Welcome!

Well the year has been busy and it is hard to believe that we are already well into June!

Some of the highlights for the team at Resolve in recent times have included:

- undertaking work in China with an International School as well as some leads for further international work.
- finalizing arrangements for our move to new, larger premises in Gosford (see photo)
- The Bursars Forum cracked 800 members for the first time!
- the completion of the Resolve Ministry Governance Board Member’s Handbook which was launched at the Christian Management Australia National Conference in Melbourne this month.

Otherwise we have had regular client work and a number of important projects in the life of schools and other not for profits around Australia.

Ministry Governance Handbook

The new Ministry Governance Board Member’s Handbook is now available for purchase from Resolve.

Developed from the ground up especially for Australian Ministry Organisations of all types—churches, schools, missions, welfare organisations, aged care and a whole myriad of others!

The Handbook incorporates the Ministry Governance Model covering community and healthy relationships in an organisation. It also includes practical tools you can use to help your Board and its operation including diagnostic and planning tools. The final section of the handbook includes our unique SNAP meeting section which helps Board Members keep track of the meetings they attend, the things they need to do coming out of those meetings and things they also need to pray about.

The Handbook is designed for each Board member to have a copy and to bring it along to all the meetings they attend. It comes in a compact A5 folder with plenty of room for you to add extra documents specific to your organisation such as your Constitution, Board Polices, Organisational diagram, etc

Handbook pricing is $44 (inc GST) for the first copy and then $33 (inc GST) per copy thereafter for the same organisation. Order forms are available at www.resolveconsulting.net or by contacting Danielle at Resolve on (02) 4324 4800 or by email danielle@resolveconsulting.net
The 2006-07 Budget recently handed down by the Australian Government has made many changes that effect not for profit organisations and their staff. This is a snap shot of some the tax measures announced in the 2006-07 budget. It is not an exhaustive list of all the Government’s policies:

**Personal Income Tax**

The Government has proposed major changes to the personal income tax rates effective 1 July 2006. These changes include seeing the top marginal tax rate dropping from 47% to 45% and only cutting in from $150,001+ rather than the current $95,001+

**Fringe Benefits Tax**

As of 1 April 2006 the Fringe Benefits Tax (FBT) rate was cut to 46.5%.

Therefore, the gross-up rates change from 1 April 2006:

- **Type 1** benefits reduced from 2.1292 to 2.0647
  (Type 1 benefits are those benefits provided that create an entitlement to a GST input tax credit for the employer. Eg motor vehicles).

- **Type 2** benefits gross up reduced from 1.9417 to 1.8692.

On the Payment Summary (was Group Certificate), Reportable Fringe Benefits are to be grossed-up using 1.8692 (05/06 rate is 1.9417).

The 2006-07 budget also included changes with regards to the FBT thresholds. These changes, which will take effect as of 1 April 2007 include:

- Increasing the in-house fringe benefits tax-free threshold from $500 to $1,000
- Increasing the minor benefits exemption threshold from $100 to $300
- Increasing the reportable fringe benefits exclusion threshold from $1,000 to $2,000.

**Superannuation**

Significant reforms have occurred in superannuation; highlights include:

- Superannuation payouts will not be subject to tax on payments after 1 July 2007 for persons aged 60 years or over. This removes one of the long term issues in super where contributions were taxed on the way in, on the way through (earnings) and on the way out (now removed).
- The taxation of superannuation has also been simplified.

As a result of the budget we encourage staff of not for profits (especially those approaching retirement) to review their salary packages to ensure optimal arrangements are in place in a significantly altered tax environment.


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**Governance: Effective Boards**

Continuing our series based on Robert Andringa’s 12 Characteristics of an Effective Board.

**#4. The Board is clear about and links with its stakeholders or “moral owners”**

Stakeholders are many and varied but for this article we are looking only at moral owners.

In the busyness of an organisation board’s sometimes forget who their “moral owners” are or don’t even know who they are.

