

## 17. Resources Commission

<i>Chairperson</i>	Christopher Walker	Governance
<i>General Secretary</i>	Rev David de Kock	Mission
<i>Chairperson ICFC</i>	Greg Howlett	Property
<i>Chairperson, Presbytery Property Committee</i>	Rev Stephen Larkin	Property/Mission
<i>Chairperson BFSC</i>	Graham Reynolds	Insurance
<i>General Manager</i>	Robert Locke	Manager
<i>Property Trust Representative</i>	Thomas Stokes	Accounting
<i>Member</i>	David Beards	Management
<i>Member</i>	Fiona Bentley	Governance
<i>Member</i>	Ian Harris	Property
<i>Member</i>	Marie Yuncken	Mission
<i>Co-opted</i>	Margaret Martin	Mission
<i>Co-opted</i>	Bruce Murdoch	Accountant

Managing the resources of the Uniting Church is a balancing act of preserving the generous legacies gifted to us by past leaders and providing sufficient and sustainable resourcing to current and emerging ministries. The Resources Commission members have expertise in investment, finance, property, law and mission and have demonstrated skill in meeting these challenges. The Resources Commission is also well supported by the Investment and Corporate Finance Committee (ICFC) and the Business and Financial Services Committee (BFSC) along with the Resources Commission's Governance Committee.

### 1 RESOURCES COMMISSION MANDATE

The Resources Commission shall provide unified governance of Synod resources to allow for reflection on, and development of, optimum policies and practices for the current and future resource needs that support ministry and mission of the Uniting Church Synod of Western Australia.

The Resources Commission and Division have had particular attention on:

### 2 KEY STRATEGIC FOCUS

- Oversight of financial obligations of WA Synod
- Production of audited financials for WA Synod
- Developing the annual budget of the WA Synod
- Management of the Uniting Church Investment Fund and Uniting Church Insurance Services
- Provide support and advice to the General Secretary
- Management and oversight of property assets
- Working with the Presbytery of WA
- Maintaining the risk register and risk profile of the Synod of WA
- Committee membership and succession planning.

### 3 BUSINESS AND FINANCIAL SERVICES COMMITTEE

The Business and Financial Services Committee (BFSC) provides governance to the Financial Services Unit of the Resources Division. The committee comprises: Graham Reynolds (Chairperson), David Beards, David Blythe, Robert Locke, John Pallathil and Tom Stokes.

## **In Attendance by Invitation**

Rev David de Kock, General Secretary

Michael Patchell, Chief Financial Officer

Maureen Bourke, Minute Secretary

The Resources Committee advises the BFSC in respect of budget preparation. It tracks emerging financial risk as well as developing appropriate policies. It also has responsibility for the Accounts Committee of Review which examines financial reports across all operations of the Uniting Church WA. The Resources Committee is also responsible of the oversight of the Uniting Church Insurances Service which in itself maintains the Synod Risk Register.

## **4 SYNOD FUND**

RSM Australia are the auditors for the Synod of WA and they have issued a clean audit report. Full financial reports are available from the Chief Financial Officer.

The Synod of WA, as of 31 December 2017, had a surplus of \$1,482,973 which now increases the retained surplus in accumulated funds to \$10,864,904. The 2017 Synod budget was in deficit to the sum of \$28,865 against a forecast deficit of \$261,576. The surplus was to the effect of taking 93 Edward Street onto the Synod balance sheet. The final result being a credit to the financial management of the budget in 2017.

	<b>2017</b>	<b>2016</b>
Operating revenue	8,297,640	15,962,950
Operating expenditure	<u>8,149,343</u>	<u>7,513,873</u>
Operating surplus	1,482,973	8,449,077
Total reserves (equity)	11,063,352	9,580,379

The Synod acknowledges the generous contributions of the Uniting Church in the City, the Butterworth Trust and Good Samaritan Industries (GSI) who provide generous grants to the operations of the Uniting Church WA. Combined with grants from the Uniting Church Investment Fund (UCIF), Uniting Church Insurance Services (UCIS) and careful management of reserves and trust funds, the Resources Commission continues to monitor and plan our finances in a volatile and uncertain economic environment.

## **5 UNITING CHURCH FOUNDATION**

The Uniting Church Foundation was established in the 1980's for the purpose of providing resources for the ongoing life and work of the Synod.

In 2017, the Uniting Church Investment Fund made a special grant of \$5 million to the Uniting Church Foundation and re-established it with a new Deed to reflect its future role in partnership with the Strategic Plan and the mission of the church.

	<b>2017</b>	<b>2016</b>
Operating revenue	5,183,705	1,917,233
Operating expenditure	<u>2,091,243</u>	<u>808,896</u>
Operating surplus	\$3,092,462	\$1,108,337
Retained surplus	\$17,064,574	\$13,972,112

Operating expenditure is for missional purposes other than the transfer of 93 Edward Street to the Synod balance sheet. Foundation funds do not go towards salaries or expenditure items of the Synod budget.

## **6 UNITING CHURCH INSURANCE SERVICES**

The Uniting Church Insurance Services (UCIS) continues to provide insurance cover for the needs of the church in WA whilst managing the range of risks facing the church today. UCIS is appreciative of the support of congregations and agencies and schools it receives, and endeavours to contribute by way of providing extensive workshops, risk management training and pro-active claims servicing.

