

Attachment 1



Dear Member,

Re: Explanatory Memorandum to Alterations to the Constitution of the VFF

Contained within this edition of the Victorian Farmer, you will find a disc which contains:

- Attachment 1 – Explanatory Memorandum (i.e. this document)
- Attachment 2 – 2009 Constitution as adopted 11th June, 2009
- Attachment 3 – 2010 Draft Constitution for consideration at the Extraordinary General Meeting on 24th February, 2010
- Attachment 4 – Extraordinary General Meeting of Victorian Farmers Federation Notice

It is acknowledged that a number of members may not have the capacity to view the document in its enclosed presentation. Should you wish to have a printed copy of the documents, please contact Victoria Quigley, PA to the President and CEO on 1300 882 833 or 03 9207 5503.

Alterations to the Constitution must be passed at an Annual General Meeting (AGM) or an Extraordinary General Meeting (EGM) of members which resolution must be passed by not fewer than three quarters of members of the meeting.

It is intended that the alterations, provisions added or rescinded will be considered at the forthcoming VFF EGM on February 24, 2010.

To assist your understanding or address any enquiries you may have, please contact VFF CEO Wayne Harvey directly on 1300 882 833 or 03 9207 5502 or electronically at wharvey@vff.org.au prior to the EGM.

Attachment 2 - 2009 Constitution as adopted 11th June, 2009

This version has been included to enable a comparison between the existing Constitution and that which is proposed to be altered.

Attachment 3 - 2010 Draft Constitution for Consideration at the EGM to be held on 24th February 2010

Restructure

Victorian Farmers Federation (VFF) members began reshaping our organisation in July of last year when the Board in October of last year, unanimously resolved to seek expert advice on the present condition and future prospects of our Federation.

"That the Executive Board instruct the CEO to seek external financial expertise to review the viability and sustainability of the organisation in moving forward and to develop a number of options for the long term viability and sustainability of the organisation."

Policy Council formed a Restructure Committee Chaired by Ailsa Fox and supported by:

- Max Jelbart
- Mike Shaw
- Ron Hards
- Matthew Glowrey
- Cathy McGowan
- Claire Penniceard
- Anton Neal
- Colin McCormack

The Policy Council and subsequently the Board considered the restructure proposal wherein the developed model has been created by VFF members working with the support of a comprehensive business review.

It will embrace a modern governance model that has been successfully embraced by many other member service organisations.

It will recognise the importance of commodities within our organisation, retaining their right to make commodity policy and giving them management of funds they raise over and above commodity and VFF running costs.

It will increase member involvement including widening our membership base, strengthening our branches and maximising members ability to influence government.

It will ensure a more efficient, effective VFF, an organisation that is quick to respond to member concerns and leaner in terms of operational costs.

Constitution

A Constitutional subcommittee Chaired by Aeger Kingma and assisted by Chris Griffin, Rien Silverstein and Ailsa Fox was formulated to develop a Constitution to support the proposed structural, financial and governance arrangements.

Again, the Policy Council and Board have considered the recommended changes to the current Constitution.

Attachment 3 has resulted from critical evaluation by members via 18 branch and DC meetings, as well as more than 20 teleconferences.

Detail

The Constitutional subcommittee again retained the services of Madgwicks to provide assistance to facilitate the change and to ensure the objects of plain English, improved continuity and adherence to the Corporations Act have been incorporated within the draft version.

Much feedback has been received from members and branches alike, this has greatly assisted in the production of the final version of the Constitution.

With the significant changes a 'clean copy' has been forwarded to members as opposed to the 'marked up copy'. Should members desire this latter version, please contact the CEO Wayne Harvey.

The changes broadly include the following:

Section 1 - Preliminary

- Considerable additions to the definitions and interpretation i.e. increased from 14 to 45 to assist with reading and formatting.

Section 2 - Objects of Federation

- Some amendments to incorporate the policy objectives of the Federation.
Separation of the activities the Federation undertakes to advance the objects.

Section 3 - Structure

- Amendments to accord with adopted restructure.

Section 4 - Membership

- Eligibility & Application: Some minor amendments to make the membership application process less prescriptive. Members will register for a Commodity Group. Clarification of member, nominee and non member
- Registered Properties: Section removed.
- Subscription – Member/Non Voting: Changes to reflect the new funding model authorising the Board to set the base fees and the Commodity Groups establish an additional charge.
- Multiple Membership: Section removed

Section 5 - Service of Notices

- Rewritten to reflect requirements of Corporation Act and allow the use of modern communication methods.
- Notice provision specifies 40 days throughout the Constitution.

Section 6 - Branches

- Largely unchanged with minor edits to simplify the clauses and remove references to the District Councils. A change to the Branch Office Bearer term of office to set a two year term and a maximum of two terms. However a clause does allow the branch to authorise more than two terms with a two thirds majority.
- Dissolution: When any Branch merges with another, all assets and property as applicable will be directed to the merged Branch.

Former Section 7 - District Commodity Councils

- Section removed.

Section 7 - Commodity Groups

- Purpose and Functions some minor edits.
- Office Bearers: Change to only require a President and Vice President.
- Terms of Office: Change to two year terms with maximum of two terms.

Section 8 - Commodity Policy Councils

- How Constituted: Substantive changes to remove the DC basis. Sets a council of 10 including the President and Vice President, for Groups with more than 501 members Registered and a council of 5 including the President and Vice President, for Groups with less than 500 members Registered. The VFF Board can approve larger councils. Empowers the Group to establish regions from which the representative to councils will be elected and allows flexibility in the number of regions to be established and the number of councillors to be elected from each region.
- Regional Representatives – Elections: Removal of the delegate system of voting with each member Registered for a Commodity able to vote in elections for that Commodity's positions. On a regional basis for the Councillors and State wide basis for the President and Vice President. The ballot in the initial years will be by post but it is anticipated that at some point in the future an electronic system could be implemented.
- Term of Office: Councillors for regional representation will be elected to two year terms with half of the Council up for election each year. This will ensure that there is carryover of expertise and experience from year to year. A common date for the change over of positions has been added which sees the Council and Office Bearers changing at the close of the VFF AGM.
- Alternative Election System: An allowance has been made to enable a Commodity to implement a different election system if it can be demonstrated that the specified systems does not produce equitable outcomes for the members registered for that commodity.

