

Captions

The Official Newsletter of the Conference Action Group



CONFERENCE ACTION
Shaping Events



E-Newsletter – Edition 5: December 2007

INTRODUCTION

Welcome once again (or for the first time) to our last edition of Captions for 2007. This has been a very exciting year for the Conference Action Group and I would like to personally thank all our clients for once again allowing us the privilege to work with you. We hope we have given you the service in 2007 that we strive to achieve but we look forward to any feedback that will help us improve our service levels in 2008.

As we continue to grow we look forward to offering you an increase in the breadth of products and services we can deliver. We are currently in discussions with a market-leading company to provide membership cards to your community members. These cards will be linked to a range of member benefits allowing you to increase the scope of offerings to your members. In addition in 2008 we aim to finally bring to life our first online trade display which will we believe enable associations to derive a new income stream to help your growth. These initiatives are part of our strategy to build a first-class organisation supporting your business needs.

In this edition Steve Bowman reviews the problems associated with Board Evaluations, Sean Urquart looks at salary packaging options, whilst the ten tips this edition looks at venue selection.

Finally, I would like to wish you all a very Happy Christmas and Prosperous New Year. Travel safely and enjoy your well-deserved break.

I hope you enjoy this issue of Captions.

Kind regards,
Francis Child
Managing Director
francis@conferenceaction.com.au

INFORMATION

10 TIPS FOR VENUE SELECTION AND NEGOTIATION

Whilst there are always some basic requirements for selecting a venue, don't forget to negotiate terms and rates to ensure the "best deal" for your event. At the end of the day most items are negotiable so don't be afraid to ask. Here are some of the things to consider:

1. Location – does the location suit your attendees' profile?
2. Facilities – does the venue's space and accommodation suit your program and size?
3. Reputation – what is the current reputation of the venue in the market place? Ask to speak to someone who has used it recently.
4. Catering – does the venue offer the catering options I need?
5. Budget – can I afford the venue and can my attendees?
6. Cancellation – how flexible are the cancellation clauses?

7. Deposits – what scale of deposits does the venue want and can I afford this in my cash-flow?
8. Extras – what extras are the venue offering (FOCs, Upgrades etc)?
9. Parking – what are the terms for parking at the venue?
10. Specials – are there any special offers currently that you can take advantage of?

For further information on any of these call Francis Child on (02) 9437 9333.

THE PROBLEM WITH BOARD EVALUATIONS

Steven Bowman, LifeMastery (Aust) Pty Ltd
Author of *Conscious Leadership-the key to success*, and *Leading Yourself to Money with Consciousness*

Board evaluations are becoming more commonplace as Directors seek ways to become more strategic, make better decisions and be seen to be undertaking best practice governance. Most Boards who undertake an evaluation process do so from a place of wanting to be even better at what they do, although some individual directors are less than enthusiastic about being part of an evaluation process. In our experience of facilitating many Board evaluations, the main instigators of Board evaluation processes are the Chair (usually if there is an issue they want to bring out), the CEO (usually when it is part of a general governance update process) and sometimes funding agencies or key stakeholders (usually in response to a perception of underlying governance problems). Whilst the reasons for undertaking Board evaluations vary from Board to Board, there is one major underlying problem with most of the Board evaluations that we have reviewed.

Board evaluations are typically based around Directors rating themselves, or the Board as a collective, or rating both themselves and the collective Board. This rating is done on a series of questions related to their responsibilities and functions as a Board. The results of this self rating are then compiled and analysed, usually by an experienced external governance facilitator, and a report delivered to the Board. The major problem with this type of Board evaluation is that Board Directors are rating themselves. This often leads to Directors rating their skills as high (sometimes low), with no evidence to support that rating!