	2017	2016
Operating revenue	4,786,847	4,598,118
Operating expenditure	4,197,085	3,818,915
Grant to Synod	<u>550,000</u>	<u>600,000</u>
Operating surplus	\$39,762	\$179,203

## **7 INVESTMENT AND CORPORATE FINANCIAL SERVICES COMMITTEE**

The Investment and Financial Corporate Services Committee (ICFSC) provides oversight of the Uniting Church Investment Fund (UCIF) and through the Resources Commission, advice to the Synod and Presbytery on investment and finance.

The UCIF report is attached as appendix and the Resources Committee is listed therein. The UCIF in association with Simon Montgomery our asset allocation advisor, who is an authorised representative of Entrust Private Wealth Management, utilises Macquarie Bank to invest our assets. We consider this combination of an independent advisor with a professional fund manager provides the fund with our best options.

The ICFC oversees the investment policy statement which applies an ethical screen to the church's investment mandate and adheres to Uniting Church policy. A copy of this policy is available from the Resources Division.

## **8 RESOURCES GOVERNANCE COMMITTEE**

The Resources Governance Committee (RGC) has responsibility to review the performance of the Resources 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 also meets as required to deal with matters of urgency.

## **9 CONCLUSION**

We will see the retirement of three Resources Commission members and one committee member at this Synod meeting and we thank them for their service. The Resources Commission has worked diligently throughout the year to fulfil its mandate. We thank all our commission and committee members for their generosity in sharing their expertise, skills and time for the benefit of the church.

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. The Resources Commission and management of the Synod wishes to acknowledge their important contribution.

## **10 PROPOSAL**

That the report will be received.

**Robert Locke**  
**General Manager (Resources)**  
[Robert.locke@wa.uca.org.au](mailto:Robert.locke@wa.uca.org.au)

**Chris Walker**  
**Chair Resources Commission**  
[mchrisddx@iinet.net.au](mailto:mchrisddx@iinet.net.au)

## **Mission**

### **The mission of the Uniting Church Investment Fund (UCIF) is:**

- to enlarge and extend the wider work of the Uniting Church 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

## **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.

## **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 \$39,858,000 in grants to the Uniting Church WA. 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.

## **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 ICFC 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 ICFC members are chosen for their ability to offer wise counsel to management.

The ICFC 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.

### **Sponsorship**

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

### **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.

### **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 2017 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.

As at 31 December 2017 the investment base was \$72,588,130 across 331 customers. We paid to our investors \$1,289,675 in interest. New loans to ministers, agencies and congregations totalled \$2,100,000.

## Results Summary for the year ended 31 December 2017

Year Actuals	Total Deposits (\$)	Operating Surplus – Deficit (\$)	Synod Grant (\$)
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
2017	72,588,130	(2,993,540)	6,900,000*

\*Note: Increase in grant due to an additional \$5,000,000 grant to the Synod Foundation.

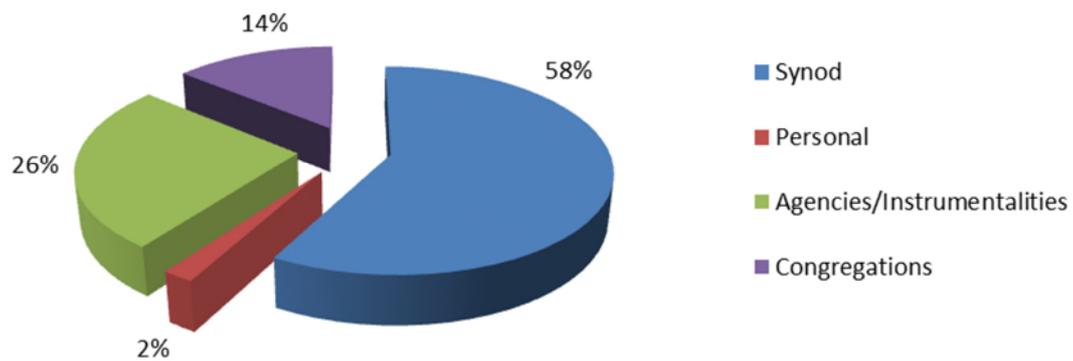
## Financial Performance for the year ended 31 December 2017

000s	2017	2016
Investment revenue	5,677,594	8,385,006
Interest revenue	798,568	1,090,022
Interest expense	(1,289,675)	(1,373,253)
	5,186,487	8,101,775
Expenses	(8,180,027)	(3,169,928)
Operating surplus/deficit	(2,993,540)	4,931,847

## Balance Sheet for the year ended 31 December 2017

000s	2017	2016
<b>We own</b>		
Cash and investments	90,582,833	94,103,666
<b>We owe</b>		
Accrued expenses	-	-
Investor's funds	72,588,130	73,215,423
Provision for grant	1,900,000	1,800,000
	74,488,130	75,015,423
<b>Our net worth</b>	<b>16,094,703</b>	<b>19,088,243</b>

### Source of Deposits



### Asset Allocation

