

Members' motions for the APS 2019 AGM

18th October 2019

Preamble

The four members of the Society who are moving and seconding these Members' Motions are shown below. We have been senior officeholders in the Society and helped build it.

A substantial number of other APS colleagues share our concerns. They too have played significant roles in the governance and development of the Society as the prime professional association for all psychologists. Our concerns focus on its financial viability considering recent major losses, and the reductions in the rights and expectations of its members proposed in the 2019 AGM Motions 1, 2 and 3, especially giving the Board of Directors the power to remove an elected Director of the Society.

Therefore, we are proposing what are termed "members' motions" under corporations law, for consideration at the Perth 2019 AGM. We do so in pursuit of greater accountability by the Board of Directors to its members, greater transparency in its reports to the AGM and to those many members unable to attend the forthcoming AGM in Perth, and more detailed assessment of the potential impacts (including risks) of its proposed constitutional changes prior to their consideration by an AGM.

MEMBERS' MOTION 1:

MOVED: Mr Arthur Crook FAPS.¹



SECONDED: Dr Paul Power FAPS²



THAT AGM Agenda Motions 1, 2 and 3 (regarding proposed changes to the Constitution) lie on the table until the 2020 AGM, pending a written and detailed explanation by the Board of Directors of the need for and objectives of such changes and their implications and potential consequences. (See Note A below.)

Note A: *Motions 1,2 and 3 may appear to make simple changes but in fact those changes are highly significant, and one appears illegal. Our concerns include:*

- (a) The proposal in the 2019 AGM Explanatory Notes p.8, to give the Board of Directors the power to make Standing Orders or Policies that would overturn the election of a Director by Society members, appears to be illegal under the Corporations Act. This Act requires a resolution by members at a general meeting to be held to remove an elected director of a company.*
- (b) The proposed deletion of clause 81.(g) regarding election of the President-Elect viz-a-viz the Early Career Director has no explanation including the consequential impact of the deletion on the election*

¹ Formerly Treasurer of the Society, Executive Director, Director of Professional Affairs, and (in the APS National Office) Principal Policy Analyst.

² Formerly Executive Officer of the Society, President of the Victorian Branch, Chair of the Membership Committee, Chair of the Committee on Tests and Testing.

processes for the President-Elect. Since the President-Elect becomes the President of the Society automatically, any impact must be closely examined and fully explained to the members.

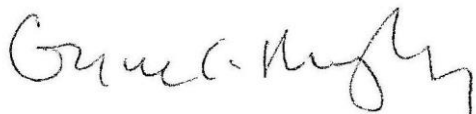
The proposed changes under Note 3 – Generic Rules for Interest Groups and Constitution would transfer from Interest Groups their current power to accept as “subscribers” persons who are not APS Members (“11.8 The admission of non-members of the Interest Group to activities will be at the discretion of the National Committee.”) to the Board of Directors (under the general provision “completed qualifications in other disciplines acceptable to the Board”). Such a change seems to be general removal of the “subscriber” category for all units of the Society, forcing such people to apply for Affiliate membership (in which they may not be interested or for which they may not be qualified). It also appears to be a form of power and administrative centralisation of little apparent benefit to APS members or Interest Groups, indeed might be expected to result in more complex and formal processing and longer decision-making time as presumably applications would have to be made in a form suitable to the Board and decisions made by the Board at one of its six yearly meetings. We expect that the Board and the APS National Office have enough on their plates without seeking to take on a minor function currently handled informally but quite satisfactorily by the Interest Groups, who know better than the Board which non-members can contribute to their activities. We emphasise that currently the Interest Groups cannot admit non-members to the Society as members: they can merely invite them to “activities” and may (where continuous attendance by non-members is valued) treat them as “subscribers”.

MEMBERS’ MOTION 2: regarding the 2019 Financial Report.

MOVED: Mr Bruce Crowe Hon FAPS FAICD³



SECONDED: Professor Greg Murphy Ph.D., MAPS⁴



THAT:

- (a) the 2019 Financial Report be noted but not approved or endorsed at this AGM due to insufficient explanation to all members of the major deficits incurred in the 2018/19 financial year, and the steps that the Board of Directors will take in the forthcoming financial year to prevent any further deficits. (See our Notes B, C and D below.)*

³ Hon FAPS. Formerly President of the Society and founding Chair of the Division of Independently Practising Psychologists. Formerly President of the Society. Fellow Australian Institute of Company Directors, former President and Fellow of the Institute of Management Consultants in Australia, Chartered Management Consultant, Fellow Australian Human Resources Institute, Chartered Psychologist (UK)

⁴ Emeritus Professor (Rehabilitation Psychology), National President of the Australian Association for Cognitive and Behaviour Therapy, served on the APS’ Medicare Appeals Committee.

