



Royal United Services Institute for Defence and Security Studies - Australia

Promoting national security awareness

ABN 83 657 442 244

DIRECTORS' REPORT FOR PERIOD 19 NOVEMBER 2021 TO 24 OCTOBER 2022 - FOR ANNUAL GENERAL MEETING ON 24 OCTOBER 2022

Preface

This report covers the period since the 2021 AGM held on 19 November 2021 when a new Board was elected to 24 October, the date of the 2022 AGM.

Background

In 2016, the Constituent Bodies (CBs) of the Royal United Services Institute for Defence and Security Studies – Australia (RUSIDSS-A) agreed to the incorporation of RUSIDSS-A as a company limited by guarantee.

RUSIDSS-A is an Australian public company which is registered with the Australian Securities & Investments Commission (ASIC) and regulated by the Australian Charities & Not For Profits Commission (ACNC).

Also in 2016, a new National Board was elected with new governance arrangements.

The National vision was of a federated organisation with seven CBs focussing on strong local programs with strong coherence between the CBs and RUSIDSS-A.

The National Board was completely independent of the CBs who owned the company. The new National Constitution adopted in 2016 specifically excluded any person holding a position as councillor or director on the council or board of a CB from being eligible to be elected as a director of RUSIDSS-A (Clause 39.4 of the constitution).

On 9 March 2021, the then National Chairman advised the Board that he had received a paper from two CBs that was supportive of improving relationships between CBs and the National Board. The paper specified major issues identified were: the limited scope of the National Board's involvement; disillusionment with service provision by the National Board; the current National Constitution; lack of financial transparency; lack of effective communication between the National Board and CBs; and the reticence on the part of some CBs to pay capitation fees.

Accordingly, at the 2021 AGM, the CBs agreed unanimously to amend the National Constitution by deleting clause 39(4), thus allowing office holders of CBs to stand for election as directors on the National Board.

New National Board

At the 2021 AGM 2021, the following persons were elected as President (National Chairman), Vice President and Directors respectively:

Paul Willee - President

Kerry Gallagher - Vice President

Paul Irving (NSW) - Director

Bill Henman (ACT) - Director

Kerry Gallagher (QLD) - Director

Lance Scott (WA) - Director

Michael O'Brien (VIC) - Director

Rob Atkinson and Robert O'Donnell (Hon. Treasurer) remained as Directors.

On 13 December 2021, Paul Willee, President, tendered his resignation to the Board. The Board owes a significant debt of gratitude to the work of Paul Willee in leading the Board through some very difficult times, including when the Board was left with just three members. The Board at its meeting on 13 December 2021 elected Paul Irving as President/National Chairman.

Herbert (Mickey) Michaelis, National Support Manager kindly agreed to undertake the duties of Company Secretary.

John Howells kindly volunteered to take the minutes of the Board meetings and from July 2022, agreed to organise the videoconferences for the Board meetings.

The President requested David Leece to attend the Board meetings as an observer in view of his extensive background with the operation of RUSIDSS-A.

On 30 June 2022, Robert O'Donnell, Hon. Treasurer, resigned from the Board after a decision by the Board to not renew director's liability insurance.

The Board has met monthly since the 2021 AGM. CBs have been provided with the minutes of the Board meetings via the Directors and in the case of RUSI NSW, by the President, thus enhancing the communication with CBs and making transparent the operation of the National Board.

Financial Situation

The Treasurer's Report to the 2021 AGM advised that RUSIDSS-A was solvent but based on assumptions on income and expenditure, it was forecast that RUSIDSS-A would become insolvent by FY 2023/24.

This dire prediction was based in part on the significant cost of operating the National office, failure to find replacement sponsorship of the National website previously provided by Rolls Royce and failure of some CBs to pay the \$15 per financial member capitation fee.

In view of this dire prediction, the Board undertook several measures aimed at considerably reducing the cost of operation of the National office and to increase income associated with payment of arrears of capitation fees.

National Website

It became very clear from the Treasurer's reports to the Board that RUSIDSS-A could not afford to continue with the Wild Apricot content management system and that a new national website to publicise events and activities was required. Emails, membership details, event registration and payment needed to be excluded from a National website.

A significant consideration regarding a new National website was that USI ACT undertook all membership applications/renewals, event booking and payment through the National website and did not have a separate website.

Through the excellent work of John Howells, a new National website was launched on 1 July 2022 and the Wild Apricot content management system was turned off. ACT USI commissioned a new website and John Howells developed a new website for RUSI TAS. RUSI SA decided to develop its own new website.

The action taken in creating a new National website led to a saving of over \$6,000 per annum.

Insurance

The directors made two decisions during the year relating to insurance.

Based on a comprehensive risk assessment, the Directors agreed by majority to not continue the "Association Liability Insurance Policy" in FY 2022/23, thus saving a premium of \$2074.93.

The second decision was to distribute the costs of premiums (\$2552.21 in FY 2022/23) for "General Liability Insurance", "Voluntary Workers Personal Accident Insurance" and "Business Insurance" with the National office paying \$319 and the balance to be paid by each CB, based on the number of financial members in each CB.

Capitation Fee

At the Company AGM held on 18 October 2019, the following resolution was passed unanimously:

That Members of the Company be levied a service fee equivalent to a rate of \$15 per financial member of each Constituent Body to fund the national body.

This resolution has not been amended at any AGM since 2019.

