

ST GEORGES BASIN COUNTRY CLUB LTD
ACN 000 961 008

EXPLANATORY MEMORANDUM FOR PROPOSED NEW CONSTITUTION

At the Annual General Meeting, members will be asked to consider a Special Resolution to adopt a new Constitution to replace the existing Memorandum and Articles of Association (**Articles**).

This Explanatory Memorandum is to assist members to understand the proposed new Constitution and why it is appropriate to adopt it.

Members who wish to review the proposed new Constitution can inspect it at the Club where it is prominently on display on the Club's website together with a copy of the existing Articles. Members may also obtain a copy of the proposed new Constitution and the existing Articles upon request at the Club's office.

The Club's lawyers have advised that the Club should adopt a new Constitution to replace the existing Articles because the existing Articles do not strictly comply with the requirements of the Corporations Act, Registered Clubs Act, Liquor Act, Gaming Machines Act or their respective Regulations.

A summary of the proposed new Constitution and its principal features is set out below. **Significant variations from the existing Articles are set out in bold.** However, there are many additional new provisions which reflect the requirements of various pieces of legislation which impact on the Club. These have not been set out in bold.

NAME

Rule 1 states that the name of the company is St Georges Basin Country Club Ltd.

PRELIMINARY

Rule 2.1 states that the Club is a company limited by guarantee and a non-proprietary company.

Rule 2.2 provides that the company is established for the purposes set out in the Constitution.

Rule 2.3 provides that the replaceable rules referred to in the Corporations Act are displaced or modified as provided in the Constitution.

Rule 2.4 provides that the Club must supply a member with a copy of the Club's Constitution if a copy is requested by a member as prescribed by the Corporations Act.

DEFINITIONS

Rule 3 sets out definitions and terms used in the proposed new Constitution.

OBJECTS

Rule 4 sets out the objects for which the Club was established.

The objects reflect those in the existing Articles. However, slight alterations have been made to bring the objects into line with the Liquor Act and Registered Clubs Act.

WINDING UP AND MEMBER'S LIABILITY

Rule 5 states that the liability of the members is limited. That limit is two dollars (\$2.00) as set out in Rule 6.

Rule 6 provides that each member of the Club undertakes to contribute an amount not exceeding two dollars (\$2.00) if the Club is wound up and the assets of the Club are insufficient to discharge the liabilities. This undertaking continues for a period of twelve (12) months after the person ceases to be a member.

Rules 7.1 and 7.2 provide that on the winding up of the Club, if there remains any assets (after the satisfaction of all debts and liabilities), those assets shall not be distributed among the members but shall be given or transferred to another institution having objects similar to that of the Club and which has a prohibition on distribution of its assets to members to the same extent as the Club.

PROPERTY AND INCOME

Rule 8.1 provides that the property and income of the Club must be applied solely towards the promotion of the objects of the Club.

Rules 8.2 and 8.3 set out specific requirements of the Registered Clubs Act in relation to benefits available to members.

Rule 8.4 provides that a director of the Club cannot be appointed or elected to any office of the Club paid by salary or wages or any similar basis of remuneration.

Rule 8.5 provides that the payment in good faith of reasonable and proper remuneration to any officer, employee or to any member of the Club for services actually rendered is not prohibited.

Rule 8.6 specifies that a director shall not receive from the Club remuneration or any other benefit in money or monies worth except by way of an honorarium, reasonable out of pocket expenses or interest on money lent by the director to the Club or rent on property leased to the Club by the director.

LIQUOR AND GAMING

Rules 9.1 and 9.2 provide that liquor shall only be supplied to persons of or over the age of 18 years in accordance with the Registered Clubs Act.

Rule 9.3 states that a person using the gaming facilities of the Club must be of or over the age of 18 years.

Rules 9.4 to 9.6 inclusive prohibit a person associated with the Club from receiving direct or indirect benefits including but not limited to monetary payments or commissions from liquor sales and/or the use of poker machines at the Club.

MEMBERSHIP

Rule 10.1 states that no person under the age of 18 years is to be admitted as a member of the Club.

