

**DEED ESTABLISHING THE
NSW LOCAL GOVERNMENT
(JARDINE LLOYD THOMPSON) MUTUAL LIABILITY SCHEME**

Jardine Lloyd Thompson Pty Limited

Council Members

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**DEED ESTABLISHING THE NSW LOCAL GOVERNMENT
(JARDINE LLOYD THOMPSON) MUTUAL LIABILITY SCHEME**

THIS DEED IS MADE ON 22ND MARCH 1994

PARTIES:

THE COUNCILS WHOSE NAMES ARE SET OUT IN SCHEDULE 1 (collectively "**Members**" and each a "**Member**")

JARDINE LLOYD THOMPSON PTY LIMITED ACN 009 098 864 of 66 Clarence Street, Sydney 2000 ("**JLT**")

RECITALS

- A.** Each of the Members is a body corporate constituted for an area within the meaning of the New South Wales Local Government Act 1993.
- B.** In order to meet their insurance obligations under the Act, the Members wish to establish a scheme for purposes of:
 - (a) purchasing insurance in respect of public liability (including personal injury, damage to property and products liability), professional indemnity, property and fidelity guarantee; and
 - (b) indemnity in respect of liability not covered by such public liability, professional indemnity, property and fidelity guarantee insurance.
- C.** The Members wish to engage JLT to assist in the management of the scheme and the most efficient way of organising their insurance requirements.

AGREEMENT

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

In this deed unless the context requires otherwise:

"Act" means the New South Wales Local Government Act 1993;

"Annual Fund" means the Annual Fund of a Fund established under this deed to provide indemnity to Claiming Members who have suffered Liability or a Loss in a particular Fund Year;

"Authorised Investments" mean any security or investment which a council is permitted to make under the Act;

"Board of Management" means the Board of Management established under clause 3;

"Call" means a notice issued under this deed by the Fund Manager requiring a Contribution to be paid to an Annual Fund;

"Claim" means any claim made against a Member which may give rise to a Liability and includes any claim made by a Member in respect of any Loss suffered by the Member;

"Claiming Member" means a Member against which a Claim is made;

"Claims Committee" means the sub-committee of the Board Of Management appointed from time to time to manage Claims in accordance with this deed;

"Contribution" means a contribution by a Member to an Annual Fund;

"Eligible Member" means a Member who is both a member of the Public Liability Fund as well a Member of the Fidelity Guarantee Fund and or the Property Fund;

"Fidelity Guarantee Fund" means the fund established under clause 13.2 in respect of Fidelity Guarantee Liability;

"Fidelity Guarantee Loss" means any Loss incurred by a Fidelity Guarantee Member;

"Fidelity Guarantee Member" means a Member which is:

- (a) a party to this deed or who becomes admitted under clause 10.1; and
- (b) specified in a resolution of the Board of Management at any time to be a Fidelity Guarantee Member;

"Fund" means one of the Property Fund, the Public Liability Fund or the Fidelity Guarantee Fund established under this deed, to meet claims incurred by Members.

"Fund Manager" means Jardine Lloyd Thompson Pty Limited or a replacement pursuant to clause 9.10;

"Fund Year" means:

- (a) for the first fund year, a period of 18 months commencing on 31 December 1993 and ending at 4.00pm on 30 June 1995; and
- (b) subsequently, periods of 12 months commencing at 4.00pm on 30th June and ending at 4.00pm on 30 June following,

or such other period as the Board of Management may at any time determine;

"Liability" means the amount of liability incurred by a Member which:

- (a) the Claims Committee determines would be indemnified under the terms and conditions (including exclusions) of the Primary Insurance which would respond if a nil retention applied under that Primary Insurance;
- (b) does not exceed the amount of the retention under that Primary Insurance; and
- (c) is not covered by any other insurance;

less the amount of any deductible which the Member has agreed with JLT will apply at the relevant time;

"Loss" means the amount of loss incurred by a Member which:

- (a) the Claims Committee determines would be indemnified under the terms and conditions (including exclusions) of the Primary Insurance which would respond if a nil retention applied under that Primary Insurance;
- (b) does not exceed the amount of the retention under that Primary Insurance; and
- (c) is not covered by any other insurance;

less the amount of any deductible which the Member has agreed with JLT will apply at the relevant time;

"Member" means a Member which is a party to this deed and any additional person admitted under clause 10.1, in each case being a member of one or more of the Fidelity Guarantee Fund, the Property Fund and the Public Liability Fund;

"Primary Fidelity Insurance" means the fidelity guarantee insurance purchased by the Fidelity Guarantee Members or any of them from time to time;

"Primary Property Insurance" means the property insurance purchased by the Property Members or any of them from time to time;

"Primary Public Liability Insurance" means the public liability and professional indemnity insurance purchased by the Public Liability Members or any of them from time to time;

"Primary Insurance" means the insurance purchased by the Members or any of them for the relevant class of risk as contemplated by this deed from time to time;

"Primary Insurer" means an underwriter or insurer of Primary Insurance;

"Property Fund" means the fund established under clause 15.2 in respect of Property Loss;

"Property Loss" means any Loss incurred by a Property Member;

"Property Member" means a Member which is:

- (a) a party to this deed or who becomes admitted under clause 10.1; and
- (b) specified in a resolution of the Board of Management at any time to be a Property Member;

"Public Liability Fund" means the fund established under clause 14.2 in respect of Public Liability;

"Public Liability" means any Liability incurred by a Public Liability Member;:

"Public Liability Member" means a Member which is:

- (a) a party to this deed or who becomes admitted under clause 10.1; and
- (b) specified in a resolution of the Board of Management at any time to be a Public Liability Member;

"Regions" means the regional groupings of Councils in New South Wales set out in schedule 4; and

"Scheme" means the NSW Local Government (Jardine Lloyd Thompson) Mutual Liability Scheme established by this deed.

1.2 Interpretation

In this deed unless the context requires otherwise:

- (a) the singular includes the plural and vice versa;
- (b) a reference to any gender includes the other gender;
- (c) a reference to a person includes an individual, partnership, body corporate, government, statutory or governmental authority or agency or other entity or organisation; and
- (d) a reference to this deed includes the recitals of and any schedules, annexures and exhibits to this deed and where amended means this deed as so amended.

2. THE NSW LOCAL GOVERNMENT (JARDINE LLOYD THOMPSON) MUTUAL LIABILITY SCHEME

2.1 Establishment

2.1.1 Each Member agrees with JLT to enter into this deed for the purposes of:

- (a) purchasing insurance in respect of public liability (including personal injury, damage to property and products liability), professional indemnity, property and fidelity guarantee;
- (b) establishing a scheme to be known as the NSW Local Government (Jardine Lloyd Thompson) Mutual Liability Scheme for their indemnity in respect of Liability not covered by such public liability, professional indemnity, property and fidelity guarantee insurance;
- (c) having its Claims managed and resolved; and
- (d) promoting good risk management practices to minimise the occurrence and effect of Claims.

2.1.2 The parties agree that the Scheme operates and this deed takes effect from 4.00pm on 31st December 1993, notwithstanding that the deed may not be executed by all parties until later.

2.2 Duty to act fairly and in good faith

Notwithstanding any other provision of this deed each Member undertakes for itself and its representatives on the Board of Management and Claims Committees, to act in relation to this Scheme fairly and in good faith.

2.3 No partnership or association

No partnership is created by this deed. Except as provided in this deed the parties' obligations under this deed are several and no party has authority to bind another. This deed constitutes separate agreements between each Member and JLT and does not constitute any agreement between any of the Members. Accordingly, no Member shall have rights against any other Member under this deed (unless arising independently of this deed). To the extent that any provision of this deed creates or may create contractual rights or obligations between any of the Members, that provision is deemed to that extent to be inoperative.

