

Focussing on the benefits...



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This is our first *inCite* since ALIA incorporated under *Corporations Law*. The process of incorporating by changing our status from a body corporate to a company was certainly preferable to winding up, liquidating and forming a company, but it was much more complex administratively. Our structure, purpose and Royal Charter are unique and our application had to be evaluated on its own basis. As well as all the legal and financial documents required for registering a company we had to provide the Australian Securities and Investments Commission (ASIC) with historical evidence going back to the establishment in 1937 of the Australian Institute of Librarians, and every name and governance change since with evidence that members had agreed to each of these changes. The governor-general then agreed to our registration as a company and the revocation of our Charter. The Department of Prime Minister and Cabinet and ASIC were very helpful throughout the whole process, and of course, it would not have happened without the consent of our members and the foresight of our Council.

With the registration completed it is now time to focus on the benefits of incorporation. These are many (though the republic issue is now not so urgent) but are primarily in the organisational flexibility the Constitution provides us and the greater accountability of the *Corporations Law*. Incorporation places us into a business environment in which we are required to operate under law and with that report to ASIC, the regulatory body, in addition to our members. On the practical side the law, and not our constitution as under the Royal Charter, determines when, what and how we report governance and financial matters. For example in future our annual general meeting must be held within six months of the end of our financial year; our office bearers will change over at the annual general meeting; details of our directors must be lodged with ASIC and our directors are bound by the requirements of the law. Our new status will expedite business and contractual arrangements as we will no longer have to explain the Royal Charter and have its use agreed to by the other party. We now have greater control over the Constitution with changes by agreement of the members, and the Board of Directors are entitled to amend or add to by-laws. Changing structures and functions within the organisation may now be done by the organisation, provided of course that they are within the law and agreed to by members.

In anticipation of the introduction of the New Tax System and being aware of the need for better financial reporting late last year the General Council decided to restructure the divisional accounts into a centralised bank account system from 1 July 2000. Each division will retain the management of its budget and funds. Treasurers will forward copies of transactions, including those subject to GST to the ALIA finance manager

monthly so that the Association may complete and submit to the Australian Taxation Office a consolidated Business Activity Statement (BAS) and Pay As You Go (PAYG) return. This should ensure that the Association meets its tax reporting requirements, maximises its tax position and minimises exposure to risk. And for all those division treasurers — great relief at no longer having to prepare the annual audit financial package.

This centralised system is an essential part of establishing a better financial base for the Association. The directors will know each month what the financial status of the whole organisation is. The capacity to do this is critical under any management structure but especially now with the Association having reported a deficit operating budget for 1998 and 1999 and the uncertainty of the financial impact of the New Tax System on results for this year and next. Under the current set up with over 130 divisional bank accounts operating independently the Association is not able to ascertain the value of the division component of the Association's assets until the annual audit process. There will be greater capacity for investment of consolidated funds for higher returns than with the many smaller investments currently being made by individual divisions, and divisions will benefit with investment income being distributed.

These new arrangements are part of our goal to secure a sound financial base from which to build a strong and vibrant Association. Throughout 1999 and this year we have been exercising expenditure restraint within the management functions of the national office. But this is only half the challenge. We need now to increase our income. The main sources of income are membership fees, investment income, conferences and seminars. All of these are vulnerable to market and economic forces. Over the last five years there has been a small decline in membership levels and so we are working on strategies to establish a membership growth pattern through securing new members and making services and products more relevant to members at each stage of their careers. We have re-financed our building mortgage at a lower rate and are fortunate to be turning over our investments at a time of higher interest rates on offer. A high percentage of our assets are invested in ALIA House. We rely on tenancies in three quarters of the office space to reduce our costs and this can be seriously affected by the economic and political climate in Canberra. Conference organisation demands a great deal of the time and energies of some of our members, and the future of division conferences has been referred for discussion at the National Policy Congress in May this year.

Our first Board of Directors taking up their positions in May this year will be working much more within a business environment than Council has in the past. Some of the outcomes to aspire to are financial security, growth, profile in the information sector and relevance to our members. ■

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