ANNEXURE B – EXPLANATORY MEMORANDUM

Special Resolution – Adoption of new Constitution

1. Purpose of this memorandum

This Explanatory Memorandum forms part of the Notice of Annual General Meeting. It explains the special resolution at item 7 to repeal the existing Constitution of CRANAplus Limited (the Company) and adopt a new Constitution, so that members can make an informed decision on how to vote.

The Constitution was adopted on 12 November 2024, when CRANAplus became a company limited by guarantee. It has not been reviewed since. The Board has now reviewed it and proposes a new Constitution. The new Constitution keeps the structure and rule numbering of the existing Constitution, and most of it is unchanged. The changes will:

- make it easier for people to join CRANAplus, including online;
- move to a rolling 12-month membership year;
- allow the Board to appoint up to two skills-based directors, while capping Member-elected places at eight;
- apply a single 30-day period for overdue fees and set out disciplinary outcomes in one list;
- improve how the Board makes decisions between meetings and meets using technology;
- modernise nomination, meeting and proxy procedures; and
- correct errors and outdated references.

2. Why adopt a new Constitution

The changes affect more than 30 rules. Rather than asking members to approve a long list of individual amendments, the Board proposes that members adopt an updated Constitution, incorporating all of the changes, in a single special resolution. This gives Members one clear proposition, avoids the risk of some changes passing and others failing (which would leave the Constitution internally inconsistent), and means CRANAplus will have a clean, consolidated Constitution from the close of the meeting.

Each change is explained below. A marked-up copy of the Constitution showing every change from the existing Constitution is available at https://www.crana.org.au/wp-content/uploads/2026/10/261021-CRANAplus-Constitution-marked-up-with-proposed-amendments.pdf or from the Company Secretary on request.

3. What changes in the new Constitution

3.1 Membership applications

Rules: rules 13.1, 14 and 15.5

What changes: Applicants will no longer need a proposer and seconder or a handwritten signature, and may apply online using a process approved by the Board. Each applicant must state that they agree to be bound by the Constitution and to the $10 guarantee. Membership eligibility is clarified to require a connection to the delivery of regional, rural, remote or isolated health services. The Board may delegate the approval of applications.

Why: CRANAplus admits members online from across remote and isolated Australia. Requiring every applicant to find two existing members to sign a paper form is not workable, and the current rule does not capture the applicant's agreement to the Constitution and the guarantee. Rule 13.1 currently ends part-way through, and the new limb completes it.

3.2 Rolling 12-month membership year

Rules: rule 2.1 (new definition), rules 20 and 21.1(2)

What changes: Each Member's membership year will run for 12 months from the date they join, rather than from 1 July to 30 June. Fees are payable in advance for each membership year, and the Board may set instalment or recurring payment arrangements. A transitional rule moves existing members across without a gap or a double charge. Default notices for unpaid fees may be issued under a standing process approved by the Board.

Why: A fixed year means a Member who joins in June pays for a full year for one month of membership, and it concentrates all renewals into one period. A rolling year is fairer to members and easier to administer.

3.3 Unpaid fees and voting rights

Rules: rule 2.1 (new definition of financial Member), rules 21.1(1) and 104.1

What changes: A financial Member is defined as a Member whose fee is not more than 30 days overdue. A Member whose fee is more than 30 days overdue loses the rights and privileges of membership once a default notice is given, cannot vote at general meetings, and cannot propose or second a nomination for director. Currently, rights are lost after 2 months and voting rights after 1 month.

Why: The current rules use different time periods, which is confusing and difficult to administer. A single 30-day period applies consistently across membership rights, voting and nominations and works with the rolling membership year.

3.4 Disciplining members

Rules: rules 25.1, 25.2, 25.3 and 25.5

What changes: The disciplinary outcomes available to the Board are set out in a single list in rule 25.5: no further action, a warning or censure, a fine (capped at one year's membership fee), suspension for up to 12 months, expulsion, referral to an independent person, or referral to

members at a general meeting. The procedural safeguards (notice and an opportunity to respond) continue to apply.

Why: Rules 25.1 and 25.5 currently list different outcomes, which could lead to disputes about what action the Board may take. One list removes that uncertainty.