2.4 General organisation of Scheme

2.4.1 The Scheme will be governed by the Board of Management to be established in accordance with clause 3. The Board of Management is responsible, in accordance with the terms of this deed, for:

- (a) determining levels and coverage of Primary Insurance for each Fund Year;
- (b) establishing Annual Funds for each Fund Year, arranging Contributions to and payments of Liabilities from Annual Funds; and

- (c) subject to the function of the Claims Committee, the general management of the Scheme.

2.4.2 The Claims Committee will assess claims by Claiming Members on the relevant Annual Fund.

2.4.3 JLT will participate in the Scheme to provide advice and assistance in relation to all aspects of the Scheme, to manage Claims in conjunction with the Claims Committee and to arrange Primary Insurance.

2.4.4 The Fund Manager holds and manages the Annual Funds established under this deed for the Members.

2.5 Liability of committee members

A member of the Board of Management or of the Claims Committee or any other committee established pursuant to this deed, acting in good faith, has no liability to any Member, JLT or the Fund Manager in connection with the Scheme.

2.6 Enforcement of this deed

2.6.1 JLT shall take such actions with respect to enforcement or recovery against any Member as the Board of Management directs.

2.6.2 If the Board of Management or the Claims Committee fails to carry out its obligations under this deed, JLT shall be entitled to take such action in relation to enforcement or recovery as it considers appropriate, at the request of a Member, or at its own instigation, and each Member appoints JLT as its agent for the purposes of such action.

3. THE BOARD OF MANAGEMENT

3.1 Constitution of the Board of Management

3.1.1 The Eligible Members must appoint 11 representatives to the Board of Management so that there is one representative from an Eligible Member in each of the Regions in which there is at least 1 Eligible Member, and 2 representatives from the Metropolitan Region. JLT must appoint 3 representatives to the Board of Management. The first representatives to the Board of Management are the persons named in schedule 2. If requested by JLT, all members of the Board of Management must undertake to JLT and the members to comply with the terms of this deed and keep confidential information of the Scheme confidential.

3.1.2 A person who is from an Eligible Member who is also a member of another pooling arrangement cannot be a representative, or alternate representative, of the Board of Management.

3.1.3 The Board of Management may from time to time by resolution:

- (a) invite the Local Government Association of New South Wales and the Shires Association of New South Wales each to appoint 1 voting representative (who is, subject to clause 3.1.2, from a Member) to the Board of Management: and
- (b) determine any such appointment and invitation.

A representative's appointment under this clause automatically ceases at the end of the Fund Year in which he is appointed and, subject to paragraph (b) above, the Association which appointed him or her may appoint a replacement (who is from an Eligible Member) or reappoint the same person.

- 3.1.4** The Eligible Members in a Region may by written resolution signed by or on behalf of not less than half of them terminate the appointment of the representative who is from an Eligible Member in that Region but must immediately appoint a replacement who is from an Eligible Member in that Region (in the same way). JLT may by written notice to the Board of Management at any time terminate the appointment of one of its representatives but must immediately appoint a replacement (in the same way).
- 3.1.5** A representative of the Eligible Members who ceases to be from an Eligible Member of the Region which he or she represents automatically ceases to be a representative of the Board of Management
- 3.1.6** If there ceases to be an Eligible Member in a Region, the Board of Management may appoint such person as it thinks appropriate to fill the vacancy so created.
- 3.1.7** The Board of Management may appoint a replacement for any representative of the Eligible Members who retires or dies or whose appointment is terminated under clause 3.1.4.
- 3.1.8** A representative may by written notice to the Board of Management appoint (and terminate an appointment of or replace) an alternate representative who may act instead of the representative where the representative is unavailable for any reason. An alternate representative has the same powers as the representative other than the power to appoint a further alternate representative. An alternate representative appointed by a representative of the Eligible Members must be a person from an Eligible Member in the same Region.
- 3.1.9** At the end of the second and each subsequent Fund Year, representatives of the Board of Management must resign as follows:
- (a) Any representative appointed by the Board of Management under clause 3.1.5 or 3.1.6 must resign; and
 - (b) Such number of the longest serving (without re-election) representatives of the Board of Management appointed by the Eligible Members must resign so as to bring the total number of resignations under this clause to 3.

Where the requisite number of the longest serving members cannot be clearly identified, the secretary must arrange for a straw poll. At such time as he considers appropriate, the secretary must arrange for a ballot among Eligible Members to elect replacements (so that there is one representative from an Eligible Member in each of the Regions in which there is at least one Eligible Member). The ballot and straw poll may be conducted in such manner as the secretary at any time thinks appropriate and will, in relation to a Region, be restricted to the Eligible Members of that Region unless the Board of Management determines otherwise. In the event of a tie, the secretary may exercise the casting vote or request the remaining representatives of the Board of Management to do so. An Eligible Member may nominate for re-election to the Board of Management a representative who has resigned. Unless the Board of Management otherwise agrees, any straw poll and the result of any ballot must be determined at a meeting of the Board of Management.

- 3.1.10** The first chairman of the Board of Management must be appointed at the first meeting of the Board of Management (which, until such appointment is made, will be chaired by a representative of JLT). The tenure of the first chairman is the first Fund Year. Thereafter, the Board of Management must, at or before the beginning of a Fund Year, appoint a person to be chairman for that Fund Year. The chairman may be replaced by resolution of the Board of Management from time to time.
- 3.1.11** The secretary of the Board of Management is a person (who may or may not be a representative) appointed by JLT for this task. The secretary must keep and distribute minutes of the meetings and resolutions of the Board of Management. The secretary may, on behalf of the Board of Management, call meetings and sign and issue any notice or other document.
- 3.1.12** The address of the Board of Management shall be the address of JLT and any notice to the Board of Management shall be validly sent if sent to the secretary.
- 3.1.13** The Board of Management may continue to act although its numbers are less than those specified.

3.2 Meetings, quorum and voting

- 3.2.1** The Board of Management may meet for business at such times and at such places as it decides and adjourn and otherwise regulate its meetings in accordance with this deed as it thinks fit.
- 3.2.2** The quorum for a meeting of the Board of Management is 50% of the representatives then appointed. However, if a quorum is not present within 1 hour of the time set for commencement of a meeting, that meeting must be adjourned for the time, not exceeding 14 days, as those present agree. At least 2 business days' notice must be given of the adjourned meeting by the secretary to all other representatives. Those present at any adjourned meeting constitute a quorum.
- 3.2.3** Each representative has one vote. The chairman has a casting vote where votes are tied. A resolution, determination and other decision of the Board of Management which this deed:

- (a) does not expressly require to be passed as a special resolution must be passed by a simple majority of votes;
- (b) requires to be passed as a special resolution must be passed by not less than 75% of those present and entitled to vote.

3.2.4 To be effective resolutions in relation to the following must be passed as special resolutions:

- (a) the Contributions to be paid by Members from time to time;
- (b) the payment of an amount to a Claiming Member in respect of a Liability which is less than the amount recommended by the Claims Committee;
- (c) the non-payment of an amount to a Claiming Member when the Claims Committee has recommended payment of an amount; and
- (d) the expulsion of a Member under clause 10.3.

3.2.5 Any 3 representative may call a meeting of the Board of Management but must give at least 5 business days' notice to the other representatives (or such lesser period approved prospectively or retrospectively by all representatives).

