

## Motion for NEC

That:

- a) to give effect to the resolutions 1 - 7 passed at National Council 2014 re adoption of the ITF Report in the absence of an EGM or transitional process;
- b) because NEC's powers are essentially divided between the Board and the Forum;
- c) NEC act as the Forum;
- d) NEC pursuant to rule 45 delegates the powers necessary for the Board to operate as the membership voted for at National Council 2014; and
- e) because in the absence of an EGM only NEC has the legal power to appoint the Board until a meeting of Council;

NEC passes the following motions:

1. That registration of the rule changes passed at National Council 2014 be deferred until after and subject to National Council 2015.
2. That the process for selection of the Board commenced pursuant to the ITF resolutions continues with the National President authorised to chair and select the selection panel pursuant to ITF paper K.
3. That because there is insufficient support for an EGM to reach a quorum, NEC appoints the Board recommended by the selection panel pursuant to ITF paper K as a committee of NEC, that Board to report to the membership at National Council 2015 and with its terms of reference being all of the powers, duties and responsibilities set out in the new Rules and the ITF remits passed at National Council 2014 provided that any conflict between the new Rules, ITF remits and the existing Rules be resolved in favour of the existing Rules.
4. Following appointment of the Board and while NEC retains the powers it currently has under the existing Rules, it operate as the Presidents Forum on the basis set out in the new Rules and the ITF remits, with any conflict between the new Rules, ITF remits and the existing Rules being resolved in favour of the existing Rules.
5. That if an NEC member is elected to the Board, recognising it is in effect a transitional Board, that at the discretion of NEC the member remain on NEC as well as the Board.
6. That at National Council 2015 a remit be put ratifying the transitional process adopted by NEC.
7. At National Council 2015, the Board and the Presidents Forum be formally elected together with any other matters to be addressed including any resulting governance/administrative issues and consequential rule changes that might be required.
8. NEC authorise teleconferences and/or approval by email to determine such matters as it is subsequently necessary for NEC to decide under the motion and the President, Chief Executive and National Office be authorised to take such steps as might be necessary to give effect to the motion proposed.

# **PAPER A: INDEPENDENT TASK FORCE REPORT**

## **A NEW STRUCTURE TO TAKE THE RNZRSA FORWARD**

### **EXECUTIVE SUMMARY**

Late last year, amid growing concerns over large financial overruns, ever-declining membership, and difficulties maintaining activities and services at national and club level, the National Council decided that the RNZRSA's dated governance and management structure must be urgently reviewed.

An Independent Task Force (ITF) was set up to review the way we govern and manage ourselves and to see if a different structure could enable us to deliver our core services better and, in a fast-changing world, respond to issues and opportunities more effectively.

Following widespread consultation, the ITF has now completed its analysis of the organisation's structural problems, together with its recommendations for a simpler, cleaner and more efficient structure.

If approved by Members, the ITF believes this plan will make much better use of the range of skills which exist within the RSA and ensure the organisation can respond appropriately to a changing society while addressing the financial and representation challenges. This builds on other recent initiatives within the RSA, including the launch of a new brand, appointment of a new chief executive and an attempt to make the National Executive Committee more efficient by creating a smaller Executive Management Committee as an offshoot.

The ITF does not believe the RSA can continue to fulfil its objectives unless major structural changes are agreed and implemented as soon as possible.

Here is the report, comprising this covering document (Paper A) plus Papers B through K. These are all essential parts of the package, and are separately downloadable. A list is included at the end of this document<sup>1</sup>.

### **THE MAIN PROBLEMS**

The National Council, headed by the President, has for many years been attempting to run the RNZRSA through the National Executive Committee (NEC). This structure worked well for most of a century. But it is now outdated, has many flaws and is not suitable to run a complex national organisation like ours, which needs to succeed as a business as well as concern itself with representation issues and services, fulfil the

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<sup>1</sup> Wherever the abbreviation "RSA" appears in these documents, the context will indicate whether it refers to the RNZRSA specifically, or RSAs in general, or both.

terms of its commitment to history, interact with Government, manage issues of the day and meet community expectations built up over almost a century.

- **The NEC does not meet today's business standards.** In today's fast changing and competitive world, organisations have to be run along business lines, and this starts with ensuring that the structure is fit for purpose.
- **The NEC mixes governance and management** because of the structure in which it operates and its mandate. Modern business practice is that governance and management should be separate
- **The NEC does not meet often enough and cannot be responsive enough.** This unwieldy 16-person committee meets only every two and a half months (because of cost).
- **The NEC is trying to deal with far too many of the RSA's activities.** Much of the NEC's time is taken up with representation issues and services affecting Clubs' individual members, most of which are not governance matters and could be dealt with more efficiently in another forum. An overburdened National President is currently expected to be responsible for the running of the entire organisation, chairing the NEC, formulating policy, getting involved in representation matters, instructing the management team, dealing with Government and Government agencies and representing the RSA in negotiations and functions, in the media and in the community.
- **The NEC is unlikely to have all the skills needed.** Most NEC members hold their position on the committee because of another position they hold in the RSA, most of these being based on geography. There is no guarantee they also have the necessary skills to make an appropriate contribution to governance, and no guarantee the NEC will have the full range of skills it needs.
- **The NEC has far too many people on it to operate efficiently** and not all have the same focus, some being more concerned with membership issues and others with the running of the RNZRSA as a national "business". Of the 16, only four are elected direct to seats on the NEC. Three more are elected to be President and two Vice-Presidents who then take positions on the NEC as a result. One, the Maori representative, is appointed. The other eight – fully half of the group - are automatically members because they already hold a specified position at District level. But whether they be elected, appointed or ex-officio, in none of the 16 cases is there any machinery at all to ensure that required commercial or other skills are present in the NEC in appropriate proportions.
- **The NEC has recently attempted to improve this slow and cumbersome system** by creating a small Executive Management Committee reporting to the NEC. Significantly it includes external appointees selected for their skills. But,

for whatever reason, this has introduced tensions between inner and outer circles at the NEC level, and corrosive suspicion at Association level. The latter arises not from resistance to the need for more flexibility at NEC level, but from concerns that lines of delegation and of accountability between the NEC and the EMC are unclear. Indeed, some have concluded that the EMC tail may be wagging the NEC dog.

