



Resources Board 2021 Report

1. Executive Summary

The role of the Resources Board is “To serve the church by maximising financial and property resources available to the Synod for mission and to assist the Synod in allocating such resources efficiently in accordance with the mission priorities of the church whilst managing the risk associated with these decisions”.

For many years a report from the Resources Ministry Centre has been presented to the annual meeting of the Synod, usually in October or November. Because the Synod has changed its meeting cycle, it is not meeting together at the end of 2021. To strengthen relationships and remain connected, this report is provided to Synod members to communicate the Resources activities that have served the church since the previous report, written in December 2020.

This report outlines how the Resources Board with the Resources Ministry Centre team have implemented the Resources Board’s mandate since it reported to the 2020 Synod annual meeting (held in February 2021). It covers key strategic areas of focus including financial accountability obligations and resource governance matters.

Reports are included from operational areas of responsibility within the Resources Ministry Centre being Financial Services, Human Resources, Information Technology and Telecommunications (IT&T), Insurance Services, Investment Services, Property Services, Uniting Venues SA and Work Health Safety. The report recognises the significant contribution of Resources Board and Property Trust members, sub-committee members and Resources team members. The report concludes with key matters to be considered and/or progressed in 2022.

Members of Synod are invited to seek clarification from authors on matters covered in the report forwarding them to resources@sa.uca.org.au or call the Synod office on 8236 4229.

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2. Summary of key activities and outcomes in 2021

2.1 Key Strategic Areas of Focus

During 2021, the Resources Board has met on 8 occasions. The following matters outline strategic items for which the Board has exercised its oversight.

2.1.1 Financial Accountability Obligations

2.1.1.1 Presentation of Additional 2020 Financial Statements

In total, 22 financial statements for various entities within the Uniting Church have been prepared for the financial year ending 31 December 2020. Due to changes in the frequency of Synod meetings the June Synod Standing Committee meeting adopted financial statements for 18 of the 22 entities within the church, with the remaining 5 adopted at its November meeting. All of the financial statements have been endorsed by the Resources Board and adopted by the Synod Standing Committee are available upon request (resources@uca.sa.org.au).

A schedule of the 2020 financial statements index listing each entity with the 2020 operating result and equity position is attached for reference (Attachment 1).

2.1.1.2 Accountability for Separately Incorporated Bodies

The Parkin Mission of SA Inc. and Parkin Trust Inc.

The Resources Board by-law requires that the Parkin Mission of SA Inc. and Parkin Trust Inc. shall report their financial performance to the Synod through the Resources Board. Each year the governors advise of the anticipated annual grant to the Mission and Service Fund (MSF) and Uniting College for Leadership and Theology (UCLT). During 2021, Parkin Mission and Parkin Trust will provide an annual grant of \$1,150,000 and \$330,000 respectively. This contribution, promised in the midst of a global pandemic, demonstrates the Governors' strong commitment to the mission of the Church. The grants are distributed as per the terms of the Mission and Trust through the Synod's MSF budget process and have been approved by the Synod Standing Committee. Grants from the Trust are directed for the use of UCLT.

Uniting Church Arts and Cultural Development Group Inc.

The Uniting Church Arts and Cultural Development Group Inc. (UCACDG) was established in 2007 and provides a mechanism for Deductible Gift Recipient funds to be directed to the Wesley Church Kent Town Organ Fund and the Centre for Music Liturgy and the Arts Fund. The UCACDG is registered with the Australian Charities and Not-for-Profit Commission (ACNC) and as such is required to provide financial statements as part of the Annual Information Statement. The financial statements for the UCACDG, which includes a summary of the activities of the Wesley Church Kent Town Organ Fund and the Centre for Music Liturgy and the Arts Fund, were presented and approved at the June Synod Standing Committee meeting.

Uniting Church SA Investment Fund Ltd

The Uniting Church SA Investment Fund Ltd (UCSAIF), trading as UC Invest, continues to support the work of the Synod. In 2017 the Church acquired an Australian Financial Service Licence (AFSL) in order that UC Invest could continue to offer a similar range of products and services as it has previously, and in doing so, protect future annual grants to the MSF.

UCSAIF convened its AGM on 20 May 2021 and the annual report is available upon request at resources@sa.uca.org.au.

UC Invest thanks its customers for their continued support, which has enabled the Synod to operate strongly over many years. UC Invest is expected to contribute \$2,315,000 during 2021. This support is commendable given the continued financial impact of the global pandemic on the global economy.

