

CONSTITUTION OF HUSKISSON BOWLING CLUB LIMITED (ACN 001 059 007)

EXPLANATORY MEMORANDUM FOR PROPOSED NEW CONSTITUTION

Enclosed with this Memorandum is a Notice of Annual General Meeting of the Club to be held on Sunday, 17 September 2017.

At the Annual General Meeting members will be asked to consider and if thought fit pass a Special Resolution to adopt a new Constitution to replace the existing Constitution.

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 on the Club Husky website and at the Club where it is prominently on display on the Club Notice Board together with a copy of the existing Constitution.

Members may also obtain a copy of the proposed new Constitution and the existing Constitution upon request at the Club's office.

The Club's lawyers have advised that the existing Constitution is out of date and does not strictly comply with the requirements of the Corporations Act, Registered Clubs Act, Liquor Act, Gaming Machines Act or their respective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 Constitution 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

1. Rule 1 states that the name of the company is Huskisson Bowling Club Limited.

PRELIMINARY

2. Rule 2.1 states that the Club is a company limited by guarantee and a non-proprietary company.
3. Rule 2.2 provides that the company is established for the purposes set out in the Constitution.
4. Rule 2.3 provides that the replaceable rules referred to in the Corporations Act are displaced or modified as provided in the Constitution.
5. 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

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

OBJECTS

7. Rule 4 sets out the objects for which the Club was established.
8. The objects reflect those in the existing Constitution. 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

9. Rule 5 states that the liability of the members is limited. That limit is \$20.00 as set out in Rule 6.
10. Rule 6 provides that each member of the Club undertakes to contribute such amount as may be required not exceeding \$20.00 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 12 months after the person ceases to be a member.
11. 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

12. 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.
13. Rules 8.2 and 8.3 set out specific requirements of the Registered Clubs Act in relation to benefits available to members.
14. 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.
15. 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.
16. 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 & GAMING

17. 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.
18. Rule 9.3 states that a person using the gaming facilities of the Club must be of or over the age of 18 years.
19. 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

20. Rule 10.2 states that no person under the age of 18 years is to be admitted as a member of the Club other than as a Junior Member.
21. Rule 10.2 sets out the categories of membership of the Club. The categories of Full membership of the Club shall be Life membership, Bowling membership, Social membership and Junior membership This is consistent with the existing Constitution and the existing practice of the Club.
22. Rule 10.3 provides that full membership of the club shall be divided into four categories: Bowling Members, Social Members, Junior Members and Life members.
23. Rule 10.4 provides that persons who are not Full members may be admitted to the Club as Provisional members, Honorary members or Temporary members.
24. 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.

Bowling Members

25. Rules 10.6 and 10.7 set out the eligibility requirements and the entitlements of Bowling members.

Social Members

26. Rules 10.8, 10.9 and 10.10 set out the eligibility requirements and the entitlements of Social members.

Junior Members

27. Rules 10.11, 10.12 and 10.13 set out the eligibility requirements and the

entitlements of Junior members.

Life Members

28. Rules 10.14 to 10.21 set out the eligibility requirements and the entitlements of Life members.
29. Life members are not required to pay any annual subscription.
30. Life members shall be entitled to all the rights and privileges of Bowling Members.

Transfer between classes of membership

31. Rules 11.1 to 11.7 inclusive provide for the transfer of members between classes of membership.

Provisional Members

32. Rule 12 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.

Honorary Members

33. Rule 13 deals with Honorary membership in a way that is consistent with the Registered Clubs Act.

Temporary Members

34. Rule 14 deals with Temporary membership in a way that is consistent with the requirements of the Registered Clubs Act.

ELECTION OF MEMBERS

35. Rule 15 deals with the system of electing members to the Club.
36. **Rule 15 introduces a new system of making application for membership of the Club.**
37. Under the existing Constitution every candidate for membership must be proposed by one and seconded by another member of the Club.
38. The proposed new Constitution introduces a new system that no longer requires a proposer or seconder. Applicants for membership will only be required to supply proof of their identity at the time of submitting their applications for membership. There is no requirement in the Registered Clubs Act or the Corporations Act for new members to be proposed and seconded by existing members.

JOINING FEES, SUBSCRIPTIONS AND LEVIES

39. Rule 16 deals with joining fees, subscriptions and levies. 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 be removed from membership of the Club.

NON-FINANCIAL MEMBERS

40. Rule 17 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

41. Rule 18 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

42. Rule 19 states that members must advise the Club of any change in their address within 7 days to ensure compliance with the Registered Clubs Act and to keep records up to date.

DISCIPLINARY PROCEEDINGS

43. Rule 20 deals with powers of the Board to discipline members. The provisions are more comprehensive than the existing Constitution.
44. **Rule 21 clarifies that the Board may delegate its disciplinary powers to a disciplinary committee comprising three (3) directors.** The Board retains the power to review a decision of a disciplinary committee provided the Board follows the procedure set out in Rule 21.3.
45. Rule 22 clarifies that any member suspended pursuant to Rules 20 or 21 shall during the period of suspension 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.
46. Rule 23 deals with the power given to the Secretary and employees of the Club under the Liquor Act to remove any person who, when on the premises of the Club, is then intoxicated, violent, quarrelsome, disorderly or smoking in a smoke free area 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.
47. Rule 24 deals with the procedure for a member to resign from the Club.

GUESTS

48. Rule 25 deals with guests and reflects the provisions of the Registered Clubs Act.
49. Every guest must be introduced by a member and that member must complete and sign the Guests Register in order for that guest to enter the

Club. The only exception to this is in relation to a guest who is a minor. A minor may be admitted as a guest of a member without the member having to complete the Guests Register. However, the minor (like any other guest) must remain in the reasonable company of that member at all times while on the premises of the Club.