### WHY CHANGE IS URGENTLY NEEDED

- The RSA has run at a substantial deficit for each of the last two years. Clearly this cannot continue.
- It is not doing well with recruitment. Fewer than half of those eligible to join the RSA are Members of a Club and individual membership is declining, down by 8,000 members in 2013 alone.
- It is struggling to engage fully in dealings with Government, on legislation and interaction with Government organisations.
- Finding an equitable and durable relationship with Clubs New Zealand is also problematical.
- RSA clubs are cutting back on services offered in many cases (78 no longer have clubrooms/bar facilities); and the national body is seldom able to provide material or timely help.
- Capitation fees are an issue, not in terms of principle but in terms of value for money.
- As members age, there will potentially be more issues for the RSA to deal with.

*The ITF was not asked to try to solve these problems, but rather to recommend a more effective governance and management structure better able to solve problems, capitalise on opportunities and generally manage issues. Once the new structure is approved and put in place, it will give the RSA a far better base to efficiently address current problems and meet the challenges of the future.*

### THE GUIDING PRINCIPLES

The ITF members are unanimous that major change is needed in the RSA's current governance/management structure, to bring in line with the proven principles by which most successful large organisations and businesses are run, i.e. ensuring the right people are in the right structures are doing the right things in a timely manner.

(1) **SEPARATION OF RESPONSIBILITIES.** The ITF recommends separating governance from management. *Governance* is concerned with the overall philosophy and direction of an organisation, agreement on a strategic plan for an organisation, being clear what the owners of the organisation (e.g. shareholders or Members) want and giving direction to management to engage in activities which support the strategic business plan. *Management* is responsible for carrying out the actions needed to implement the Board's agreed strategy in any particular situation. But the RSA movement has a very special character or obligation that other membership-driven organisations do not have. In part, that character arises from our being a

veterans' and ex-service organisation. More importantly it also embraces our obligation to be guardian of remembrance of those who have sacrificed their lives or have been otherwise affected by military service to the nation. In recognising our unique position in this regard, the ITF recommendations also separate out the running of the RSA business from issues to do with representation matters on behalf of the Members who own the RSA:-

(2) **APPROPRIATE SKILLS.** The second principle is to ensure that those involved in governance should have the appropriate skills. The ITF recommends a thorough evaluation of individual's experience and skills before they become involved in governance. Not all members of the governing body should have the same skills; an ideal board needs a mixture of skills and individuals selected so that all the "boxes are ticked". There is almost no chance that selecting individuals on the basis of where they live, or their position in the RSA - as happens now - will produce the best team to govern the RSA.

(3) **EFFICIENCY.** In today's fast-moving world organisations need to be able to react swiftly to changing events and issues. The NEC meets only five times a year and with 16 members is inefficient, cumbersome, and slow. The Boards of most modern organisations would meet at least 12 times a year, with extra meetings as required and sub committees meeting in between board meetings to prepare expert reports and recommendations on particular topics for the benefit of the next board meeting. The ITF recommends a reduction in the number of people involved in the governance of the RSA so that meetings can be much more efficient and frequent.

(4) **EFFECTIVENESS.** It is one thing for governance and management to be efficient, but there is no point to this if they are not also effective. This reinforces the need for an appropriate and effective range of skills, especially at governance level.

## THE CHANGES AND RECOMMENDED STRUCTURE

A pictorial representation of the recommended structure is attached to this Executive Summary. Here are our recommendations:-