2.1.2 Resource Governance

2.1.2.1 Coronavirus

The COVID-19 global pandemic continues to create uncertainty, change and anxiety within our communities. COVID-19 has had a direct impact on the Synod, presbyteries and congregations in many ways including giving rise to rapid changes, operational and relational challenges as well as financial impacts.

The Synod's leadership has actively responded to the issues presented by the pandemic. In particular, the Moderator and General Secretary have been in communication with presbyteries, congregations and staff regarding government directives and have provided recommendations on how the church should respond. The Resources Ministry Centre has been active in responding to issues presented as a result of the pandemic.

The Synod's Crisis Management Team is premised on the work of the Resources Board's Risk Management Committee, in particular, the Synod's Crisis Management Action Plan (CMAP). The CMAP was reviewed and updated in early 2021 based on feedback provided following its application in response to the initial management of COVID-19 during 2020. The revised action plan has informed the work of the CMT during 2021. Given the wide reach of the Church and the broad range of activities it provides, navigating through Government directives continues to be a challenge. The work of the CMT and particularly Wayne Booth (WHS Co-ordinator) who keeps the Synod abreast of COVID-19 related changes is greatly appreciated.

Investment Services - COVID

The effect of the COVID-19 pandemic on investment markets was largely a negative one in 2020. There was a large drop in asset prices, as the virus swept the world and caused major disruptions. Later in 2020, the investment world was buoyed as central banks did what they could to prop up economies. During that time the Australian Government went into debt to ensure businesses had substantial grant monies to keep the average Australian worker employed, and thereby reducing the negative effects a free market response would have rendered.

In 2021, the policies of 2020 have been extended, and the investment market is awash with cheap cash, which has pushed asset prices up. The Australian Stock Market is up around 10% for the year, property vacancies are low, house prices continue to move upwards, and slowly but surely markets are expecting

interest rates to start to increase from record lows. This means that the Synod's investments have had solid returns this year. With many analysts suggesting asset prices are higher than the investment fundamentals would suggest they should be, the UCIC remains alert to further market corrections and may change its position as alternative information comes to hand.

Work Health Safety - COVID

Since the end of February 2020, COVID-19 has markedly increased the Work Health and Safety (WHS) workload. During this time Government directives have changed often and formulating the most appropriate response for the church each time has been complex, taking into account the potential for serious health and safety implications. The WHS Coordinator has been a key member of the Crisis Management Team, present at all meetings to update and provide specific advice and guidance on WHS implications.

WHS has been involved in developing policy and procedures for Synod to enable staff across the sites (Campus/Office/Venues) to be able to safely work from home. Most recently, time has been invested in developing a Synod COVID Vaccination Policy. Formulating a safe and manageable road map to life with COVID is requiring significant WHS resources. This is due to the phased and streamed way restrictions are being lifted, the different contexts and priorities across sites and the cautious approach being taken.

Information Technology & Telecommunications - COVID

The IT&T team was able to leverage off existing work undertaken with the Risk Management Team to enable all staff to work remotely without needing to purchase any new equipment. Existing (very old) laptops were repurposed as 'thin clients' for staff who didn't have suitable equipment of their own. The IT&T team moved rapidly through a Microsoft Teams rollout which included developing and delivering training and How-To guides, all over the course of one week. Once staff were working from home, the IT&T team provided support to individuals with 'teething problems' and have continued to support staff in the use of MS Teams as well as other working from home intricacies and nuances.

Human Resources - COVID

The Human Resources team directed much of its attention to communicating with congregations, church councils, General Secretary/Moderator, Executive Officers and presbyteries as they reviewed the workforce planning, recruitment requirements and working arrangements for lay staff and management. The main objective of this communication was to ensure church leaders, in working with their staff, observed legislative requirements, thereby avoiding difficult industrial conflicts later. Human Resources has worked closely with WHS, supporting a number of initiatives to ensure staff are working in safe conditions. The Human Resources team has provided ongoing support in the context of responses to the COVID government directives and in particular, has encouraged management in their connectedness strategies for staff and teams working from home, encouraging well-being initiatives and sustainable work practices.

