



General Proposal 3

Mission Development Fund Policy

That the Synod

Adopts the **policy** found at **Appendix C** for the operation of the Mission Development Fund.

The Scope

Since the 34th Synod the operation and intent of the Mission Development Fund (which has been in operation since 2008) has been examined and reviewed. The intent is to ensure that the funds collected and managed in this fund are properly aligned to contemporary mission strategy and priorities.

Since the 35th Synod an MDF working group, consisting of Rev Glen Schweitzer, Rev Stuart Bosch, Rev Yvonne McRostie, Mr Corey Lunn, Mr Kendell Yates and Rev Heather den Houting, oversaw the development and circulation of an initial consultation paper. The feedback from this consultation was collated, assessed, and reviewed by the working group and was developed into a series of **principles** which are contained in a second consultation paper, currently circulating in the Synod (**Appendix A**).

The **existing guidelines** in relation to the MDF and which have been in operation since 2008 are found at **Appendix B**.

The Synod is being asked to approve a new **policy** that is based the principles collated during the consultation process over the last 3 years. The draft policy is attached at **Appendix C**.

Rationale

At the 34th Synod it was RESOLVED by Consensus that the Synod:

- (a) requests an updated policy be prepared, after detailed consultation with congregations, presbyteries, and faith communities, covering the operation of the Mission Development Fund (MDF) and the policy be developed in accordance with these principles:

1. The MDF will be a fund that will support the contemporary mission strategy and priorities across all Presbyteries in the Queensland Synod. As such we acknowledge:
 - (a) According to our Constitution, we are all stewards of the property and funds held by a congregation or presbytery;
 - (b) The property and funds of the church are for the benefit of the mission of the whole church;

- (c) Beneficial use of funds in the MDF may be required to be forgone by an individual congregation or presbytery to achieve the objective of this principle.
- 2. The MDF will be a sustainable resource for long term church growth and development:
 - (a) It will be used for capital and/or development opportunities that produce a return benefit to the church;
 - (b) It will not be used for operational (including general maintenance) expenses or sensitive matters' expenses. (note "sensitive matters" was a term used for payment of claim for institutional sexual abuse)
- 3. It is a requirement of MDF funding allocation that projects need to meet good governance practices including prudent and sustainable decision making, and accountable and transparent processes and reporting.
 - (b) notes that when developed, the policy on the operation of the MDF will be circulated to presbyteries and congregations for consultation and then submitted to the 35th Synod for approval.

Due to time constraints, General Proposal 7 "Mission Development and Innovation Fund Policy 2020 (MDIF)" was not considered by the 35th Synod. Instead, a working group was formed and has overseen the consultation process since that time.

Proposers

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Consultation Paper 2

MDF: the future of the Mission Development Fund



The Uniting Church in Australia
QUEENSLAND SYNOD

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Consultation Paper 2

MDF: the future of the Mission Development Fund

Introduction

The Uniting Church in Australia, Queensland Synod, currently utilises guidelines around retaining and using funds from the sale of properties. Developed in 2008, they are called the Mission Development Fund (MDF) Guidelines and are attached to the back of this document (Appendix A).

During 2021, a consultation paper was circulated to ask the question: What is the best way to use MDF resources to meet the emerging needs of the church?

This paper summarises the responses received contains a proposed new policy which the General Secretary will take to the 36th Synod in Session in May 2022. The proposed new policy is attached to the back of this document (Appendix B).

Your feedback on the proposed new policy is welcomed and will be included in the briefing that will be given to the Synod in Session in May 2022. This feedback needs to be received by 30th April 2022.

**All feedback can be provided through the General Secretary
by email: generalsecretary@ucaqld.com.au**



Recap on our current situation

All property and assets in the Uniting Church in Australia are held for the broad purposes of the church. No single part of the church 'owns' the assets they are responsible for. However, we do say that different parts of the church are the **responsible bodies** for the care and use of assets. In the current MDF Guidelines we use the colloquial term 'beneficial interest'.

Because we all have a shared life as a church, there are times when we work together to make sure that the assets across the life of the church are managed to meet the current and future needs of the church. Often this is referred to as the stewardship of church resources.

