

## Resources Commission

<i>Chairperson</i>	Rev John Dunn
<i>General Secretary</i>	Rev David de Kock
<i>General Manager</i>	Robert Locke
<i>Members elected by General Council</i>	Greg Howlett
	Marie Yuncken
<i>Member (UCAWA Property Trust)</i>	Rev Raymond Clee
	Thomas Stokes
<i>Elected by Synod</i>	Graham Reynolds
	Bob Kronberger
	Ian Harris
	Fiona Bentley
	David Beards
	Bruce Murdoch
	Margaret Martin
<i>Co-opted</i>	Rev Stephen Larkin

The report outlines how the Resources Commission has implemented its mandate since the 2016 Synod and the performance of its entities for the 2016 calendar year.

The Commission endeavours to ensure that the Church's resources are well and strategically managed and that the assets of the Synod and Presbytery and the policies and practices for the current and future resource needs support the ministry and mission for the Uniting Church in Western Australia.

As a Commission we anticipate that the Synod Strategic Plan will enable the Commission and its staff to ensure that the missional objectives of the proposed plan are met and there is appropriate strategic governance and management of all resources across the WA Synod.

The key strategic areas of focus have been:

### Financial accountability obligations

- Presentation of annual budget.
- Provide support and advice to the General Secretary.
- Production of audited financials (audited accounts will be tabled at Synod 2017).
- Oversight of WA Synod financial operations.
- Oversight of the management of the Uniting Church Insurance Services and the Uniting Church Investment Fund.

- Developing an understanding of the financial profile of the Synod, colleges and entities.

### Challenges

- Reserve Bank of Australia policy and interest rates.
- Questions around the economic environment in WA.
- Implementation of WA Synod Strategic Plan.
- Management and oversight of our property assets.
- Committee membership and succession planning.
- Return to break-even Budgets and three year rolling budget.
- The clearer distinction between Presbytery and the Synod of WA and implications for the Resources Commission's governance.
- Managing the risk profile of the Synod including referred financial and reputational risk from activities outside Synod control eg The Royal Commission into Institutional Responses to Child Sexual Abuse.

### Resources Governance

- Business and Financial Services.
- Property Services.
- Investment and Corporate Finance.

- Regular and comprehensive reporting to the Synod Standing Committee.

### **I. MEMBERSHIP**

The Resources Commission is appointed annually by the Synod and consists of: Chairperson, General Secretary; General Manager (Resources); Synod Property Officer (currently GMR); two members of the Uniting Church in Australia Property Trust (WA) and up to seven other persons elected by Synod.

In 2016, the following members served on the Board.

- Rev John Dunn, Chairperson
- David Beards, member
- Fiona Bentley, member
- Raymond Clee, Property Trust
- Rev David de Kock, General Secretary
- Ian Harris, member
- Greg Howlett, member
- Robert Kronberger, member
- Robert Locke, GMR
- Margaret Martin, member
- Bruce Murdoch, member
- Graham Reynolds, member
- Tom Stokes, Property Trust
- Marie Yuncken, member

In attendance

- Michael Patchell, CFO
- Maureen Bourke, Minute Secretary

Chairperson may attend all meetings of the Commission and its Committees.

The Commission is aware of the need to increase its diversity in age, gender and length of service. It would also like to achieve generational change and seeks the Synod's assistance to address these matters. Following last Synod four new members were welcomed as members of the Commission – Fiona Bentley, Margaret Martin, David Beards and Bruce Murdoch. We note that we have more Synod-elected members than specified in our By-Laws. We are addressing this matter.

Following the establishment of the Presbytery Property Committee (PPC) at the May Presbytery Meeting the Commission agreed to co-opt the Chairperson of the PPC until the next Synod meeting.

The Commission has committees to assist it in undertaking its work and they report directly to the Commission through the Chairs who are appointed from the members of the Commission. They are:

- Business & Financial Services
- Investment and Corporate Finance
- Property Services
- Governance Committee

### **2. BUSINESS AND FINANCIAL SERVICES COMMITTEE (BFSC)**

The BFSC provides governance to the financial services team of the Resources Division. The Committee comprises:

Chairperson

Graham Reynolds	Robert Locke
David Beards	John Pallathil
David Blythe	Tom Stokes

In attendance

Michael Patchell CFO

Minute Secretary

Maureen Bourke

The Committee has responsibility to provide governance to the Resources Division for the operation of the financial services unit including the Uniting Church Insurance Services (UCIS) and the development of a Risk Register. In addition, the BFSC has responsibility for the Accounts Committee of Review which examines financial reports across the UCA in WA. We take great comfort in the performance of our schools and agencies that remain strong despite many economic challenges. The BFSC advises the Commission in respect of the budget preparation and tracks emerging financial risks and the development of appropriate policies.

