



## Resources Commission

### Commission Members

|                                                  |                   |
|--------------------------------------------------|-------------------|
| <i>Chair</i>                                     | Chris Walker      |
| <i>Deputy Chair</i>                              | Fiona Bentley     |
| <i>Chair Business &amp; Finance Committee</i>    | David Beards      |
| <i>Chair Investment &amp; Corporate Finance</i>  | Barry Honey       |
| <i>Chair Property Services</i>                   | Ian Harris        |
| <i>Investment &amp; Corporate Finance Member</i> | David Gray        |
| <i>Property Trust</i>                            | Lewis Bond        |
| <i>Property Trust Member</i>                     | Paula Harkness    |
| <i>Property Officer</i>                          | Rev David de Kock |
| <i>Member</i>                                    | Bruce Murdoch     |
| <i>Minute Secretary</i>                          | Maureen Bourke    |

The Resources Commission is a skills based Commission with the responsibility of managing the resources of the Uniting Church within the bounds of the Synod of WA. The Commission is made up of members with skills and expertise in investment, finance, property and mission. The Commission is well supported by its permanent committees:

- Investment and Corporate Finance (ICFC)
- Business & Financial Services (BFSC) which encompasses the Accounts Committee of Review
- Synod Property Services (SPSC)
- Resources Governance Committee

### Resources Commission Mandate

The 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.

### 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 (UCIF) and Uniting Church Insurance Services (UCIS)
- Provide support and advice to the General Secretary
- Management and oversight of property assets
- Working with Presbytery of WA
- Maintaining the risk register and risk profile of WA Synod
- Committee membership and succession planning.



## **Business and Financial Services Committee**

The BFSC provides governance to the Financial Services Unit of the Resources Division. The Committee comprises:

|                                      |                                    |
|--------------------------------------|------------------------------------|
| David Beards, Chairperson            | <b>In Attendance by Invitation</b> |
| Rev David de Kock, General Secretary | Michael Patchell, CFO              |
| Barry Honey                          | Maureen Bourke, Minute Secretary   |
| John Pallathil                       |                                    |
| Thomas Stokes                        |                                    |

The Committee advises the Commission 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 in WA. The Committee is also responsible for the oversight of the Uniting Church Insurances Service which in itself maintains the Synod Risk Register.

The Financial Services Unit is responsible for the accounting processes of the Synod Business Units as well the Presbytery of WA. A Financial Consultant has recently been contracted to review our complex and cumbersome accounting system and to implement the changeover to a cloud-based system which will integrate the processes of Business Units – Synod, Presbytery, Insurance, Property and Investments. The changeover is expected to be complete by the end of this financial year leading to a much more streamlined and efficient system provided more timely and useful reports for the various governance committees.

### **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 (as of 31 December 2019) had a deficit of \$84,809 which decreased the accumulated funds to \$11,521,182.

| <b>Synod Fund</b>              | <b>2019</b>       | <b>2018</b>       |
|--------------------------------|-------------------|-------------------|
| Operating Revenue              | 6,260,610         | 7,657,206         |
| Operating Expenditure          | <u>6,345,419</u>  | <u>6,916,119</u>  |
| Operating Surplus/Deficit      | (84,809)          | 741,087           |
| <b>Total Reserves (Equity)</b> | <b>11,719,630</b> | <b>11,804,439</b> |

The current financial year has created many challenges through the COVID-19 Pandemic but fortunately the impact on the Synod has been marginal. As a consequence, we were not eligible to apply for the Jobkeeper assistance in the first round but did commit to continue to pay all staff and ministers irrespective of the local financial situation in congregations. From July 2020, the Church became eligible for Jobkeeper and the required ATO process has been followed. The Jobkeeper allowances will be distributed to congregations, Presbytery and Synod, according to the number of eligible staff on the Synod Payroll.

The Synod acknowledges the generous contributions of the Uniting Church in the City, the Butterworth Trust and the UnitingCare WA Forum who provide generous grants to the operations

of the Church in WA. Combined with grants from UCIF, UCIS and careful management of reserves and trust funds, the Commission continues to monitor and plan our finances in a volatile and uncertain economic environment.

### **Uniting Church Foundation**

The Foundation was originally established in the 80's for the purpose of providing resources for the ongoing life and work of the Synod.