The MDF is a capital fund administered by and included within the accounts of the Synod Office at the direction of the Synod Property Board, currently known as the Finance, Investment and Property (FIP) Board. However, it is important to note that it is a specified fund for capital purposes. This means that it has a particular purpose and funds from it **must be used for that purpose only**. This means that the funds can only be used at the request and with the consent of the responsible body, such as a congregation.

The purpose of the MDF was to create savings to provide for church development and growth in congregations, presbyteries, and the Synod. The focus in the guidelines was to ensure that the proceeds from sales of capital assets were primarily used for the development of/purchase of other capital assets.

When a Church property is sold, according to the current guidelines the net funds from the sale is deposited into an MDF account, which is administered by the Synod Office. If a congregation or responsible body wishes to access those funds, they make a request to Finance, Investment and Property (FIP) Board. The FIP Board is bound to ensure the funds are used for capital purposes and in accordance with the directions of the responsible body.

The FIP Board is then guided by the MDF guidelines which says it should remit the funds on that request for matters that are:

- For approved capital purposes,
- For interest only to assist in normal operating expenses,
- For special church growth or outreach programs which have been approved by Presbytery, or
- For gifts or loans to other parts of the church.



Results of Consultation Paper 1

The reference group received responses from across the life of the church, including from bodies that currently hold monies in the MDF account. As well as commenting on the questions in the discussion paper, some shared stories with us about how they are planning to use their MDF funds.

As our congregation grows, especially in our Sunday School and Youth, we would like to renovate the rear hall to build a community hub that would foster and grow our youth fellowship and our senior citizens including our local community and the surrounding neighbourhoods. This is our local outreach and is vital to meet our mission; "God's love in action...serving the Community." We are currently putting together a proposal for the back hall either to be renovated or rebuilt to be presented to Presbytery.

The working group synthesised these responses into the following themes and propositions. The major changes to the current practices are:

- Greater involvement by Presbyteries in decision making,
- An expectation on the FIP Board to ensure there is adequate consultation across the various bodies involved in decision making,
- A reduction on the period of unused funds from 10 years to 7 years,
- A capacity for the FIP Board to invest monies in higher growth funds when given consent by the responsible body, and
- The removal of the Future Development Fund provision.

The proposed policy as drafted reflects these broad principles and tries to make the information about the purpose and use of the funds clearer and more accessible.

Broad principles

Purpose of the Fund

1. *The purpose of the fund is to provide for Church development and growth across Congregations, Presbytery and Synod wide activities.*

There was no dispute in this response. There was no response which argued that the MDF should be disbanded.

Drawn from Capital Growth

2. *The fund is primarily intended to be drawn down for capital growth. The funds shall not be used for property maintenance costs.*

Examples of maintenance costs are replacement of carpets, painting, replacement of items such as dishwashers and data projectors, signage, gardening and landscaping.

Capital growth includes new buildings and renovation fit outs, major property improvements such as new toilet and kitchen facilities.

Where there is a question between 'what is a renovation' and 'what is a repair', the Presbytery will be the primary decision maker in the first instance and then if approved, provide their reasons to the Synod Property Board.



Non-capital expenditure

3. *Draw-down on funds can be made for non-capital expenditure. But to do so will require a significant business case that includes a demonstration of non-capital return (missional) from the expenditure or the development of a sustainable funding model for the enterprise.*

Any submission for non-capital expenditure must be accompanied by a strategic missional plan, including regular reporting to the Presbytery and the Synod Property Board. Guidelines for the expectations of reporting will be developed in consultation with the responsible body.

While the question may remain how we might measure missional return against such activities as a church planting model that may require an initial investment of funds, this will be worked out through the development and delivery of missional guidelines to guide the responsible body. However, these would not be designed to limit any strategic missional plan developed by a congregation, presbytery or other body.

Synod Property Board

4. *Money should be collected, held and administered through a Synod wide system via the. The Property Officer shall be responsible for the institution of all such practices, processes and procedures in order to give effect to this policy.*

While there were some views that indicated support of the Presbytery being responsible for the administration of funds, in the main, the centralised approach had more support. The arguments for this approach include:

- Greater investment potential with combined fund,
- Capacity to monitor and support the Property Trust and Synod Property Board,
- Presbyteries have significant involvement in the development of missional plans in this new plan,
- Whole of Synod strategic view is maintained, and
- Greater potential for the cross use of resources across the Synod as a whole.