It is a useful exercise for a Board to work out who forms this important group in their organisation and look at creating strategies to link with them. Make sure they know where you are going, good results you have achieved and even use them to benefit the organisation directly.

Linkages can be as simple as regular newsletters or formal and informal meetings as well as special events such as dinners and celebrations.

You can read more about Moral Owners in our series on Ministry Governance on page 4 of this issue of Resolve News.
All new workplace agreements or Collective agreements will have to include conditions at least as generous as those outlined in the Standard:

1. A federal minimum wage
2. Four weeks paid annual leave per year (up to two weeks of which can be cashed out in a workplace agreement)
3. Ten days paid personal/carer's leave and two days compassionate leave per year
4. Up to 52 weeks unpaid parental leave (maternity, paternity and adoption)
5. Maximum ordinary hours of work limited to 38 hours per week (which can be averaged over 12 months in an agreement or award) and reasonable additional hours.

All new workplace agreements or Collective agreements will have to include conditions at least as generous as those outlined in the Standard. A term of a workplace agreement or contract attempting to exclude one of the entitlements, or part of it, will have no effect.

While all employees will be entitled to parental leave, everything else in the Standard applies only to constitutional corporations.

Employers who are not constitutional corporations may include:

- Sole traders
- Partnerships
- Certain State Government public sector employees
- Corporations whose predominant activity is not trading or financial.

Employers who are constitutional corporations and who currently operate in the state system will have up to a three year transitional period in which their current state awards and/or agreements will continue to apply.

The new federal laws will mean that state laws no longer apply to employees in the federal system, with the only exceptions being those state laws the federal Government permits to operate.

**Wages and the Australian Fair Pay Commission**

The Australian Industrial Relations Commission (AIRC) will no longer have power to set minimum wages across the award system through the national wage case. The Australian Fair Pay Commission (AFPC) now takes over this role.

**Agreement making**

Federal collective agreements and individual agreements (Australian Workplace Agreements - AWAs) will continue under the new federal laws with a nominal term of five years. Federal agreements however will no longer have to pass a no-disadvantage test before being approved.

To be approved, agreements will only have to meet the Australian Fair Pay and Conditions Standard. The AIRC will no longer have any role in scrutinising agreements. Instead the Office of Employment Advocate will be responsible for accepting all agreements when lodged.

Agreements will be able to remove or modify seven current award entitlements. They are:

- Public holiday pay
- Rest breaks
- Overtime/shift loadings
- Annual leave loading
- Incentive-based bonuses and payments
- Allowances
- Penalty rates

without any compensating benefits.

Agreements made under the old system will continue to operate, except that prohibited clauses will be removed. However these existing agreements can not be varied or extended now that the legislation is in force.

**Dispute resolution**

Under the Alternative Dispute Resolution Assistance Scheme (ADRAS), parties to eligible disputes are able to receive up to $1,500 (GST inclusive) of Government assistance towards the cost of private Alternative Dispute Resolution (ADR) services, such as conferencing, mediation, assisted negotiation, neutral evaluation, case appraisal, conciliation, or arbitration services.

Under the Government’s WorkChoices legislation, employees and employers now have a choice between...
Ministry Governance: Moral Owners

Company or Association members, Church memberships or other groups of people that are charged with the responsibility of electing the Board of Directors to govern the organisation are referred to as the “Moral Owners” of a Ministry organisation. Unlike shareholders, the Moral Owners do not have a financial stake in the organisation but rather take on responsibility for the overall governance and “ownership” of the organisation.

The relationship between the Moral Owners and the Board is an important one, and is often neglected in our experience for a number of reasons. For ministry organisations that operate as Public Companies Limited by Guarantee or Incorporated Associations there is legislation that regulates the process for electing Directors, the need to have a Constitution, the holding of Annual General Meetings and the process to follow at those meetings with respect to voting etc, and the production of financial statements for accountability back to the members.