Rule 10.2 sets out the categories of Full membership of the Club. The categories of Full membership have been slightly amended by renaming the general category of membership at the Club from Ordinary member to Club member. Accordingly, Rule 10.2 provides that the categories of Full membership of the Club are Club members, Life members, Vincentia Golf Club members and Junior members.

Rule 10.3 provides that persons who are not Full members may be admitted to the Club as Provisional members, Honorary members or Temporary members.

Rule 10.4 provides that the number of Full members having the right to vote in the election of the Board shall not be less than the minimum number of Full members required by the Registered Clubs Act.

Rules 10.5 to 10.17 set out the eligibility requirements for Full membership of the Club (including Life membership). The eligibility requirements reflect the existing Articles and remain unchanged.

Rights and Entitlements of Members

Rule 11 deals with the rights and entitlements of Full members. Rule 11 reflects the existing Articles and the rights and entitlements of members have remained unchanged.

Rule 11.1 provides that, subject to any restrictions contained in the Constitution, Full members of the Club (other than Junior members) are entitled to:

- (a) playing and social privileges and advantages of the Club; and
- (b) attend and vote at general meetings (including Annual General Meetings) of the Club;
- (c) nominate for and be elected to hold office on the Board;
- (d) vote in the election of the Board;
- (e) vote on any Special Resolution (including a Special Resolution to amend this Constitution);
- (f) propose, second, or nominate any eligible member for any office of the Club;
- (g) propose, second or nominate any eligible member for Life membership;
- (h) introduce guests to the Club..

Transfer between classes of membership

Rule 12 deals with the transfer of members between classes of membership. This reflects the existing Articles.

Provisional Members

Rule 13 deals with Provisional membership. Any person may apply for Provisional membership upon completing and submitting the appropriate membership form and paying the membership subscription in advance. The eligibility requirements and entitlements of Provisional members reflect the existing practice of the Club.

Honorary Members

Rule 14 deals with Honorary membership in a way that is consistent with the Registered Clubs Act.

Temporary Members

Rule 15 deals with Temporary membership in a way that is consistent with the requirements of the Registered Clubs Act.

ELECTION OF MEMBERS

Rules 16 and 17 deal with the election of persons to membership of the Club and the admission of persons to membership of the Club pursuant to an amalgamation. **The requirement for a person's application for membership to be signed by a proposer and a seconder (both being members of the Club) has been removed as it is not a requirement of the Registered Club's Act.**

JOINING FEES, SUBSCRIPTIONS AND LEVIES

Rule 18 deals with joining fees, subscriptions and levies. Rule 18 reflects the existing Articles and the Registered Clubs Act.

Subscriptions shall be due and payable on a date or dates determined by the Board from time to time. Renewal notices must be sent to all members.

Any person who has not paid his or her subscription by the due date shall cease to be entitled to the privileges of membership of the Club and may by resolution of the Board be removed from membership of the Club.

NON-FINANCIAL MEMBERS

Rule 19 clarifies that non-financial members cease to be entitled to all of the rights and privileges of membership, which include the right to attend at the premises of the Club, the right to participate in the social and sporting activities of the Club, the right to vote, the right to attend meetings of the Club and the right to be elected to the Board.

REGISTERS OF MEMBERS AND GUESTS

Rule 20 sets out the registers the Club is required to maintain in respect of members and guests. This is consistent with the Registered Clubs Act.

ADDRESSES OF MEMBERS

Rule 21 requires members to advise the Club of any change in their address within seven (7) days to ensure compliance with the Registered Clubs Act and to keep records up to date.

DISCIPLINARY PROCEEDINGS

Rule 22 deals with powers of the Board to discipline members. This Rule reflects the existing Articles and existing practice of the Club. Rule 22.4 maintains the current provision which allows the Secretary to give a month's suspension to a member (generally for a menial matter) without having to attend a Board meeting. The member has the right to appeal this temporary suspension asking the Board to deal with the matter.