In January 2020 the Uniting Church Foundation Fund was closed and the new Uniting Church in Australia (W.A.) Foundation Trust was established under a new Deed of Settlement document approved by circulating resolution by the members of the Uniting Church in Australia Property Trust (WA) and signed under seal. The Foundation now has a distinctive mission focus in which earnings are available for distribution to eligible mission projects approved by the Council for Mission.

| <b>UC Foundation</b>           | <b>2019</b>         | <b>2018</b>         |
|--------------------------------|---------------------|---------------------|
| Operating Revenue              | 36,235              | 6,515               |
| Interest Earned                | 185,317             | 216,349             |
| Income - Property Sale         | 382,154             | Nil                 |
| Income - Bequests              | Nil                 | 90,321              |
| Total Income                   | <u>603,706</u>      | <u>313,185</u>      |
| Operating Expenditure          | (25,854)            | (48,738)            |
| Loss on Sale of Asset          | Nil                 | (320,848)           |
| Grant to Synod (SMPC)          | (100,000)           | Nil                 |
| Grants for Houspect Repairs    | (14,782)            | Nil                 |
| Grants – Council for Mission   | (170,000)           | Nil                 |
| Grant – Return Embargoed Funds | (175,238)           | Nil                 |
| Grants (Other)                 | Nil                 | (10,000)            |
| Total Expenditure              | <u>(485,874)</u>    | <u>(379,586)</u>    |
| Operating (Deficit)/Surplus    | <u>117,832</u>      | <u>(66,401)</u>     |
| <b>Total Reserves (Equity)</b> | <b>\$17,116,004</b> | <b>\$16,998,173</b> |

The Foundation benefitted in 2017 by a capital injection of \$5,000,000 from the Investment Fund.

Expenditure - Operating expenses in the year under review relate to costs associated with legacy properties which have been held by the Foundation and grant funding for purposes as detailed above.

Effective from January 2020 the legacy properties have been moved to the Uniting Church in Australia Property Trust (WA) and the associated costs are borne by the Synod (as responsible user) through the Property Services Fund.

Operating expenditure is now only used for missional purposes and will not go towards salaries or any expenditure items of the Synod budget.

## **Uniting Church Insurance Services (UCIS)**

The Uniting Church Insurance Services (UCIS) is organised to provide insurance cover for the needs of the Church in WA covering all the congregations, care agencies and schools. Traditionally, this involved placement of cover, renewal and claims management. The changing regulatory requirements and the risk landscape have made it necessary for UCIS to have a sharper risk management focus, and look upon insurance as functional risk control to cover financial losses.

Cumulatively, UCIS works collaboratively with our Insured Partners (congregations, care agencies and schools) and our insurance broker to cover assets totalling close to \$2 billion, 7,000 staff, 10,000 students, 15,000 volunteers and 30,000 service recipients in our care. This would make it one of the largest insurance placements that take place in Western Australia in the religious/not-for-profit sector.

UCIS's current focus is in providing a sustainable long-term Group Insurance Program. This is both operationally critical and strategic from a risk mitigation position and premium cost perspective. To achieve this end, UCIS is collaborating with all our Insured Partners to review and strengthen risk management practices. At the Synod, UCIS is actively involved in risk management to mitigate against the uncertainties and risks facing the Church today, including the underlying effects of a world still experiencing the Covid-19 pandemic.

UCIS maintains a strong working relationship with all our Insured Partners at three levels: (1) Operationally, where support is offered on routine matters, including renewal and claims management and (2) Corporate Governance, where presentations are made to Boards/Councils and risk committees on risks and liability and the effects of liability policies on directors and officers, and (3) Strategically, where current trends and challenges are workshopped and discussed for longer-term actions and decisions.

UCIS records its appreciation for the ongoing support received from all our congregations, care agencies and schools to meet on all our agreed objectives in a cohesive manner and collegiate spirit.