3.2.6 Meetings may be held through a telephone conference facility. A resolution in writing signed by each representative is effective as a resolution made at a duly held meeting of the Board of Management as of the date of the last signature.

3.2.7 Third parties without actual knowledge may rely on a written statement setting out what purports to be a resolution of the Board of Management and signed by the chairman of the Board of Management as conclusive evidence of the resolution having been made. Any notice or statement by the Board of Management is effective if it is in writing and signed by the chairman of the Board of Management.

3.3 Functions of the Board of Management

3.3.1 The Board of Management is authorised to manage and administer the Scheme in accordance with this deed. The Board of Management's functions include:

- (a) determining, in accordance with clause 6, the Primary Insurance to be purchased by Members in respect of each Fund Year;
- (b) determining, in accordance with clause 7, the initial and further Contributions to an Annual Fund for a Fund Year;
- (c) determining in accordance with clause 8 the amount to be paid from an Annual Fund to a Claiming Member in respect of a Liability;
- (d) determining, in accordance with clause 9.9, the amount of any surplus in an Annual Fund available for distribution to Members; and
- (e) such other functions as are contemplated in this deed or are reasonably necessary to manage and administer the Scheme.

3.3.2 The Board of Management is vested with all the powers it considers necessary or desirable to carry out its functions.

3.3.3 A decision or resolution of the Board of Management on any matter which is within its authority shall bind all of the Members.

3.4 Delegation

The Board of Management may by ordinary resolution appoint (and replace) a person or persons to carry out any of its management and administrative functions upon such terms as it determines.

4. THE CLAIMS COMMITTEE

4.1 Constitution of the Claims Committee

4.1.1 The Board of Management must by resolution appoint 3 representatives and JLT must appoint 2 representatives to the Claims Committee. The first representatives are the persons named in schedule 3.

4.1.2 The Board of Management (by resolution) and JLT by written notice to the Board of Management may terminate the appointment of its representative but must, in such case or if the representative retires or dies, immediately appoint a replacement (in the same way).

4.1.3 The Board of Management (by resolution) and JLT by written notice to the Board of Management or the representative may appoint (and terminate an appointment of or replace) an alternate representative who may act instead of the representative where the representative is unavailable for any reason. An alternate representative has the same powers as the representative other than the power to appoint a further alternate representative.

4.1.4 The first chairman of the Claims Committee is the representative named as chairman in schedule 3 who may be replaced by resolution of the Claims Committee from time to time.

4.1.5 The secretary of the Claims Committee is a person (who may or may not be a representative) appointed by JLT for this task. The secretary must keep and distribute minutes of the meetings and resolutions of the Claims Committee. The secretary may, on behalf of the Claims Committee, call meetings and sign and issue any notice or other document.

4.1.6 The address of the Claims Committee shall be the address of JLT and any notice to the Claims Committee shall be validly sent if sent to the secretary.

4.2 Quorum and voting

4.2.1 The quorum for a meeting of the Claims Committee is 3 of the representatives then appointed. However, if a quorum is not present within 1 hour of the time set for commencement of a meeting, that meeting must be adjourned for the time, not exceeding 14 days, as those present agree. At least 2 business days' notice must be given of the adjourned meeting by the JLT representative to all other representatives. Those present at any adjourned meeting constitute a quorum.

4.2.2 Each member of the Claims Committee has one vote. The chairman has a casting vote where votes are tied. Resolutions, decisions and determinations of the Claims Committee must be decided by a simple majority of votes.

4.2.3 Any member of the Claims Committee may call a meeting of the Claims Committee but must give at least 5 business days' notice to the other representatives (or such lesser period approved prospectively or retrospectively by all members of the Claims Committee).

4.2.4 Meetings may be held through a telephone conference facility. A resolution in writing signed by each member is effective as a resolution made at a duly held meeting of the Claims Committee as of the last date of signing by a representative.

4.3 Functions of the Claims Committee

4.3.1 The Claims Committee is a sub-committee of the Board of Management whose functions are:

- (a) to receive and consider the Claims of a Claiming Member;
- (b) to make recommendations to the Board of Management in relation to Claims, the payment of Liability and the Annual Fund from which payment should be made;
- (c) to liaise with the Fund Manager to organise payment of any Liability approved by the Board of Management; and
- (d) such other functions as are contemplated in this deed or are delegated by the Board of Management.

4.3.2 The Claims Committee is vested with all the powers it considers necessary or desirable to carry out its functions.

5. APPOINTMENT AND FUNCTION OF JLT

5.1 Each Member appoints JLT and JLT agrees to:

- (a) provide representatives to the Board of Management and the Claims Committee in accordance with this deed;
- (b) advise Members in relation to loss prevention and risk minimisation techniques;
- (c) to organise a budget for each Annual Fund in respect of each Fund Year (setting out the current value, the anticipated claims for payment of Liabilities, the aggregate Contributions it recommends be paid and the recommended Contribution from each Member);
- (d) advise in relation to the required Contributions for any Fund Year and the amount of Contributions to be required from each Member;
- (e) advise on and effect Primary Insurance on the instructions of the Board of Management;

- (f) manage the handling of Claims in conjunction with the Claims Committee in accordance with clause 8; and
- (g) provide budgets and reports to the Board of Management in such form and at such intervals as the Board of Management from time to time reasonably requires as to:
 - (i) the ability of the Annual Fund to meet actual and anticipated Liabilities for any Fund Year;
 - (ii) the desirability or need for further Contributions for any Fund Year;
 - (iii) the availability of money to distribute by way of surplus under clause 9.9; and
 - (iv) such other matters as the Board of Management reasonably requires.

6. PRIMARY INSURANCES

6.1 Determination of Primary Insurances

For each Annual Fund in each Fund Year the Board of Management must determine:

- (a) the amount and terms of the Primary Insurance to be purchased jointly by the Members in respect of that year; and
- (b) the amount to be contributed by each Member to the premium for such Primary Insurance.

In making such determination the Board of Management must take into consideration the advice of JLT and such other matters as it considers appropriate. The Board of Management must promptly instruct JLT to arrange the Primary Insurance for that Fund Year in accordance with its determination.

6.2 Arranging Primary Insurance

Following notification by the Board of Management, JLT must arrange Primary Insurance for that Fund Year and for the payment by each Member of its share of the premium applicable to each Annual Fund.

6.3 Compliance with conditions

Each Member must, to the extent that they are not inconsistent with any other provision of this deed, comply with the conditions applying to Primary Insurance as if they also applied to the protection provided by this Scheme.

6.4 Other insurances

The Board of Management may effect other insurances for the purpose of limiting the potential claims on any Annual Fund or for such other purpose in connection with the Scheme as it may from time to time decide.

7. ESTABLISHMENT OF ANNUAL FUNDS AND CONTRIBUTIONS

7.1 Establishment of Annual Funds

The Board of Management must establish an Annual Fund for each of the Fundseach Fund Year by making Calls in accordance with this deed. The Members and the Fund Manager agree that each Annual Fund is a separate and distinct fund vested in and held by the Fund Manager in trust to be applied for the benefit of the Members in accordance with this deed.

7.2 Initial annual Contributions

7.2.1 Before, or as soon as practicable after, the beginning of each Fund Year, the Board of Management must, in relation to each Annual Fund determine the amount of initial Contributions to be made by each Member for that Fund Year having regard to:

- (a) the budgets and recommendations of the Claims Committee;
- (b) the recommendations of JLT;
- (c) risk factors attributable to each Member;
- (d) historical claims records of Members;
- (e) the retention under policies of Primary Insurance;
- (f) the deductible which a Member has agreed with JLT will apply under the Scheme for that year;
- (g) the administrative and management charges (including legal and other costs incurred in relation to management and resolution of Claims) anticipated to be payable from the Annual Fund;
- (h) taxes and other charges anticipated to be payable by or from the Annual Fund;
- (i) the right of the Board of Management to make further Calls during the Fund Year; and
- (j) such other matters as the Board of Management considers relevant.