3.5 Skills-based directors and board size

Rules: rules 28.1, 28.2, 31.1, 31.2, 31.5, 31.6, 33.7, 35A (new) and 52.1(6)

What changes: The Board may appoint up to two appointed directors to fill an identified gap in its skills, knowledge or experience, after a documented skills assessment. Appointed directors need not be members, but must be eligible for membership and must not be disqualified under the Corporations Act or the ACNC Act. They serve terms of up to two years, to a maximum of six consecutive years, are not subject to retirement by rotation, and may be removed by the Board. The maximum board size remains 10, of whom no more than 8 may be elected directors and no more than 2 appointed directors, and appointed directors may never exceed one-third of the Board. Retirement by rotation and the definition of a vacancy are calculated by reference to elected directors only. Members may still change the maximum board size, but may not increase the number of appointed directors.

Why: At present every director must already be a Member, so the Board cannot bring in specialist expertise (for example, in finance, law or digital) unless that person happens to be a Member. The caps and the one-third limit preserve Member control of the Board, and the Board must report each appointment, and the skills gap it addresses, to members at each AGM. Members should note that this change reduces the maximum number of Member-elected places from 10 to 8.

3.6 Directors' decisions between meetings

Rules: rule 71

What changes: Board resolutions between meetings (circulating resolutions) may be passed by a majority of directors entitled to vote, rather than all of them. Every director must be sent the resolution, the majority can never be fewer than a quorum, and any single director may require the matter to be dealt with at a meeting instead. Directors may sign electronically.

Why: Requiring every director to sign means one director who is travelling or unavailable can hold up a decision indefinitely. The safeguards ensure no director is bypassed.

3.7 Directors' meetings using technology

Rules: rules 75.1 and 75.2

What changes: Board meetings may be held by telephone, video conference or other technology without the need for every director's consent, and a director who attends by technology is treated as present at the meeting.

Why: The Board operates nationally and routinely meets online. The current rule requires every director to consent before technology other than telephone can be used.

3.8 Director nominations and elections

Rules: rules 31.9 (new), 32.4 and 32.6 (new)

What changes: Nominations for election as a director may be lodged by email and signed electronically. The Constitution will confirm that, where directors are elected by ballot (or declared elected because the number of candidates does not exceed the vacancies), a separate resolution for each director is not required and the chair's declaration appoints the candidates.

Why: Lodging nominations by email reflects current practice and makes it easier for members in remote areas to nominate. Rule 31.7 currently requires a separate resolution for each director, which does not sit easily with the ballot process in rule 33.

3.9 Chair of general meetings

Rules: rule 93.4 (new)

What changes: The chair of a general meeting may hand over the chair to another director for a particular item, including an item in which the chair has a personal interest or is a candidate for election.

Why: The Constitution does not currently provide an express mechanism for this, which is good governance practice where the chair has a conflict.

3.10 Electronic proxies

Rules: rule 98.3

What changes: Members appointing a proxy electronically will be identified in a way approved by the Board and set out in the notice of meeting, such as sending the proxy form from the email address recorded in the register of members.

Why: The current rule requires members to supply personal details such as their date of birth and a security code, which is unnecessarily onerous.

3.11 Removal of fax references

Rules: rules 74, 79, 83, 84 and 100

What changes: References to facsimile are removed.

Why: Fax is no longer used.

3.12 Corrections

Rules: rules 2.1(1), 2.1(2), 2.1 (new definition of ITAA), 3.1(2)(b), 6.1, 17.2(3), 27.5(2)(b), 43.1, 52.1(7), 124.1(3) and 124.2

What changes: Corrects the name of the ACNC and the ACNC Act, defines "ITAA" (which is used but not defined), fixes punctuation, typographical and cross-referencing errors, and changes the body that nominates a mediator for disputes from the Queensland Law Society to the Law Society of South Australia.

Why: These are technical corrections. The Company's registered office is in South Australia.

4. Effect on Members

- Members' voting rights and the $10 guarantee do not change.
- Existing members do not need to re-apply. The new eligibility limb in rule 13.1 applies to new applications.
- Existing members will move to a rolling membership year under the transitional rule (rule 20.6). The Board will write to members about their new renewal date.
- A Member whose fee is more than 30 days overdue will not be able to vote, or propose or second a nomination, until the fee is paid.
- The maximum number of Member-elected directors reduces from 10 to 8. The Board currently has six directors.

5. Voting and next steps

The resolution is a special resolution under section 136(2) of the *Corporations Act 2001* (Cth) and must be passed by at least 75% of the votes cast by members entitled to vote on it. If passed, the new Constitution replaces the existing Constitution in full from the close of the meeting. The Company will notify the ACNC of the new Constitution, and the Board will update the Board Charter to align with the new rule 35A.

6. Board recommendation

The Board unanimously recommends that members vote in favour of the special resolution.