| <b>UC Insurance Services</b>        | <b>2019</b>             | <b>2018</b>             |
|-------------------------------------|-------------------------|-------------------------|
| <b><u>Operating Revenue</u></b>     |                         |                         |
| Premium Revenue                     | 5,605,754               | 4,873,997               |
| Interest Revenue                    | 86,957                  | 97,986                  |
| Total Income                        | <b><u>5,692,711</u></b> | <b><u>4,971,983</u></b> |
| <b><u>Operating Expenditure</u></b> |                         |                         |
| Premium Expenditure                 | (5,126,471)             | (3,347,288)             |
| Claims Expenditure                  | (84,734)                | (121,907)               |
| Brokers Fee                         | (175,756)               | (205,000)               |
| Grant to Synod                      | (550,000)               | (550,000)               |
| Grant to UCIF                       | (350,000)               | (350,000)               |
| Interest Expense                    | (51,217)                | (47,614)                |
| Redress Payments                    | Nil                     | (32,200)                |
| Other Expenses                      | 7,338                   | (63,422)                |
| Total Expenditure                   | (6,330,840)             | (4,717,431)             |
| Operating Surplus                   | (638,129)               | 254,552                 |
| <b>Total Reserves (Equity)</b>      | <b>\$4,981,376</b>      | <b>\$6,108,324</b>      |

## **Investment and Corporate Finance Committee**

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

The ICFC investment policy statement 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.

The Investment and Corporate Finance Committee in early 2020 conducted a comprehensive tender process for the position of asset advisor and asset management of the Uniting Church Investment Fund investment portfolio. The committee is pleased to confirm Entrust Private Wealth Management were successful and have been appointed in the role as asset consultant and manager.

The conservative investment strategy of the Uniting Church Investment Fund investment portfolio has served the Church well during the initial COVID period. The strategy had retained significant cash reserves, substantially supporting the capital base, ensuring liquidity, and reducing any requirement to crystallise potential losses on equities during this volatile period.

The Uniting Church Investment Fund will continue to be able to meet the annual grant to support the operations of the Synod for 2021.

Further information on the mission of the Uniting Church Investment Fund is included at the end of this report.

| <b>Investment Fund</b>          | <b>2019</b>        | <b>2018</b>        |
|---------------------------------|--------------------|--------------------|
| Investment Revenue              | 4,480,450          | 5,841,610          |
| Interest Revenue                | 621,922            | 653,374            |
| Interest Expense                | (1,115,065)        | (1,265,169)        |
| Revaluation of Financial Assets | 8,245,809          | (6,660,598)        |
| Net                             | <u>12,233,116</u>  | <u>(1,430,783)</u> |
| Expenses - Operating            | (3,305,815)        | (1,389,192)        |
| Grant to Synod                  | <u>(2,000,000)</u> | <u>(2,000,000)</u> |
| Operating Surplus/Deficit       | <u>6,927,301</u>   | <u>(4,819,975)</u> |
| Total Reserves (Equity)         | \$18,202,029       | \$11,274,728       |

## **Synod Property Services Committee (SPSC)**

The Synod Property Services Committee assists the Resources Commission in carrying out the functions and responsibilities of the Synod Property Board, including:

- (a) overseeing the management of property of which the Synod or Presbytery of Western Australia is the beneficial owner;
- (b) seeking the advice of the Presbytery of Western Australia with to the missional use of property;
- (c) receiving all applications and requests in regard to property dealings and other property matters from the Synod, Presbytery, Congregations and Church Councils; and

- (d) ensuring that Congregations, Church Councils, Agencies and other Church bodies are provided with written guidelines or advice to assist them in meeting their obligations and assisting in the timely resolution of all applications and requests in regard to property dealings and other property matters.

The Synod Property Services Committee and Property Services Unit work closely with the Presbytery Property Committee to ensure good oversight and strategic management of all Church properties. The Chair of the Presbytery Property Committee, or Nominee, is a voting member of the Synod Property Services Committee.

**Members**

Ian Harris, Chair  
Rev David de Kock, General Secretary  
Neil Starkie  
Alan Stewart  
Rhod Wright (Thrive Committee Representative)

**In Attendance by Invitation**

Rev Mark Illingworth Property Review Task Group  
Richard Patterson General Manager Property  
Anne Flynn, Minute Secretary

The strategic undertakings of the SPSC over the past 12 months in the completion of the Property Inspection Program and the Asbestos Register update has provided an evidence based platform for efficient decision making on individual property matters.

With the deficiencies in the property portfolio now well understood and financially quantified the collaborative development and adoption of a Property Policy and Strategy has been commenced with a Resources Commission (together with invited Presbytery and Synod Committees) workshop being facilitated by SPSC and the Synod Property Services Unit scheduled for August 22<sup>nd</sup> .