Rule 23 clarifies that the Board may delegate its disciplinary powers to a disciplinary committee comprising three (3) directors and three (3) "non-directors". The Board retains the power to review a decision of a disciplinary committee provided the Board follows the procedure set out in Rule 23.3. This Rule reflects the existing Articles and existing practice of the Club.

Rule 24 clarifies that any member suspended from membership of the Club shall, during the period of suspension, cease to be entitled to all of the rights and privileges of membership. This includes the right to attend at the premises of the Club, the right to participate in the social and sporting activities of the Club, the right to vote, the right to attend meetings of the Club and the right to be elected to the Board.

Rule 25 deals with the power given to the Secretary and employees of the Club under the Liquor Act to remove persons from the Club's premises and to prevent that person from returning to the Club. These powers given to the Secretary and employees are no wider than those given under the Liquor Act. Rule 25 reflects the existing Articles but it is more comprehensive than the existing Articles.

Rule 26 deals with the procedure for a member to resign from the Club.

GUESTS

Rule 27 deals with guests of members and reflects the provisions of the Registered Clubs Act.

PATRONS

Rule 28 states that the Club may appoint patrons from time to time and sets out the membership status of a patron who is not a member.

BOARD OF DIRECTORS

Rule 29.1 provides that the Board will continue to consist of seven (7) directors comprising a President, a Senior Vice President, a Junior Vice President and four (4) Ordinary directors.

Rule 29.1 also inserts new provisions which clarify that Board has the power to appoint up to two (2) directors to the Board (Board Appointed Directors) in accordance with the Registered Clubs Act and Registered Clubs Regulations. In this regard:

- (a) The Registered Clubs Act and Registered Clubs Regulations enable boards of registered clubs which have seven (7) directors (like the Club) to appoint up to two (2) Board Appointed Directors.
- (a) The power to appoint Board Appointed Directors is intended to allow boards to identify persons with particular skills, expertise and experience which may be beneficial to the registered club and allow the Board to appoint those persons to the Board.
- (b) The provisions of the Registered Clubs Act and Registered Clubs Regulations (being the power referred to appoint Board Appointed Directors) will apply irrespective of whether or not the Constitution contains provisions expressly stating the Board can appoint Board Appointed Directors.
- (c) Although it is not legally required to do so, the Board believes that it is prudent for the power to appoint Board Appointed Directors to be incorporated into the Constitution so members are aware of the provisions and their operation.
- (d) The provisions to be inserted into the Constitution reflect the Registered Clubs Act and Registered Clubs Regulations and do not provide the Board with any powers over and above those contained in the Registered Clubs Act and Registered Clubs Regulations.
- (e) For the avoidance of doubt:

The Board Appointed Directors are **in addition** to the seven (7) directors elected by members or appointed by the Board to fill casual vacancies; and

The Board is not required to appoint any Board Appointed Directors but it may do so if it wishes;

Any person appointed by the Board as a Board Appointed Director only has to satisfy the requirements of the Registered Clubs Act and Registered Clubs Regulations to be appointed and does not have to satisfy any requirement in the Constitution;

If a person is appointed to the Board, the Club must, within twenty one (21) days of the appointment, display a notice on the Club's noticeboard and website stating the reasons for the person's appointment, the person's relevant skills and qualifications and any payments to be made to the person in connection with his or her appointment.

Rule 29.2 provides that the Board shall continue to be elected in accordance with the Triennial Rule (ie a third of the Board are elected each year for a three (3) year term of office).

Rule 29.3 provides that only Full members can stand for and be elected or appointed to the Board

Rule 29.4 provides that the person receiving the highest number of votes in the ballot of Vice Presidents shall be declared elected as Senior Vice President and the person receiving the next highest of votes will be declared elected as Junior Vice President

Rule 29.5 provides that a member is not eligible to stand for or be elected or appointed to the Board if they are an employee of the Club, currently suspended from the Club and/or not a financial member of the Club.

Rule 29.6 reflects the restriction in the current Constitution prohibiting any existing Director, other than the President who because of his/her position is a member of each Sub Club committee, from being a member of any of the Club's Sub Club Committees.