Uniting Venues SA - COVID

Uniting Venues SA (UVSA) continued to face challenges in 2021 due to the COVID-19 pandemic. The Government-imposed restrictions and state border closures meant that the venues were not able to operate at full capacity for much of the year. The mid-year state-wide lock down effectively meant that the venues

lost four weeks of trade, resulting in a loss of revenues. Restrictions relating to self-service (buffet style) food and additional cleaning resulted in additional casual staff hours.

School groups account for approximately 75% of UVSA business and South Australian schools were directed to conduct intrastate camps only. This essentially meant that schools could not travel interstate to conduct camp, ruling out destination such as Canberra and the Grampians National Park (located in Victoria). As a positive consequence, Beyond Limits, Tarooki, and to a lesser extent Thuruna, benefited from this direction resulting in significant demand for services. Whilst the additional revenues were welcome, the increased business did place additional strain on staffing levels. .

The UVSA Committee continued to monitor the situation closely and provided wisdom and guidance during this period.

2.1.2.2 Finance

Mission and Service Fund

The Mission and Service Fund (MSF) accumulated deficits of over \$4.5m following the global financial crisis, eroding much of the Church's reserves available for future years' ministry and mission. These deficits prompted the Synod to request that the then CEO/General Secretary work with Synod Standing Committee to identify practices and structures to achieve a balanced budget and bring options to the June 2015 meeting.

During 2015 the Presbytery and Synod meeting agreed measures to work towards establishing a sustainable financial future for the MSF, such that the Resources Board was able to present a balanced budget for 2016. Since 2016 the MSF has achieved small surpluses.

As per past practice, the proposed 2022 MSF Budget has been endorsed by the Resources Board. Given the timing of Synod meetings, the Synod Standing Committee has approved the 2022 budget and it is presented as an addendum to this paper.

Specific Entities/Funds

The Resources Board has financial governance and oversight responsibilities on behalf of the Synod. Specific entities/funds where the Board has exercised responsibility during this year include:

RH White Settlement

Managed by the Resources Board, the RH White Settlement consists of two parts which have the primary purpose of promoting Bible studies and for such other religious or educational purposes as the Synod directs. Funding is directed towards the activities of the UCLT. During 2021 the RH White Settlement provided funding of approximately \$590,000.

Uniting Church Loan Fund

Managed by the Uniting Church Investment Committee, the Uniting Church Loan Fund is held to provide loans for congregations, faith communities and other Uniting Church entities within the

Synod of South Australia for the purpose of funding approved projects. The Uniting Church Loan Fund had equity of \$10.1 million at 31 December 2020.

Cockrell Bequest

The Cockrell Bequest comprises funds gifted to the church by Bessie Cockrell in 1982. The Property Trust agreed to use the income from the bequest for the benefit of chaplaincy work funded through the MSF. The annual bequest equates to approximately \$37,000 and was used to support chaplaincy ministry at the Royal Adelaide Hospital.

Uniting Foundation

The Uniting Foundation accepts bequests, donations and grants from individuals, congregations and organisations. These gifts are invested and the income earned is used to make grants to further the work of the Uniting Church in SA. The Resources Board is responsible for the financial management, governance and oversight of Uniting Foundation. The Foundation Grants Committee annually allocates funds from the Uniting Foundation to congregations and individuals for a range of purposes, as outlined in the Uniting Foundation By-laws. The Resources Board approves the annual allocation amount available for granting and this amount is calculated with reference to the Foundation's prior year's financial results. The Uniting Foundation had equity of \$6.2 million at 31 December 2020. The Resources Board approved a maximum 2021 distribution of \$340,000 (compared with \$395,000 in 2020 and \$320,000 in 2019). The amount available for distribution in 2021 is less than in 2020. This decrease represents a net change in value of financial assets and change in the level of external funds held in the Foundation.

Epworth SA Fund

Managed by the Uniting Church Investment Committee, this distinct fund is held with its purposes remaining consistent with the constitution of Epworth SA Inc. The Epworth SA Fund granted \$472,847 to the MSF in 2021 (compared with \$515,468 in 2020 and \$687,290 in 2019). The global pandemic had a significant impact on the value of the Fund's financial investments. Grants from Epworth SA were reduced such that equity in the Fund remained above the corpus.

Uniting Church Investment Committee

The Uniting Church Investment Committee (UCIC), a sub-committee of the Resources Board, is accountable for the policy, strategy and financial sustainability of investments within the Synod.

