

AADA Limited – GPS - No. 1

TITLE	GPS – No 1
TOPIC	Election of State and Territory Directors
DATE	21 November 2014

Governance Practice Statements

Australian Automotive Dealer Association Limited [A.C.N. 167 598 085] (AADA) will issue Governance Practice Statements (GPS) in order to clarify the spirit and intention of how the board believe clauses in the AADA Constitution are to operate.

GPS's are issued in order that these matters are understood by subsequent AADA boards given the rotation and succession planning embedded in the Board Charter and AADA Constitution.

The date of the GPS will be the date of the board meeting at which the subject was discussed.

ELECTION OF STATE AND TERRITORY DIRECTORS

BOARD REPRESENTATION SHOULD BE APPROPRIATE FOR A NATIONAL ASSOCIATION

Prior to the date for the election of State and Territory Directors the following will occur:

- every person who is eligible for election as a director of AADA, they must be either an owner or part owner , or CEO or Managing Director, of an authorised new car dealership that is a current financial member of AADA, can nominate for election as a State or Territory director representative
- AADA members in each State and Territory will vote for their representative
- the nomination and voting process will be administered by the Australian Electoral Commission or similar national body

The number of Directors from each State and Territory comprising the Board of Directors should, as closely as possible, reflect the vehicle sales market share by State.

BACKGROUND

AADA Constitution

The AADA Constitution states that:

- The number of Directors shall be a minimum of 12 and a maximum of 14 or such other number as the Company in General Meeting may from time to time resolve. *[clause 7.1(a)]*
- A Director must be an owner or part owner, either directly or indirectly, of an authorised new car dealership business or the Chief Executive Officer or Managing Director of an authorised new car dealership business. *[clause 7.1(b)]*
- The Principal Members in each State and Territory of Australia elect one Director each – that is a total of eight (8) directors. A Principal Member is an authorised motor vehicle dealership or light commercial vehicle dealership engaged in the retail sale of new cars or light commercial vehicles. *[clause 7.1(d) and clause 5.3(a)]*

BACKGROUND - continued

Board Charter – 30 May 2014 - Clause 2.1

The Constitution states that the Foundation directors shall hold office for varying terms as follows:

- New South Wales, South Australia, Tasmania or Western Australia – 3 years [Clause 7.2(a)] with a maximum of three (3) consecutive 2 year terms and then wait two years (one term) before seeking re-election.
- Queensland, Victoria, ACT or Northern Territory – 2 years [Clause 7.2(b)] with a maximum of three (3) consecutive 2 year terms and then wait two years (one term) before seeking re-election.

The term of office for the Foundation Board will continue for a period of 18 months (until September 2015) at which time the first rotation elections as per Clause 7.2(a) will be undertaken with the second rotation elections (as per Clause 7.2(b)) undertaken in September 2016.

Foundation directors may, if they wish, offer themselves for re-election when their rotation period commences.

Board Charter – 30 May 2014 - Clause 1.3

The State and Territory Director representatives are required to elect four (4) additional Directors. [Constitution clause 7.1(e)]

In electing these additional Directors regard must be had to the following:

- the total number of Directors from each State and Territory should reflect and be representative of the number of new car sales in each State and Territory as indicated by the latest VFACTS report.
- the number of Directors who are either employees or representatives of new car companies listed on the Australian Securities Exchange is limited to no more than one (1) Director. At the date of this Charter the following entities are entitled to nominate one (1) Director each: Automotive Holdings Group Limited and A.P. Eagers Limited.
- the person being actively involved, as an owner, in their new car dealership(s).