Each Member must promptly provide to JLT in writing such information as JLT reasonably requires for the purposes of advising in relation to any of these matters.

7.2.2 To enable the initial Contribution to be determined for each Annual Fund in each Fund Year, each Member must in writing notify JLT at least 1 month before the beginning of the Fund Year (or such later time as JLT may agree)

of the deductible which it wishes to apply to it for an Annual Fund for that Fund Year, or such other amount as the Board of Management, or JLT on its behalf, may from time to time determine. If a Member fails to notify JLT in accordance with this clause, the deductible determined by the Board of Management, or JLT on its behalf, will apply.

7.3 Further Contributions

At any other time the Board of Management may determine that further Contributions are to be made in respect of any Annual Fund.

7.4 Mandatory Contributions

If there is or will be a deficit in an Annual Fund at any time, the Board of Management may, after having regard to the matters referred to in clause 7.2, instruct JLT to require further Contributions of an aggregate amount sufficient to ensure that there is or will be no such deficit.

7.5 Amount of each Member's Contributions

Contributions required by JLT on the instructions of the Board of Management to be paid by Members to an Annual Fund need not be equal. However, subject to clauses 7.6 and 10.6, subsequent Contributions to an Annual Fund must be in the same proportions as the initial Contributions. In determining the amount of any Member's Contribution, the Board of Management may have regard to any relevant matters referred to in clause 7.2.

7.6 Increase in risk and additional Contributions

A Member must promptly give to the Board of Management full particulars in writing of any material increase in the risk of its incurring Liability. The Board of Management may by ordinary resolution instruct JLT to require the Member to pay an additional Contribution in respect of the then current or any previous Fund Year and comply with any other of its reasonable requirements.

7.7 Calls

Promptly after the Board of Management has determined that Contributions are payable by a Member, JLT must issue to each Member a Call for that Contribution. A Call must specify the amount and manner of payment of the relevant Contribution. Each Member must pay the Contribution to the Fund Manager within 20 business days of the date of the Call. Payments received by the Fund Manager must be applied in payment of Calls in the order in which they have been made.

7.8 Unpaid Calls

7.8.1 A Member who does not pay a Call when due must pay interest on the amount unpaid calculated on daily balances (and compounding semi-annually) at the Westpac Indicator Rate from the due date to the date of actual payment. An unpaid Contribution constitutes a debt payable by the relevant Member to the Fund Manager.

7.8.2 If requested to do so by the Board of Management, the Fund Manager must (at the cost and expense of the Members, which must be paid or secured to the satisfaction of the Fund Manager) take such action to recover unpaid Contributions as the Board of Management requires.

7.8.3 A Member is not entitled to any assistance or indemnity under this Scheme in respect of a Claim if it has not paid a Call.

7.9 Set-off

A Member may not set-off a Contribution payable to an Annual Fund against any amount payable to it out of the Annual Fund. The Fund Manager may set-off any amount payable to a Member out of the Annual Fund against any Call unpaid by that Member.

8. HANDLING AND PAYMENT OF CLAIMS

8.1 Claims

8.1.1 Subject to clause 8.1.2, a Member must promptly notify the secretary of the Claims Committee in writing of any Claim, any threatened Claim and any circumstance or occurrence which is likely to give rise to a Claim. The Member must not admit liability for, incur costs in relation to or settle any Claim unless the Board of Management has declined indemnity under the Scheme.

8.1.2 Upon receiving notification pursuant to clause 8.1.1, the Claims Committee must:

- (a) investigate the claim;
- (b) make an assessment as to whether and, if so, the extent to which the Claim is covered by this Scheme (within the meaning of clause 8.2);
- (c) determine which Annual Fund applies to the Claim and the amount available in that Annual Fund to meet the Claim;
- (d) report the Claim to the Board of Management together with the findings of its investigations and its assessment as to whether the Claim is covered by this Scheme;
- (e) make an appropriate claim under the relevant Primary Insurance; and
- (f) provide the Board of Management with such other information and advice as it reasonably requires in relation to the Claim.

8.2 Determination of cover and Liability to be paid

8.2.1 Subject to clauses 8.2.3 and 8.4, a Claim is covered by this Scheme if and to the extent that any payment which the Member against which the Claim is made would be covered under the Primary Insurance which would respond to the Claim if there was no retention under such Primary Insurance other than the deductible agreed between the Member and JLT, pursuant to clause 7.2.2.

8.2.2 As soon as practicable after receiving the Claims Committee's report under clause 8.1.2, the Board of Management must:

- (a) firstly, determine whether and, if so, the extent to which the Claim is covered by the Scheme. In making such determination the Board of Management is not bound to follow any Primary Insurer or any recommendation made to it or to the Claims Committee;
- (b) secondly, either:
 - (i) accept the recommendations of the Claims Committee as to payment of Liability or a Loss in respect of the Claim; or
 - (ii) in its absolute discretion by special resolution, determine that no Liability or Loss, or a lesser amount than that recommended by the Claims Committee be paid to the Claiming Member, and

notify the Fund Manager accordingly (including the Annual Fund which is to be the source of the payment).

8.2.3 A determination that a Claim is covered by this Scheme does not affect the discretion which the Board of Management has pursuant to clause 8.2.2(b) as to the payment of Liability or a Loss in respect of that Claim.

8.2.4 The Board of Management may, in its discretion, postpone its decision pursuant to clause 8.2.2 (b) for such period as it wishes.

8.2.5 JLT may from time to time issue details of the wording which, by its application to Primary Insurance, applies to the cover under this Scheme. In determining the cover afforded by this Scheme the provisions of this deed are paramount.

8.3 Handling Claims covered by the Scheme

8.3.1 If the Board of Management determines that a Claim is covered by the Scheme, that Claim will be managed by the Claims Committee (or JLT on its behalf) who will, in consultation with the relevant Member, as appropriate:

- (a) determine whether the Claim is to be defended or settled;
- (b) if it considers appropriate, settle the Claim;
- (c) if the Claim is to be defended, issue instructions to the Scheme's solicitors in connection with the defence of the Claim and its settlement;
- (d) generally do all things necessary for the efficient management of the Claim;
- (e) keep the Board of Management informed as to the progress of any Claim; and
- (f) make payment of the Claim from the relevant Annual Fund.

8.3.2 A Claiming Member must in relation to the Claim:

- (a) give the Claims Committee all the information and assistance it requires; and

- (b) upon demand indemnify the Claims Committee and JLT against any legal fees and other costs incurred which are not included in Liability or Loss to be paid from the Scheme.

8.4 Payment of Liability out of the Annual Fund

8.4.1 Subject to the other provisions of this deed, the Fund Manager must, to the extent possible, pay Liability or Loss as requested by the Claims Committee (or JLT on its behalf) without unreasonable delay.

8.4.2 Where the Annual Fund is insufficient to pay such Liability or Loss, the Fund Manager must, without delay, notify the Board of Management of the need to make a Call pursuant to clause 7.4 and the amount required to be called. Upon receipt of sufficient further Contributions the Fund Manager must pay the balance of the Liability or Loss without unreasonable delay.

