



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

DIRECTORS' REPORT FY2018-19

**ABN 83 657 442 244
ACN 613 233 113**

**CP3-1-157
Campbell Offices
PO Box 7912 CANBERRA BC ACT 2610**

DIRECTORS' REPORT 18 OCTOBER 2019

Introduction

1. At a Special General Meeting held on 28 May 2016, the National Council (NC) of the Royal United Services Institute of Australia Inc. (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, known as the Royal United Services Institute for Defence and Security Studies Australia (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 (RUSI-A was dissolved by the ACT Government on 15 July 2016) 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, the Australian Securities and Investment Commission (ASIC) gave approval for the 'Ltd' to be removed from the company name.

3. 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 was, with the approval of ASIC, the Australian Tax Office (ATO), and the Australian Charities and NFP Commission, transferred to the new public company.

4. This report covers the operation of RUSIDSS-A for the period 1 July 2018–30 June 2019, its third 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 these are separate entities and RUSIDSS-A has no control over the financial decisions of them.

5. The Company, at the end of the reporting period moved to become an all-volunteer organisation with no paid staff. This meant that activities conducted during the reporting period will be much curtailed in the future, although the coordinative, liaison with government and reporting functions is expected to continue.

Members

6. The members of the company at 30 June 2019 were:

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

Directors

7. 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 | 3/3 | 1,2,3,4 |
| Air Commodore Anker Brodersen, CSC | Retired Military | 8/9 | 3,10 |
| Air Commodore Graham Bentley, AM (Retd) | Retired Military | 2/3 | 1,2,4 |
| Ms Meaghan D'Arcy | Corporate adviser | 0/3 | 1,9 |
| Dr. John Bruni | Company Director | 6/9 | 1,2,8 |
| Dr Robert Atkinson, AM, RFD (Retd) | Company Director | 6/6 | 5 |
| Captain Paul Willee, RFD, RANR (Retd) QC | Australian Lawyer | 9/9 | 3 |
| Major General Steve Meekin, AM (Retd) | Retired Military | 1/3 | 3,4 |
| Air Commodore Peter McDermott, AM CSC (Retd) | Retired Military | 8/9 | 6 |
| Mr Herbert Michaelis | Retired Company Director | 9/9 | 7 |

Notes:

1. Initial Director.
2. Elected at the 2016 AGM.
3. Elected at the 2017 AGM.
4. Stood down at 2018 AGM.
5. Director appointed in Nov 2018 to fill casual vacancy.
6. Appointed June 2016 to post of Company Secretary.
7. Appointed July 2017 to post of Company Treasurer.
8. Re-elected at 2018 AGM.
9. Resigned Sep 2018.
10. Has acted as National President and Board Chair since the 2018 AGM.
11. The Board held nine meetings in FY 2018/19 on: 16 July, 20 August, 18 September, November, 18 February, 18 March, 15 April, 20 May, 3 June. The company held an AGM in Canberra on 19 October 2018, preceded by a Workshop for the Board and Members on the previous day.

Company Objectives and Strategy

Objectives

8. 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.

Vision

9. **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 and RUSIDSS. We will have a national office focused and competent in new activity areas, and we will build effective partnerships developing with like-minded organisations.
10. **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.

Strategic Plan

11. The Institute's strategic aim is to:

Promote understanding of national security and defence issues.
12. 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 people and engage a broader audience through social media.
 - Develop alternate funding streams.
 - Establish a RUSIDSS Foundation to support the research centre, internship program, journal.

Principal activities during FY2018-19

13. The principal activities during the reporting period the Institute conducted activities and research that promoted informed debate to improve public awareness of defence and national security. Specific activities were¹:
 - We assisted with the preparation of grants for support to federated constituent bodies of the company to help them conduct informed debate on defence and national security.
 - We further developed an interactive national website that showcased our activities and encouraged debate on matters relating to defence and national security.
 - We conducted further 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 engaged a range of Government Departments and Agencies to explore opportunities for sponsored activities.
14. During the reporting period, the Institute operated a central office in Campbell Park Offices, Canberra, staffed by one part-time employee (Mr Herbert Michaelis who is also Company Treasurer) 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
 - Oversight by independent Board comprised of respected national figures.

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.

Indemnification and Insurance of Officers and Auditors

18. The Institute has not made a relevant agreement for indemnifying against a liability any person who is or has been an officer or auditor of RUSIDSS-A.

¹ Activities as reported to our regulator (the ACNC). 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."