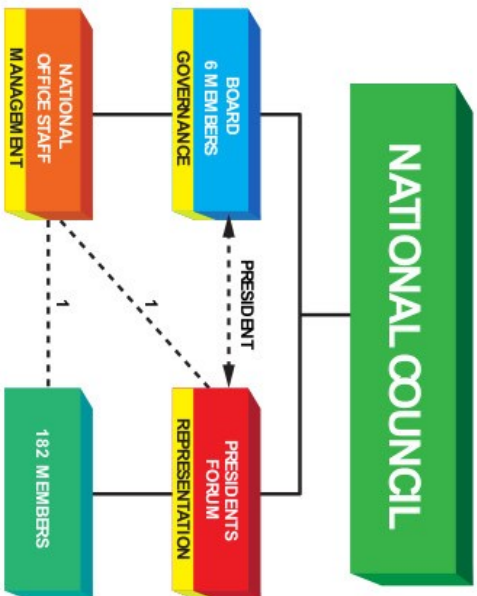
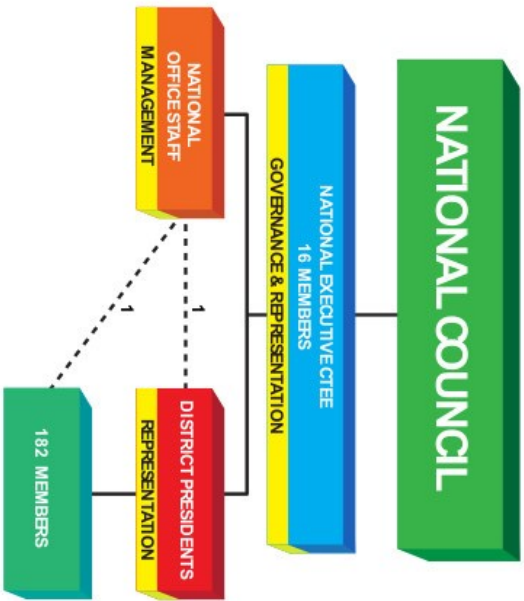
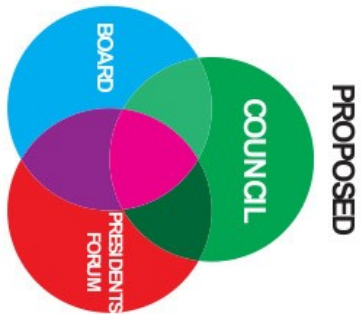
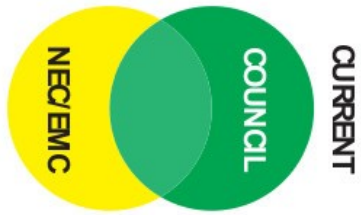
- Three strongly focussed groups, each with a distinct mandate and the necessary skills, should take the RSA into the future. They will be responsible for three key areas – **REPRESENTATION**, **GOVERNANCE** and **MANAGEMENT** under the ultimate control of the National Council. This will be achieved by:-
- Removing all governance and management responsibility from the National Executive Committee and re-naming it the President's Forum, chaired by the President. This Forum will look after representation matters only, liaising with individual clubs and districts and bringing Member issues to the attention of the appropriate part of the RSA's administration when desirable. The two Vice Presidents, eight District Presidents and an appointed Maori representative will serve on the President's Forum. All members of the President's Forum clearly

have an active interest and expertise concerning representation matters. The President's Forum will be the RSA's **REPRESENTATION** arm, greatly strengthening the attention given by the RSA to matters affecting Clubs and their individual members with a strong mandate to provide clear and responsive two-way communication between them and the President's Forum and, ultimately, the Board as below.

- **Creating a compact, manageable Board** consisting of a chairperson and five members appointed by a process controlled by the National Council, after rigorous assessment of the skills needed and the nominated individuals. The Board will develop a strategic business plan for the RNZRSA and generally look after all matters to do with the running of the RNZRSA's business. Members of the Board to be also be Members of the RSA (although up to two of them may be non-members if this is desirable to get the right mix of skills.) Board Members will be responsible to National Council for the effective direction and strategy of the RNZRSA. The National Council will have the power to replace Board Members. If a member of the President's Forum seeks and obtains places on the Board, he or she will resign both their position on the Forum and the position that placed them on it. The President will attend Board meetings to aid understanding and the flow of information between the Board and the President's Forum but will be a non-voting Member. This will enable the President to retain independence to monitor the performance of the Board on behalf of the National Council without being bound by collective responsibility for Board decisions as a result of also being a Board member. The President will serve as a bridge between the National Council, the Board and the President's Forum. The Executive Management Committee will be disbanded, as it could no longer serve any purpose. The new Board will be the RNZRSA's **GOVERNANCE** arm.
- The Chief Executive will report to the Chair of the Board to ensure the strategies agreed by the Board are implemented through the RNZRSA's National Office. This will continue to be the RNZRSA's **MANAGEMENT** arm.

**The ITF mandated by the National Council to carry out this review is unanimous that the current governance structure is no longer fit for purpose, and that the recommended changes should be implemented as soon as possible. The new, appropriately-skilled Board to be appointed by the National Council, and the separate President's Forum can then begin to address the issues which the RSA must urgently face, and develop strategies to take the organisation forward to a new and successful era.**

# RNZRSA : GOVERNANCE & REPRESENTATION



NOTES: 1 - Service Provision

# **PAPER A: PROPOSED CHANGES TO RNZRSA GOVERNANCE STRUCTURE, WITH REASONS**

**NOTE: When going through this paper, readers might find it useful to print out and have handy the organisation diagrams on Page vi of the Executive Summary.**

## **The Basics**

We reiterate yet again our belief that the key lies in seamless acceptance that we are stronger together than we ever could be separately. We need to ensure that the sum is truly greater than the parts. We need to capitalise on the collective strength that comes from the roots that are firmly embedded in our communities. Thus the national governing body must be a unifying leader, a unifying force bringing all of this together cohesively and indivisibly, in presenting us all to the public and, particularly, to governments in our advocacy role. And this needs to be done strictly in accord with the Anzac spirit and the values of courage, compassion, comradeship and commitment.

At the same time we need to protect local independence or autonomy. If there is to be a collective national body at all, this raises issues which on the face of it are not obviously compatible. Compromise is therefore unavoidable. And it needs to be two-way compromise. Local RSAs will need to accept that the act of belonging to a collective means that autonomy cannot be absolute in all things. The national body will need to accept that it cannot lead as an owner, but only as a facilitator and service provider. Even then it must do so by good sense and good example, since it can govern only with the consent of the governed.

## **The Governing Body**

At present the National Executive Committee seats the National President and two Vice-Presidents, eight District Presidents, four elected members, and one appointed member – 16 in all.

The eight District Presidents take their places by right, without further consideration and for no other reason than that they are District Presidents. The collected membership at National Council holds no sway over their appointments to NEC.

For their part the four elected members are elected at National Council on the basis of a very short speech on the day. In their case, too, there is no further screening. Only the appointed Maori representative goes through any skills or suitability screening – and even then its form is highly sectional.