The UCIC meets monthly to assess the performance of the investments for which it has oversight, to review policy documents and to identify and manage risks. The Committee recognises its responsibility to protect investor funds and make regular consistent contributions to the MSF.

UCIC continues to manage the investments of the Church under the name Uniting Fund SA together with the investments of other entities within the Church's Property Trust and other organisations associated with the Church. A report regarding the investment operations is provided below at 2.2.5.

The members of the committee are Michael McClaren (Chairperson), Allison Ashby, Karen Eley, Ryan Dick, Wayne Matters and Peter Battersby. Sue Page was appointed to the UCIC by the Resources Board at its

November meeting. Sue brings expertise in governance and church polity, and has a skills and experience in banking. Paul Barnett (Manager Investment Services) resources the UCIC and leads the Investment Services team.

2.1.3 Ethical Investment Working Group

The Ethical Investment Working Group (EIWG), established in 2013, meets regularly to review the ethical issues relating to the investments of the Uniting Church in South Australia. The membership of the EIWG has changed during 2021. In December, Paul Frisby was appointed to the Group, after attending several meetings as a guest. Paul joins Heather Hill, Barry Atwell and Tom Adams (Tom and Barry serve as the Resources Board representatives on the group). The generous contribution of these volunteers is greatly appreciated. The Executive Officer Resources together with the Mission Resourcing Team Leader co-convene the meetings. Paul Goh (Justice & CALD Multicultural & Cross Cultural Officer) and Paul Barnett (Manager, Investment Services) attend to resource the meeting. Tarlee Leondaris (Synod's Covenanting and International Mission Officer) has commenced attending the meetings, initially to provide helpful insights as the group considered the actions of Rio Tinto with regard to the destruction of the Juukan Gorge, but has also provided helpful insights regarding our international partnerships.

During 2021, the EIWG has met on three occasions. On each occasion the EIWG has reviewed the Synod's investments through the lens of the Ethical Investment Policy and Procedures (EIP&P), approved in June 2015, as it aims to be a socially responsible investor. The Ethical Investment Policy applies to all Synod entities with investment assets that report directly to the Resources Board and/or Synod. Congregations, whilst covered by the Ethical Investment Policy, are not monitored by the Synod of SA for compliance with the policy but instead are asked to be diligent and attentive in their selection of investments. The EIWG has commenced a review of the policy with a view to incorporating the United Nations 17 Sustainable Development Goals. Following consultation, it is expected that an amended policy will be brought to the Synod (or its Standing Committee) in 2022.

The EIWG has established and monitors an Exclusion List which lists companies, products, activities and/or industries to avoid. This list is largely based on the Uniting Church Investment Committee's investment activities and as such it is not an exhaustive list of companies to be avoided and nor is it possible to create a static, exhaustive list of all listed companies as their offerings continually change. For that reason it is possible that Uniting Church SA entities may inadvertently invest in companies which have not been considered by the EIWG which, if the policy were applied, may be excluded. Uniting Church SA entities which have investment assets, to ensure alignment with the EIP, are asked to include a statement in their annual audited financial statements acknowledging that, to their best of their knowledge, they have complied with Uniting Church SA's Ethical Investment Policy. Furthermore, Uniting Church SA entities should avoid investing in managed funds where the breakdown of the investible organisations within the managed fund cannot be identified. This also avoids inadvertently investing in organisations which would otherwise be excluded if the Ethical investment Policy were applied. During 2021, the EIWG has amended the Exclusion List and the Watch List as a result of investigations.

2.1.4 Risk Management Committee

The Risk Management Committee (RMC) was established in 2015 to oversee risk management on behalf of Standing Committee, and in particular, to establish and maintain a co-ordinated and systematic process to

provide direction to, and controls for, the organisation in regard to Synod-wide risk management. The RMC contributes to the UCSA's capacity to steward its resources responsibly, thereby enabling future missional activity. The work of the RMC has included the establishment of a Risk Management Policy, Business Continuity Plan (BCP), Disaster Recovery Plan (DRP) and Crisis Management Action Plan (CMAP), for the Synod. The work of the RMC has provided Crisis Management Team (per the CMAP) with a framework to respond to the COVID-19 pandemic.

During 2021, the RMC commenced a risk identification mitigation and reporting project. This project will see the establishment of a Synod risk register, which will track risks and record actions that have been taken to reduce or eliminate that risk. Investment Services already has a comprehensive Risk Register, which has informed the project. After the Synod risk register is established, regular reports and reviews will be scheduled.