Use of Interest

5. *Interest on monies held in the account can be used by the responsible body for non-capital purposes.*

While this is not considered a desirable attribute, it is recognised that some bodies have based their current ministry resourcing on this approach. There will be no change to this approach at this time. However, the Presbytery will be responsible for consulting with the congregation around their future missional plans and the viability of the continuation of such arrangements.

Where the body is a non-congregational entity, the Synod Property Board will be responsible for consulting around their future their future missional plans and the viability of the continuation of such arrangements.



Processing of Congregational Requests

6. *Congregational requests for any draw down from the fund can only be made to the Synod Property Board with the endorsement of the Presbytery.*

All non-congregational requests must come to the Synod Property Board with the endorsement of the appropriate governing body.

To ensure that there is a broader perspective on the use of the church's resources, this approach allows for there to be oversight and guidance provided by the appropriate Presbytery or Governing body.

Consultation

7. *Before it makes its determination on any application, the Synod Property Board will be required to consult with Congregations, Presbyteries, and relevant governing bodies, as is appropriate, in order to be satisfied that the application demonstrates alignment of the request for funds with the missional priorities of the Congregation, Presbytery or the governing body.*

This principle is a mandate on the Property Board to act in collaboration with the responsible body and their governing body. Currently in the Church's life, the policy aims to build in collaboration into the use of funds. This approach ensures that no decision about the use of funds is made in a vacuum by anybody given responsibility under this policy.

Future Development Fund

8. *That the provision for the Synod to hold a proportion of the funds received on sale for the Future Development Fund be removed.*

This part of the policy allowed for there to be a percentage of the sale income put into a Future Development Fund. With the closure of the Future Development Fund, these funds have been paid into the Synod Reserve Fund, which is a savings account used to cushion the church against financial shocks. It is no longer considered appropriate that these funds be used for this purpose. Instead, all monies in the MDF should be considered as potentially being applied for the future development needs of the church.

Review of Unused Funds

9. *Monies that have been held in the fund for a period of longer than 7 years will be subject to a review against the missional plans of the responsible body.*

Section 4.4 of the current guidelines suggests that when funds have been unused for a period of 10 years, then the responsible body may lose its control of those funds. However, this provision is unclear and has never been utilised.

The proposed policy seeks to clarify the intent and purpose of this provision, by making it clear that in the event the monies have not been used for a period of 7 year then they will be subject to a review against the missional plans of the responsible body, and if no plans exist then the funds will become available to the governing body such as the Presbytery. This means the Presbytery then has the responsibility for the use of those funds.

Use for Investment

10. *The funds held in trust in the MDF can be made available for investment by the Synod Property Board in a high yield investment fund when instructed to do so by the responsible body.*

With a large balance in the MDF, the Synod Property Board can be given permission for the funds to be invested in higher yielding investments. This will be done with the understanding that such an



approach can 'lock away' investment funds for some time, which would then not be available for draw-down. Investment of this sort will only occur with the permission of the responsible body and will incur an investment fee to be determined at the time.

The application to invest monies into higher yield funds shall be subject to the same application and approval processes as for any other application to utilise MDF and will also be subject to review after 7 years.

The responsible body shall benefit from any interest or bear any loss from of this higher yielding investment, into their MDF account.

Transitional Provisions

11. *Transitional Provisions*

Funds and projects that are already in place and are aligned with missional planning shall remain without alteration.

After the policy is adopted, the Synod Property Board will advise the Presbytery or governing body of any funds that have or will have been held for a period of 7 years in the next 18 months. That Presbytery or governing body shall consult with the responsible body to determine if a missional plan exists. If at the conclusion of a period of 18 months after the adoption of this policy, no missional plan exists for those funds, then the Synod Property Board shall transfer the relevant funds, within the MDF, to the Presbytery or governing body for their use as the responsible body.