By and large, therefore, there is no structured way of ensuring that a suitable mix of skills is represented in the governing body. If required skills are present in the NEC it is by accident, not design. This might not have mattered very much when veterans were much greater in number and were a much more available cross-section of society than is now the case. But both their numbers and the skills pool they offer as a slice of society have shrunk. At the same time the requirements for sound governance and business skills have tightened up. With a review of the Incorporated Societies Act 1908 now under way, they are bound to tighten still further to bring them into compatibility with the Companies Act. All of this points to an urgent need for machinery to ensure that those seated on the governing body actually do have essential governance skills, individually and collectively.

Bloc tensions also exist within the current structure of the NEC. Not infrequently the four elected members chafe at perceptions or even implications that their position in the NEC is inferior in some way to the position of the District Presidents. For their part, the District Presidents tend to be confident that their own position is by definition superior to that of the elected members. This scarcely makes for harmony but, perhaps more importantly, can distract both energy and attention from important matters on the table.

Nor does it end there. The District Presidents are often faced with difficult conflict-of-interest situations. Is their principal function to represent the collective decisions of the governing body to their District constituents in a fair and unbiased manner, or is it to represent the concerns of their District constituents to the governing body? Confusion around this point often arises, and it is seldom helpful. Additionally, the fact is that the only central authority against which the Districts or elected members might feel obliged to push on behalf of their Districts is the NEC itself. Since the District Presidents and the elected members **are** the NEC by definition, in assuming a need to push against the central body they end up pushing against themselves, which makes no sense in governance terms, or in any others.

Internal stresses and strains such as these may be contained from time to time. Inevitably, however, the effect is temporary and they will re-emerge – experience tells us this. Though the failing is human, its cause is structural.

It is also the case that within recent memory the NEC regularly met six, sometimes seven, times through the year. Over the last decade that frequency has slipped to once every two-and-a-half months. A principal reason for this was an effort to contain costs. Put bluntly, that is nowhere near often enough for good governance in a fast-moving commercial world. At that rate, important issues are bound to fall into the spaces between – witness the evidence of recent weak financial oversight. More generally, proper supervision of the National Office staff also becomes a challenge. In part, the introduction of the EMC might have been directed at mitigating some of these shortcomings. But the fact that this was thought necessary acknowledges in itself that the system was not working as it should.

And finally, in recent years there has been a growing imperative for the RNZRSA to be run as a business in order to seek out new revenue sources to expand its

operations and reduce its dependency on a falling capitation catchment. To do this it needs to have a governing body which has business, entrepreneurial and IT skills within it to fulfil its strategic aims and objectives, working with a National Office under its direct control to execute its policies and plans. It needs to be the engine room for bringing the RNZRSA's governance into line with established modern day practice.

Parallel with but integral to this process is the urgent need to open up the lines of communication between the National Office and its constituency of 182 Member Associations where a number are struggling to cope with the rapid changes to the social life taking place in society, particularly over the past two decades, to meet their prime role of providing support to veterans and Service personnel. Earlier recognition of problems is essential to avoid having to deal inexorably with crisis situations and the attendant bad publicity. The public makes no distinction between one RSA and the next, so a failure in one community is seen as a failure everywhere.

What all this adds up to is a need to conform to modern best practice in governance by;

- making the governing body more efficient by reducing its costs;
- making it more effective by having it meet more often;
- making it more capable by shifting from a representative base to a skills base; and
- looking for better and clearer ways of satisfying the interests of the various constituencies involved.

The idea that a comprehensive review of these and other issues was overdue was not new; nor was it invented by the ITF. It has been growing for some time, and was well covered by the National President during a strategy session at National Council 2013 the day before the business session that led to the ITF. Among other things he suggested that we might learn something from recent reforms in similar national organisations; and that the issues included the “unresolved dichotomy” between the District President's duty to his District and his duty to the overall RSA movement, questions around the Elected Members of NEC, even-handed representation from District to District, uncertainty about the EMC relative to the NEC, and blurring of the lines between governance and management. He went on to say that a working party was needed, that it should be internal not an external consultancy, and that it should be independent of the current Executive.

We have taken all this into account. And we recommend that:

- the present NEC of 16 should be dissolved and be replaced by a much smaller Board of Governance of six members;
- all nominees for the Board should undergo a thorough skills assessment by a selection panel;
- National Council would ratify the selection panel's recommendations, or elect them if more were recommended than the available positions;

- all six should be RSA members, except that if the required spread of skills cannot be found internally, then up to two of the six may be from outside the RSA;
- there should be provision for an additional two Board members to be seconded on a temporary basis for special tasks;
- Board members should be bound by a formal Board Charter;
- an Audit and Risk sub-committee should be mandatory;
- the Chief Executive is appointed by the Board and reports to its Chair;
- the maximum tenure of Board members should be two terms of three years each, except that the periods should be staggered to reduce the risk of bulk turnover;
- the National Council retains power to dismiss a Board member (or the entire Board); and
- the Board should have as its primary focus the business side of affairs including policy formulation, strategic and business plans, financial management, and assessment of risk.

In support of these recommendations, a draft Board Charter is included in this package as Paper B. Draft Terms of Reference for the Audit and Risk sub-committee are also included, as Paper C.

Beyond that we would recommend to the incoming Board that its most urgent task should be to attend to ways and means of supporting RSAs that are facing trading difficulties in order to prevent further unnecessary closures. A sub-set of this would be the provision of assistance in keeping the accounts, or the adoption of standard accounting, reporting and auditing packages suited to local RSA needs, especially for smaller Associations.