### **3. RISK MITIGATION THROUGH INFORMATION AND EDUCATION**

The Synod maintains a risk register which is overseen and monitored by our Insurance & Risk Manager, Muralee Nair. Risks are identified and graded.

The following information workshops were organized with the aim of creating a greater awareness of risks associated with property, liability and privacy:

- Heritage Council Workshop with Presbytery Property Services – was

attended by property managers from our Congregations, Care Agencies, Schools and Committees. The workshop highlighted various funding, maintenance, insurance and Crown Grant issues that were raised by participants. A second workshop is planned for later in 2017.

- Liability Risk Workshop – the workshop was a culmination of a series of meetings with Congregations, Care Agencies, Schools and Committees. The workshop dealt with a series of liability risk issues that required participants to identify risk controls and the effectiveness of these controls, and also identification of potential gaps.
- Privacy Presentation – Synod staff benefitted from a staff meeting presentation by Ian Curlewis of Lavan Legal on the application of the Australian Privacy Principles. A rich vein of discussion followed.

#### 4. RISK MITIGATION THROUGH CUSTOMISED PROGRAMS

In addition, the following customized programs were undertaken for specific organisations. They included.

- Good Samaritan Industries Business Continuity Plan Exercise – UCIS developed and conducted a desktop exercise to evaluate the effectiveness of GSI's Business Continuity Plan for its second line management team. An exercise report with recommendations will be submitted to GSI senior management for further review and decision.
- BKI Risk Register Review – The Risk and Control Register was reviewed and updated in consultation with its Acting CEO, Rev Keith Truscott. The risk management process for BKI could have a financial benefit as it is required for submissions for funding.
- Driver Safety and Wellbeing Survey – All three care agencies were invited to participate in this survey to be reviewed by our motor fleet insurer Vero. GSI and UnitingCare West made extensive

submissions and their expressed commitment to fleet risk controls attest to the Group's overall improved claims experience. The seven-month claim record of 59 incidents at incurred cost of \$170,000 compares favourably against 76 incidents and incurred cost of \$225,000 for the same period last year.

#### 5. SYNOD FINANCES

The Synod (as at 31 December 2016) had a surplus of \$8,449,077 in accumulated funds against a deficit of \$186,784 for 2015. This was majorly influenced by the sale of the Synod's former church centre, Westminster House and the distribution of the funds received. Westminster House was a former administrative centre of the Synod. Given the sale of Westminster House the Synod purchased the current Church Office (July 2016) from the UCIF which has provided office facilities for the Synod and Presbytery since 2007, at no cost to the Synod finances.

The budget for 2016 recorded a surplus of \$62,757 against a projected deficit of \$252,099, a better than expected performance of \$314,856. This result was achieved through the careful management of expenses by staff and the fact that not all staff positions budgeted for were filled.

	2016	2015
Operating Revenue	15,962,950	6,943,104
Operating Expenditure	<u>7,513,873</u>	<u>7,129,888</u>
Operating Deficit/Surplus	<u>\$8,449,077</u>	<u>(\$186,784)</u>

The Synod Fund continues to rely upon a generous contribution to mission and service from Uniting Church in the City who is the largest single contributor from our congregations. In addition, the trustees of the Butterworth Trust continue to provide a valuable contribution. This combined with grants from the UCIF and UCIS, along with the careful management of reserves and trust funds have assisted in achieving this result. However, the Commission continues to monitor and plan in what is an uncertain economic environment.

The Fund has grown, however, grants and expenditure exceeded earnings and a separate



adheres to the Uniting Church policy. A copy of this policy is available from the Resources Division.

## **8. RESOURCES GOVERNANCE COMMITTEE (RGC)**

The RGC has responsibility to review the performance of the Commission and its permanent committees. It also undertakes to review the performance of the Resources Division. Its focus is on compliance, strategies, process and efficiency. The RGC will also meet as required to deal with matters of urgency.

The RGC membership is the Resources Commission Chairperson, Permanent Committee Chairpersons, General Secretary and General Manager (Resources).

## **9. RETIREMENT OF CHAIRPERSON**

Eight years ago the Rev John Dunn was asked by the then General Secretary, Kay Dowling to consider chairing the newly formed Resources Board (now Commission) he agreed to do so for its first twelve months while the Board was established!