We have seen numerous examples where Directors have rated themselves highly in most evaluation areas, yet evidence suggested that they were, in fact, not functioning well in these areas. Some of the more common situations (and we have seen these many times) include:

Evaluation Question: *How effectively did the Board deal with statutory reporting, compliance and legal matters such as constitutional review and compliance with relevant legislation?*

Rating by Directors (5 point scale): average 4.8/5, range 4-5

Yet..... No evidence of formal statutory reporting framework, no compliance schedule, constitutional review not conducted in past 5 years, and the constitution full of antiquated articles that excluded electronic meetings or notices.

Another common example

Evaluation Question: *How effectively did the Board contribute to development of and review the implementation of strategy*

Rating by Directors (5 point scale): average 4.6/5, range 4-5

Yet..... No evidence of a strategic plan being approved by Directors, strategic plan not embedded into agenda of Board, Board minutes do not reflect discussion and decisions around agreed strategies, reports of staff not reflecting the Strategic Plan, Key Performance Indicators of the CEO not reflecting elements of the Strategic Plan, Annual Report not using the strategic plan as one means of reporting accountability, no formal or informal process for Board to regularly review assumptions behind the strategic plan.

So, what can you do? We recommend three strategies to overcome this problem.

Strategy 1: Conduct a Strategic Governance and Operations audit.

One of the most powerful techniques we have developed is what we term a Strategic Governance and Operations audit, which is conducted in conjunction with the Board evaluation. An independent person (usually the evaluation facilitator) spends some time in the appropriate offices, usually with the CEO and/or General Manager, investigating the key areas that are the focus of the Board evaluation, looking for evidence of Board processes, Board compliance and operational issues that directly affect the governance of that organisation. For example, you would seek evidence of processes and best practice in at least the following areas:

Legal: Constitutional review, compliance schedule.

Strategy: Strategic Plan exists, signed off by Board, Board agenda reflects key strategies, Board minutes reflect strategic discussion, CEO KPIs reflect key strategies, performance management system for staff reflect impact of strategic plan, stakeholder communications reflect elements of strategic plan, Annual Report utilises strategic plan, risk management plan in place, Board risk policy in place.

Accountability: Board succession planning protocols in place including formal skills analysis, Board induction program in place, formal Board charter, formal charters for Board committees, CEO KPIs in place, relevant Board policies signed off and regularly reviewed, Board evaluation protocols, annual Board work plan.

Culture: Performance management system in place for staff, culture and team processes, financial benchmarks and controls, CEO and Chair/Board relationships.

When looking at these areas, we have found it useful to identify whether the policies or procedures actually exist and address the key issues, whether they are documented and communicated, and whether they are in operation and applied consistently. This

<p>Board Evaluation</p> <p>Note: These questions are intended to assess the effectiveness of the Board collectively and Directors individually, not management.</p>	<p>The Board collectively</p> <p>1=poor 5=very effective</p>	<p>My input as individual Director</p> <p>1=poor 5=very effective</p>	<p>Short description of processes or behaviours that provide evidence to support your rating of the Board collectively (dot points)</p>	<p>Recommended remedial action (how we can do it better)</p>
Q1				
Q2				

Some of the responses we have had from Directors regarding their view of evidence include:

Question: How effectively did the Board provide external accountability to its stakeholders?

information is then used to cross check with Board members evaluation ratings

Strategy 2: Construct the Board Evaluation so it asks for evidence that supports the ratings

The typical Board evaluation only asks Directors to rate themselves and/or the Board according to agreed questions, usually in an electronic survey. These surveys almost invariably never ask for evidence that supports their rating. Even evaluations that consist of face to face interviews often only investigate Directors perceptions, without digging into evidence that might support those perceptions. We have developed Board evaluations that ask Directors to provide both evidence for their rating, and also what remedial action they perceive might be expansive for them and the Board to consider. The responses to these questions are fascinating, especially when they are matched to the Strategic Governance and Operations audit results.