(b) The Board of Directors issue a document containing written answers to the questions about the Society's financial affairs raised at this AGM and in Attachment A and distribute it to all Society members.

Note B: We have very serious concerns about several items in the financial statements in the 2019 Financial Report. The major ones are an overall deficit of \$1.88 million, involving restructuring costs of over \$1.202 million (explained only as “costs incurred in the restructure of The APS”); over \$1 million drop in Revenue from 2018 (no explanation); a rise in Total Liabilities of \$1.922 million (unexplained) ; and a reduction in Total Equity of \$1.782 million (also unexplained). Are they “one off” or will they continue, especially if the restructure process – *whose objectives and scope are nowhere specified* – has not yet been completed? What is the “restructuring” that costs so much? Members should know about and approve its purpose(s) and broad directions. And restructuring cannot account for the major drop in Revenue. Why, for example, is revenue from the operations of member units such as Interest Groups down by so much? (Our specific questions of the Board and the Chief Financial Officer are listed in Attachment A.)

Note C: There is (unusually) no motion before the 2019 AGM regarding acceptance/rejection of the Financial Report (or indeed the other Reports). Our Members' Motion 2 would provide a formal opportunity for those members at the 2019 AGM to note and comment on (but not formally approve) that Financial Report and *would allow the many members not present to be able to read and consider the Board's written explanations*. Others outside the APS (such as other psychology associations and possibly corporate regulators) may read or have already read the widely circulated 2019 Financial Report and perhaps noted the losses and absence of a motion to adopt the Report. A full explanation by the Board and/or Chief Financial Officer with assurances about the future would fill the current vacuum, and predictably head off any misinterpretation or misuse of the financial data. Also, the Board would be seen to be acting with probity as a public not-for-profit company. There should be no public embarrassment in recognising the costs and losses incurred and placing them in the context of past and current strategic plans.

We note that “Footnote (a) to “Restructure Costs” in the Financial Report asserts that the restructure is aimed to *“transform the company into a modern, outward facing organisation advancing the science of psychology for the benefit of the community and its members”*. Previous Boards might well contest the implication that they were not “modern” in their views and operations, not “outward looking” and not trying to advance the science of psychology. Further the (deliberate?) omission of “and profession” after “science” might well antagonise some members. Has this Footnote been authorised by the Board, and have the members been consulted about the change in emphasis and the omission of “practice”?

Note D: After a full explanation is given (*to all members, not just those at the 2019 AGM*), and assurances are provided about planned corrective steps to remedy such deficits, acceptance of the Financial Report could be considered by a Special General Meeting of the Society, or the 2019 Financial Report could lie on the table until the 2020 AGM. The latter is our preference as predictably more members would be able to attend the 2020 AGM, to be held in Brisbane, the costs of running a special general meeting would be avoided, and the Board would have had the full financial year to correct the financial situation and could put a motion to the AGM to receive and accept both Financial Reports (2019 and 2020).

ATTACHMENT A:

QUESTIONS ABOUT THE 2019 FINANCIAL REPORT

- 1 Why the change in auditors?
- 2 What was the process followed for the appointment of new auditors?
- 3 Why was there a drop in Total Revenue from Continuing Operations from \$18.209 million (2018) to \$17.122 million (2019)?
- 4 What Total Revenue does the Board expect in its budget for 2019/20?
- 5 Specifically, what were the “restructuring costs” of \$1.202 million incurred in the 2018/19 financial year?
- 6 Will the “restructuring costs” be continued into the next financial year?
- 7 A lot of money has been shifted from “short-term deposits” into “cash and cash equivalents”. Why?
- 8 Is this shift part of a deliberate financial strategy? If so, can we know the strategy and its pros and cons?
- 9 The Liabilities item “Trade and other payables” has increased from \$3.265 million to \$7.796 million. Why?
- 10 Are Liabilities expected to stay at this very high level (\$6.839 million), or decrease, or increase in 2019/2020?
- 11 What is the explanation for the drop in Total Equity, from \$11.709 million in 2018, to \$9.928 million in 2019?
- 12 Is a similar loss in Total Equity expected next financial year?
- 13 Under “Cash Flows from Investing Activities”, the item “Payments for acquisition of financial assets” has risen by over \$4 million, from \$123,605 in 2018, to \$4,194,785 in 2019. What financial activities does this very large amount cover, and what Board-approved financial strategy is involved?
- 14 Under “Revenue from operating activities”, despite a slight (and welcome) increase in Member Subscriptions and Segmented Fees (about \$63,000), the item “APS Member Groups (Branches, Colleges and Interest Groups)” show a decline from \$2.271 million to \$2.012 million. What is the explanation for this worrying drop, which appears to signify a reduced level of decentralised, member-focused activity?