8.5 Subrogation

Upon payment of any Claim, the Fund Manager is subrogated to the rights of the relevant Member to recover amounts from any person in relation to the occurrence, circumstance or event which gave rise to the Claim. The relevant member must, upon request by the Fund Manager, execute all documents and do all things necessary to give effect to this clause and assist the Fund Manager in the exercise of this right of subrogation. Any recovery by JLT under this clause must be paid net of the costs of recovery to the Annual Fund from which payment of the Claim was made.

9. MANAGEMENT OF ANNUAL FUNDS

9.1 Appointment of Fund Manager

Each Member appoints the Fund Manager to hold, administer and manage the Annual Funds on the terms of this deed and the Fund Manager accepts the appointment.

9.2 Valuations of Annual Funds

Where the value of the Annual Fund is required to be determined, that value shall be determined on such basis and in such manner (which may vary having regard to the purpose of the valuation) as the Fund Manager in its discretion considers appropriate, but (except for the purpose of clause 9.5) subject to any direction from the Board of Management from time to time.

9.3 Fund Manager's authority to apply the Annual Fund

The Fund Manager is authorised by each Member to apply each Annual Fund as follows:

- (a) in paying Liability or Loss (including, to the extent covered, legal and other costs incurred in relation to management and resolution of Claims) to a Claiming Member or JLT in accordance with the Board of Management's notification;
- (b) in paying the administration and management costs and charges incurred in connection with the Annual Fund including, without limitation:

- (i) audit fees;
 - (ii) directors' and officers' or similar insurance for the members of the Board of Management;
 - (iii) the meeting, travelling and other reasonable expenses of the Board of Management and the Claims Committee; and
 - (iv) the fees payable to the Fund Manager and JLT under this deed;
- (c) in paying taxes and other charges incurred by the Fund Manager in connection with the Annual Fund;
 - (d) to a reserve which the Fund Manager establishes to provide for payment of anticipated taxes and other charges and expenses of the Annual Fund or of the Fund Manager in respect of the Annual Fund;
 - (e) in making any other payments in accordance with a determination of the Board of Management;
 - (f) in making any distributions of surplus in accordance with a determination of the Board of Management;
 - (g) in retaining any surplus within the Annual Fund in accordance with the determination of the Board of Management;
 - (h) in applying or retaining any surplus in the Annual Fund to meet a potential deficiency in the Annual Fund for any subsequent Fund Year or for any other purpose, in accordance with the determination of the Board of Management;
 - (i) in the investment and reinvestment of the Annual Fund in Authorised Investments, subject to directions from time to time of the Board of Management or any investment committee established by the Board of Management for this purpose;
 - (j) in making transfers of monies and/or investments by way of interest free unsecured loans between either:
 - (i) that Annual Fund and another Annual Fund of the same Fund;
 - (ii) that Annual Fund and another Annual Fund of a separate Fund;
 and
 - (k) in realising or applying such assets of the Annual Fund at such times as the Fund Manager in its discretion thinks fit for the purposes of this deed, subject to the Board of Management's reasonable directions from time to time.

9.4 Fund Manager may appoint agents

The Fund Manager may delegate any of its functions or obligations under this deed to any person or agent and may appoint any person to perform any function or give any advice in connection with its obligations under this deed or in connection with the Annual Fund including, without limitation, solicitors, accountants, stockbrokers, actuaries or other consultants.

9.5 Annual Fund not to become insolvent

Notwithstanding any other provision of this deed, the Fund Manager must not pay and a Member has no entitlement to be paid any Liability or Loss, or distribution of surplus from the Annual Fund if (and to the extent that) in the opinion of the Fund Manager the value of the Annual Fund would be, or would on realisation of the assets comprised in the Annual Fund be, insufficient to meet all taxes, charges, liabilities or expenses of, or incurred by the Fund Manager in respect of, the Annual Fund, whether present or future, actual or contingent.

9.6 Limitation of Member's claims on the Annual Fund

A Member has no entitlement to be paid from the Annual Fund other than in respect of Liability or Loss in accordance with a determination of the Board of Management and under clause 9.9.

9.7 Annual Fund administration

The Fund Manager must do all things necessary to administer each Annual Fund in accordance with this deed and relevant law, including, without limitation:

- (a) maintaining one or more accounts for the Annual Fund (identified as such) with an Australian trading bank or a cash management trust approved by the Board of Management;
- (b) maintaining all usual financial records and accounts, which must be sufficient for the purposes of this deed and to ensure that the assets of each Annual Fund are at all times identifiable and distinguishable from the assets of any other Annual Fund and assets held by the Fund Manager;
- (c) paying taxes and other costs, expenses or charges of the Annual Fund as they fall due; and
- (d) making the records of the Annual Fund available on reasonable notice to any Member or JLT on request.

9.8 Annual Fund audit

The Board of Management must appoint an auditor for each Annual Fund to audit the accounts of the Annual Fund as at the end of each Fund Year, and may replace the auditor from time to time. JLT and the Fund Manager must consult with the auditor at the end of each Fund Year as the auditor reasonably requires to enable the auditor to prepare audited accounts of the Annual Fund. The audited accounts must be made available to each Member, the Fund Manager and JLT. The costs of the audit must be borne by the Annual Fund.

9.9 Distribution of Annual Fund surpluses

With the agreement of the Fund Manager and JLT (which must not be unreasonably withheld), the Board of Management may at any time determine and instruct the Fund Manager that any surplus or part of a surplus in an Annual Fund is to be:

- (a) distributed to Members in such shares as the Board of Management determines;
- (b) retained within the Annual Fund for such purposes as the Board of Management determines; or
- (c) applied or retained in the Annual Fund to meet a potential deficiency in the Annual Fund for any subsequent year or for any other purpose as the Board of Management determines.

In this clause "surplus" means the amount by which the value of the assets of the Annual Fund exceed the aggregate of actual and contingent liabilities which are or are anticipated to be payable out of the Annual Fund and such allowance as the Board of Management considers appropriate for claims, taxes or expenses which may subsequently be made or arise.

9.10 Replacement of the Fund Manager

9.10.1 The Fund Manager's appointment as Fund Manager of the Annual Funds terminates if:

- (a) it resigns by giving the Members not less than 3 months' written notice;
- (b) it is deregistered or dissolved or becomes an externally administered body corporate within the meaning of the Corporations Act 2001; or
- (c) it continues to be in default of its obligations under this deed for 30 business days after written notice from the Board of Management and the Board of Management resolves to terminate its appointment.

9.10.2 On termination of the appointment of the Fund Manager, the Board of Management must as soon as practicable appoint a replacement Fund Manager of the Annual Funds and until the appointment of a replacement the Board of Management must carry out the functions of the Fund Manager. If JLT resigns as Fund Manager for the purposes of enabling an associated company (within the meaning of the Corporations Act 2001) to be Fund Manager in its place, the Board of Management must appoint such associated company as the replacement.

9.10.3 The Fund Manager must on termination of its appointment:

- (a) give the Board of Management or the replacement Fund Manager all records, information and documents relating to the Annual Funds; and
- (b) on reasonable request from time to time do all things required by the Board of Management or the replacement Fund Manager to vest the Annual Funds in the replacement Fund Manager.

9.10.4 The Fund Manager whose appointment is terminated (the "Retiring Fund Manager") may elect to transfer the Annual Funds or any of the assets then comprised in the Annual Funds to the replacement Fund Manager or (if no replacement Fund Manager has yet been appointed) to any Member and the Members agree to do all things required by the Retiring Fund Manager in order that the Annual Funds or any such assets be so transferred.