The format of a Board evaluation might look like the following:

Rating by Directors (5 point scale):
average 4/5, range 2-5

Evidence provided to support rating:
Financial reporting by accountants provides all the accountability we need

Evidence from audit: There was no formal mechanism for monitoring stakeholder perceptions, and a stakeholder survey conducted as part of the Board evaluation showed that stakeholders viewed the Board as being operational with no strategic vision or accountability. Stakeholders rated this as 1.5/5

Question: How effectively did the Board identify and monitor key risks that could impact on its ability to achieve its strategic plan

Rating by Directors (5 point scale):
average 4.3/5, range 3-5

Evidence provided to support rating: "We are all very conscious of risk issues"

Evidence from audit: No risk management plan, no agreement on key risks, no risk management policy, no risk analysis for any project, no evidence of any risk related discussion from Board minutes

Strategy 3: Develop a Board work program based on the Board evaluation results

One of the most common complaints about Board evaluations is that they did not result in any, or many, changes. One of the key strategies we use that helps keep the Board focused is to develop a Board work program

that specifies which recommendations are to be undertaken, who is responsible for ensuring that it occurs, and when that recommendation should be implemented. This provides a formal accountability and project plan for the Board, which is more likely to result in the recommendations being actioned.

If you choose to undertake a Board evaluation, firstly conduct a governance audit, ask for evidence of ratings as part of the evaluation, and implement a Board work program based on the recommendations. These three strategies will assist in your Board extracting the most value from the evaluation process.

For more information on Board evaluations generally, the 5 types of Board evaluations, and how to establish the questions to ask in a Board evaluation, contact Steven Bowman on 03 5909 5929 or 0438 325 782, or bowman@lifemastery.com.au. Go to www.lifemastery.com.au for further resources on Board development, strategic planning, risk management, and conscious leadership.

SALARY PACKAGING

By Sean Urquhart, Partner of the Taxation Consultancy division of Nexia Court & Co.

Salary packaging enables employees to direct pre-tax income towards benefits as opposed to using your after tax salary. In certain situation Fringe Benefits Tax (FBT) may be payable where your employer provides you with a benefit, however, there are still advantages associated with this strategy as not-for-profit organisations may be entitled to certain concessions on their FBT liability.

FBT is a tax payable by employers who provide fringe benefits to their employees or to associates of their employees. If your organisation provides a fringe benefit to its employees your organisation may have an FBT liability. The strategy here is to ensure that the FBT is at a lower rate than your employee's individual marginal tax rate. FBT is separate from income tax and is calculated on the taxable value of the fringe benefits provided. Even if your organisation is exempt from income tax, it may still have to pay FBT. There are, however, certain FBT concessions that can reduce your organisation's liability.

What is a fringe benefit?

A fringe benefit is a 'payment' to an employee, but in a different form to salary and wages. Benefits include rights, privileges or services. For example, a fringe benefit may be provided when an employer:

- allows an employee to use a work car for private purposes

- gives an employee a cheap loan, or
- pays an employee's private health insurance costs.

Common exempt benefits where no FBT applies

You should consider salary packaging the following benefits as there is **no FBT liability** associated with such benefits. These include:

- a mobile phone or a car phone primarily used in employment;
- Personal Digital Assistant, e.g. a Blackberry or similar device;
- a notebook computer, a laptop computer or a similar portable computer (limited to the purchase or reimbursement of one computer for each employee per FBT year);
- some taxi travel (provide the trip starts or ends at the employee's work place);
- in-house health care facilities; and
- most minor benefits where the value of the benefit is less than \$300 (per employee) and it would be unreasonable to treat it as a fringe benefit.

Why is there a benefit with salary packaging certain benefits?

Salary packaging enables employees to direct pre-tax income towards benefits as opposed to using your after tax salary. Furthermore, an employee may be able to salary package the GST exclusive amount, saving a further 10%.

FBT rebate

As mentioned certain employers may be entitled to a reduction on their FBT liability, this is known as the FBT rebate. This rebate is equal to 48% of the gross FBT payable which is subject to a capping threshold. Organisations that qualify for an FBT rebate are referred to as 'rebtable employers'.

