the total amount approved by shareholders.

3.2 Performance-Based Bonus

Non-executive Directors do not receive performance-based bonuses.

3.3 Equity-Based Remuneration

Non-executive Directors may choose to receive shares in the Company as part of their remuneration instead of receiving cash. However, Non-executive Directors may not participate in equity schemes of the Company, such as option schemes, without shareholder approval.

3.4 Other Benefits

Non-executive Directors are entitled to statutory superannuation. In addition, Non-executive Directors do have their indemnity insurance paid by the Company.

4. DIRECTOR DEVELOPMENT

The Company is committed to continuing development of its Directors and Executives. In line with this commitment, there is an expectation that all Directors and Senior Executives will commit to at least 2 days of professional development each year. The Board allocates an annual budget of \$10,000 to encourage Directors to participate in training and development programs. Any Director wishing to undertake either specific directorial training or personal development courses is expected to approach the Chairman for approval of the proposed course. Development may be in both governance and governance processes or in the Company's industry.

5. DIRECTOR INDUCTION

New Directors will undergo an induction process in which they will be given a full briefing on the Company. This will include meeting with key Executives, tours of the premises, an induction package and presentations. Information conveyed to the new Director will include:

- details of the roles and responsibilities of a Director with an outline of the qualities required to be a successful Director;
- formal policies on Director appointment as well as conduct and contribution expectations;
- details of all relevant legal requirements including:
 - *Corporations Act*;
 - Tax Office requirements; and
 - other major statutory bodies;
- a copy of the Board Charter;
- guidelines on how the Board processes function;
- details of past, recent and likely future developments relating to the Board including anticipated regulatory changes;
- background information on and contact information for key people in the organisation including an outline of their roles and capabilities;
- an analysis of the company including:
 - core competencies of the Company;
 - an industry background briefing;
 - a recent competitor analysis;
 - details of past financial performance;
 - current financial structure; and
 - any other important operating information;
- a synopsis of the current strategic direction of the Company including a copy of the current strategic plan and annual budget;
- a copy of the Constitution of the Company; and
- Directors' Deed of Indemnity and Right of Access to Documents, if applicable.