



***Royal United Services Institute for Defence and
Security Studies Australia***

ABN 83 657 442 244

ACN: 613 233 113

CP3-1-157 Campbell Offices

PO Box 7912

Canberra BC ACT 2610

Directors' Annual Report

***As presented to the AGM
27 October 2017***

DIRECTORS' REPORT 27 OCTOBER 2017

Introduction

1. At a Special General Meeting held on 28 May 2016, the National Council (NC) of the Royal United Services Institute of Australia Incorporated (RUSI-A) agreed to change its governance arrangements to become a company-limited-by-guarantee (CLG). The NC approved a new Constitution, with membership of the new company limited to the establishing Constituent Bodies (CBs).

2. The new company, now known as the Royal United Services Institute for Defence and Security Studies Australia Ltd (RUSIDSS-A), was formally established on 24 June 2016 through voluntary transition from an association administered by the ACT under the ACT Associations Incorporation Act, to a public company registered by the Australian Securities and Investment Commission (ASIC) with the Australian Company number: ACN 613 233 113. Six individual members of the CBs were appointed by the NC under separate special resolutions (SRs) as interim directors of the new company, with two of them being appointed under further SRs as Chairman and National President, and Deputy Chairman and Deputy National President. In September 2016, ASIC gave approval for the 'Ltd' to be removed from the company name.

3. RUSI-A was dissolved by the ACT Government on 15 July 2016. Under the provisions of the transfer to the new entity, RUSIDSS-A assumed the assets, liabilities and responsibilities of the previous entity. The Australian Business Number (ABN), Tax File Number (TFN) and charitable status of the previous association have been, with the approval of ASIC, the Australian Tax Office (ATO), and the Australian Charities and NFP Commission (ACNC), transferred to the new public company.

4. This report covers the operation of RUSIDSS-A for the period 1 July 2016 – 30 June 2017, its first full year of operation. The financial activities of the Members of the company (the CBs of the previous entity) have not been included in this report as RUSIDSS-A as these are separate entities and RUSIDSS-A has no control over their financial decisions.

Members

5. The members of the company at 30 June 2017 were:

- Royal United Services Institute for Defence and Security Studies of New South Wales, Incorporated
- Royal United Service Institute of Queensland
- Royal United Services Institute of South Australia
- Royal United Service Institute of Tasmania
- Royal United Services Institute of Victoria
- Royal United Services Institute of Western Australia
- United Service Institute of the Australian Capital Territory, Incorporated

Directors

6. The Directors and office-bearers of RUSIDSS-A during the reporting period were:

Name	Occupation	Meetings attended/eligible	Note
Rear Admiral Simon Cullen, AM, CSC (Retd)	Retired Military	10/10	1,5
Mr. Neil James	Company Director	8/10	1,5
Air Commodore Graham Bentley, AM (Retd)	Retired Military	9/10	1,5
Ms Meaghan D'Arcy	Corporate Adviser	9/10	1,5
Dr. John Bruni	Company Director	9/10	1,5
Brigadier Wayne Goodman, AM (Retd)	Retired Military	5/5	1,5
MAJGEN Steve Meekin AM (Retd)	Retired Military	4/5	2
AIRCDRE Anker Brodersen, CSC (RAAFAR)	Retired Military	2/2	3
AIRCDRE Peter McDermott, AM CSC (Retd)	Retired Military	9/10	4

Notes:

1. Appointed interim Director and elected at the 2016 AGM.
 2. Elected at the 2016 AGM.
 3. Elected by the Board to fill casual vacancy when BRIG Goodman resigned.
 4. Appointed by the Board at its first meeting on 30 June 2016.
 5. Interim Director, appointed in May 2016, elected at 2016 AGM.
7. The Board held ten meetings in FY 2016/17 as follows:
- 2016: 25 June, 22 August, 24 October, 21 November
 - 2017: 23 January, 20 February, 20 March, 24 April, 22 May, 17 June