The Uniting Church in Australia
Queensland Synod
MISSION DEVELOPMENT FUND GUIDELINES

1. INTRODUCTION

- 1.1 The Uniting Church in Australia carries out its mission and service through its congregations, parishes and a variety of agencies. The legal framework for the Church is based on an Act of Parliament (The Uniting Church in Australia Act 1977). This Act provides for the establishment of the Church and the legal entity called 'The Uniting Church in Australia Property Trust (Q.)'. (Property Trust)

All Church property is, for legal purposes, vested in the Property Trust.

- 1.2 Synod departments, agencies, presbyteries and congregations shall accept the right of the Church to have jurisdiction over their properties and in certain circumstances either to realize, transfer or centralize control for the good of the Church as a whole, in accordance with priorities determined by the Synod.
- 1.3 The Synod by Resolution 78.13, established the Reserve Fund pursuant to Regulation 4.8.1.
- 1.4 The Synod by Resolution 07.56 transferred all congregation/presbytery assets and balances held in the Synod Reserve Fund at 31 December 2007 to the Mission Development Fund.

2. PURPOSE

- 2.1 The purpose of the Mission Development Fund is to provide for Church development and growth in congregations, presbyteries and the Synod.

3. APPLICATION

- 3.1 These guidelines shall apply to all major sales of property (as defined in Regulation 4.1.1) held in the name of the Property Trust.

4. GUIDELINES

4.1 Proposals Involving Sale of Property

The Synod Property Board shall ensure that prior to assessing any proposal involving the sale of property, the following procedure is observed:

- 4.1.1. That it is established which congregation, department, organisation or other activity is deemed to have a beneficial interest in the subject property.
- 4.1.2. That there is consultation with such Congregation or other body and the Presbytery. During this consultation process, regard shall be given to the missional goals of the Congregation concerned as determined by a mission audit conducted by the Presbytery and/or the Synod.
- Such audit shall be assessed by the Presbytery in relation to priority of needs in other congregations across the Presbytery and secondly by the Synod in relation to the overall mission strategies of the Church.
- 4.1.3. There shall also be consultation with the Department for Financial and Property Services and with the Presbytery to determine whether the property should continue to be held for investment, developmental or other purposes.
- 4.1.4. The Property Officer shall be responsible to institute all such processes as are necessary, including those prescribed by Regulation to seek sales of properties when appropriate agreements have been reached.



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4.2 Determination of Proposals

The Synod Property Board shall assess and determine all proposals involving the sale of property and shall give due advice in writing to the relevant congregation, department, organisation or other activity.

4.3 Application of Proceeds of Sale

4.3.1. As a general rule, 15% of the net proceeds from the sale of all properties shall be apportioned:

4.3.1.1. in the case of departmental properties, to the Synod Reserve Fund;

4.3.1.2. in the case of congregation properties, to the Future Development Fund.

4.3.2. Account shall be taken as necessary of any consequences which flow from government and community funding in the acquisition and development of the property being sold.

4.3.3. The net proceeds of sale shall be applied as follows:

4.3.3.1. That proportion identified with any approved proposal under 4.1 above shall be deposited until required in the Mission Development Fund;

4.3.3.2. The balance, if any, relating to departmental property shall be applied to the Synod Reserve Fund;

4.3.3.3. The balance, if any, relating to parish property shall be applied to the Future Development Fund.

4.4 Proceeds of Sale

The balance of proceeds of all properties sold shall be held in the Mission Development Fund on behalf of the congregation or other body deemed to have an equitable interest therein until there is a valid need up to ten (10) years.

4.4.1. Interest may be paid and credited to the proceeds at an agreed rate not exceeding the maximum set by the Finance, Investment & Property Board.

4.5 Use of Proceeds of Sale

4.5.1 Departments and congregations should exist, as far as possible, without having to use interest accruing on proceeds of sale for normal expenses. Nevertheless some will find it necessary to use such interest for normal purposes in order to remain viable and to continue their witness and service in the community.

4.5.2 The Synod Property Board considers as undesirable the practice of depending on property sales to cover cost of maintenance, painting, etc. These costs should be provided for by proper management and financial planning. The Church cannot have the capital to grow and expand if resources are being used for maintenance purposes.