For several reasons including lack of confidence by some CBs in the operation of the National office, there were considerable arrears in the payment of capitation fees by some CBs.

The Board took action to seek the payment of the arrears which boosted the income received in the National accounts for FY 2021/22 and FY 2022/23.

Financial Report for Year Ended 30 June 2022

Attached at **Annex A** are the Auditor's Report and financial report for FY 2021/22, which comprises the Balance Sheet and Profit and Loss Statement as at 30 June 2022.

During the year, the auditor, Allan Dixon, kindly agreed to become the Hon Auditor, thus leaving to savings in account preparation and audit fees effective from FY 2023.

For FY 2021/22, the Company made a profit of \$4,524.45 and had an operational reserve of \$26,467.85. The Company is solvent.

The directors wish to express their appreciation for the work of the Hon Auditor, Allan Dixon and Herbert (Mickey) Michaelis, National Support Manager, in preparation of the financial reports which were complicated by the need to de-couple the payments made by ACT USI members for events via the former National website.

Proposed Budget FY 2022/23

The President, in consultation with Herbert Michaelis and Allan Dixon has prepared a minimalist budget for FY 2022/23 (**Annex B**) for consideration at the AGM.

A major new expense during the financial year is for the typesetting of the National journal, that has to date been paid entirely by RUSI NSW.

Income to fund the budget for FY 2022/23 is proposed to be based on payment of a capitation fee by each CB, based on the numbers of financial members as at 30 June 2022.

The CBs have advised that the number of financial members in each CB as at 30 June 2022 was as follows:

ACT	70
NSW	496
QLD	71
SA	90
TAS	
Hobart	43
Launceston	55
VIC	262
WA	36
TOTAL	1133

Based on this advice, a capitation fee of around \$5.50 per financial member will be required to fund the expenses incurred by the National Office.

National Journal

During the year, the Board agreed that the *United Service*, now in its 75th year of continuous production, should be transitioned from being a RUSI NSW journal to a truly National journal. This transition was kindly agreed to by Professor Hough, President of RUSI NSW.

This was an important initiative in enhancing the aim of the Company in promoting the debate to improve public awareness and understanding of defence and national security.

Statistics gathered by RUSI NSW on the extensive “reach” of the journal within Australia and around the world were provided to the Board on a regular basis.

Defence Licence

The President received advice on 30 March 2022 from the Department of Defence that the RUSI-A licence agreement with Defence, which expired on 30 June 2021 and was held over until 31 March 2022, had been continued until December 2023 under the existing terms and conditions of the licence.

Whilst this was welcome news, the matter of extension of the licence agreement will need to be a subject for consideration by the Board in FY 2022/23.

Visits

During the year, the President spoke to RUSI QLD on his vision for RUSIDSS-A, attended the excellent seminar in Hobart conducted by RUSI TAS and the Institute of Marine and Antarctic Studies, and attended all lunch-time lectures conducted by RUSI NSW. These visitations were at nil cost to RUSIDSS-A.

Appreciation

The Board wishes to express its deep appreciation to the following persons who have assisted materially in the effective operation of the Board and RUSIDSS-A:

Allan Dixon, Hon. Auditor;

Herbert (Mickey) Michaelis, National Support Manager and Company Secretary;

Robert O'Donnell, Hon. Treasurer;

John Howells, Minute Secretary and IT Expert;

David Leece, advisor to the Board

Paul Irving

National Chairman on behalf of the Directors

22 October 2022

Attachments:

Annex A – Financial Report for FY 2021/22

Annex B – Proposed Budget for FY 2022/23

RUSI-A PROPOSED BUDGET FY 2022/23

Annex B

EXPENDITURE	\$	\$
IT OPERATING EXPENSES		
SmartWeb - rusi.com.au (24/05/2023 - 23/05/2024)	165	
SSL Certificates - GeoTrust True BusinessID (24/05/2023 - 23/05/2024)	150	
Domain Registration - rusi.com.au - 2 Years	0	
Domain Registration - rusi.org.au - 2	30	
Domain Registration - rusi.org.au - 2 Years	15	360
Software (including licence fees)		
- Apple iCloud	50	
- MYOB	550	
- Acrobat	150	
- Microsoft	120	870
Internet access costs (Telstra)		
- Telstra NBN	600	
- VPN	120	
- Virus Protection	130	850
ADMINISTRATIVE EXPENSES		
Bank charges	40	
National Journal (typesetting - \$720 x3) *	2,160	
Insurance - National component CIVIC Insurance	320	
Meeting expenses (ad hoc)	40	
Fees (ASIC)	0	
Travel expenses	0	
Office expenses - supplies, telephones, postage	300	
RUSI-A Plaques **	600	3,460
TOTAL EXPENDITURE		5,540
INCOME		
1100 financial members capitation fee of \$5.50		6,050
Copyright		100
Interest		150
TOTAL INCOME		6,250
SURPLUS		710

* Typesetting of *United Service* costs around \$720 per journal that have been paid by RUSI NSW. As *United Service* is now the National journal, cost of typesetting should be borne by RUSIDSS-A. Full year cost of the typesetting would be around \$3,000.

** The President ordered 10 RUSIDSS-A plaques in 2022 to thank the organiser of the RUSI-TAS seminar in February. Delivery of the plaques has been delayed until FY 2022/23 - this will be a once only cost in this FY.