### **President's Forum**

But the Board is only half of the equation. Democratic representation of the membership is also vital. We recommend therefore that the essential other half should be a separate President's Forum comprising the Vice-Presidents, the District Presidents and the Maori ex-Service representative, with the National President in the Chair. Properly accommodating the Maori interest has a very long and substantial history in the RSA movement. We considered alternative ways of honouring that record, such as a "kaumatua" approach. But, after clear steers given us during the consultative sessions with RSAs, we believe the approach signalled here is the best one available.

The President's Forum would have primary focus on membership matters such as these:

- oversight and/or stewardship, in conjunction with the Board, of remembrance projects, events and protocols;
- advocacy on veterans' and ex-service well-being and related interests;
- promoting discussion and providing feedback on Board policies and plans;

- seeking advice from Members and disseminating it to the Board or National Office for timely consideration and action;
- standardising operating procedures as far as possible in Districts;
- accepting, reviewing and managing remits for National Council;
- convening a disciplinary tribunal where called upon;
- acting as watchdog on the health and well-being of Members within Districts and identifying those at risk;
- ensuring that District and local support officers are properly trained, with their competencies kept fully up-to-date;
- sharing initiatives being undertaken within Districts, and between them;
- receiving, vetting and recommending National Awards to the Board; and
- contributing to RNZRSA sports policy and tournaments;
- managing the annual speech competition (and similar); and
- establishing sectoral sub-committees where necessary – welfare/support would be a prime candidate.

We would not expect that the President's Forum would need to meet in person to deal with all of these headline topics, but that District Presidents would handle many of them individually within their Districts or out-of-session according to circumstance. In the normal run we would expect a face-to-face meeting of the President's Forum to be called in the lead-up to National Council, and on one other occasion during the year as required, although we would not rule out further meetings from time to time. We would also expect that meetings of the Forum would take less than a day and would not necessarily be tied to Wellington, which could improve both convenience and economy.

Most importantly, implementation of the singularly representational President's Forum would lift the standing of what is now known as the District Presidents' Forum from an indeterminate and scarcely visible sub-committee of the NEC to rank alongside the Board itself. In addition, and although the District Presidents would of course be bound collectively to the determinations of the President's Forum, their position in the scheme of things would be further enhanced because they would be able to dissent from decisions by the Board whilst remaining constitutional. They cannot do this legitimately with respect to the NEC under present arrangements because, as remarked above, they *are* the NEC and are (or should be) bound by its decisions.

Finally in this regard we might note in passing that the Victoria State Branch of the RSL no longer appoints their Regional (ie District) Presidents to their national governance Executive. They have deliberately moved them out of the governance line into a President's Forum.

As with the new Board, so the new Forum might usefully consider prioritizing its work. We would recommend that building meaningful links with the NZDF and serving personnel, and improving two-way communication with RSAs, should be high on the list.

## **Code of Conduct**

For all members of the RNZRSA from Board to National Office to the President's Forum to individual RSAs, we believe that a guiding Code of Conduct would greatly assist in improving communications, their tone, and governance processes generally. A recommended code of conduct is included in this package as Paper D.

## **General Separation of Functions**

These proposals of Board and Forum amount to separating the two streams of business affairs on the one hand and representational affairs on the other. At first sight, this might seem to be radical. But it is not, since it is quite familiar both in history and in reality. For example, for many years a sub-committee of the NEC was the Standing Committee which looked after the business side including club operations and regulatory compliance. As the world changed over recent years, that particular arrangement lost relevance and the Standing Committee lost its effectiveness. But its underlying purpose remained, for it represented an important function. Various attempts were made to fill the gap, but none proved wholly satisfactory. Indeed the establishment of the EMC could easily be seen as the latest variation in a succession of attempts to cover the sector.

We contend that the proposed arrangement shown in the appended diagram deals with this problem in a much more understandable, much cleaner, much more workable and much more durable way than previous attempts. In effect, those attempts did little more than append the business function to the NEC as a sub-committee, rather in afterthought, where it eventually languished. In contrast, our proposal raises that function to the level demanded in today's world if club operations are to survive.

There exists a further example of the separation of business and operational functions that supports our belief that the idea is not radical but is well-tried elsewhere, showing also that concerns about intrinsic divisiveness are not well-founded. Our "parent" without whom we would not exist is of course the NZ Defence Force. A full quarter of a century ago the New Zealand Defence bureaucracy was split deliberately into two separate Departments of State, the civilian Ministry of Defence and the (mostly) uniformed New Zealand Defence Force. The one deals with the business of procurement of defence equipment; the other with operations using it. The functional separation is clear. But it is not total. Acting together, they formulate defence policy for the Government. To be sure, the split arrangement has had its critics. But a number of reviews have failed to change it because it works. After 25 years in place, it has become so much a part of the accepted scenery as to be unassailable.

We offer this and other examples of governance arrangements not to suggest that we should slavishly follow what others have done, but only to make the point that methods do vary. Systems other than ours cannot be said not to work, because they do. We need to look at such examples without prejudice. We also need to accept

that our system “has worked for 99 years and can't be questioned” is not a very good argument. And so there is no intrinsic reason to suppose that a load-sharing separation of functions will not work for us.,

### **Separation of Chair and Presidency**

In deliberately dividing leadership capacity into the two streams business (through the Board) and membership (through the President's Forum), we would see each stream as having considerably improved strength over what exists today. On the one hand we would have a more skilled and therefore much more effective oversight of business affairs, and on the other hand a much stronger representative arm with the wit and resources to garner ideas from the nationwide membership, examine them in concert with the Board, and then help devise practical ways to meet challenges locally, regionally and nationally.