4.6 Purposes for which Sale Proceeds may be used

Upon the request of the Congregation Council, Presbytery or other body, the Department of Finance & Property Services shall remit:

4.6.1. Proceeds of sale (capital and interest) for approved capital purposes;



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- 4.6.2 Interest accruing on proceeds of sale to be used, in whole or in part, for normal operating expenses;
- 4.6.3 Proceeds of sale (capital and interest) for any special church growth or outreach program approved by the relevant Presbytery;
- 4.6.4 Proceeds of sale (capital and interest) for purposes of making a gift or loan to congregations, presbyteries, and other church institutions, in addition to the provisions contained in the Regulations.

THE MANAGEMENT OF THE MISSION DEVELOPMENT FUND

- 5.1 The Director, Department for Financial and Property Services shall be responsible to the Finance, Investment & Property Board for the management of the Fund.
- 5.2 All moneys credited to the Mission Development Fund and not immediately required shall be invested with the Uniting Church Investment Service.
- 5.3 Moneys credited to the Mission Development Fund shall be dealt with as follows:
 - 5.3.1 Under 4.3.3.1 held on deposit. Interest, where applicable, shall be credited each 30 June and 31 December.
 - 5.3.2 Under 4.3.1.1 and 4.3.3.2 treated as Capital donations to the Synod Reserve Fund.

Draft Mission and Development Fund (MDF) Policy – 2022

1. Introduction

The Uniting Church in Australia carries out its mission and service through its congregations, presbyteries, institutions, parish missions and other entities, schools, childcare centres, committees commissions and councils. According to our Constitution, we are all stewards of the property and funds held by any part of the church. We acknowledge that the property and funds of the church are for the benefit of the mission of the whole church. We pray that as one church we may be open to the sharing of all our resources to fulfil this mission.

2. Purpose

We agree that the Mission Development Fund (MDF) will be a sustainable resource for long term church growth and development. We agree it will be used for capital and development opportunities which provide growth in Congregations, Presbyteries, and the Synod in order to promote the mission of the church. (Reg 4.8.1(c)(i)).

3. Explanatory notes for this policy

Property Trust

The legal framework for the Church is based on an Act of Parliament *the Uniting Church in Australia Act 1977*. This Act provides for the establishment of the Church and the legal entity called 'The Uniting Church in Australia Property Trust (Q.)'. All Church property held in the name of the Uniting Church in Australia, Queensland Synod is vested in the Property Trust.

The Responsible Body

Is the body responsible for the management and administration of the property (Reg 4.1.1). For the purposes of this policy, a responsible body is a Congregation, Presbytery, or the Synod.

Synod Property Board

The role of the Synod Property Board is to supervise the implementation of the Synod's policies in regard to property within the bounds of the Synod (Reg 4.2.1 (b)). The Synod Property Board must assess any proposed sale of property before that transaction can be put into effect. (Reg 4.2.1(d)). The Synod Property Board is a relevant entity when considering any application under this policy and it will observe the missional priorities of the Synod.

Presbytery

The role of the Presbytery is to have such oversight as is necessary to the life and mission of the Church in the area committed to it (Const. 26). This includes promoting the wider work of the Church through the promotion and conduct of activities that promote a fuller participation in the whole range of Christian witness and service (Reg 3.1.3(e)(iii)). The Presbytery is a relevant entity when considering applications by a Congregation under this policy.

Synod Property Officer

The Synod Property Officer shall be responsible for instituting all such processes as are necessary, including those prescribed by Regulation to seek sales of properties when appropriate agreements have been reached. The Synod Property Officer shall do all things necessary to give effect to this policy including the disbursement of funds and interest on funds and the investment of funds.

4. Principles

4.1 Consultation

In the application of this policy the Synod Property Board is obliged to consult with all relevant entities when assessing the proposed sale of property. During this consultation process, regard shall be given to the missional priorities of the responsible body and any other relevant entity.

4.2 Alignment with promotion of the mission of the church

Any relevant entity can work with any responsible body for the development of missional plans to promote the mission of the church. Eg. Presbyteries will consult and work with congregations in assisting them to develop missional plans and to regularly assess the progress of those plans.