Over the ensuing time, with John continuing as chair, the Resources Commission has been able to ensure that the resources of our Synod (and Presbytery) were well governed and the management of the Resources Division was enhanced to enable many of the Church's resources to be used for our engagement in the 'missio deo' (mission of God).

Significant achievements have included the restructuring of the management of the Uniting Church Investment Fund and the Uniting Church Insurance Fund, enabling each, while providing excellent services, to generate significant income for the budget.

A 'budget document' has been developed to better enable the members of Synod to understand the situation face in the past and how through careful management and future planning a financial crisis has been averted.

Annual workshops have been held by the Board/Commission to assess its work, to plan for the future, to understand its place within the life of the Church in WA. A workshop is

planned for 2017 to develop our understanding of a 'theology of property', while in 2016 we invited the then General Council and chairs and staff of commissions and boards to join in a workshop on the understanding of the relationship between governance and management.

The retiring chairperson and members of the Commission are delighted that a new Synod Strategic Plan will be presented to this Synod for adoption for without such a plan the work of the Commission has been so much harder.

## **10. CONCLUSION**

The Resources Commission acknowledges the contribution of all staff, led by the General Manager (Resources) in providing an integrated and responsible model of governance and management of all financial, property and other resources to ensure resources are available to meet the requirements of the developing Synod Strategic Plan.

The Commission has worked diligently to meet its mandate throughout the year. We are indebted to the generosity of Commission and Committee members who share their experience, skills and expertise across a wide range of responsibilities for the benefit of the 'mission of God' through the WA Synod.

The staff of the Resources Division provide exceptional service to the wider Church. Each team member plays an important role bringing their gifts and talents. This, along with many others who service the Church within agencies, Presbytery and congregations combined with trust, integrity and clear communication enables us together to make the Church stronger.

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**General Manager (Resources)**  
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**Chair, Resources Commission**  
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## **UNITING CHURCH INVESTMENT FUND**

### **1. MISSION**

- to enlarge and extend the wider work of the Uniting Church in Western Australia
- to encourage and foster a greater appreciation and understanding of the value of Christian stewardship within both the Church and the community.

The UCIF strives to achieve its mission objectives while providing a competitive and ethical investment service to Uniting Church people, congregations, agencies, instrumentalities and the Synod of Western Australia.

UCIF investors have the satisfaction of knowing their investment is a commitment to Christian stewardship. By investing with the UCIF they are supporting the work of the wider Church in areas such as:

- social justice
- community outreach
- youth leadership development
- resourcing congregational mission

### **2. ETHICAL INVESTMENT**

The UCIF is committed to ethical investment. The UCIF strictly adheres to the ethical investment principles and procedures of the Uniting Church in Australia NSW and ACT Synod.

The UCIF subscribes to the Responsible Investment Association Australasia which provides ethical screening research. UCIF investments are constantly monitored and revised in accordance with updated ethical research data.

### **3. GREAT RETURNS FOR OUR CHURCH**

Since the inception of the UCIF in 1971 as part of our inaugural member Church the Methodist Investment Fund, we have been able to provide \$32,958,000 in grants to the Church in Western Australia. In addition, the fund has met its own operating cost and therefore not been a liability to the Synod budget. The fund has assisted many congregations providing loans and assistance. We have over the past 46 years provided

investment options for personal investors which has allowed our customers to not just benefit themselves, but to support the church community. Unfortunately, due to increased regulation of the retail investor market from 2018, we will only offer services to congregations, agencies, schools, staff and church entities.

### **4. UCIF ADVISORY COMMITTEE**

The activity of UCIF is overseen by the Investment and Corporate Finance Committee (ICFC). The ICFC is directly responsible to the Resources Commission and ultimately the Uniting Church Synod Standing Committee.

The ICFC is comprised of professional people with a strong commitment to Christian values, who give generously of their time and energy to advance the Church's mission. Membership is completely voluntary. The Committee has representation from the fields of law, accounting, financial investment, property and banking.

Greg Howlett, Chair, (Architecture)

Mitch Artus (Legal)

Rev Brian Carey (Ethicist)

David Gray (Management and Financial Skills)

Robert Locke General Manager (Resources)

Graham Reynolds (Business Management, Insurance)

All appointees to the ICFC are required to promote the vision and ethos of the Uniting Church and demonstrate a desire to uphold the standards of active oversight of the operations of the Fund. All Committee members are chosen for their ability to offer wise counsel to management.