An additional central and high-priority purpose would be to open up lines of communication within and among the RNZRSA and its members in the field, and in both directions. To that end, the proposed arrangement would eliminate the confusions that dog the present NEC over the respective roles of District Presidents and the elected members, and the regional/national conflicts of interest that the District Presidents often face.

The District Presidents would continue collectively as the President's Forum. In effect the four elected members would be reborn as the six members of the Board, though carefully selected for their relevant skills. The clarifying de-cluttering of what are at present the intractably inefficient complications of turf wars is obvious.

Still greater clarification in this area would result if the position of Chair of the Board were separated from the National Presidency. The more we thought about this, the more attractive the separation of the two roles became. The question is not whether the National President **could** chair the Board; obviously he could. Rather, the question is whether he **should**. We believe the answer is “no”.

It cannot be claimed that the separation does not work in veterans' organisations, since the Royal British Legion makes the distinction; and the Royal Canadian Legion. So does the Royal New Zealand Air Force Association.

The proposition is not about dilutions of powers, but about sensible division of responsibilities - and changing requirements. There was a time when the National President loaned his high public standing to the position of National President and enhanced it. Examples include Sir Andrew Russell, Sir Howard Kippenberger, Sir Hamilton Mitchell and others. Because of their public standing they could be highly effective, alone, at the head of the RSA movement. For those who have come later (including Cox, Campbell, Klitscher and McIver), the flow is the other way around. The post lends its standing to the individuals who hold it.

It's also the case that in earlier times the leadership was supported by equally highly-regarded – and highly competent – figures, not only alongside them but also throughout the organisation. For example, Kippenberger had (Justice Sir John) White on the then DEC to help him argue with the government over the War Pensions Act 1954.

Nowadays things are different. Where previously the position of the RSA in society was beyond question, today the environment is highly competitive and we have to work much harder at finding and placing the expertise needed to cope with it. The balances of demand upon leadership attributes have shifted from representative national figures to competitive business in a materialistic world. The respected national figure is no longer sufficient to carry the day on his own. To expect an individual to be both the advocate and the entrepreneur at the same time is now too great a call.

There is ample recent evidence of “mission creep” of this sort. Domiciled in Dunedin, President John Campbell initially thought he would be able to cover much of his duties from there without moving to Wellington. Not so; the RNZRSA had to rent for him a flat in Wellington because he needed to be in Wellington through the week, not Dunedin. His successor (who was domiciled in Wellington anyway) soon found similarly that, from an initial assumption that three or four afternoons a week in the office would suffice, the reality was that he needed to spend most full working days at the office, visiting other centres and towns on spare days including many weekends. And although we have not discussed the details with him, we would expect that the current President has found something similar. It is a big job for a volunteer; and indeed is a big job, period. As things stand it also risks causing confused lines of responsibility or of accountability and, as some prominent persons in other enterprises have learned in recent times, this can even lead to Court.

Speaking of such matters, we cannot overlook an additional internal issue. One of the difficulties in handling the votes of no confidence at Council 2013 arose because it was not possible to target the NEC without also targeting the National President. Were those no-confidence votes to succeed under present arrangements, the effect would be to impeach the President and force his resignation whether or not it was within his competence to have dealt with the matters in question. It was evident at the time that many delegates were not comfortable with pressing on to that point. Under our proposals, however, such an awkward rebound into collateral damage could not arise. If the Board fell short to the extent of requiring a rap over the knuckles, it could be done cleanly and without impeaching the President. If the President fell short to the extent of requiring a rap over the knuckles, it could be done without impeaching the Board. That looks to be a much better-defined and much tidier arrangement.

Therefore, load-sharing between the National President and the Chair of the Board in today's conditions has much to commend it. The two working together in their respective spheres of representation and business would be far more effective than either of them could be if working alone. Of course it would be the National

President, not the Board Chair, who would represent the RNZRSA on such as the standing National War Memorial Advisory Council and other similar bodies. It would be the Board Chair, not the President, who took the lead in such as liaison with Clubs New Zealand.

To be sure, there might be risk of personal estrangement between the two. We would assess this risk as very low, however. Reasonable men can always find ways to resolve disagreements, especially where the causes involved are greater than they are. And these would be reasonable men (or women), else why would the National Council have put them there at all? In any event, not all disagreement is necessarily bad. There is an argument that so-called creative tension between differing points of view will produce better answers. And if disagreement caused breakdown instead, any sanctions necessary to correct the situation would still lie entirely with the National Council.

We therefore strongly recommend that:

- the roles of the National President and the Chair of the Board should be separated; and
- the Board should elect its own Chair.

### **The National President and the Vice-Presidents**

The use of the plural here is deliberate. Earlier we had proposed that one VP was enough. During the consultation rounds, however, it became very clear that members wished there to be two. Some see this as a practical territorial issue, and it may well be so. But as Life Member David Cox pointed out during the consultative session at Te Awamutu, there is another very important consideration. Where a National President will want to assign specific tasks to his Vice-Presidents, he will need to play to their relative strengths. With two Vice-Presidents his options are very usefully wider than they would be with only the one. We accept that argument wholly, and now recommend two Vice-Presidents.

And so we turn to the position of the National President in the scheme of things, and the two Vice-Presidents by implication. Accordingly, and continuing the theme of separation outlined above, we now raise the related question of whether the National President needs be a member of the Board and, if so, in what form?

If the National President were a member of the Board with voting powers, then both the Board Charter and the convention of collective responsibility would hold him fully to decisions taken by the Board even if he disagreed. He would have become indistinguishable from the Board itself. And his “line of command” as the movement’s leader would have become diffuse, even impossible to see.