4.3 Application for capital or investment use only

4.3 (a) An application may be made for capital development or capital and financial investment. This does not include applications for maintenance of property.

Maintenance expenses include such things as carpets, painting, signage, replacement of items such as dishwashers, data projectors etc.

Capital or investment use includes purchase of real estate, financial investment, major property re/development etc.

4.3(b) If upon an application by a Congregation, there is a question between maintenance and capital, the Presbytery will be the decision maker in the first instance and then if approved, provide their reasons to the Synod Property Board. The Synod Property Board will be the final decision maker.

4.4 Application for strategic innovation or strategic mission

A responsible body applying for funds toward strategic mission or innovation shall ensure their application complies with the strategic mission and priorities of any relevant entity. Strategic innovation or mission can include church planting project costs, including property and people, and major missional outreach programs.

4.5 Funds cannot be used for any other purpose

Funds held in the MDF account can only be used in accordance with this policy. They shall not be used for operational purposes or for the payment of any legal claims made against the church.

5. Application of this policy

5.1 This policy shall come into effect as at a date determined by the Synod.

5.2 This policy shall apply to all major sales of property (Reg. 4.1.1) held in the name of the Property Trust, where the responsible body is a Congregation, Presbytery, or the Synod.

5.3 Subject to the Regulations (Reg 4.8), the sum of the net proceeds from a property sale where the responsible body is a Congregation, Presbytery, or the Synod, shall be deposited into the MDF.

5.4 The sum of the net proceeds from a property sale shall be held in the MDF on behalf of the responsible body for a period of up to seven (7) years.

5.5 Interest may be paid and credited to the proceeds at an agreed rate not exceeding the maximum set by the Synod Property Board.

6. Selling a property

6.1 The Responsible Body

The body responsible for the management and administration of the property to be sold, shall make an application to the Synod Property Board, with the approval of all relevant entities for the sale of property (Reg 4.6.3).

6.2 Synod Property Board

The Synod Property Board shall assess and determine all proposals involving the sale of property and shall give due advice in writing to the responsible body and any other relevant entity.

7. Applying to use funds held in the MDF

Any Congregation, Presbytery, or the Synod, may seek access to the fund for projects which are aligned with the missional priorities of the responsible body and all other relevant entity and:

- a. Support or fund capital development and/or strategic innovation opportunities for the church; and/or
- b. Produce a financial return on investment and/or strategic mission benefit to the church.

8. Reporting obligations on use of funds

Where funds have been used under this policy, the responsible body shall provide annual reporting as to the use and outcomes of the use of the funds to the Synod Property Board, as directed by that Board.

9. Use of interest on funds

Responsible bodies should avoid having to use interest accruing on proceeds of sale for normal expenses. Nevertheless, this policy will allow a responsible body to use such interest for normal expenses to remain viable and to continue their witness and service in the community. This arrangement will be reviewed annually by the Synod Property Board in consultation with the relevant entity.

10. Use of funds held for a period of over 7 years

Where the responsible body is a Congregation and has funds in the MDF for a period of 7 years and no approved missional plan has been presented to the Presbytery within those 7 years, the Presbytery shall become the responsible body for the funds held by that Congregation.

For all other entities, if no approved missional plan has been presented to the Synod within 7 years the Synod shall become the responsible body for the funds held by that entity.

11. Ability of responsible body to surrender its funds

Any responsible body may transfer the funds held in the MDF on its behalf, to any other responsible body at any time.

12. Transitional provisions

Existing funds and projects that are already in place and are aligned with the missional planning and priorities of the relevant entities shall remain in the MDF without alteration.

Upon the adoption of this policy, the Synod Property Board will advise the Presbytery or relevant entity of any funds that has been or will have been held in the MDF for a period of 7 years in the next 18 months. That Presbytery or relevant entity shall consult with the responsible body to determine if a missional plan exists. If at the conclusion of a period of 18 months after the adoption of this policy, no missional plan exists for those funds, then the Synod Property Board shall transfer the relevant funds, within the MDF, to the Presbytery or relevant entity for their use as the responsible body.