

Annual General Meeting
23 November 2009

Explanatory Statement

This Explanatory Statement contains an explanation of the resolution[s] that will be put to a vote at the Company's Annual General Meeting to be held on 23 November 2009. This Explanatory Statement should be read in its entirety.

Resolution - Replacement Constitution

By Resolution the Company's Board of Directors seeks Members' approval to repeal the current Memorandum and Articles of Association of the Company and adopt, in their place, an updated constitution which is in line with current legal requirements and the needs of the Company ("**Replacement Constitution**").

Members can access the existing Memorandum and Articles of Association and the proposed Replacement Constitution on the Company's website at <http://mdnsw.org.au/constitution> or by sending a request to receive a hard by mail as follows:

By post:
PO Box 1365
Meadowbank 2114

By fax:
Fax 02 9809 4177

By telephone:
Phone 02 9809 2111

By email:
Maralyn.McCann@mdnsw.org.au

Key changes in the Replacement Constitution

Subject matter of clause/article	Current Memorandum of Association (MoA) or Articles of Association (AoA)	Replacement Constitution
Powers and Purpose	As required by the law in 1957, clause 4 MoA sets out a lengthy and exhaustive list of powers that the Company can exercise. UPDATED/SIMPLIFIED	Due to a change in the law this is no longer required. Accordingly, the Replacement Constitution merely reinforces the solely charitable objects and purpose of the Company and removes the unnecessary detail. (Clause 1)

Amendments	<p>Clause 6 MoA requires written approval from ‘Australian Securities Commission and the Minister of the Crown administering the Charitable Collections Act 1934’ before an amendment can take effect. In 1957 this was part of the licensing requirements for the Company</p> <p>DELETED</p>	<p>The titles of the agencies in the MoA are outdated; their roles are performed by other entities, who require notification of any changes to the constitution of the Company but don’t usually provide written approval before the alteration. The Replacement Constitution does not contain any requirement to obtain external approval for amendments</p>
Membership	<p>Articles 4 and 6 AoA provide lengthy provisions on membership eligibility and cessation including several paragraphs on the payment of membership fees.</p> <p>Article 5 AoA also provide six classes of membership.</p> <p>SIMPLIFIED/DELETED</p>	<p>The Replacement Constitution (Clause 3) provides simpler membership eligibility based on the discretion of Directions and acceptance by members of the Company’s constituent documents, by-laws and policies.</p> <p>The provisions revoking membership for failure to pay membership fees have been deleted.</p> <p>In line with current practice, the Replacement Constitution only provides for two classes of membership (Ordinary and Honorary)</p>
Convening a meeting / Notice	<p>Board of Directors could convene an extraordinary general meeting if approved by at least 10 members, on fourteen days’ notice. (Article 11 AoA)</p> <p>UPDATED</p>	<p>The Board of Directors <i>or</i> one Director <i>or</i> at least two members can convene a general meeting. This is a lower threshold for a meeting to be convened. (Clause 4)</p> <p>At least 21 days’ notice of meeting, as is required by current law. (Clause 4)</p>
Quorum	<p>At least ten members must be present at a meeting of members to constitute a quorum. (Article 11 AoA)</p> <p>AMENDED</p>	<p>At least six members must be present at a meeting of members to constitute a quorum. (Clause 5)</p>
Number of Directors	<p>Between eight and twelve directors (Article 30 AoA).</p> <p>AMENDED</p>	<p>Between six and twelve directors (Clause 7).</p>

<p>Election of Directors</p>	<p>Complex process for election and rotation of Directors; and an outdated hierarchy between Directors and Appointed Directors (Articles 30A to 36, 42, 43 AoA).</p> <p>SIMPLIFIED/DELETED</p>	<p>The Replacement Constitution provides simpler mechanism for election and rotation of Directors. The Board of Directors may appoint a Director at any time to fill a vacancy or otherwise, and that Director holds office until the conclusion of the next general meeting and is eligible for re-appointment.</p> <p>The requirement for Directors to retire after attaining 72 years of age has been deleted</p>
<p>Removal of Directors</p>	<p>INSERTED</p>	<p>A Director may be removed from office by an ordinary resolution at a meeting of members; or by a special resolution passed at a meeting of members voting to disapprove of any act of the Board of Directors. In the latter instance, the Board of Directors, who are eligible for re-election, cease to hold office and an election of Directors is held at that meeting.</p> <p>(Clause 7)</p>
<p>Directors' interests</p>	<p>A Director could not be directly or indirectly interested in any contract or a proposed contract with the Company. (Article 41(i) AoA)</p> <p>AMENDED</p>	<p>As long as a Director complies with the limits in the Corporations Act, he/she may hold any office or place of profit in any other entity promoted by the Company or in which the Company has an interest of any kind; and may hold an office of profit in any entity that acts in a professional capacity for the Company, except as auditor. This may affect a Director's ability to vote on resolutions that he/she may have an interest in.</p> <p>(Clause 7)</p>
<p>Reimbursement of Directors' expenses</p>	<p>INSERTED</p>	<p>Explicit provision that a Director is entitled to be reimbursed out of the funds of the Company for reasonable expenses incurred when engaged in the business of the Company.</p> <p>(Clause 7)</p>

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David Jack
Company Secretary
3 November 2009