Company Objectives, Vision, Aim and Strategy

8. **Objectives:** The Institute promotes national security awareness. Its specific objectives are to:
- Advance the security of Australia and the Australian people.
 - Research strategic security, defence and wider national security issues.
 - Educate the public about Australia's strategic security, defence and wider national security.
 - Promote the efficiency and effectiveness of the Australian Defence Force.
 - Provide professional development programs.
 - Foster the development and mutual co-operation between the Institute and its Constituent Bodies (CBs) and company Members)
 - Represent the federation in advocacy, negotiations and contracts.
9. **Vision:** The company has defined both a short-term and a longer-term vision:
- **Three Year Vision:** to build a strengthened federated organisation with seven CBs focusing on strong local programs and with strong coherence in outlook between CBs nationally coordinated by RUSIDSS-A. Our national office will focused and competent in new activity areas, and we will build effective partnerships developing with like-minded organisations.
 - **Five Year Vision (stretch goals):** To become: a more unified organisation, with strong presence in all States and Territories; independently funded; prominent; and well respected.
10. **Aim:** The Institute's strategic aim is to:
- Promote understanding of national security and defence issues.***
11. **Strategy:** To achieve our strategic aim, the Institute will:
- Avoid duplicating the work of other like-minded organisations.
 - Build a phased implementation plan.
 - Leverage off our global brand.
 - Exploit our access and influence in Defence.
 - Strengthen our national office.
 - Improve support to Constituent Bodies.
 - Make better use of the membership base.
 - Raise our national profile.
 - Engage academia.
 - Help CBs target younger members and engage a broader audience through social media.
 - Develop alternate funding streams.
 - Establish a RUSIDSS Foundation to: support the research centre; run an internship program; and develop a journal and other out-reaching material.

Company Activities

Principal activities during FY2016-17

12. The principal activities during the reporting period the Institute were the bedding-down of the new company, and the development of a new relationship with the Department of Defence. Other activities included the provision of support to the CBs, especially the provision of administrative and membership services through the national website, and the preparation and submission of bids for funding from Defence. All activities were conducted to support our objective of promoting informed debate to improve public awareness of defence and national security.

13. Specific activities were ¹:

- Grants were prepared for support to federated constituent bodies of the company to help them conduct informed debate on defence and national security. Despite the submission of multiple funding drafts and extensive cooperation and coordination with Defence, Defence declined to provide any grants for the year. This was a significant disappointment for the Board, and a significant nugatory draw on the resources of the national office. The Board expects that a new method of engagement with Defence and other potential sponsors and clients in the coming FY will yield better outcomes.
- We prepared to conduct policy research into defence industry. A proposal to conduct a major defence infrastructure study was submitted in principle to Defence who declined to accept our proposal as offered. The Board is now planning to conduct, with the support of Defence and other agencies, a major shipbuilding conference in the coming FY along the lines of the successful Submarine conference in 2015.
- We continued to develop and implement an interactive national website that showcased our activities and encouraged debate on matters relating to defence and national security. This website provides significant and almost comprehensive support to participating CBs in terms of membership and financial administration and event management. Much effort was conducted in cooperation with USI of ACT to develop the event management module and its associated reporting and financial payments systems. The system offers real benefits to CBs by reducing their own administrative burden, and has the potential to build positive links between CBs and the national body.
- We also successfully implemented a new system of licensing from Defence that provided CBs and the national office, guaranteed and defined access to the Defence Estate. This effort included the implementation of a new system of centralised management of Defence Common Access Cards. The later part of the FY saw the national office conduct, at Defence request, a review of the licensing system, aligning all CBs' bids for access to a common policy.

¹ Activities as reported to our regulator (the ACNC) for FY2015-16, and FY2016/17. We further advised ACNC: "The organisation relies on the work of volunteers across Australia, sponsors in defence industry, and assistance in kind from the department of Defence. Our website at www.rusi.org.au provides a full report of the past, ongoing and future activities of the national organisation, RUSIDSS-A, and its constituent bodies in every state of Australia and the ACT."

- We conducted significant governance reform during the year to allow us to more efficiently deliver our activities and educational programs, including transitioning from a state-based association to an Australian Public Company (a company limited by guarantee) operating across Australia.
- We established an interim social media profile on twitter (@RUSIDSS-A).

14. During the reporting period, the Institute operated a central office in Campbell Park Offices, Canberra, staffed by two part-time employees and honorary office bearers.

15. The Institute uses the following key performance indicators:

- National membership numbers and demographics
- Quality of governance
- Quality of contribution to public awareness and debate

These performance indicators will be further developed during FY2017/18 to ensure the compliance of activities with our strategic goal.

Other Company Statements

Events Subsequent to Reporting Date

16. In the interval between the end of the financial year and the date of this report no item, transaction or event of a material and unusual nature has occurred that is likely, in the opinion of the directors of RUSIDSS-A, to affect significantly the operations of the Institute, the results of those operations, or the state of affairs of the Institute in future financial years.