The Committee meets a minimum of four times each year, often more regularly. The Committee ensures the UCIF is prudently managed with the aim of achieving the maximum return possible to investors, while providing funds to extend the missional work of the Uniting Church.

### **5. SPONSORSHIP**

UCIF is committed to and has been actively involved in supporting the Uniting Church's community service programs in Western Australia.

## 6. FINANCIAL REPORT

The financial information on the following pages has been extracted from the statutory accounts of the Uniting Church Investment Fund. Full copies of the accounts are available on request.

## 7. AUDIT REPORT

The statutory accounts were audited by RSM Australia Partners, Chartered Accountants.

### **Investment and Corporate Finance Committee (ICFC) of the Resources Commission**

The ICFC has determined that this special purpose financial report is prepared in accordance with the appropriate accounting policies.

The financial statements and notes fairly represent the entity's financial position as at 31 December 2016 and its performance for the year ended on that date in accordance with the accounting policies described in the financial report.

In the opinion of the Resources Commission, there are reasonable grounds to believe the entity will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Advisory Committee and for and on behalf of the Commission by:

Greg Howlett

Robert Locke

Chairperson

General Manager (Resources)



During 2016 the investment base was \$73,215,423 across 568 customers. We paid to our investors \$1,373,253 in interest. New loans to ministers, agencies and congregations totalled \$70,000.

### Results Summary for the year ended 31 December 2016

Year Actuals	Total Deposits (\$)	Operating Surplus – Deficit (\$)	Synod Grant (\$)
2007	52,785,000	1,092,515	1,490,000
2008	60,510,000	(21,414,562)	1,620,000
2009	62,967,000	10,229,552	1,650,000
2010	62,373,000	(3,119,323)	1,675,000
2011	66,791,000	(7,921,220)	1,690,000
2012	66,286,000	1,455,687	1,250,000
2013	65,856,000	5,356,156	1,690,000
2014	65,667,000	1,919,106	1,715,000
2015	80,753,000	(243,014)	1,800,000
2016	73,215,423	4,931,847	1,800,000

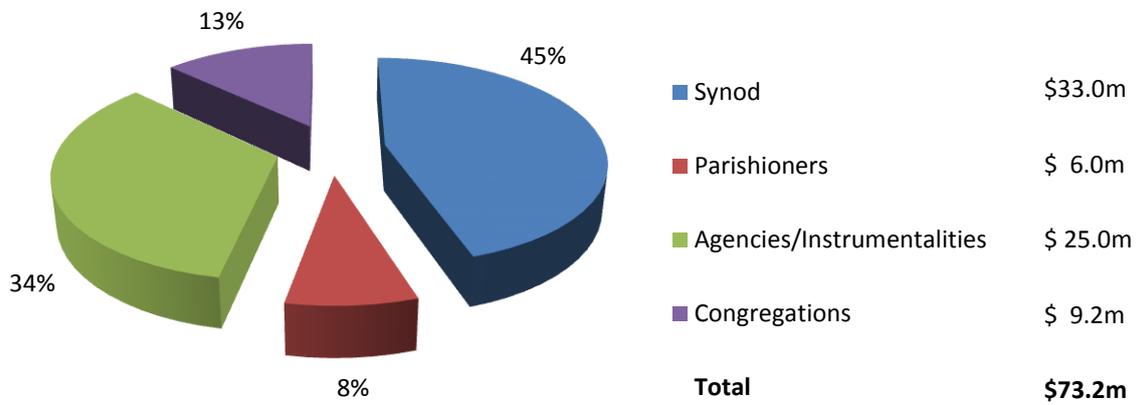
### Financial Performance for the year ended 31 December 2016

000s	2016	2015
<b>Investment Revenue</b>	8,385,006	3,510,575
<b>Interest Revenue</b>	1,090,022	822,822
<b>Interest Expense</b>	(1,373,253)	(1,530,232)
	8,101,775	2,803,165
<b>Expenses</b>	(3,169,928)	(3,046,179)
<b>Operating Surplus/Deficit</b>	4,931,847	(243,014)

### Balance Sheet for the year ended 31 December 2016

000s	2016	2015
<b>We own</b>		
<b>Cash and Investments</b>	94,103,666	96,709,806
<b>We owe</b>		
<b>Accrued Expenses</b>	-	-
<b>Investor's Funds</b>	73,215,423	80,753,410
<b>Provision for Grant</b>	1,800,000	1,800,000
	75,015,423	82,553,410
<b>Our Net Worth</b>	19,088,243	14,156,396

### Source of Deposits



### Asset Allocation