9.10.5 In relation to:

- (a) any transaction of an Annual Fund which continues after the date of termination of the appointment of the Retiring Fund Manager or after the date of termination of the Scheme; or
- (b) assets of an Annual Fund which, in each case, in the reasonable opinion of the Retiring Fund Manager it is impossible or impracticable to transfer to the replacement Fund Manager or to a Member or to realise,

(those transactions or assets being referred to as "**Non-Realisable Assets**") the Retiring Fund Manager shall continue to act as Fund Manager in respect of those transactions or assets until it is possible or practicable to so transfer or realise those Non-Realisable Assets and this deed shall continue to apply in respect of the Non-Realisable Assets.

9.10.6 The fee to which the Retiring Fund Manager shall be entitled in respect of Non-Realisable Assets shall be the amount notified by the Retiring Fund Manager to the Board of Management which is equal to the proportion of the fee to which it would otherwise have been entitled under schedule 4 (had this deed and the appointment of the Retiring Fund Manager continued) as the value of the Non-Realisable Assets bears to the aggregate of that value and the value of all transactions and assets comprised in the Annual Funds which have been transferred to the replacement Fund Manager or a Member or applied under clause 12 (in the case of a termination of the Scheme).

9.11 Automatic Distributions

9.11.1 To the extent that there has been no determination by the Board of Management under clause 9.9 (a) to distribute to Members any surplus or part of a surplus of an Annual Fund, on 30th June in each year during which assets remain in the relevant Annual Fund, the surplus (or that part which is not to be distributed as a result of such a determination) is to be distributed to each of the Members in proportion to its Contributions in respect of the relevant Fund Year. For the purposes of this clause 9.11, the "surplus" is to be determined without reference to contingent liabilities and allowances for any Claims, taxes or expenses which may subsequently be made or arise.

9.11.2 Any amount distributed to a Member under clause 9.11.1 (excluding any amount distributed pursuant to clause 9.9 (a)) must immediately be repaid to JLT as:

- (a) an initial Contribution in respect of the immediately following Fund Year (without limiting the ability of the Board of Management to determine a higher initial Contribution for that Fund Year); and/or
- (b) a further Contribution under clause 7.3 in respect of the relevant Fund Year,

in such proportion as the Board of Management determines, having regard to any Claims which have not been finalised at the end of the relevant Fund year and contingent liabilities and claims, taxes or expenses which may subsequently be made or arise. If the Board of Management makes no such determination, the whole of the amount shall be deemed to be repaid under paragraph (b).

9.11.3 The amount to be distributed to each Member under clause 9.11.1 and the amount to be repaid under clause 9.11.2 shall be set off, and that amount

shall be deemed to have been included in the amount paid as the initial Contribution for the following Fund Year and/or in the Contributions under clause 9.11.2(b) (as the case may be).

10. ADMISSION, RETIREMENT AND EXPULSION OF MEMBERS

10.1 Eligibility

The following are eligible to become Members:

- (a) a council within the meaning of the Act;
- (b) the Local Government Association of New South Wales and the Shires Association of New South Wales; and
- (c) any other person approved for admission by a majority resolution of the Board of Management.

10.2 Admission of new Members

With the approval (by resolution) of the Board of Management a person who is eligible under clause 10.1 to become an additional Member of the Scheme may become a Member by entering into a deed poll in favour of JLT under which it becomes a party to this deed in such form as the Board of Management may from time to time require.

10.3 Retirement of Members

A Member may retire from one or more Funds with effect from the end of a Fund Year by giving at least 3 months' written notice to the secretary of the Board of Management, JLT and the Fund Manager.

10.4 Expulsion of a Member

The Board of Management may determine that a Member is to be expelled which has:

- (a) failed to pay a Call within 20 business days of it becoming due;
- (b) become an externally administered body corporate within the meaning of the Corporations Act 2001 or subject to voluntary administration;
- (c) failed to comply with a direction from the Board of Management for at least 30 business days.

The expulsion becomes effective from the date determined by the Board of Management or, if no date is specified in the determination, on the determination being made.

A Member may be expelled from one or more Annual Funds of which it is a member.

10.5 Effects of retirement and expulsion

Retirement or expulsion does not affect the retiring Member's rights and obligations in respect of any Annual Fund established for a Fund Year during or for part of which it was a Member including, without limitation:

- (a) its liability to pay further Contributions as called under this deed for any such Fund Year; and
- (b) its right, having paid all Calls and subject to the Board of Management's discretions, to receive indemnity against Liability or Loss.

10.6 Special Call on retirement and expulsion

Following the retirement or expulsion of a Member, the Board of Management, on the advice of JLT, may instruct JLT to make a special Call on that Member requiring a Contribution to any Annual Fund in respect of which the Member has ongoing rights and obligations to cover its share of JLT's estimate of any contingent or anticipated liability of any such Annual Fund. The making of a special Call under this clause does not preclude any further Call under any other provision of this deed.

10.7 Councils in Part 2 of schedule 1

10.7.1 Each council listed in Part 2 of schedule 1 (a "**Part 2 Council**") shall be deemed to be a Member under this deed in respect of the first Fund Year only for the period from 4.00pm on 30th June 1994.

10.7.2 Primary Insurance shall not be taken out in respect of a Part 2 Council for the period prior to the relevant Commencement Date for that Part 2 Council and a Part 2 Council may only make a Claim on or after it becomes a Member under this deed. No Claim by a Part 2 Council in respect of the period prior to the relevant Commencement Date will be covered by this Scheme for the purposes of Clause 8.

10.7.3 Each of the following shall be adjusted with respect to each Member in the first Fund Year as the Board of Management on the advice of JLT determines having regard to the period in the first Fund Year during which each council was a Member under this deed (but such adjustment need not be on a strictly proportional basis):

- (a) any Primary Insurance purchased pursuant to clause 6.1;
- (b) the amount of each Member's contribution to the premium in respect of such Primary Insurance;
- (c) any Contribution or Call under clause 7;
- (d) any surplus payable to Members under clause 9.9; and
- (e) any fees payable to JLT and the Fund Manager.

11. JLT'S AND THE FUND MANAGER'S FEES, INDEMNITIES AND GENERAL POWERS

11.1 Fees

11.1.1 In consideration of their services to the Scheme, each Member agrees to pay JLT and the Fund Manager the fees as agreed with the Board of Management from time to time. The Board of Management and the Members must keep the fees paid to JLT and the Fund Manager confidential.

11.1.2 The Fund Manager (including the Retiring Fund Manager) and JLT shall each be entitled (but not obliged) to be paid the fees to which it is entitled from the relevant Annual Fund and the Fund Manager is authorised to make any such payment. If an Annual Fund is deficient or if it so elects, the Fund Manager or JLT (as the case may be) may recover the amount of any unpaid fees from any of the Members, each of whom shall be severally liable.

11.2 Fund Manager's and JLT's indemnities

11.2.1 Subject to clause 11.2.2, each of the Fund Manager and JLT is entitled to be indemnified out of the relevant Annual Fund against all claims, costs and expenses which it pays or incurs in connection with the performance of its functions under this deed or any action taken by it which in its opinion is necessary or desirable in connection with the Annual Fund.

11.2.2 No lien or indemnity is available to the Fund Manager or JLT if the Fund Manager or JLT has failed to act honestly or if the Fund Manager or JLT wilfully or recklessly fails to exercise the degree of care and diligence which is reasonable in the circumstances.

11.3 Limitation on Fund Manager's and JLT's liabilities

11.3.1 Neither the Fund Manager nor JLT (nor a director, officer or employee of the Fund Manager or JLT) has any liability for any loss to the Annual Fund except where the loss arises because of its fraud, intentional breach of this deed, other wilful misconduct or negligence.