Section 9 - Commodity Group Meetings

- The reference to an Annual Conference has been removed and the necessary functions of an Annual Conference have been added to the General Meeting. This does not prevent the holding of a Conference.
- The change was needed as many of the smaller Groups do not hold an Annual Conference.
- The delegate system abolished.
- Formalising the role of the 'Agenda Committee' to oversee recommendations to Annual & Extraordinary Meetings.

Former Sections 10 & 11 - Special Commodity Group & Special Structure or Extraordinary Structure

- Sections removed. See Commodity Group

Section 10 - The Board

- Directors of the Federation: Retains the commodity positions as Directors of the Board but no longer is an as of right position for the President of a Commodity. Capacity is made to allow up to two external directors. This will move the VFF towards a skills based Board whilst retaining the commodity based structure.
- Office Bearers of the Federation: The Office Bearers of the Federation will be restricted to a President and Vice President with the junior Vice President and Treasurer positions abolished. All voting members of the Federation will be able to vote for the positions.
- Meeting of the Board: Criteria added through Corporation Act requirement covering meetings, notice provision, resolution without meetings and provision for teleconference.
- Director appointment: Each of the large commodities, and the combined small commodities will nominate two people (does not need to be a Commodity Councillor or Office Bearer) to fill their director position. A Nominations Committee will assess the skills of the board and recommend to the board the appointments that provide a balance of needed skills and experience. The Nominations Committee will also identify and recommend External Directors with skills and experiences that would add the most value to the Board. Nominations Committee has been defined in Section 1 i.e. President and two external persons. The Board will appoint the Directors.
- Term of Office: All positions will have two year terms with a maximum of two terms.
- Vacancies: Describes the method of replacing Directors

Section 11 - Board of The Federation - Powers and Functions

- This section has been amended to ensure an appropriate governance framework but is not substantially different from the previous constitution.
- Board Committees: The Board will establish a Nominations Committee as referenced above. Membership of this committee is the President, the Vice President and one other Director. The Board is able to establish other committees which it is intended will include a Finance Committee and an Audit Committee to ensure appropriate Governance.
- Policy Council of the Board: The Board will appoint a Council of the Presidents of the Commodity Groups and the Chairs of the Issues Advisory Committee (The equivalent of the current Policy Committee) to undertake the functions of reviewing the Policy performance of the Federation, the strategic policy direction and be responsible for implementing the general policy of the Federation. The Policy Council will also establish the Issues Advisory Committee.

Section 12 - Chief Executive Officer

- The duties of the CEO have been amended to reflect the duties as expected for appropriate Governance.
- Reference to the Common Seal has been deleted to accord with the Corporations Act.

Section 13 - General Meetings of Members

- The VFF must hold an AGM each year to report to members and table the accounts. The need for an Annual Conference has been removed with the necessary activities transferred to the General Meetings.

- Convened by Members: New provisions defining extraordinary general meetings being determined by the Board or specific clauses when convened by members.
- Quorum: A minimum quorum of 100 members has been set. To alleviate concerns with 'stacking' the Chairmen can suspend the meeting if more than forty per cent of those present are registered with the same commodity.

Section 14 - Proxies – Federation AGM/EGM

- Delegate system removed. With the removal of the delegate system provision need be made for proxies to be cast to accord with Corporation Act.
- Form of proxy defined.

Section 15 - Trustee

- Minor changes only.

Section 16 - Funds

- Specific provisions when Commodities return surpluses or deficits at the end of the financial year i.e. add to or offset against a Commodity Group's reserve.

Section 31 - Remuneration/Allowances of Directors and Officeholders

- New clause dealing with Directors Allowances to accord with Corporations Act and licensing conditions, conditional to ASIC documentation in omitting the word 'limited'.

Section 34 - Grains Commodity Group – Transitional Arrangements

- Specific provision need be made as Grains Conference will be conducted outside of new notice provision i.e. ensure continuity.

Other Sections

- The remainder of the sections have only seen minor amendments to correct references or correct language and logic.

The VFF is owned by its members. It is important that you are fully briefed on all proposed changes before the EGM.

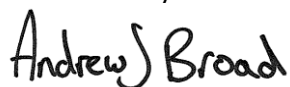
To meet the 60 days required notice period, the draft (new) Constitution must be delivered to members prior to Christmas. This meeting will be an opportunity to debate and vote on the Constitution that will be required to enact the VFF's new structure. The formal recommendation is:

"That, in accordance with section 136(2) of the Corporations Act 2001 (Cth) and clause 31.1.1 of the Federation's current Constitution, the Federation adopt the Constitution tabled at the Extraordinary General Meeting (attachment 3), in the form annexed to the Notice of Extraordinary General Meeting, as its Constitution in substitution for and to the exclusion of the Federation's existing Constitution (attachment 2) which is repealed and the Chairman of the Extraordinary General Meeting be authorised to sign the adopted Constitution for the purpose of identification."

I believe the proposal we are presenting has merit. I urge you to take the time to read through the enclosed material. This is an opportunity for us to build a stronger and more sustainable Federation together.

I encourage members to become involved and attend Etihad Stadium at 12.30pm on February 24, 2010.

Yours Sincerely



Andrew Broad
President