Financial Statements 2018-19

Balance Sheet - 30 June 2019

| | 30-Jun-19 | 30-Jun-18 |
|------------------------------|------------------|-------------------|
| ASSETS | \$ | \$ |
| Bank - Operating Account | 32,303.08 | 95,198.50 |
| Bank - Term Deposit (1) | 25,315.06 | 37,315.76 |
| Bank - Visa Debit Card | 1,014.15 | 3,113.63 |
| PayPal Account | 5,139.45 | 2,126.75 |
| Defence Bank Shares | 10.00 | 10.00 |
| Prepayments | - | 131.87 |
| Accounts Receivable (2) | 2,125.37 | 655.00 |
| ATO - Tax Receivable | - | 804.00 |
| Total Assets | 65,907.11 | 139,355.51 |
| | | |
| LIABILITIES | | |
| Long service leave provision | 0.00 | 1,068.67 |
| Accounts Payable | | |
| Creditors | 413.19 | 4,249.85 |
| Grants for CBs | 0.00 | 36,818.18 |
| CBs (PayPal, etc.) | 6,854.70 | 2,484.96 |
| Tax Payable | 449.00 | - |
| Total Liabilities | 7,716.89 | 44,621.66 |
| | | |
| Equity/Proprietorship | 58,190.22 | 94,733.85 |

Notes

1. The \$25,315.06 term deposit is a donation from the ADC Association and, under the terms of the agreement and subject to negotiations with the Commander ADC, is assigned to the support of the Yolla/Joske award.

2. Accounts Receivable includes \$1,885 to be returned to the Visa account following resolution of a fraudulent transaction on the account. The amount was reimbursed on 31 July 2019.

Profit and Loss - for Year Ended 30 June 2019

INCOME

| | | |
|--------------------------------|--|-----------------|
| Defence grant (1) | | 11,000.00 |
| Copyright payments | | 883.54 |
| Interest | | 1,069.53 |
| Capitation fee (RUSI Victoria) | | 1,500.00 |
| Sponsorship (Rolls Royce) | | <u>5,000.00</u> |

TOTAL INCOME 19,453.07

EXPENDITURE

IT OPERATING EXPENSES 9,501.05

| | |
|----------------------------------|----------|
| Website maintenance and training | 2,160.00 |
| Software | 926.27 |
| Internet costs (Telstra) | 1,536.28 |
| Web and e-mail hosting | 4,878.50 |

UNITED SERVICE JOURNAL 6,418.93

| | |
|---------------------|----------|
| Printing | 2,548.55 |
| Postage and freight | 3,870.38 |

ADMINISTRATIVE EXPENSES 44,218.93

| | |
|---|---------------|
| Bank charges | 110.30 |
| Account preparation and audit fees | 1,818.18 |
| Telephone expenses (2) | 377.35 |
| Fees (ASIC) | 146.00 |
| Insurance - National component | 2,348.64 |
| Meeting expenses (including AGM) | 698.46 |
| Travel expenses | 195.52 |
| National Secretariat Costs | 37,854.92 |
| Salaries and Superannuation | 46,134.92 |
| (less) USI ACT payments | 8,280.00 |
| Postage and freight | 97.18 |
| Office expenses - stationery and supplies | <u>572.38</u> |

TOTAL EXPENDITURE 60,138.91

OPERATING LOSS FOR FINANCIAL YEAR 2018/19 40,685.84

Notes:

1. Unused 2017-18 CB grant funds reallocated to RUSI for journal and website expenses.
2. Paid to Department of Defence for telephones/voice services.

Grants 2018-19

Strategic Policy Grants Program

Grant from Defence

Allocation and expenditure details of 2017-18 grants in 2018-19(1)

Allocation

| State for | b/f (1/7/18) | paid | date | reallocated (2) | paid 18-19 |
|--------------------|---------------------|------------------|-------------|------------------------|-------------------|
| RUSI Journal | | | | | 5,000.00 |
| RUSI Website | | | | | 6,000.00 |
| ACT Blamey Oration | 14,090.91 | 14,090.91 | 7-Jul-18 | | |
| NSW Seminar | 7,181.82 | | | 7,181.82 | |
| QLD Seminar | 5,863.64 | 5,863.64 | 14-Sep-18 | | |
| QLD Seminar | 5,863.63 | 5,863.63 | 14-Sep-18 | | |
| VIC Seminar | 3,818.18 | | | 3,818.18 | |
| | 36,818.18 | 25,818.18 | | 11,000.00 | 11,000.00 |

Notes:

1. No grant funds were received from the Department of Defence in FY 2018-19.
2. Unused grant funds reallocated to RUSI for journal and website expenses.

Directors' Resolution

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



Anker Brodersen CSC
A/Chairman
14 Oct2019



Peter McDermott AM CSC
Company Secretary
14 Oct 2019

Auditor's report

20. The Auditor's report is set out below and forms part of the Directors' report to the members of the Institute for the financial year ended 30 June 2019.

18 Sherlock St,
Kaleen, ACT 2617

14 October 2019

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 2019, and the Profit and Loss Statement (statement of income and expenditure) for the year ended 30 June 2019, 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 that at the time of the audit there was a small number of 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 2019 and of its performance for the year ended 30 June 2019; and
- b. complies with Australian Accounting Standards.



Allan Dixon FCPA Audit