The adoption of agreed benchmarks (both missional and economic) against which property proposals can be tested is expected to evolve over the next 6 – 12 months together with strategies to implement the agreed policy. In the interim redundant and dilapidated properties will continue to be sold.

The COVID 19 Pandemic has presented some significant administrative and operational challenges for Congregational Property and has exposed difficulties and lack of flexibility of many ageing facilities to cope with cleanliness and changing compliance requirements.

The most significant COVID 19 impact has arisen with the commercial property portfolio and the UCIC Wesley, Queens and Trinity buildings in particular. A substantial decrease in income from retail and commercial tenants has occurred. Surplus income from UCIC for distribution to the Synod, Presbytery and Agencies will remain substantially impaired for the foreseeable future.

A Strategic review of the Wesley and Queens commercial assets by external consultants SEMZ has been commissioned to inform all stakeholders as to the future management and development options for this asset and its ageing infrastructure. Stage 1 of the consultancy being to resolve the Mission and Project Objectives has been completed. Stage 2 response from the consultants advising the options that will meet the Objectives and associated potential costs and financial outcomes is due to be presented to stakeholders before end July for review.

## **Resources Governance Committee (RGC)**

The Resources Governance Committee 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 also meets as required to deal with matters of urgency.

## **Conclusion**

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

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

## **Uniting Church Investment Fund**

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

- 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 staff/ministers, 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 Western Australia Synod.

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 \$43,858,000 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. Due to increased regulation of the retail investor market from 2018, we now 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 Committee has representation from the fields of law, accounting, financial investment, property and banking.

Barry Honey, Chair (Accountant)  
 Mitch Artus (Legal)  
 Rev Brian Carey (Ethicist)  
 Rev David de Kock (General Secretary)  
 David Gray (Management and Financial Skills)  
 David Beards (Management and IT)

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.

### 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

As at 31 December 2019 the investment base was \$73,826,900 across depositors. We paid to our investors \$1,115,065 in interest. New loans to ministers, agencies and congregations totalled \$1,771,340.

### Results Summary for the year ended 31 December

| Year    | Total Deposits (\$) | Operating              | Synod Grant (\$) |
|---------|---------------------|------------------------|------------------|
| Actuals |                     | Surplus – Deficit (\$) |                  |
| 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        |
| 2018    | 72,201,513          | (4,819,975)            | 2,000,000        |
| 2019    | 73,826,900          | 6,927,301              | 2,000,000        |

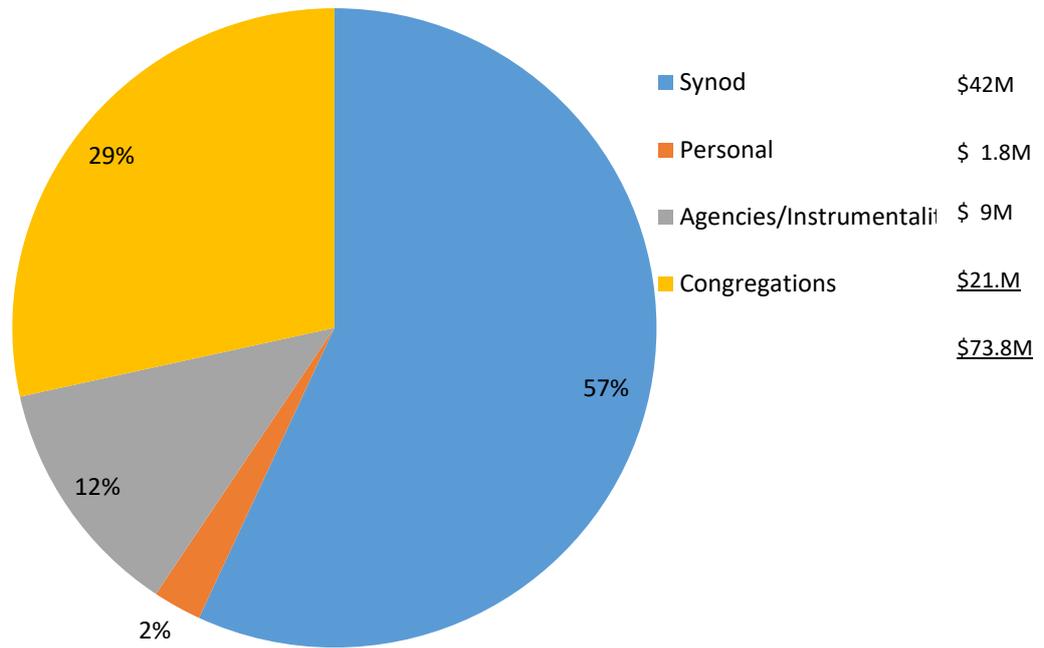
### Financial Performance for the year ended 31 December 2019