Rebtable employers are entitled to have their liability reduced by a rebate equal to 48% of the gross FBT payable (subject to a \$30,000 capping threshold). If the total grossed-up taxable value of fringe benefits provided to an employee is more than \$30,000 a rebate cannot be claimed for the FBT liability on the excess amount.

Rebtable employers are certain non-government, non-profit organisations. Organisations that qualify for the FBT rebate include:

- certain religious, educational, charitable, scientific or public educational institutions;
- trade unions and employer associations;
- non-profit organisations established to encourage music, art, literature or science;
- non-profit organisations established to encourage or promote a game, sport or animal races;

- non-profit organisations established for community service purposes;
- non-profit organisations established to promote the development of aviation or tourism;
- non-profit organisations established to promote the development of Australian information and communications technology resources; and
- non-profit organisations established to promote the development of the agricultural, pastoral, horticultural, viticultural, aquacultural, fishing, manufacturing or industrial resources of Australia.

Summary

There are many advantages associated with salary packaging and the provision of fringe benefits in certain situations. The provision of such benefits not only provides your staff with a tax saving, it can also attract quality staff to your organisation. To find out more please contact Sean Urquhart.

Sean Urquhart is a Partner of the Taxation Consultancy division of Nexia Court & Co. Sean has been with Nexia Court & Co for over 10 years and has a Masters of Taxation with the University of NSW. He can be contacted via email on surquhart@nexiacourt.com.au or telephone on (02) 8264 0755.

Disclaimer: This general guide is based on the Australian Taxation Laws as at 1 November 2007. Affected organisations should obtain specific professional tax advice relating to each organisation's own circumstances and should not rely on this brief summary.

NEWS FROM CONFERENCE ACTION & THE APC

Conferences currently organised by Conference Action

Access more details at <http://www.conferenceaction.com.au/>

Quest ANZ
Sydney: 12 - 14 MAR 2008

AVETRA
(Australian Vocational Education and Training Research Association)
Adelaide: 3 - 4 APR 2008

Pricing Masterclasses
Auckland, Melbourne, Sydney, Perth, Singapore: 7 APR - 20 MAY 2008

Anxiety Disorders Association 2008 Conference
Coogee: 15 - 17 MAY 2008

IPAA NSW
(Institute of Public Administration Australia)
Sydney: 18 - 20 JUNE 2008

Stroke Society of Australasia 2008 ASM
Sydney: 13 - 15 AUG 2008

Recruitment & Consulting Services Association 2008 Conference
Christchurch, New Zealand: 27 - 29 August 2008

Australian & New Zealand Society for Geriatric Medicine
Melbourne: 8 - 10 SEP 2008

EABS III - Eastern Australasian Basins Symposium
Sydney: 14 - 17 SEP 2008

Australian Society of Plastic Surgeons
Gold Coast: 2 - 5 OCT 2008

Quest Asia
Kuala Lumpur: 22 - 24 OCT 2008

ANZAOMS
(Australian & New Zealand Association of Oral & Maxillofacial Surgeons)
Christchurch, NZ: 28 - 31 OCT 2008

ALIA Information Online 2009
Sydney: 20 - 22 JAN 2009

Ultrasound in Emergency Medicine
Sydney: 4 - 6 SEPT 2009

Australian & New Zealand Society for Geriatric Medicine
Fremantle: 7 - 9 SEPT 2009

Stroke Society of Australasia 2009 ASM
Cairns: 7 - 10 SEPT 2009

Concrete Institute of Australia
Sydney: 17 - 19 SEPT 2009

YOUR CONTRIBUTIONS

If you have any suggestions on the content of this newsletter, would like to make a contribution or would like find out about advertising opportunities, please contact Isabelle on Tel. 02 9431 8600 or email isabelle@apcaust.com.au.

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