2.1.5 Other Strategic Matters

2.1.5.1 Property Review Project

In 2017 the Resources Board, in consultation with the Property Committee, agreed to initiate a Property Review Project. This project included the inspection of each of the church's properties and buildings thereon. Over 500 properties are vested in The Uniting Church in Australia Property Trust (S.A.) with the vast majority held for the beneficial use of congregations within the Uniting Church in SA. For a number of reasons, prior to the project being undertaken, the Property Trust did not have a clear understanding of the condition of all the properties vested in it. In addition, there was no mechanism in place to receive regular property review reports (required by UCA regulations) from congregations.

Through the Synod Buildings Officer, the Property Review Project included an assessment of each property, with particular focus on statutory requirements such as asbestos registers, safety (electrical) matters, and access arrangements, as well general building condition. Through the assistance and support of each congregation, all inspections have now been completed. A Buildings Safety Report has been provided to each congregation which summarises key findings. For many congregations there were no surprises in their report and for others it felt quite daunting and perhaps overwhelming to understand the full extent of the building's condition. Knowing that the health and safety of our church community is paramount, it is hoped that each congregation will work with their presbytery and the Synod as they explore the content of the report. Congregations may have some questions and concerns arising from the report and are encouraged to undertake further conversations to address these. If the concerns relate to the practical content within the report e.g. any items considered to be confusing or incorrect, congregations should contact the Property Services Team at propertyreview@sa.uca.org.au. However if the concerns are pastoral or missional, congregations are encouraged to reach out to talk this through with their Presbytery.

It is hoped that the reports issued will assist each congregation to:

1. Develop a Property Management Plan, based on a predetermined template which will satisfy the requirements of an Annual Property Review as per regulations
2. Implement the Property Management Plan including the resolution of critical issues identified in consultation with the Property Services Team
3. Provide annual reports to the Presbytery/Synod

The property reviews formed the basis of a discussion paper *God's Church and its Buildings - Are they Fit for Mission* presented at the 2021 Synod meeting. The discussion paper did not include the specific details of any building(s) but will provide the Synod with a collated overview of the safety of the Church's buildings throughout the state. The paper provided a launching pad for many discussions now being held across the State in relation to our property portfolio. Recommendation 5 from the report is as follows:

REQUEST the General Secretary in consultation with the Synod Standing Committee to develop a future-focused strategy (to include the establishment of a working group and an implementation plan) to determine the number and geographic locations of buildings to house vibrant missional communities including a framework to identify potential 'strategic' buildings, working:

- a. collaboratively with appropriate Synod staff and Presbytery leadership; and*
- b. interactively with Church Councils in consultation with congregations as they seek to undertake the tasks in (3) and (4) above.*

The General Secretary has established the Synod Strategy and Planning Working Group which has met several times during the year, and will continued to meet in 2022 to further the conversation. The General Secretary has provided regular reports to the Synod Standing Committee.

2.1.5.2 Investment Services Structural Review

The Investment Services department of the Resources Ministry Centre has grown considerably over the past two decades. From a relatively simple activity with \$20m of funds under management, it now manages and invests more than \$250m. The management of this growth has been possible by employing new staff with specific industry skills, expanding the responsibilities of team members to cover the complexity and expansion of the workload required, the upskilling of staff and process automation.

In light of recent staff changes, and following conversations with management and the Uniting Church Investment Committee, it was agreed that it was timely to perform an intentional structural review of Investment Services. The review was designed to provide clarity in relation to team capacity, skill alignment, workload sharing, and the execution of management and financial reporting, business (marketing) development and project management responsibilities. It was also intended to provide space to make sure any new resources could be deployed to tasks/areas of most need, whilst continuing to be mindful of the development opportunities for existing staff.

Barry Atwell and Kevin Benger undertook the review, supported by Karen Granger (Manager Human Resources), through a series of intentional conversations with a range of key stakeholders (past and present). The responses from these conversations informed the report and its recommendations.

The final report recognised that:

- The Investment Services function has performed consistently and served the Synod extremely well, particularly in some very challenging investment market periods such as the GFC and more recently as the market was affected by COVID 19.
- Everyone, volunteers and staff, who has been and is currently involved in the Investment Services function should be justifiably proud of its past performance.

