

Report for
31st Queensland Synod
October 2014



Report from
**Finance Investment and
Property Board**

Context:

The Finance Investment and Property (FIP) Board's role is to: -

1. Perform the functions of the Synod Property Board (Reg 4.2.1);
2. Exercise oversight of the activities of the financial transactions and investment body (UCIS/Treasury) (Reg 3.7.4.6); and
3. Exercise oversight of strategic resource plans, audit and risk management for the Synod.

The FIP Board has shown dedication and commitment in generously applying their qualifications and experience to the complex issues facing the Synod. The membership of the FIP Board, their qualifications and membership of The Uniting Church in Australia Property Trust (Q.) (Trust) is shown below:

Mr A G (Andrew) McBryde MAICD	Chairperson and Trust member
MR I A (Ian) Busch BBus(Mgt) CFP	Trust member
MR R W (Bob) Cambridge BE(Civil) FIEAust CPEng	Trust member
Mr R M (Ralph) Collins BSc FIAA	Trust member
Dr S (Shirley) Coulson EdD MEdStuds BTh BEd BA AIMM	Trust member (until 31/01/2014)
Rev J (John) Cox	Trust member (from 01/02/2014)
Mr A (Allan) Hanson BCom GDipAppFin DipFP FFIN CPA GAICD	Trust member
Mr R D (Robert) Packer BA BCom MFM FCPA AFAIM CFTP	Trust member
Mr B W (Bruce) Peden FCA	
Rev K (Kaye) Ronalds BA	Trust member

Responses to our Priority Directions since last Synod

Developing sustainable mission orientated organisation (way of being) for the Church in Queensland

By-laws – The FIP Board spent considerable time and resources producing the new Property Trust By-laws and the FIP Board By-laws. The major challenge was providing clarity between their respective roles within the Church so that external parties (e.g. government) entering into agreements with the Church and internal Church bodies might understand the relationship better. The FIP Board By-laws were also developed as a result of previous resolutions of the Council of Synod and Synod that altered the membership, powers, responsibilities and operation of the FIP Board from its antecedent Board.

Investment Policies – The Synod’s financial position has improved from ‘owing the bank’ to needing to invest funds. The FIP Board is now reviewing the Treasury Policy, the Loans Policy and developing an Ethical Investment Policy with a view to authorise a revised investment strategy.

The Lakes College – The FIP Board has continued to work with The Lakes College Council to stabilise its financial position. Its Council needs to be commended for its diligent efforts that have resulted in significantly increased enrolments, decreased debt per student and an ongoing capital improvement program.

Administration of Congress Community Development and Education Unit Limited (CCDEU) and Shalom Christian College – The voluntary administration of CCDEU began in August 2012 and finished in June 2014. Notwithstanding the involvement of Deloitte in this administration there were considerable internal resources applied to the restructure of services offered by this company into the operations of the Church. In particular, Shalom Christian College had to be structured in a way that some of the money spent by the Synod in the administration could be recovered without imposing a considerable debt burden on the College. Financial delegations and reporting requirements were imposed and the Director FAPS attended all Shalom Christian College Board meetings.

Succession Planning – The majority of FIP Board members will complete their nine-year term at the 32nd Synod due in May 2016. The FIP Board has undertaken a review of its role and required mix of competencies, so that it can work with the Governance Nomination and Remuneration Committee to recruit capable people onto the Board.

Committee Structure – Since 2007 the FIP Board has not replaced the previous committees: Synod Audit Committee, Financial Investment Committee, and Property Committee. It had preferred the work of these committees to be undertaken by the full Board. The FIP Board has now proposed that the timing is appropriate to establish a Synod Audit and Risk Committee that will have membership from the FIP Board, UnitingCare and Wesley Mission Brisbane (at least to start).

Working towards our Priority Directions in the future

Policies – As a result of the work done on By-laws, a number of policies are required: Synod Audit Policy; Synod Risk Policy; Synod Compliance Policy; Synod Documents Execution Policy; Synod Property Delegations Policy; Synod Property Proposal Policy; other Synod property policies.

UnitingCare Queensland – There are a number of pieces of work that have commenced and will continue to involve the FIP Board for clarification of UnitingCare Queensland's role, including: changes to the UCA Act 1977, developing a constitution, delegations and authorisations.

Synod and Presbytery Funding Model – The Synod and Presbyteries are currently funded primarily through margins on treasury operations (deposits and loans), grants from congregations, agencies, and schools, and contributions from Mission Support Enterprises. There is a considerable reliance on the margins generated through the treasury operations and particularly on loans. The Synod Standing Committee has sought to investigate an alternative funding model that is transparent, equitable and justifiable.

Synod Strategic Risk Register – With the help of AON a draft Synod Strategic Risk Register was developed and now requires more work to engage the Synod Standing Committee and to develop mitigating strategies.

Delegations and Authorisations – Work continues on developing a formal set of property delegations and authorisations for presbyteries, agencies and schools, now that the by-laws have been completed.

Key achievements/initiatives

Synod Financial Position – There has been considerable effort to stabilise the Synod's financial position. The Synod is in a better position now than at the last Synod, but still has a way to go. The impaired loans of the past few years are now down to six individual residential units that are currently rented and returning a positive cash flow. The Synod Reserve Fund is being restored to its desired level albeit slowly, and the treasury is now improving interest rates for deposit holders and borrowers.

Housing Acquisition Fund (HAF) – As per the Synod’s resolution the HAF was closed on 30 June 2014 and payments made to all members.

Ethical Investment Policy – An Ethical Investment Policy was developed, circulated for consultation and is planned to be submitted to the Synod Standing Committee in September 2014.

Challenges/Risks as we Progress:

Funding for Synod and Presbyteries - The major risks to the financial position of the Synod would be an unexpected large drop in the amount of loans requested of the treasury, and unexpected large negative changes to Shalom Christian College enrolments and/or government funding.

Compliance – There are increasing requirements for legislative compliance against a church culture of independence, and anti-standardisation of basic organisation processes. The risk is that a breakdown in one body may have significant consequences for other bodies within the Church.

Contact for Report questions:

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