These in our view are serious shortcomings. Though “command” is not necessarily the best word in the RSA context, members of military background will understand and respect what it means. We of the ITF would prefer there to be clear and visible



lines of “command” attaching to the National President that are not swallowed up or obscured, or even smudged, by conventions that might apply in the purely civilian context. We would want that line to run without ambiguity from our highest body the National Council and directly through the National President's position as its Chair. That is, there must be no doubt about who is in charge – or, perhaps more precisely, who the National Council wants to be in charge. We would then have the Board Chair accountable to the National Council which has conferred its own ultimate authority upon the National President who is also in the Boardroom. No sensible Board Chair could ignore that equation.

As a part of driving this message home, we believe that the National President should chair the Board selection panel – itself a position of not inconsiderable power. In particular this would dismiss any possibility that the selection process might result in a Board of technocrats rather than a Board competently able to deal with business issues in a manner thoroughly sympathetic to the RSA culture.

To make things absolutely clear there would be further effects down the line. The National President would need to respect decisions taken by the Board but should not – indeed cannot - be bound by those decisions. If he were, we would once again be blurring the line of command, or compromising it.

At the same time the National President would need to be in a position to influence what goes on in the Boardroom whilst remaining unencumbered by it.

Some of these requirements might seem contradictory. But resolving the contradictions turns out to be quite a simple matter. It is merely a question of taking the separation of the Presidency and the Board Chairmanship to the next level. We are recommending, therefore, that:

- the National President should by right attend Board meetings and speak at them, but should not vote<sup>2</sup>. In this way he would avoid all confusions about his leadership of the movement and the associated lines of authority; and
- if he is not available to attend a Board meeting, then one of the Vice-Presidents should attend in his stead with the same powers.

For the reasons outlined above, we believe firmly that these arrangements would not only clarify but significantly strengthen the position of the National President as the undisputed leader of the organisation, both in general and in the Boardroom. This would not be so if he were bound to the Board by exercising a vote. And that affirms our conviction that the President would be much stronger with respect to the Board without a vote than with it.

Again the concept is not radical. Some other membership-driven organisations use it, though not all. No doubt the most iconic one to do so in this country is the NZ Rugby Union. Further, the principle is not unfamiliar to military folk, especially

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<sup>2</sup> This of course would also apply to the Board Chair in the context of the President's Forum. If the Board Chair attended a Forum meeting he could speak, but not vote.

sailors. In HMNZ ships the Captain is not a member of the wardroom but remains aloof from it. Yet nobody doubts who is in charge.

In summary, we see great advantage in the National President being able to influence policy-making but at the same time be independent of it. He could speak freely and without favour at any time, but particularly in times of constitutional crisis or serious disagreement between the Board and RNZRSA Members. He will be judged on the strength and impartiality of the advocacy displayed and advice he offers both to the membership and to the Board. Given all of that, we see the President as the leader of the RSA movement having the following broad responsibilities:

- chairing the National Council;
- chairing the President's Forum;
- chairing the Board selection panel;
- leading the organisation generally;
- representing the national and international aspirations and interests of the RSA in public;
- being the watchdog on the general health and well-being of the RSA;
- being the principal advocate with Government and its agencies; and
- being an Ombudsman within the RSA.

### **A Question of Representation**

Some have suggested that one, possibly two, of the District Presidents should be placed on the Board because the arrangements described above take no account of the present regionally-based representational model.

We have great difficulty with this proposition. At the theoretical level it would break the clean separations of interest that lie at the core of our recommendations. It would simply re-introduce the regional/central conflicts of interest that have become so problematical. Indeed it would worsen them. How and by whom would the particular District Presidents be selected? In the interests of level playing fields should they, too, undergo the skills testing process? If not, can we accept two different grades of Board membership? And who, exactly, would they be representing – their District, or the membership as a whole? If the latter, would the Districts not represented on the Board be happy with that? And would this not simply perpetuate the problem of inner and outer circles that was an unintended and unwanted consequence of the EMC?

We should not lose sight, either, of the fact that the members of the Board as we have proposed it are in fact your representatives, not dictatorial aliens imported from Mars. They are genuine representatives of the whole, not sectional or regional representatives, democratically placed there by National Council after formal vetting for their skills including, most importantly, the culture of the RSA.

There is of course no barrier at all to a District President being put forward for a position on the Board. We simply say that he should go through the same selection and ratification or election processes as other Board candidates. Indeed, this would be an ideal way in which to ensure that a lifetime of service within the movement is retained to best effect. We would recommend, however, that if selected and ratified he should then stand down from his District Presidency.

### **The Board Selection Process**

Having recommended a Board selection process, we must consider how that would be done, and what criteria would apply.

We have already recommended that the National President should chair the selection panel. We recommend that the remainder of the panel should be the Board Chair and a suitable outside consultant such as the Institute of Directors. Until we transition to the new structure and there is a Board Chair, however, we would propose that a member of the ITF should fill that slot on the panel.

We also believe it is important to include in the selection criteria a strong statement of commitment to the RSA and a suitably deep understanding of its culture. The ITF has prepared a selection template along those lines, and it is included with this package as Paper E.

### **The Rules**

Nothing of any of this can be brought into effect unless the appropriate Rules changes are authorised by National Council. Recommended Rules changes are therefore included in the package as Paper F. Three necessary new Schedules 7, 8 and 9 are also included as Papers G, H and I. These deal respectively with the mechanics of selection and appointment to the Board of Governance; election of the National President and Vice Presidents; and the National President's Forum. Some of this material is pretty heavy going, so a summary of the rules changes is also provided, at Paper J.

### **The Transition**

As we have said elsewhere, there is no possibility of waving a magic wand and having changes of this nature take effect instantaneously. The need for an orderly transition was raised often during our consultation rounds.

