



AUDITOR ROTATION POLICY

Purpose and Scope

The purpose of this policy is to advise management and any company auditors on audit rotation requirements. The objectives of the Auditor Rotation Policy are:

1. To specify the maximum term of engagement of an auditor
2. To promote auditor independence

Responsibilities

The Company Secretary will be responsible for ensuring that the auditor is rotated in accordance with the policy and that compliance is maintained with any necessary Australian Securities and Investment Commission (ASIC) legislation.

Policy Details

Auditor Rotation

Auditor rotation is not a mandatory requirement for our organisation, however it has been decided that the organisation will adopt the legislation outlined in the *Corporations Act (2001)* ('the Act') that is used for ASX Listed companies in regards to this matter. This decision was made to ensure that the independence of the auditor does not diminish over time, represents best practice and ensures that members can be assured of the audit integrity. Loss of knowledge about the business and limitations in regards to qualified auditors locally will be unavoidable but it will not impact the rotation requirements set down in this policy.

An auditor who has played a significant role in the audit for the last 5 successive years will be ineligible to conduct the audit of the company for the next two successive years. This rule will be called the '5/7 Rule'. Section 324DA (1) and (2) of the Act which outline the specific ASIC conditions are further defined below under 'ASIC Legislation'.

Part 2M.4 of the Act identifies all legislative requirements in relation to appointment and removal of auditors.

Approved by the board of Burdekin Productivity Services Ltd. on 18th April, 2016.

Signed: CJ Hesp (Board Chairman)

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ASIC Legislation

CORPORATIONS ACT 2001 - SECT 324DA

Limited term for eligibility to play significant role in audit of a listed company or listed registered scheme

(1) If an individual plays a significant role in the [audit](#) of a [listed company](#) or [listed registered scheme](#) for 5 successive [financial years](#) (the *[extended audit involvement period](#)*), the individual is not eligible to play a significant role in the [audit](#) of the [company](#) or the scheme for a later [financial year](#) (the *[subsequent financial year](#)*) unless:

(a) the individual has not played a significant role in the [audit](#) of the [company](#) or the scheme for at least 2 successive [financial years](#) (the *[intervening financial years](#)*); and

(b) the intervening [financial years](#):

(i) [commence](#) after the end of the [extended audit](#) involvement period; and

(ii) end before the [beginning](#) of the subsequent [financial year](#).

Note: *Play a significant role* in an [audit](#) is defined in [section 9](#).

(2) An individual is not eligible to play a significant role in the [audit](#) of a [listed company](#) or [listed registered scheme](#) for a [financial year](#) if, were the individual to do so, the individual would play a significant role in the [audit](#) of the [company](#) or scheme for more than 5 out of 7 successive [financial years](#).

(3) For the purposes of subsection (2), disregard an individual's playing of a significant role in the [audit](#) of a [company](#) or scheme for a [financial year](#) if:

(a) [ASIC](#) makes a declaration under paragraph 342A(1)(a) in relation to the individual;
and

(b) because of the declaration, subsection (1) of this section does not operate to make the individual not eligible to play a significant role in the [audit](#) of the [company](#) or scheme for that [financial year](#).

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