

Response to Jon Black Request for Further Information re 'Trust'

We accept that it appears that some positive changes have occurred since you commenced. We presume that your position is to advise the Board and to implement their decisions. The current Board consists of a number of members who were Directors during the period when we had the least trust in State Branch decisions, together with new Directors appointed, not elected by the Membership. So we await their decisions. One positive change is the Circulars reporting on Board Meetings.

One worry we had from your visit was the use of the words "Take Over" and "Absorb" the activities of the Drop In Centre instead of "Working With" the two organisations. The reason for the success of the Centre is that both organisations work together free of the political machinations of each of their State and National Organisations.

I checked with Nicole about this, as I did not recall using such language. We discussed the challenges of sustainability, particularly the increasing demands on older volunteers at the pressures of learning and maintaining ATDP requirements. This is common throughout the State and was raised with me at Bankstown recently about the Granville centre as well. The strategic plan recognises this, and sees a shift over the next five years to paid advocates (as you have introduced in the 'Train'), with RSL members providing a 'concierge' to connect those in need to the service. As explained at the meeting, we now have an extraordinary opportunity to 'connect' all RSL related pension services together under the one RSL 'umbrella,' namely RSL DefenceCare. By virtue of its 'parent' organisation's resources and our ongoing collective support, RSL DefenceCare can deliver ongoing services without calling on constant daily sub-Branch support; providing quality services like you do from the 'train,' throughout NSW. Centres like the 'train' are envisaged in the Strategic Plan, and it is about ALL sub-branches connecting veterans in need to the services provided at the train. I was pleased to receive the support about inviting the Vietnam veterans' organisations into the RSL. Long overdue, and very well received in most consultations on the Plan. I think this also helps with the planning for a strong and sustainable future for the 'Train.'

With regard to the Support Fund we did not receive an answer regarding the transfer of the balance of funds in the 2018/2019 accounts to General Funds when a cast iron guarantee was given that all funds would be used to support poorer Sub-Branches. While it is noted that the financial report on the income and distribution of the fund on the RSL site continues to show the amount that was transferred is still included in the balance, your response would be appreciated.

The nature of the accounting standards required that we transfer the balance of the funds at 30 June 2019 from the balance sheet to the profit and loss statement as they no longer meet the definition of a liability. All funds donated for the support fund and the support and assistance fund are recorded as such and we maintain a reconciliation of how those funds are distributed. I would be happy for the CFO to walk you through this, as it can be disadvantageous for charities. For instance, I asked the DPC before the end of the last FY to get approval from the donors to the

Disaster assistance fund to donate unspent monies (on disasters) to RSL DefenceCare before the end of the FY – the request was declined. Otherwise, quite legitimately we will keep the donations 'on the website' for a future disaster, but that expenditure will have to be expensed, leading to an accounting deficit in the new FY in which it occurred.

With respect to the direct support of Grenfell Sub-Branch, we requested approval to continue to fund these four Sub-Branches directly instead of complying with the illegal demand to make a deposit to the Support Fund.

It is not an 'illegal' demand. It is established so there is accountability to the regulator that the funds are being used for charitable purpose, this assists sub-Branches administrative burden.

The first comment we received was that this would give us control of their voting decisions at Congress. I'm not sure who made this comment, but I am aware of an admission by a regional sub-Branch at last Congress. The sub-Branch received direct funding support from Sydney sub-Branch, and then changed its vote. (The receiving sub-Branch did not know that votes are transparent.) This initiated wrath from the sub-Branch which provided funding for travel to Congress for the purpose of supporting a certain position. At the same time the said regional sub-Branch also accessed funds from the Support and Assistance fund for travel. I acknowledge it was not your sub-Branch.

We have been supporting poorer Sub-Branches since the early 2000's so we considered the comment highly insulting. Final approval was given provided we advised the amount and the Sub-Branches that received the funds so that no "double dipping" occurred. This we did but the Fund still disbursed funds to Grenfell after we had advised that we were supporting them. With regard to your comment that other Sub-Branches are supporting Grenfell we will investigate and make a decision.

We received correspondence regarding the consolidation of investments by State Branch which stated that State Branch would be able to take funds from the income from the investments for their own use. You advised verbally that this statement was incorrect.

That is correct, that is NOT the intention of the proposed funding model. The concept suggests that the 'IDB' determines the best distribution of returns – e.g. to support the funding of the strategic plan, perhaps funding of scholarships (which we discussed so we get BIG media coverage), a LO at the NCVH, a new accounting package for sub-Branches, funding for ANZAC House to deliver critical advocacy lobbying/communication outcomes etc etc.

Could you please advise in writing what is the actual position? Also we invited a representative of RSL Custodians to attend our trustee meetings over the last couple of years (under the old Constitution). You advised that the person who has been attending, had been appointed by the State Board not RSL Custodians and reported to the Board.

The role of the Investment Manager is administrative and acts to support the review of proposals for approval by the Trustee. The Investment Manager is unable to give financial advice, including recommendations or statements of opinion as RSL NSW does not hold an Australian Financial Services Licence (AFSL), noting that individuals who give financial advice can be fined up to \$126K and corporations could be fined up to \$1.26m.

You also advised that under the new Constitution the Trustees were the members of the Board. As the duties and responsibilities of Directors and Trustees are different (as explained in the Governance Training Program supplied by State Branch) would you please explain how the Board handles this conflict of interest?

Custodian Pty Ltd is a trustee company, the director's accountability and duties are to the Custodian as trustee of the sub-Branch and not to RSL NSW. The associated decisions made in this regard are very different to the decisions made by the Board under the RSL NSW Constitution. For your information, generally, once a matter regarding a sub-Branch asset is dealt with by Custodian, and if Custodian and sub-Branch Trustees (as appropriate) recommend the matter to be progressed for Board approval, it is reviewed by the management team for compliance under the Constitution and recommended for Board approval. As CEO I have a limited delegation from the Board to approve investments and leases. If there is a conflict at Board level, the conflict is declared and managed.

Prior to the 2018 Congress no attempt was made by the Central Council of Women's Auxiliaries to advise or canvas opinions of the Auxiliaries to the changes (specifically, removal of the word "Women's" and allow men to join). It was discussed at the Auxiliary Meeting at Congress prior to the vote by Sub-Branch Delegates at Congress. It was implied prior to the vote by delegates that the changes received unanimous support from the Auxiliary meeting which we subsequently understand, was incorrect. Under the new constitution the Auxiliaries come under Sub-Branch control and they were directed to **elect** a Co-Ordinator and Assistant Co-Ordinator. It was thought that the Central Council would be disbanded but now find that there has been a State Co-Ordinator and Assistant Co-Ordinator **appointed**. Again no information has been provided directly to the Auxiliaries or Sub-Branches regarding this and explaining the duties and responsibilities of the people appointed. Are the members of Auxiliaries going to have the opportunity of electing people to these positions in the future?

With the implementation of the 2019 Constitution and SOPs, the structure of the auxiliaries came under the direct control of the sponsoring sub-Branch and all roles that were formerly held by the CCWA were repealed. To help support ANZAC House administer and support the auxiliary network, the two coordinator positions were created. Their primary function is to aid the auxiliary network in navigating the new structure. The roles do not carry the same responsibility or authority that may have existed under the CCWA structure. There has not been an approach I'm aware of, until this correspondence, to seek an election process. Perhaps this is something that could be raised at Congress?