Some even suggested that we should decide on the changes this year and implement them a year down the track at Council 2015. But we disagree with this. We believe that we should maintain the momentum and implement the changes as soon as it is practicable to do so.

Accordingly we include a transition plan in the package, as Paper K.

## **The Diagram**

The Note at the beginning of this paper referred to the organisational diagram appended to the Executive Summary. On the left it shows the current organisation; on the right, the proposed organisation.

In the overlapping Venn diagrams at the top, on the left we see the present unclear duality involving the NEC and the EMC. On the right we see deliberate separation of Board and Forum functions to ensure sensible load-sharing but also to ensure that each set of interests and activities receives proper attention at the highest appropriate level.

In the lower part of the diagrams we see on the left the ambiguities (or confusions) that result from failure to distinguish among governance, representation and management. We have an executive committee that tries to blend governance with representation, which does not do justice to either, nor to the membership as owners. If we are to realise the full enterprising potential of National Office management staff, we must provide them with the best possible governance guidance.

And so on the right we see a cleaner picture, with an unambiguous business line from the Board of Governance to management, and a separate but equally unambiguous representational line linking member RSAs and the President's Forum. This will strengthen both lines while fostering practical load-sharing. The link – the essential link – between these two areas of governance and representation is effected at Board and Forum level by the National President. By virtue of the elevation of District Presidents' representational obligations formally into the President's Forum rather than as an ill-defined appendage to the NEC this line, too, is strengthened. The service provision line to and from District Presidents and management is also expressed more clearly.

We also acknowledge another reality - that the edges of governance, representation and management often overlap. And so the diagram places ultimate resolution of such crossover challenges squarely where it belongs – at the level of the overlapping circles of Board, Forum and Council.

We recommend the adoption of the scheme on the right as being more straightforward, less ambiguous, more accountable, more practical, and more capable of taking us into our second century than the current scheme could be.

## **Summary**

Through May and early June we visited Districts and described our thinking to date. We followed up by distributing the PowerPoint slides and script we had used.

What is presented in these papers is considerably more developed than the earlier material. We listened to what you had to say at that time. We have also taken into

account the submissions you have made (although it is fair to say they are fewer than we had hoped). Some of your comments at the meetings and in your submissions since were highly supportive. Some have been less so, though not in principle – more in reservation until more information came available. None of the comments or submissions has been negative.

We have responded to what you have said. For example, a very clear message was that you wanted two Vice-Presidents, not just the one. So we now recommend two.

Some had expressed concern about the potential for overly-complicated lines of responsibility; one submitter referred to the principle of “unity of command”. We have thought about that. We believe, however, that our proposals clarify rather than confuse lines of responsibility and accountability in each of the two fields of business affairs and representative affairs. The load-sharing separation of Board Chair and National President and its consequential effects are essential to this. So is the creation of the skills-based Board and its companion the representation-based President's Forum.

Each of these would have specified areas of activity and responsibility. In the present purely representational model the lines of responsibility and accountability are diffuse, ill-defined or confusing. That is why Council directed us to do what we are now doing. Symptomatic of weaknesses in our current arrangements are the slow death of the previous Standing Committee, and subsequent difficulties over the creation and positioning of the EMC as a means in effect of filling the space that the Standing Committee had left behind. We believe our proposals clarify all this by formally providing for strong business oversight on the one hand, and for purposeful membership representation on the other.

Others have worried that the proposals might weaken the standing of the District Presidents and, more particularly, of the National President. We have thought hard about that, too. And we have firmly concluded that our proposals do no such thing. Instead they deliberately enhance the position and standing of both the National President and the District Presidents. The National President (and the Vice-Presidents) will have much more time to attend to representational matters such as advocacy on behalf of veterans, and appointments to external bodies such as the National War Memorial Advisory Council, the WW100 project's First World War Centenary Panel, the Veterans' Advisory Board and other bodies associated with our central role as guardians of remembrance. The Board Chair will be able to concentrate on business matters and entrepreneurial objectives. Working together, he and the President will be able to take us forward in ways not now possible.

The President will continue to draw his authority as the undisputed leader of the organisation from his Chairmanship of the National Council. More importantly, he will be able to use that authority to influence the Board independently and without being bound by Board deliberations. He could not do so if he was a voting member of the Board. This in our view is a signal improvement over the present arrangement where the President is as bound to the decisions of the NEC as is any other member

of it. In fact present uncertainties arising from tensions between personal views and collective advantage in the NEC context is one of the principal causes of obscure accountability. Our proposed arrangements would eliminate this.

It would be this way, too, for the District Presidents in dealing with membership interests including remembrance. As the President would be able openly to speak his mind in influencing the Board without offending constitutional niceties, so it would be for the District Presidents as the President's Forum. And that amounts to a much clearer and much more influential position than is now the case. We commend it strongly.

**This is Paper A. The additional papers in the package are:**

**Paper B:** Board Charter;

**Paper C:** Guidance for an Audit and Risk sub-committee;

**Paper D:** Code of Conduct;

**Paper E:** Skills assessment template for Board membership;

**Paper F:** Changes to the Rules of the RNZRSA , including:

**Paper G:** new 7<sup>th</sup> Schedule dealing with the selection and appointment of the proposed Board of Governance;

**Paper H:** new 8<sup>th</sup> Schedule dealing with the election of the National President and two Vice-Presidents;

**Paper I:** new 9<sup>th</sup> Schedule dealing with the proposed President's Forum;

**Paper J:** Summary of "Rules" Papers F through I, with explanatory footnotes;

**Paper K:** Transition Plan.