Rule 297 inserts a new provision which states that any person who is elected or appointed to the Board must complete mandatory training requirements for directors as prescribed by the Regulations made under the Registered Clubs Act (unless exempted).

ELECTION OF BOARD

Rule 30 sets out the procedure for the election of the Board.

POWERS OF THE BOARD

Rule 31 deals with the Board's powers. The provisions reflect the existing Articles and the established practice of the Club.

PROCEEDINGS OF THE BOARD

Rule 32 deals with proceedings of the Board. The provisions reflect the existing Articles and there is no broadening of the Board's powers.

Rule 32.4 provides that the quorum for a meeting of the Board shall be the majority of directors on the Board as at the date of the meeting of the Board provided always that the President or one of the Vice Presidents is part of the quorum on the Board.

Rule 32.5 allows the Chairperson at any time and the Secretary upon the request of not less than four (4) directors to convene a meeting of the Board.

Rule 32.6 provides that all decisions of the Board are determined by a majority vote. In the case of an equality of votes the chairperson of the meeting has a second or casting vote.

Rule 32.9 introduces a new provision which allows a meeting of the Board to be called or held using technology consented to by all directors. This is consistent with the Corporations Act.

MATERIAL PERSONAL INTERESTS AND REGISTERED CLUBS ACCOUNTABILITY CODE

Rules 33 and 34 introduce new provisions in relation to corporate governance and accountability for the Club which are consistent with the Corporations Act and the Registered Clubs Act.

REMOVAL FROM OFFICE OF DIRECTORS

Rule 35 provides that the members in a general meeting may by ordinary resolution remove any director, or the whole Board, before the expiration of his, her or their period of office and appoint another person or persons in his, her or their place. This Rule reflects the Corporations Act and the existing practice of the Club.

VACANCIES ON THE BOARD

Rule 36.1 clarifies how a casual vacancy on the Board arises. Rules 36.3-36.6 states that the Board has the power to fill a casual vacancy and the procedures to follow when filling a casual vacancy. These procedures reflect the current practice of the Club Any person appointed to fill a casual vacancy will hold office only until the next Annual General Meeting.

GENERAL MEETINGS

Rules 37.1 to 37.17 inclusive relate to the calling and holding of general meetings (and Annual General Meetings) of the Club. However, they are more comprehensive than the existing Articles.

The requirement relating to members making a written request calling upon the Board to convene a general meeting has been amended to reflect the Corporations Act. In this regard:

the existing Articles provide that five percent (5%) of the voting membership or one hundred (100) members may make a written request calling upon the Board to convene a general meeting. This reflects the former requirements of the Corporations Act; and

the proposed Constitution provides that five percent (5%) of the voting membership may make a written request calling upon the Board to convene a general meeting. This reflects the current requirements of the Corporations Act.

ATTENDANCE AND VOTING AT GENERAL MEETINGS

Rules 37.18 to 37.30 inclusive relate to attendance and voting at general meetings.

Only Full members (other than Junior members) can attend and vote at a general meeting and Annual General Meeting of the Club. This reflects with the existing Articles and existing practice of the Club.

Proxy voting is not permitted. This is a requirement of the Registered Clubs Act.

Every member eligible to vote, either by show of hands or a poll, is entitled to one vote.

A member, who is also an employee of the Club, is not permitted to vote. This is a requirement of the Registered Clubs Act.

All questions and resolutions (other than Special Resolutions) shall be decided by a simple majority of votes.

Voting shall be on a show of hands unless a poll is demanded

QUORUM AT GENERAL MEETINGS

Rules 37.31 to 37.34 inclusive detail the quorum required for general meetings.

Rule 37.31 provides that no business may be transacted at a general meeting unless a quorum of members is present.

Rule 37.32 provides that, at any general meeting (including an Annual General Meeting) convened by the Board), thirty (30) members present in person and eligible to vote constitute a quorum. This is consistent with the existing Articles.

Rules 37.33 and 37.34 set out the procedure to be followed if a quorum is not present.

MEMBERS' RESOLUTIONS AND STATEMENTS

Rule 38 provides for members' resolutions and statements by members.