These are examples of statutory linkages between the moral owners and Board and are sometimes seen by ministry organisations as annoying requirements that have been put in place by meddling governments to make life difficult for the ministry. This is not the case. We have seen the need to redeem the original purpose of tools like the Constitution and Annual General meeting of the ministry organisation, to improve the use of these tools to strengthen the relational linkages and get the maximum benefit out of them in building a healthy ministry governance process for the organisation.

A good place to start is your Constitution. This should be kept up to date and each Board member should know what it says and understand it. So revise and update your Constitution in plain English if needed, and make sure that it contains the important aspects that help you protect your ministry’s distinctiveness and strengthen the relational linkage between the Moral Owners and the Board.

The other relational linkage that we believe needs redeeming is the Annual General Meeting of the company. These are typically extremely dull affairs held on a Sunday afternoon or weekday night, and involve little more than the minutes from the last meeting, adoption of Directors’, Financial and Auditors reports, election of Directors and an opening and closing prayer. The Annual General Meeting is actually an opportunity for the Board to report back on its stewardship of the ministry to the Moral Owners, so consider reformatting this event to include an item or two related to the ministry you are involved in so that the Moral Owners get a first hand view of the results of the ministry. Also, consider issuing an Annual Report that is more than just a statutory finance report, using it to engage with your Moral Owners by sharing with them progress on the strategic plan of the organisation.

In our experience, unhealthy ministry organisations often have some of the following keys problems with linkages between the Moral Owners and Board:

- The Moral Owners are asleep and the Board is very happy with this malaise from the membership. Whilst this appears to be a positive for Boards who are allowed to get on with governing without a potentially interfering membership, the problem that often happens in this situation is that a crisis occurs in the organisation, a member finds out, and the “sleeping bear” is awoken angry and unprepared. The sleeping members, if allowed to remain ignorant and unenlightened can, once awakened, turn on the Board, often armed with only partial facts or rumour.

- The Moral Owners micromanage the Board and the organisation – in effect they become the real governors which usually results in painfully slow and often unenlightened decision making as the Moral Owners have no official link with the staff and day to day operations of the organisation.

- The Moral Owners are the Board – there is not a sufficient depth to draw from long term in the organisation to allow for growth of and changes in Board Members, new input from fresh thinking etc because the membership is too small. Alternatively, a key Moral Owner (such as a Senior Pastor) is also on the Board as a Director but frequently uses their position of Moral Owner to veto or control Board actions.

- About the application of awards, agreements, the Standard, workplace determinations and legislated minimum entitlements to parental leave, meal breaks and public holidays
- Arising during negotiations for a collective agreement,
- Arising where a bargaining period has been terminated in the public interest or suspended to provide a cooling off period.

For more information about WorkChoices and the Australian Fair Pay and Conditions Standard go to www.workchoices.gov.au
## Internal Controls: Electronic Passwords

The need for strong internal controls in Not for Profits is critical not only for their own health but to assist and protect their employees.

Internal controls can be defined as "an accounting procedure or system designed to promote efficiency or assure the implementation of a policy or safeguard assets or avoid fraud and error etc."

In this edition of Resolve News we will take a brief look at the ever increasing use of electronic payments.

Many organisations now use electronic payments in place of cheques to pay suppliers. A simple internal control with cheque payments was to require 2 signatories on cheques, however many organisations in the quest for efficiency in moving to electronic payments now only require one password to approve funds transfers—a significant reduction in internal control.

It is also not uncommon where 2 passwords are required for one person to actually know 2 or more password for the electronic banking system—a significant problem for internal control.

