
Explanatory Memorandum relating to the proposed changes to the Half the Sky Foundation Australia constitution

Dear members,

We have prepared this memorandum to let you know why we are proposing to change the Half the Sky Foundation Australia Ltd (HTSA) constitution and to provide you with a list of the key changes.

We are preparing an application for HTSA to be recognised as a Public Benevolent Institution (PBI) by the Australian Taxation Office (ATO) and the Australian Charities and Not-for-profits Commission (ACNC).

We have also decided to remove the rules relating to the operation of the HTSA public fund from the constitution and place them in a stand-alone document. As well as making the distinction between HTSA and its public fund more clear, this separation makes it easier to update the funds rules from time to time as required and has given us the opportunity to revisit and revise the rules.

The changes summarised above, and described in some detail in the below table, will give HTSA greater flexibility in how and where it conducts its work and enable it to reach and assist more people into the future. This includes providing us with greater flexibility to engage in developing countries beyond China as dictated by resources and demands .

Before we can apply to the ACNC to be registered as a PBI, and to formally remove the public fund rules from the constitution, we will need to change the HTSA constitution. The directors, having received advice from its legal advisors, are in favour of the proposed changes and recommend them to members.

In accordance with the HTSA constitution and the law, changes to the constitution must be passed by a special resolution of members voting at our AGM in person or by proxy.

In order to assist you in considering the proposed changes, we have laid out the key aspects in the table below. In addition, we have made some other minor changes in the document, which are reflected in 'Track Changes' in the draft amended constitution. This document can be accessed via this link <http://halfthesky.org.au/en/node/1492>, and should be reviewed alongside this memorandum.

Table 1: Substantive Amendments

Change Made	Rationale	Reference in amended document
Amended the purpose and stated activities of the company	<p>The proposed changes removes specific reference to China and therefore allows HTSA to expand its good work into other developing countries.</p> <p>Importantly, removing reference to China does not stop us from working in China because China is considered a developing country. . These changes also more closely reflect HTSA's PBI character, while still</p>	Rule 3

	communicating the 'development' approach to our work.	
Introduced the term 'Charitable Purpose'	For ease of reference in communications with regulators and others	Rule 3.1
Extracted the public fund rules into a stand-alone set of rules	This is to make it easier to update these rules (often following departmental requirements) without requiring a constitutional amendment each time.	Rule 4.
Made alterations such that directors cannot change their minimum number without member approval	This legal requirement was not properly reflected in the Constitution. The proposed change will make this rule of the constitution consistent with the law.	Rule 12.1
Made amendments to existing winding up and revocation clauses	These changes are to comply with PBI requirements	Rule 16

If you have any questions about the proposed amendments to the HTSA Constitution, please contact Deanne Bevan, Company Secretary via the details below:

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AUSTRALIA.