

## **ATEM Financial Management Advisory Committee (FMAC)**

### **Minutes**

Minutes of a meeting of FMAC held on 27 August 2006 at 10.00 am, in Room 5/6, Level 1, Sydney Hilton Hotel.

#### **PRESENT**

Neil Voyce (ATEM Treasurer) (Acting Chair)  
Lucy Schulz  
Peter Scardoni  
Giles Pickford (Secretary)

#### **1. Apologies**

Apologies had been received from VP Richard Easter and Jeff Long

#### **2. Minutes**

The Minutes of the meeting held on 18 May 2006 were confirmed.

#### **3. Record of Council Resolutions on FMAC issues**

FMAC noted Council's resolutions arising from its last meeting as shown below.

#### **RESOLVED 7/06**

(a) That it be noted that ATEM is now covered by CGU for all necessary insurances: Professional Indemnity Cover, Association Reimbursement Insurance, Association Entity Insurance, Employment Practices Cover, Fidelity Insurance Cover and Taxation Investigation Cover.

(b) That the remaining Branches complete their three year rolling budgets by 30 June, and that Peter Scardoni assist the WA Branch to meet this deadline as its Treasurer is on extended sick leave.

(c) That Branch Presidents determine on contributing a sum of money to the ATEM Development Fund and that the first call on the fund be the payment for creation of the Victorian Branch web-based events management facility including e-commerce. The facility is now available to all Branches.

(d) That Moore Stephens be instructed to take advantage of the ATO Amnesty for educational institutions and establish ATEM as a self declared educational institution for tax purposes. The Amnesty closes on 1 July.

(e) That Peter Scardoni is congratulated on the introduction of the single accounting system for ATEM and that he and the Treasurer write a users manual for the system.

(f) That it is noted that Tasmania is considering handing over its accounting activity to Peter Scardoni, that WA may also do this, and that it is agreed that this bureau service be drawn to the attention of all Branch Presidents so that they can discuss adopting this practice with their Branch Committees.

(g) That an Investment Policy be created for ATEM's investments and the ATEM Foundation.

#### **4. Business Arising from FMAC Minutes**

##### **4.1 Compliance Spreadsheet**

FMAC noted that the compliance spreadsheet had been updated and now had a 100% response rate.

It was agreed that, with the advent of on-line banking, there was a need to revise the Finance Manual in the section on Cheque Signatories.

#### **4.2 Three-Year Rolling Budgets**

Peter Scardoni reported that the 3-year consolidated rolling budget was complete except for WA. FMAC discussed the budgets and agreed that the Chair and Treasurer needed to consult with those Branches showing persistent deficits going forward, in order to restructure the budgets and take remedial action where possible.

#### **4.3 ATEM Development Fund**

FMAC noted that the following contributions had been made or promised: Victoria \$6,000, Tasmania \$5,000 and South Australia \$5,000. It was agreed that Branches need to be sent the list of projects for which the funding is needed and that VP Richard Easter should consult with Branches about the possibility that they might contribute.

It was agreed that the most urgent priority was to grow the ATEM membership and that this would need extra funds.

#### **4.4 ATEM Tax Issues**

Peter Scardoni reported on a Teleconference with Moore Stephens held on 31 July 2006 which had culminated in the calling of a Special General Meeting to change the Constitution of the ATEM body in order to comply with ATO guidelines on self-assessing as a public educational institution.

#### **4.5 The Single Accounting System**

Peter Scardoni reported on progress and illustrated the system diagrammatically on a white board. Peter was congratulated on the progress he had made, with completion being estimated to occur by year end.

#### **4.6 Investment Policy for ATEM Inc. and the ATEM Foundation**

##### **ATEM Foundation**

Investments have already been made by the ATEM Foundation. The decision was made to invest in diversified equities with a reasonable yield and good growth prospects. It was decided that this was the best investment to make for an endowment with a ten year investment horizon, where the capital is to be protected, and only interest disbursed.

##### **ATEM Development Fund**

It was agreed that the ATEM Development Fund needed a much shorter investment horizon as capital would need to be spent. It was agreed that these funds should be held in on-call accounts and short term deposits with 100% security.

##### **ATEM Pooled Investment Fund**

This fund is designed for use by Branches which want to protect capital and maximise yield for funds held by them. It was agreed that the money held in this fund would be held for Branches and that they would be entitled to refunds of all of the capital and the dividends paid on that investment. Although these investments would need to be diversified in the long term, it was agreed that in the first instance investments would be made in Halcyon Notes (Ticker Code HLCHA).

Halcyon Securities is a capital guaranteed listed security in which the capital is underwritten by the Westpac Bank. The current yield is 9.59%, paid quarterly. The yield rises or falls in line with the Reserve Bank approved interest rate.

FMAC noted that there is a risk. If there is a 'credit event' in an overseas company in which Halcyon invests, then there is a step down of 25% of the dividend. Therefore, if there are 4 credit events, there are no dividends in that year

A credit event is defined as a situation where one of the companies in the Halcyon Portfolio of 46 overseas blue chip companies:

- (a) Experiences bankruptcy;
- (b) Fails to pay \$US1 million or more of its obligations as they fall due; or
- (c) Undertakes restructuring of \$US10 million or more of its obligations.

The ATEM Secretariat declared that they had both held or hold Halcyon Notes. In Giles Pickford's case he has held this security now for four years without there ever being a credit event. The Halcyon Prospectus was tabled at the meeting.

It was agreed that it be recommended to Council that HLCHA be used for the initial deposits by Branches in the ATEM Pooled Investment Fund.

## **5. Other Business**

### **5.1 Formula for Council Contribution 2007-8**

FMAC noted that Jeff Long wished to discuss the formula for calculating the Council Contribution but that he had not been able to attend the meeting. It was agreed to recommend to Council that an FMAC teleconference be held at a time that Jeff could join in, and that an agreed Council Contribution schedule be circulated after that teleconference for approval by Flying Minute.

## **6. Next Meeting**

Distribution:  
Richard Easter  
Neil Voyce  
Lucy Schulz  
Jeff Long  
Peter Scardoni  
Tom Gregg

*GP 28/8/06*