

5 November 2008

Senator Glenn Sterle
Chair
Senate Standing Committee on
Rural and Regional Affairs and Transport
Department of the Senate
PO Box 6100
Parliament House
Canberra ACT 2600

Dear Senator Sterle

I refer to my recent appearance before the Senate Committee.

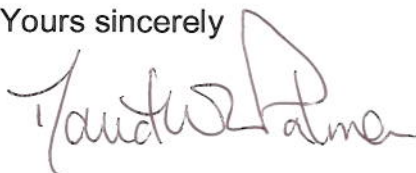
During my questioning, I undertook to table the letter sent to the Australian Beef Association, which outlined the reasons why the MLA Board did not accept the members' resolutions which were submitted for the 2008 MLA AGM.

I attach a copy of that letter.

I also undertook to seek advice from our lawyers in relation to the tabling of the legal advice MLA received in respect of the members' resolutions.

I have been advised that the legal advice is privileged and it is our preference not to waive that privilege at this time.

Yours sincerely



David Palmer
Managing Director



19 September 2008

Mr Brad Bellinger
Chairman
Australian Beef Association
26 Desmond Lane
PO Box 446
OAKEY QLD 4401

COPY

Dear Mr Bellinger

We acknowledge receipt of the three resolutions signed by at least 100 members for submission at this year's AGM. We are writing to you as the representative of these members.

The Board has considered the resolutions and determined not to accept the resolutions for the reasons set out below.

Resolution 1 (Vote of no confidence in the MLA Board)

As previously advised to your organisation, members do not have unrestricted rights to put resolutions to MLA members in general meeting. A members' resolution must deal with matters that may properly be put by the members to a general meeting, namely decisions on matters about which the members expressly have rights under the *Corporations Act (2001)* or MLA's constitution.

As advised in 2003, a no confidence motion is a motion which, even if it were to be passed by members, would be of no effect. The purpose of member resolutions at general meetings is to decide matters, not simply to ascertain members' opinions. While members have the right under article 4.1(m) of MLA's constitution and section 203D of the *Corporations Act (2001)* to seek the removal of a director from office, the resolution proposed did not purport to do this, but merely to express a lack of confidence in the directors.

For these reasons, resolution 1 is not a proper resolution for the AGM and has not been accepted.

Resolutions 2 and 3 (Removal of Don Heatley and David Palmer from office as a director) and accompanying statement

As advised to your organisation in 2005, the company need not give notice of a resolution requested by members under section 249N of the *Corporations Act (2001)* if the resolution is defamatory (section 249O(5)(a)). Similarly, the company need not comply with a request to circulate a statement about a proposed resolution if the statement is defamatory (section 249P(9)(a)).

We have received legal advice that resolution 2 is defamatory of Mr Heatley and the other Board members and resolution 3 is defamatory of Mr Palmer and other Board members. We have also received legal advice that the accompanying explanatory statement is defamatory of the Board members.

For these reasons, resolutions 2 and 3 and the accompanying explanatory statement have not been accepted.

Structure of accompanying statement

We note that the accompanying statement provided with the resolutions did not contain a signature page. For the purposes of determining whether the statement met the requirements of section 249P of the *Corporations Act (2001)* we took the view that the signatures on the resolution pages also applied to the explanatory statement. However, if members were to submit explanatory statements in future years we recommend that a signature page also form part of the explanatory statement to ensure compliance with section 249P.

2008 AGM

Whilst the resolutions and statement have not been accepted for the AGM, we appreciate that you may still wish to discuss the issues raised in those documents at the 2008 AGM in Orange.

As has been the case in previous years, the Chairman will provide members with ample opportunity to ask questions and make comments about the management and activities of MLA.

Please contact us if you have any questions or concerns regarding this matter.

Yours sincerely



Rachel Debeck
Company Secretary



Laurie Robinson
Company Secretary