11.3.2 Neither the Fund Manager nor JLT are liable for any act or omission of any solicitor, banker, accountant, stockbroker, actuary or adviser or other agent or consultant engaged in good faith.

11.4 Indemnity by Members

Each Member indemnifies the Fund Manager and JLT against any loss, liability, cost or expense incurred in connection with their obligations under this deed (subject to the limitation below). If the Annual Fund is insufficient to meet any such loss, liability, cost or expense or any fees payable under this deed, each Member agrees to pay the proportion of the amount of any such deficiency on demand, that its initial Contribution to the relevant Annual Fund is of the total initial Contributions.

11.5 Indemnities to survive termination

The provisions of this clause 11 shall survive termination of this deed.

11.6 General powers

JLT and the Fund Manager have all powers which are reasonably necessary to perform their respective functions expressed in or implied by this deed.

12. ENDING THE SCHEME

12.1 Determination to end the Scheme

The Board of Management may at any time by special resolution (excluding JLT and the Fund Manager) agree to end the Scheme and this deed and wind up the Annual Funds with effect from the end of the Fund Year then current or, with the consent of the Fund Manager and JLT, such other time as is agreed.

12.2 Procedures for ending one or more of the Annual Funds

12.2.1 On termination of this deed or one or more of the Annual Funds covered by the Scheme, the Fund Manager must:

- (a) convert the relevant Annual Fund(s) to cash by realising the assets of the Annual Fund(s) in such manner and at such times as it thinks fit, subject to any direction from the Board of Management;
- (b) apply the relevant Annual Funds in accordance with clause 12.2.2;
- (c) prepare final accounts, audited by the auditor appointed by the Board of Management; and
- (d) do anything else it considers appropriate for the efficient winding up of the relevant Annual Fund(s).

12.2.2 On termination of the relevant Annual Fund, it must, after being converted to cash, be applied in the following order of priority:

- (a) in paying taxes and other charges incurred by the Fund Manager in connection with the relevant Annual Fund(s);
- (b) in retaining the amount for the payment of taxes and charges that the Fund Manager reasonably believes or anticipates will be payable in respect of the relevant Annual Fund(s);
- (c) in paying the management and administration fees and any other amounts payable to JLT and the Fund Manager under this deed;
- (d) in paying any costs or expenses associated with the winding up of the relevant Annual Fund(s) or the realisation of any assets comprised in the relevant Annual Fund(s);
- (e) in paying any other costs and expenses payable out of the relevant Annual Fund(s) in connection with this deed;
- (f) in paying any Member who has incurred a Liability or Loss prior to the date of termination of the relevant Annual Fund(s) in relation to any Primary Insurance the amount of that Liability or Loss.

12.2.3 After applying the relevant Annual Funds in accordance with clause 12.2.2, the Fund Manager must distribute any surplus to Members in accordance with the Board of Management's direction or, failing any such direction, in

proportion to the Contributions of each Member during the most recent complete Fund Year.

13. FIDELITY GUARANTEE COVER

13.1 Scheme may be used for fidelity guarantee cover

Subject to the other provisions of this clause 13, the Scheme may be used for the purchase of insurance in respect of, and the indemnity of Fidelity Guarantee Members against, liability in relation to fidelity guarantee.

13.2 Annual Fidelity Funds

The Board of Management must establish a separate fund in respect of Fidelity Guarantee. The Fidelity Guarantee Fund is vested in and held by the Fund Manager in trust to be applied for the benefit of the Fidelity Guarantee Members in accordance with this deed. Contributions and Calls are payable in respect of the Fidelity Guarantee Fund in accordance with clause 7. The Fidelity Guarantee Fund is to be managed in accordance with clause 9. For the purposes of clause 4 and 12, the Fidelity Guarantee Fund is an Annual Fund.

13.3 General provisions applicable to Fidelity Guarantee cover

For the purpose of giving effect to this clause 13, clauses 3, 5, 6, 7, 8, 9 and 10 as they are applied under this clause are to be read with the following changes:

- (a) a reference to an Annual Fund is to the Fidelity Guarantee Fund;
- (b) a reference to Members is to Fidelity Guarantee Members (except the first reference to Members in clause 7.1); and
- (c) a reference to Primary Insurance is to Primary Fidelity Insurance.

14. PUBLIC LIABILITY COVER

14.1 Scheme may be used for public liability cover

Subject to the other provisions of this clause 14, the Scheme may be used for the purchase of insurance in respect of, and the indemnity of Public Liability Members against, liability in relation to public liability.

14.2 Annual Public Liability Funds

The Board of Management must establish a separate fund in respect of Public Liability Cover. The Public Liability Fund is vested in and held by the Fund

Manager in trust to be applied for the benefit of the Public Liability Members in accordance with this deed. Contributions and Calls are payable in respect of the Public Liability Fund in accordance with clause 7. The Public Liability Fund is to be managed in accordance with clause 9. For the purposes of clause 4 and 12, the Public Liability Fund is an Annual Fund.

14.3 General provisions applicable to Public Liability cover

For the purpose of giving effect to this clause 14, clauses 3, 5, 6, 7, 8, 9 and 10 as they are applied under this clause are to be read with the following changes:

- (a) a reference to an Annual Fund is to the Public Liability Fund;
- (b) a reference to Members is to Public Liability Members (except the first reference to Members in clause 7.1); and
- (c) a reference to Primary Insurance is to Primary Public Liability Insurance.

15. PROPERTY COVER

15.1 Scheme may be used for property cover

Subject to the other provisions of this clause 15, the Scheme may be used for the purchase of insurance in respect of, and the indemnity of Property Members against loss in relation to property.

15.2 Annual Property Funds

The Board of Management must establish a separate fund in respect of Property. The Property Fund is vested in and held by the Fund Manager in trust to be applied for the benefit of the Property Members in accordance with this deed. Contributions and Calls are payable in respect of the Property Fund in accordance with clause 7. The Property Fund is to be managed in accordance with clause 9. For the purposes of clause 4 and 12, the Property Fund is an Annual Fund.

15.3 General provisions applicable to Property cover

For the purpose of giving effect to this clause 13, clauses 3, 5, 6, 7, 8, 9 and 10 as they are applied under this clause are to be read with the following changes:

- (a) a reference to an Annual Fund is to the Property Fund;
- (b) a reference to Members is to Property Members (except the first reference to Members in clause 7.1); and
- (c) a reference to Primary Insurance is to Primary Property Insurance.

16. MISCELLANEOUS

16.1 Amendment

This deed may be amended as follows:

- (a) if the amendment relates to the manner in which the Scheme is administered or managed (including, without limitation, the manner in which any committee functions) by resolution of the Board of Management; and
- (b) otherwise by special resolution of the Board of Management.

16.2 Notices

Notices required pursuant to this deed must be given in writing and may be delivered personally, sent by post or by facsimile. The address and facsimile number of any representative on the Board of Management is:

- (a) in the case of a representative appointed by the Members, the relevant Member;
- (b) in the case of a representative appointed by JLT, JLT; and
- (c) in the case of a representative of the Local Government Association of New South Wales or the Shires Association of New South Wales, that Association.

16.3 Confidentiality

Each party agrees to keep the business of the Scheme and any other information acquired by it in respect of any other Member or JLT or the Fund Manager as confidential except as required by law.

16.4 Applicable law

This deed shall be governed by the laws of New South Wales and the parties submit to the non-exclusive jurisdiction of its courts.