| 000s                                           | 2019        | 2018        |
|------------------------------------------------|-------------|-------------|
| <b>Investment Revenue</b>                      | 4,480,450   | 5,841,610   |
| <b>Interest Revenue</b>                        | 621,922     | 653,374     |
| <b>Interest Expense</b>                        | (1,115,065) | (1,265,169) |
| <b>Loss on Revaluation of financial assets</b> | 8,245,809   | (6,660,598) |
|                                                | 12,233,116  | (1,430,783) |
| <b>Expenses</b>                                | (5,305,815) | (3,389,192) |
| <b>Operating Surplus/Deficit</b>               | 6,927,301   | (4,819,975) |

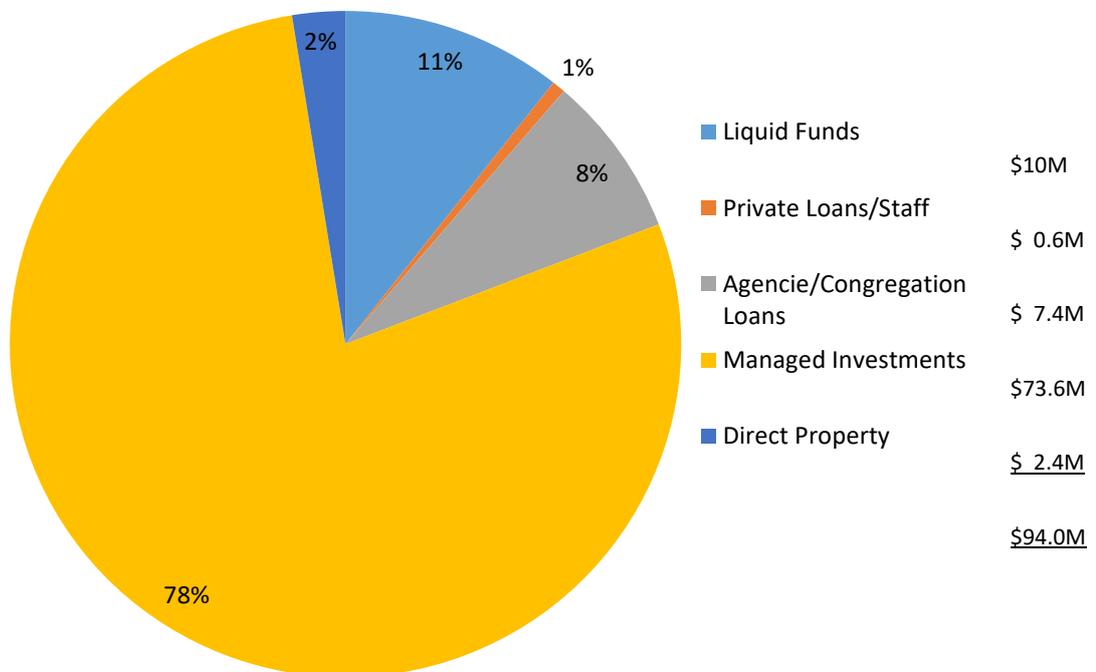
### Balance Sheet for the year ended 31 December 2019

| 000s                        | 2019       | 2018       |
|-----------------------------|------------|------------|
| <b>We own</b>               |            |            |
| <b>Cash and Investments</b> | 94,028,929 | 85,476,241 |
| <b>We owe</b>               |            |            |
| <b>Accrued Expenses</b>     | -          | -          |
| <b>Investor's Funds</b>     | 73,826,900 | 72,201,513 |
| <b>Provision for Grant</b>  | 2,000,000  | 2,000,000  |
|                             | 75,826,900 | 74,201,513 |
| <b>Our Net Worth</b>        | 18,202,029 | 11,274,728 |

## Source of Deposits



## Asset Allocation





**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 2019 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:

Barry Honey  
Chairperson

Michael Patchell  
Chief Financial Officer