Some simple steps to improve the internal control of your electronic payments include:

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<tr>
<th>Step</th>
<th>Description</th>
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<tbody>
<tr>
<td>1.</td>
<td>Ensure you have a clear policy on the use and sharing of passwords (e.g. Don't!)</td>
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<tr>
<td>2.</td>
<td>Ensure your system requires 2 passwords to transfer funds or make payments</td>
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<tr>
<td>3.</td>
<td>Find out if you have former employees still on the system, if so remove them.</td>
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<tr>
<td>4.</td>
<td>Do any employees hold more than 1 set of passwords? If so change them such that each person only knows 1 set</td>
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<tr>
<td>5.</td>
<td>Periodically do a complete clean sweep of passwords in the organisation to reduce risk</td>
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### Tech Tip: Telephones and VoIP

There has been a lot of media attention of late in relation to the development of new technologies for voice communication over the internet. One of the ways your organisation can save significant money is to reassess your communications setup. Some of the following tips are suggested:

- Look at how many land lines you are using. Do you still need a separate fax line now that email has largely replaced faxes for many communications — why not just a clever fax machine that shares the main line and can tell the difference between a fax and phone call.
- Are you making use of broadband internet but have a number of old dedicated dial up lines in your office. Do an audit of phone lines to check if you have some redundant lines not in use.
- Voice over IP. Making phone calls through your computer is now stable and of sufficient high quality to be considered seriously as a land line replacement option. Even if you do not want to go for a fully integrated VoIP system in your organisation, providers like SKYPE (www.skype.com) provide free computer to computer voice communication options that just need an inexpensive microphone and headset to use. These are a great introduction to the benefits of VoIP and have been used successfully for some time by many organisations to cut costs in talking with interstate or overseas colleagues and friends. Your organisation’s mobile phone deal regularly. At Resolve we just changed our provider of mobile phones and managed to cut 50% off our monthly phone bill because we were able to find a provider that suited our mobile phone use patterns better than the old provider. Phone companies offer a large range of specials and plans, but some of the key elements to look for include:

1. What is the standard rate per month, included calls, and handset options
2. What is the call charge (per 30 seconds) to external phones – be careful here. Often the call rate is very high when the standard monthly plan includes a seemingly large dollar value of included calls. Do the maths based on previous call volumes to make sure you are not actually worse off.
3. Look for free calls to phones on the same network (this is pretty standard now and is great when you do a lot of calls between colleagues)
4. What about plans for spouses/other members of the family. Some plans allow you bring on other family members for discounts, free calls etc.

Telecommunications is an area that is constantly changing and developing. It is an area in which significant cost savings can be achieved while improving communications in an organisation.
Managing Partner of PriceWaterhouseCoopers, Melbourne) and Paul O’Rourke (CEO of Compassion). Each of these speakers will bring challenging addresses that will influence delegates in their work and everyday lives.

Apart from the keynote speakers there will also be a range of workshops running across 4 strands (Business & Finance x 2, IT Managers and Development/Promotions) as well as new Elective Sponsor Seminars.

Resolve strongly encourages clients to send at least one staff member to this conference if not more!

Registration forms are available from:
- Christian Schools Australia (www.csa.edu.au)
- The Bursars Forum (www.bursarsforum.com).

Book now so you don’t miss out and we look forward to seeing you there!

As mentioned in the last edition of Resolve News, Resolve is proud to be assisting Christian Schools Australia in the convening of the inaugural Christian Schools National Business Conference to be held at the Legends Hotel on the Gold Coast on 9-11 October 2006.

The theme of the conference will be “For such a time as this…” taken from the book of Esther.

The conference will cater for Christians who are Business Managers, Bursars, Board Members, IT Managers and those responsible for Development, Public Relations and Enrolments in schools.

There will be a number of high profile keynote speakers including David Bussau founder of Opportunity International (micro finance provider), Andrew Haggar (Managing Partner of PriceWaterhouseCoopers, Melbourne) and Paul O’Rourke (CEO of Compassion). Each of these speakers will bring challenging addresses that will influence delegates in their work and everyday lives.

Over recent years Resolve has provided one-off assignments, multi-project assignments over extended timeframes as well as on-going assistance to over 200 organisations.

Our new street address from 3 July 2006 will be:
Level 2, The Kensmen Building,
131 Donnison Street, Gosford NSW 2250

PO Box 606
Gosford NSW 2250
Australia
Phone: 02-4324-4800
Fax: 02-4322-2253
Email: mail@resolveconsulting.net
Web: www.resolveconsulting.net
www.bursarsforum.com

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