Professional Indemnity Insurance for Directors

17. The company has paid professional indemnity insurance premiums for the directors.

Company Finances

18. The following financial report has been prepared by the national office and has been endorsed by the Directors per medium of a circulatory memorandum. All finances are underpinned by a robust commercial accounting package and is based on accrual reporting. Our regulating authority, the ACNC, does not require the submission of a formal audited financial in accordance with the Corporations Act or other Commonwealth Act as the turnover of our entity is well below the mandatory reporting threshold of \$250,000 turnover. Nevertheless, the Board has agreed to prepare reporting as if it were so liable, and has agreed to the following financial reports. This total report will be posted on the ACNC website, and is provided for the Members of RUSIDSS-A for their information as required under our Constitution.

Royal United Services Institute for Defence and Security Studies - Australia

Balance Sheet - 30 June 2017

	30 Jun 17	30 Jun 16
ASSETS	\$	\$
Bank - Operating Account	65,628.70	68,915.74
Bank - Term Deposit	36,458.98	35,587.09
Bank - Visa Debit Card	739.85	656.73
PayPal Account	1,040.45	51.75
Defence Bank Shares	10.00	10.00
Accounts Receivable	12,956.08	0.00
Total Assets	116,834.06	105,221.31
LIABILITIES		
Long service leave provision	374.60	0.00
Accounts Payable		
Creditors	5,686.90	4,023.31
CBs (PayPal)	1,040.45	51.75
Tax Payable	4,001.00	1,213.00
Total Liabilities	11,102.95	5,288.06
Equity/Proprietorship	105,731.11	99,933.25

Royal United Services Institute for Defence and Security Studies - Australia

Profit and Loss - for Year Ended 30 June 2017

INCOME		
Defence grant (1)		101,260.00
Copyright payments		414.46
Interest		882.89
Sponsorship (2)		10,000.00
TOTAL INCOME		112,557.35
EXPENDITURE		
IT OPERATING EXPENSES		-951.51
Website maintenance	1,309.38	
Software licences	1,157.27	
Internet costs (Telstra)	1,847.34	
Web hosting	4,734.50	
(less) Defence contribution for website costs	-10,000.00	
ADMINISTRATIVE EXPENSES		92,728.61
Bank charges	91.45	
Account preparation and audit fees	1,818.18	
Telephone expenses (3)	574.83	
Fees (ASIC)	639.09	
Insurance - National component	2,465.39	
AGM expenses	303.38	
Travel expenses	5,630.62	
National Secretariat Costs	79,671.95	
Salaries and Superannuation	80,693.88	
Long service leave paid	4,248.14	
Long service leave provision	374.60	
Workers compensation insurance	835.33	
(less) USI ACT payments	-6,480.00	
Postage and freight	301.82	
Office expenses - stationery and supplies	1,231.90	
GRANT ALLOCATIONS TO CBs (4)		19,546.40
TOTAL EXPENDITURE		111,323.50
OPERATING PROFIT FOR FINANCIAL YEAR 2016/17		1,233.85

Notes:

1. For activities by National Office and CBs in 2015/16, paid in 2016/17
2. Rolls-Royce
3. Paid to Department of Defence for telephones/voice services
4. Made to CBs for activities in 2015/16

Directors' Resolution

19. This Directors' Report has been made by a resolution of the Directors of the Company.



Simon Cullen AM CSC

Chairman

6 October 2017



Peter McDermott AM CSC

Company Secretary

6 October 2017

Auditor's report

18 Sherlock St,
Kaleen, ACT 2617

6 October 2017

INDEPENDENT AUDIT REPORT TO THE ROYAL UNITED SERVICES INSTITUTE FOR DEFENCE AND SECURITY STUDIES - AUSTRALIA

I have audited the accompanying financial report of the Royal United Services Institute for Defence and Security Studies - Australia, which comprises the Balance Sheet (statement of assets and liabilities) as at 30 June 2017, and the Profit and Loss Statement (statement of income and expenditure) for financial year 2016/17, and other appropriate accounting records.

The Company has prepared and presented the financial report in accordance with Australian Accounting Standards. This includes establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies and making accounting estimates that are reasonable in the circumstances.

It is noted the Company moved from a cash accounting system in 2015/16 to an accrual accounting system in 2016/17. It is also noted that at the time of the audit there were some differences between the details in the statements and the data in the MYOB accounting system, and that work is underway to update the MYOB data and bring the two into alignment.

In my opinion, the financial report of the Royal United Services Institute for Defence and Security Studies – Australia:

- a. provides a true and fair view of the company's financial position as at 30 June 2017 and of its performance for the year ended 30 June 2017; and
- b. complies with Australian Accounting Standards.



Allan Dixon FCPA
Auditor

20. This Auditor's report forms part of the Directors' report to the members of the Institute for the financial year ended 30 June 2017.



Simon Cullen AM CSC
Chairman

6 Oct 2017



Peter McDermott AM CSC
Company Secretary

6 Oct 2017