



Ashley Selwood, General Manager
Corporate Services

CORPORATE SERVICES

The Corporate Services Department had one major change during the year with the appointment of Nick Weeks as Legal Counsel. It was agreed the Legal function should now have a direct report to the CEO.

Accordingly, Nick was appointed Head of Legal in June 2006 and now reports directly to Gary Flowers.

The ongoing theme of the Corporate Services Department remains similar to 2005; that is, to provide a customer-oriented approach to the other units of the ARU, the Board of Directors and all stakeholders of rugby in Australia.

With the removal of the Legal function from Corporate Services, the structure of the Department is now as follows:

General Manager: Ashley Selwood

Finance: Megan Snape

Employee Services: Mark Roberts

IT: Andrew Demery

Travel: Jo-Anne Ashby

Each of these functions has its own objectives and work plans which factor back to those of the Department. Although a disparate group of functions, there is an overall requirement of service and support for the organisation and its stakeholders.

FINANCE

As reported last year, the Finance function is headed by Megan Snape, who has now been with us for just over one year. Megan has spent the past 12 months bedding down a number of issues in the Finance area, reviewing systems and establishing new reporting protocols for the benefit of all parties concerned. She has an energetic team working with her and results to date have been quite encouraging. As well as managing the ARU Finance function, the Finance team also provides services to the Victorian and the Northern Territory Rugby Unions and is also considering doing something similar for the Tasmanian Rugby Union. This shared services model provides a benefit to all parties concerned as well as creating conformity of reporting across the board.

EMPLOYEE SERVICES

As reported in previous years, the Employee Services function, previously called Human Resources, is an area that effectively covers its own costs. Due to the requirements to provide recruitment services to the organisation, this department being in-house has reduced the costs of outsourcing such a service. On top of this, Employee Services provides an updated review of all Human Resources policies and also other related policies with respect to the operation of the organisation. Aply led by Mark Roberts, the team has also provided services to other Unions including Western Australia, Queensland and Victoria, particularly in 2007.

Unfortunately, Mark Roberts has decided to move on to greener pastures and will be leaving the organisation in the month following this report. We wish Mark all the best for the future as he has achieved some outstanding results in his time with the ARU.

IT

The IT function continues to manage an incredibly busy and demanding part of the ARU's infrastructure. The support for Customer Relationship Management (CRM) has put pressures on the role of the individuals in this area. During the year, the organisation was required to move offices on two occasions; firstly, temporarily to the city and then finally to the St Leonards offices. This created incredible pressure on the IT team in moving the offices over a very short period of time. The fact that in both cases there was a minimum of disruption, both internally and externally, goes to show the incredible work and dedication put in by the team. The challenge for IT in the future is to continue to manage an ever growing environment, improve

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our online capacity and service the CRM environment, as well as maintain in-house desktop support for the organisation. Ably led by Andrew Demery, the team puts in the required effort to manage all of these particular functions. Congratulations to the department on a job well done in a very difficult year.

TRAVEL

This particular part of the business provides continuing service to the organisation in a way that is sometimes not seen at the forefront of our operations. However, without this valuable service, teams would not appear on rugby fields, Boards would not meet when required, and other very important functions could not be performed. During the course of the year, as well as managing the annual requirements of the Wallabies, Australia A, Under 21s, Under 19s, Sevens, Women and staff, the Travel area, led by Jo-Anne Ashby, also managed an expanded programme for the Wallabies as well the re-introduced mid-year Australia A programme. In 2007, this challenge will increase with the advent of the Adelaide Sevens in April and the inaugural Australian Rugby Championships in August. In 2006, well over \$7m of travel and accommodation was organised by this area, as well providing services to Inbound Teams. As mentioned in last year's report, the challenge for this team going forward is to continue to manage this ever increasing high demand whilst needing to maintain and improve the operational efficiencies required to minimise costs.

FINANCIAL RESULTS FOR THE YEAR

The Statutory Financial Statements are attached to this report as per normal reporting requirements.

As mentioned in the past, it is sometimes more appropriate to provide further information as a means of better explaining the results for the year. As members would be aware, the last three year's financials have been affected by the Rugby World Cup 2003 Legacy Funding. This was an amount of \$18m allocated by the Board in 2004 out of the RWC 2003 surplus for the benefit of several strategic projects over the period. As this expenditure had to be brought to account as it was spent, the results for each of the years 2004, 2005 and 2006 have shown large deficits. The 2006 financial year is the last year of these projects and hence future years' results will not be affected by this expenditure.

The following table shows more clearly the result from the year:

	(\$'000)
Revenue	79,140
Expenditure	71,423
Surplus before Allocations	7,717
Allocations to Member Unions	7,254
Surplus for the Year	463
RWC Legacy Funding	6,802
Reported Deficit	(6,339)

Therefore, the surplus for the year was \$463,000 and although less than the surplus of 2005 (\$2.2m), it was \$150,000 greater than Budget, hence representing an excellent result for the year.

The Allocations to Members totalled more than \$10.2m when including the amounts from the RWC Legacy Programmes. This again is a record figure and shows good financial stewardship by the Board and Management in a more difficult financial environment.

The Capital Management position of the Union has improved to be just under \$23m which is also much higher than the expectations

set at the end of RWC 2003. This Capital Management position was enhanced by the ability to bring all of the Deferred Revenue from the initial Wallaby 1st capital proceeds to account through the Retained Earning of the Union in 2006.

Therefore, the Capital Management position of the Union is in good shape being almost \$2.5m more than expectations established in 2004.

THE FUTURE

There is no doubt the financial future of the Union is under pressure. Flattening and inconsistent revenue streams matched with continual demand on increasing expenditure creates an environment of increased financial prudence and control. The proposed Fundamental Business Review to be undertaken by the Board will go some of the way to designing the appropriate structure for rugby in this country and in the future. This redesign must and will also create opportunities for financial synergies and improvements. These synergies and improvements are absolutely vital for the future of our game.