16.5 Alternative dispute resolution

16.5.1 Any dispute in connection with this deed or the Scheme must first be the subject of conciliation administered by the Australian Commercial Disputes Centre Limited conducted and held in Sydney in accordance with that Centre's rules in force from time to time.

16.5.2 If the dispute has not been resolved within 30 business days (or any longer period agreed to by the parties in dispute) after the appointment of the conciliator, the dispute must be submitted to arbitration administered by the Centre, conducted and held in accordance with and subject to the Rules of the Institution of Arbitrators Australia for the conduct of commercial arbitration. The arbitrator will be the person agreed to by the parties in dispute or, if they cannot agree, appointed by the Secretary General of the Centre. Notwithstanding anything else contained in this deed, the Commercial Arbitration Act 1984 (NSW) applies to any arbitration.

16.6 Counterparts

This deed may be executed in any number of counterparts.

EXECUTED AS A DEED

The common seal of **JARDINE LLOYD THOMPSON PTY LIMITED**
is affixed in accordance with its articles of Scheme:

Signature of director/secretary

Signature of director

Name of director/secretary (print)

Name of director (print)

The common seal of [.....] is affixed pursuant to a resolution passed on
.....1994 in the presence of:

Signature of authorised person

Signature of authorised person

Name of authorised person (print)

Name of authorised person (print)

SCHEDULE 1
Members
Part 1
(from 31 December 1993)

REGION

COUNCIL

1 - METROPOLITAN

Burwood
Camden
Concord
Hornsby
Kogarah
Leichhardt
North Sydney
Parramatta City
Ryde City
Strathfield
Willoughby City

2 - HUNTER AND CENTRAL COAST

Cessnock City
Dungog
Gloucester
Gosford City
Newcastle City
Singleton
Wyong

3 - MITCHELL

Bathurst City
Blayney
Evans
Greater Lithgow City
Mudgee
Oberon
Orange City
Upper Macquarie County

4 - SOUTHERN TABLELANDS

Bombala
Cooma-Monaro
Crookwell
Gunning
Queanbeyan City
Snowy River
Tallaganda
Yarrowlumla

5 - RIVERINA

Berrigan
Bland
Carrathool
Central Murray
Conargo
Coolamon
Corowa
Gundagai
Hume
Jerilderie
Murray
Murrumbidgee
Narrandera
Temora
Tumbarumba
Tumut
Wakool
Windouran
Urana

6 - SOUTH COAST

Bega Valley
Eurobodalla
Kiama
Shellharbour
Shoalhaven City

7 - ORANA

Bogan
Bourke
Brewarrina
Broken Hill City
Castlereagh-Macquarie County
Central Darling
Coolah
Coonabarabran
Coonamble
Forbes
Lachlan
Walgett
Warren
Weddin

8 - NORTH WEST

Bingara
Central Northern County
Dumaresq
Inverell
Parry
Severn
Tenterfield
Uralla
Walcha

9 - NORTHERN RIVERS

Ballina
Casino
Clarence River County
Copmanhurst
Kyogle
Macleay
Nymboida
Rous County
Tweed

10 - MID NORTH COAST

Bellingen
Coffs Harbour City
Greater Taree City
Kempsey
Nambucca

**Part 2
(from Commencement Date)
Commencement Date**

Member

Sutherland Shire

30th June 1994

SCHEDULE 2
Board Of Management

Name of Member	Representative
Inverell	Paul Henry - CHAIRMAN
Coolah	Ian McCallum
Coolamon	Terrey Kiss
Kiama	Brian Petschler
Mudgee	Alan Northey
Nambucca	Stewart Bates
Newcastle City	Eddie Stewart
Parramatta City	Alan Young
Queanbeyan City	Gervais Adrian Murphy
Tweed	Brian Donaghy
JLT	Leo Demer
	Graham Goodall
	Ron Barnes (RMA)
Local Government Association	Cr John Davies (Orange City)
Shires Association	Cr Noelene Fraser (Singleton Shire)

**SCHEDULE 3
Claims Committee**

Brian Petschler	Kiama	CHAIRMAN
Gervais Adrian (Michael) Murphy	Queanbeyan City	
Eddie Stewart	Newcastle City	
Leo Demer	JLT	
Jan Nysschen	JLT	

SCHEDULE 4
Regional Groups of Councils

REGION 1 - METROPOLITAN

Ashfield City
Auburn
Bankstown City
Baulkham Hills
Blacktown City
Botany
Burwood
Camden
Campbelltown City
Canterbury
Concord
Drummoyne
Fairfield City
Hawkesbury City
Hawkesbury River County
Holroyd City
Hornsby
Hunters Hill
Hurstville City
Kogarah
Ku-ring-gai
Lane Cove
Leichhardt
Liverpool City
Manly
Marrickville
Mosman
North Sydney
Parramatta City
Penrith City
Pittwater
Randwick City
Rockdale
Ryde City
South Sydney City
Strathfield
Sutherland Shire
Sydney City
Warringah
Waverley
Willoughby City
Wollondilly
Woollahra

REGION 2 - HUNTER AND CENTRAL COAST

Cessnock City
Dungog
Gloucester
Gosford City
Lake Macquarie City
Maitland City
Merriwa

Murrurundi
Muswellbrook
Newcastle City
Port Stephens
Scone
Singleton
Upper Hunter County
Wyong

REGION 3 - MITCHELL

Bathurst City
Blayney
Blue Mountains City
Cabonne
Central Tablelands County
Cowra
Evans
Greater Lithgow City
Mid Western County
Mudgee
Oberon
Orange City
Rylstone
Upper Macquarie County

REGION 4 - SOUTHERN TABLELANDS

Bombala
Boorowa
Cooma-Monaro
Crookwell
Goulburn City
Gunning
Harden
Mulwaree
Queanbeyan City
Snowy River
Tallaganda
Wingecarribee
Yarrowlumla
Yass
Young

REGION 5 - RIVERINA

Albury City
Balranald
Berrigan
Bland
Carrathool
Central Murray
Conargo
Coolamon
Cootamundra
Corowa
Culcairn
Deniliquin

Griffith City
Gundagai
Hay
Holbrook
Hume
Jerilderie
Junee
Leeton
Lockhart
Murray
Murrumbidgee
Narrandera
Temora
Tumbarumba
Tumut
Urana
Wakool
Wagga Wagga City
Wentworth
Windouran

REGION 6 - SOUTH COAST

Bega Valley
Eurobodalla
Kiama
Shellharbour
Shoalhaven City
Wollongong City

REGION 7 - ORANA

Bogan
Bourke
Brewarrina
Broken Hill City
Castlereagh-Macquarie County
Central Darling
Cobar
Coolah
Coonabarabran
Coonamble
Dubbo City
Forbes
Gilgandra
Lachlan
Narromine
Parkes
Walgett
Warren
Weddin
Wellington

REGION 8 - NORTH WEST

Armidale City
Barraba
Bingara

Central Northern County
Dumaresq
Far North West Slopes County
Glen Innes
Gunnedah
Guyra
Inverell
Manilla
Moree Plains
Narrabri
New England Tablelands County
Nundle
Parry
Quirindi
Severn
Tamworth City
Tenterfield
Uralla
Walcha
Yallaroi

REGION 9 - NORTHERN RIVERS

Ballina
Byron
Casino
Clarence River County
Copmanhurst
Far North Coast County
Grafton City
Kyogle
Lismore City
Lower Clarence County
Macleay
Nymboida
Richmond River
Richmond River County
Rous County
Tweed
Ulmarra

REGION 10 - MID NORTH COAST

Bellingen
Coffs Harbour City
Great Lakes
Greater Taree City
Hastings
Kempsey
Nambucca