

Summary of issues raised before and during the ARHS NSW General Meeting (28 August 2025) and how they were dealt with.

The Secretary received detailed questions from a small number of members prior to the meeting and provided detailed, comprehensive answers to each in advance of the meeting.

Around 50 members attended the General Meeting, representing just under four percent of the membership. Three apologies were received.

Financial Crisis & Debt Management

The core issue is that the Society is "asset rich, cash poor." It holds a Henderson Road property with a book value at \$6.75m but faces around \$4.5m in debt with a maturity date of March/April 2026. Interest and borrowing costs have escalated dramatically—from \$46.56k in 2020 to \$432.71k in 2025—making the current financing unsustainable. The organisation moved from bank financing to a private lender (Equity-One) at much higher cost after the Commonwealth Bank refused to extend its loan in 2023/24 and other banks also refused to provide finance.

Property Sale as Inevitable Solution

The Board argues that selling the Henderson Road property is the only viable option to avoid insolvency. A property auction yielded no bids. Post-sale, the Society proposed a 12-month lease-back arrangement (extendable to 24 months) to allow orderly relocation and restructuring of the business. Equity will depend on the proceeds from the sale. There is an imperative to sell rather than allow the debt to continue to rise to irredeemable levels.

Operational Revenue Streams

For the year to 30 April 2025, material income sources were: Book Sales (\$324,934), Subscriptions (\$301,427), Donations (\$199,963), Magazines (\$212,713), Archives (\$45,893), and Café Sales (\$129,495). Notably, neither the café nor the archives operates profitably in isolation, though the café supports bookshop traffic and volunteer work in the Archives synergistically and more recently has begun to break even. There has been a continued increase in membership, now at its highest level in more than a decade.

Strategic Pivot to Digital/Virtual Model

Printed magazine sales through newsagencies are a major source of revenue for the Society, but are likely to reduce significantly as the newsagency model for selling magazines contracts or disappears. Moreover, printing and associated costs of distributing printed magazines are

likely to continue to rise as revenues decline. The Board intends to shift toward a digital-first business model leveraging the organisation's knowledge assets (archive database and information sources). The model would emphasize online publications, subscription services, and e-commerce—potentially along the lines of Rail Express or International Railway Journal.

Whether the Society maintains a discrete physical sales outlet in the medium to longer term remains uncertain and depends on proceeds of the sale of Henderson Road. However, the Society must 'continue to maintain a Public Fund to be called the Australian Railway Historical Society New South Wales Division Museum Fund for the specific purpose of operating a place for the keeping, exhibition and study of objects of an artistic or historical interest, which is available and accessible to the public in the form of public museum.'

Governance & Transparency Tensions: the Board's Principled Approach

The Society's financial reality must be understood against the actual composition of ARHS membership. The 1,300+ members are primarily magazine subscribers—people who regard the organisation principally as a provider of publications for which they pay a discounted annual fee. That is, the vast majority of members are magazine subscribers who pay an annual fee for access to publications and services, not proprietors with claims on the Society's physical assets or governance processes. Their information needs differ fundamentally from those of governance enthusiasts or stakeholders with investment claims on the organisation. Most members do not attend physical meetings, access the archive, or use the café; they receive and read the publications, which constitute the primary service they value.

The small cohort raising detailed concerns represents a distinct demographic: members with significant physical presence at Henderson Road, utilising the premises as a free meeting and social space with fellow members of their age group. For these individuals, the property represents something more than a business asset—it represents community infrastructure and a venue for their particular interests.

The Board has pursued a deliberately measured approach to transparency, grounded in governance principles. The Board recognises that 1,300 members with diverse needs and levels of engagement cannot be managed through episodic responses to demands from a self-selected minority. Instead, the Board has continued to communicate with the entire membership through established channels—newsletters, magazines, and annual reports—providing frank, transparent commentary about the Society's challenges, strategic rationale, and financial position.

When asked why the Board ceased providing detailed cost-centre breakdowns (a concern raised by this minority), the Board explained that historical financial systems were inadequate, making year-on-year comparisons misleading. Rather than perpetuate unreliable data, the Board chose to improve underlying systems and provide credible reporting. This prioritises accuracy over satisfying particular members' informational preferences.

Directors emphasize they perform voluntary work and have limited capacity for ad hoc information requests. The Board confirms it has lawful authority and responsibility to manage property decisions without member consultation, though it invited questions at and before the General Meeting.

Director Compensation & Staffing

The aggregate compensation to two key staff members increased from \$163,130 (2023) to \$210,733 (2024), then decreased in 2025 as hours were reduced. The increase in 2024 reflected efforts to improve processes and generate new income during a period of organisational restructuring.

The Board notes that no Director receives a fee for Board work, nor is any compensated for the expenses they incur in attending board meetings; all serve voluntarily. Some Directors have also made significant interest-free loans to the Society and donations.

Editorial & Membership Engagement Concerns

Some members expressed concern about the replacement of an experienced railway editor with someone of "limited railway knowledge." The Board responded that the new editor brings digital expertise, which is the priority for reaching overseas markets and engaging new members in the Digital Age, and provides this enhanced service at a lower cost to the Society. The Board claims appropriate processes ensure the editor's railway knowledge is appropriate. There are no plans to merge or significantly alter the Magazine, Railway Digest, or Australian Railway History publications in format or timing.

Archive Digitisation & Financial Reality

The physical archive, though a core organisational object, has not generated expected revenue and is increasingly expensive to maintain and secure. As digitisation progresses, the intrinsic value of physical holdings diminishes, yet maintaining them remains an unrecoverable cost. The Board sees future financial value in the archive's intellectual property—the database and its search/e-commerce systems—rather than physical storage, although physical storage and retrieval of un-digitised archival product is likely to remain a prime responsibility of the Society for the foreseeable future. The board continues to explore lower cost options for housing the Society's archive while maintain control of it.

Membership Trends & Succession Planning

The organisation faces an ageing active membership with limited replacement in volunteering roles by younger cohorts—a common challenge for voluntary community organisations. The Board has continued to focus on engaging new members and subscribers domestically and internationally through digital channels (which has shown a measure of success over the past five years).

The Board addressed director appointment processes by reaffirming constitutional procedures and legal obligations. While members vote at AGMs, the Board retains exclusive responsibility for assessing applicant suitability—a position both legally sound and practically necessary for effective governance. The Board explicitly noted it would not be fulfilling fiduciary duties if it abrogated responsibility for assessing leadership continuity and succession planning.

Historical Context & Strategic Rationale

The move to Henderson Road, justified at the time, became financially untenable as ownership costs exceeded revenues and financing shifted to expensive private lending after COVID lockdowns and rising interest rates. The Board explored subletting unused space without success. Insufficient working capital (\$250k obtained through refinancing) prevented full implementation of revenue-raising projects, leaving property sale as the only remaining option to liquidate debt and remaining viable.

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Secretary