The proposed new Constitution provides that individual members may submit items of business and notices of motion provided they are received by the Secretary of the Club at least forty-two (42) days prior to the date fixed for an Annual General Meeting. Forty-two (42) days will allow sufficient time for the item of business or notice of motion to be incorporated into the notice of meeting and sent to members and, if necessary, for the Board to get advice about the particular item of business or notice of motion.

The Board retains the discretion as to whether to include the suggested items of business or notices of motion in the business of the Annual General Meeting. This is important as the item of business or notice of motion may be illegal or not in the best interests of the Club.

Rule 38 also sets out the procedure for members to require the Board to include an item of business or notice of motion in the business of an Annual General Meeting.

MINUTES

Rule 39 provides that minutes of all resolutions and proceedings at general meetings must be entered in the Minute Book within one month of the meeting and signed by the chairperson of that meeting or the chairperson of the next succeeding meeting.

ACCOUNTS

Rule 40 deals with the accounts and reporting to members and is consistent with the Corporations Act and Registered Clubs Act.

FINANCIAL YEAR

Rule 41 provides that the financial year of the Club shall commence on the first day of July in each year and will end on the last day of June in the following year. There is no change to the financial year of the Club.

AUDITOR

Rule 42 requires the Club to appoint an auditor. The auditor holds office until removed by the members in general meeting or resigns from office or dies. This is a requirement of the Corporations Act.

SECRETARY

Rule 43 requires the Board to appoint one Secretary who will be the Chief Executive Officer of the Club for the purposes of the Registered Clubs Act.

EXECUTION OF DOCUMENTS

Rule 44 deals with execution of documents and the common seal of the Club.

NOTICES

Rule 45 proposes to introduce an additional way in which the Club may give notices of general meetings (including Annual General Meetings) to members.

It proposes that:

(a) A member may nominate an electronic means (the nominated notification means) by which the member may be notified that notices of meeting are available and an electronic means (the nominated access means) the member may use to access notices of meeting; and

(b) If a member has made the nomination referred to in paragraph (a), the Club may give the member notice of the meeting by notifying the member using the nominated notification means that the notice of meeting is available and how the member may use the nominated access means to access the notice of meeting.

The above procedure is permitted by the Corporations Act.

By way of example, the above procedure could involve:

(a) a member making a written nomination to the Club that he or she wishes to be notified that notices of meeting are available by text message and that he or wishes to access notices by clicking the link in the text message; and

(b) after receiving that written nomination, the Club sends a text message to the member notifying him or her that the notice of meeting is available and it can be accessed by clicking the link in the message.

Members will only receive notices of meeting in the above manner if they nominate to do so.

INDEMNIFICATION OF OFFICERS

Rule 46 deals with the insurance and indemnification of the officers and auditors of the Club in accordance with the Corporations Act.

INTERPRETATION

Rule 47 provides that a decision of the Board on the construction or interpretation of the Constitution or any Rule, or any policy of the Club made pursuant to this Constitution or on any matter arising therefrom, shall be conclusive and binding on all members of the Club.

AMENDMENTS TO CONSTITUTION

Rule 48 provides for amendments to the Constitution. The Constitution can only be amended by way of Special Resolution passed at a general meeting of members. Only Life members, Club members and Vincentia Golf Club members can vote on any Special Resolution to amend the Constitution. This is consistent with the existing Articles and the existing practice of the Club.

It is hoped that this summary will provide members with sufficient background and information to enable them to make an informed decision in relation to the proposed special resolution to adopt the new Constitution. However, there may be matters about which members may have questions not covered by this Memorandum. In those circumstances, they are invited to raise their questions with the Chief Executive Officer who if necessary will obtain advice from the Club's lawyers to pass back to the member.

The Board considers the proposed new Constitution as being a significant improvement on the existing Articles and it recommends that members vote in favour of the Special Resolution. To be passed the Special Resolution will need votes from not less than three-quarters (75%) of those members who being eligible to do so vote in person at the meeting.

Dated: 25/07/2019



Peter Thorncroft
Chief Executive Officer