PATRONS

50. Rule 26 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

51. Rule 27 deals with the composition and election of the Board and generally reflects the existing Constitution and established practice of the Club.
52. Rule 27.4 provides 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

53. Rule 28 sets out the system for electing the Board. The provisions are more comprehensive than the existing Constitution. However, they reflect the existing Constitution and the established practice of the Club.

POWERS OF THE BOARD

54. Rule 29 deals with the Board's powers. The provisions are more comprehensive than the existing Constitution. .

PROCEEDINGS OF THE BOARD

55. Rule 30 deals with proceedings of the Board and generally reflect the existing Constitution.
56. The quorum for a meeting of the Board shall be a majority of the Board. Currently the Constitution provides that a majority of directors constitutes a quorum provided that there are at least 5 directors at the meeting.
57. 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.

DECLARATIONS OF INTERESTS BY DIRECTORS

58. Rule 31 relates to directors interested in matters that come before the Board. The provisions reflect the requirements of the Registered Clubs Act and the Corporations Act.
59. Directors are required to declare any material personal interest that they may have in a matter that relates to the affairs of the Club.
60. A director with a material personal interest must abstain from taking any part

in any discussion or voting on any matter in which that director has such interest.

CONTRACTS BETWEEN THE CLUB, DIRECTORS AND SECRETARY

61. Rule 32 provides the circumstances where the Club can enter into a contract with a director.
62. Rule 33 prohibits the Club from entering into a commercial arrangement or contract with the Secretary, a close relative of the Secretary, or any company or other body in which the Secretary or a close relative of the Secretary has a controlling interest. However, this does not apply to a contract of employment, or any other contract permitted by the Registered Clubs Act.

REMOVAL FROM OFFICE OF DIRECTORS

63. Rule 34 provides that the members in 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.

VACANCIES ON THE BOARD

64. Rule 35.1 clarifies how a casual vacancy on the Board arises.
65. Rule 35.3 states that the Board has the power to fill a casual vacancy. Any person appointed to fill a casual vacancy will hold office only until the next General Meeting.

GENERAL MEETINGS

66. Rules 36.1 to 36.18 inclusive relate to the calling and holding of general meetings (and Annual General Meetings) of the Club. The provisions are more comprehensive than the existing Constitution. However, they reflect the existing Constitution, the Corporations Act and the established practice of the Club.

ATTENDANCE AND VOTING AT GENERAL MEETINGS

67. Rules 36.19 to 36.31 inclusive relate to attendance and voting at general meetings.
68. Life members, Bowling members and Social members are entitled to attend and vote at a general meeting of the Club (including voting on any Special Resolution to amend this Constitution). This is consistent with the existing Constitution.
69. Proxy voting is not permitted. This is a requirement of the Registered Clubs Act.
70. Every member eligible to vote, either by show of hands or a poll, is entitled to one vote.

71. A member, who is also an employee of the Club, is not permitted to vote. This is a requirement of the Registered Clubs Act.
72. All questions and resolutions (other than Special Resolutions) shall be decided by a simple majority of votes.
73. Voting shall be on a show of hands unless a poll is demanded

QUORUM AT GENERAL MEETINGS

74. Rules 36.32 to 36.37 inclusive detail the quorum required for general meetings. These Rules are consistent with the existing Constitution.
75. Rule 36.32 provides that no business may be transacted at a general meeting unless a quorum of members is present.
76. Rule 36.33 provides that, at any general meeting, thirty (30) members present in person and eligible to vote constitute a quorum. This remains the same.
77. Rules 36.34 and 36.35 sets out the procedure to be followed if a quorum is not present.
78. Rules 36.36 and 36.37 sets out the procedure to be followed if a general meeting is adjourned.

MEMBERS' RESOLUTIONS AND STATEMENTS

79. Rule 37 introduces new provisions relating to individual members submitting items of business and notices of motion for Annual General Meetings of the Club. In this regard:

The existing Constitution does not contain provisions relating to individual members submitting items of business or notices of motion for Annual General Meetings of the Club.

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 allows 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 items of business or notices of motion in the business of the Annual General Meeting. However, a group of members may compel the Board to do so in the manner referred to in the following paragraph.

80. Rule 37 also introduces new provisions relating to power of a group of members to compel the Board to include items of business or notices of motion in the business of the Annual General Meeting or general meeting of the Club. Those provisions reflect the

Corporations Act and are set out in Rules 37.3 to 37.20 inclusive of the proposed new Constitution.

MINUTES

81. Rule 38 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

82. Rule 39 deals with the accounts and reporting to members and is consistent with the Corporations Act and Registered Clubs Act.

FINANCIAL YEAR

83. Rule 40 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

84. Rule 41 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

85. Rule 42 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

86. Rule 43 deals with execution of documents and the common seal of the Club.

NOTICES

87. Rule 44 deals with the requirements of giving notice to members. Where a notice of a meeting is sent by post it shall be deemed to have been effectively served on the member on the day following the posting.

INDEMNIFICATION OF OFFICERS

88. Rule 45 deals with the insurance and indemnification of the officers and auditors of the Club in accordance with the Corporations Act.

BOWLING ASSOCIATION DELEGATES

89. Rule 46 deals with the delegation to a Bowling Association (if any).

INTERPRETATION

90. 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

91. 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. Life members, Bowling members and Social members shall be the only members eligible to vote on any Special Resolution to amend the Constitution. This is consistent with the existing Constitution 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 either with the Chairperson or the Secretary of the Club who if necessary will obtain advice from the Club's lawyers to pass back to the member.

The Board of the Club considers the proposed new Constitution as being a significant improvement on the existing Constitution and 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:

Mark Schofield