- The Investment Services function of the Synod is now a critical component of the longer-term financing model for the Synod and is therefore absolutely ‘mission critical’ to the future mission of the Church.
- UC Invest has grown to be a trusted brand.
- UCSA Investment Services
 - Offers a compelling value proposition to its customers and the church
 - Provides its customers safe, secure and ethical investments
 - Is complex and inherently high-risk and is underpinned by highly skilled professionals
 - Is operating in an increasingly complex and evolving regulatory environment
 - The delivery of a consistent dividend is critical to the life of the SA Synod
- Has potential for business growth (while still remaining within the current AFSL conditions) through:
 - enhancing the range of Investment Services products and services
 - increased reach across the State and National Uniting Church
 - an intentional connection strategy with existing and potential customers/investors
- There is also capacity for greater communication between the Resources Board, Uniting Church Investment Committee and Uniting Church SA Investment Fund Ltd, and Investments Services management and staff.

The report strongly affirmed the Investment Services Team and the critical importance of the roles that team members are currently carrying out on behalf of the Church.

A key recommendation of the report was the establishment of a Business Manager role, to drive the business through system development, project management and streamline financial and non-financial reporting processes. Development of the Business Manager role is currently underway, and it is anticipated recruitment will occur early in 2022.

I particularly wish to thank Barry Atwell and Kevin Bengler for their significant work in undertaking interviews and research and bringing the report together and Karen Granger for resourcing the process.

2.2 Key areas and outcomes with an operational focus

Below is a summary of the Resources Team activities as it seeks to resource congregations, presbyteries and the Synod since the November 2019 report was written. These reports are intended to provide an overview of the nature and breadth of the work the team is responsible for and have been prepared by each of the team managers.

The Resources team understands its purpose is “*to provide exceptional service built on trust, integrity and clear communication*”. The Resources team members recognise the challenges that volunteers, ministers and officers of the Church face as they execute their responsibilities within their congregations and therefore concentrate on providing services and information to enable people to carry out their responsibilities as easily, safely and as effectively as possible.

2.2.1 Financial Services (Andrew Fechner, Manager Financial Services)

The Financial Services Team is responsible for the accounting and finance functions of the Synod of South Australia while also providing accounting services for the Uniting Aboriginal and Islander Christian Congress, Generate Presbytery, Presbytery of Southern SA and Wimala Presbytery along with other Uniting Church entities.

In addition to the provision of core accounting and payment services, the Financial Services Team also encompasses Synod Payroll Services and the Congregational Bookkeeping Unit.

It has been another difficult year for the Financial Service Team. Sadly in October we lost Suzie Hodson, a long-term team member of the team, to a short but intense battle with cancer. Suzie was a dedicated and respected member and friend of the team who will be truly missed.

2.2.1.1 Synod Payroll Services

The Payroll Services team serves the needs of congregations and organisations associated with the Church as well as Synod Ministry Centres (including UCLT and UAICC). There are currently over 375 ministers and lay employees across 120 congregations and organisations who are paid via Synod Payroll Services.

The provision of an accurate and timely payroll process is critical to all employing organisations. Recent media attention has demonstrated that there can be both a financial cost and a reputational cost when organisations fail to execute this function well.

The Payroll Services team ensures that employees are accurately paid in compliance with relevant awards and national employment standards. We also ensure that our ministers are paid correctly against the Church's unique stipend conditions and fringe benefit arrangements.

Each and every month there are significant movements and changes applied across all employing entities that are captured and recorded by the Payroll Services team.

A significant majority of Uniting Church entities currently use Synod Payroll Services for all payroll processing. The ultimate goal is to see 100% of Uniting Church entities using this central service to ensure the risk of underpayment is managed consistently and appropriately across the entire organisation.

2.2.1.2 Congregational Bookkeeping Unit (CBU)

The Congregational Bookkeeping Unit (CBU) continues to provide regular bookkeeping services to 25 congregations, faith communities and other Uniting Church entities.

Over the past 12 months CBU has assisted a number of congregations work through specific issues of concern. These consultations relate to significant issues with GST, Payroll, BAS and PAYG.

Support to congregations regarding their *Australian Charities and Not-for-Profit Commission (ACNC)* reporting obligations continues to be provided. This includes assistance with the submission of the Annual Information Statement (AIS), in order that a congregation does not forfeit its charitable status.

During the second half of 2021 the CBU team commenced a process to assess its service delivery model and identify potential improvements. As a result, it is expected that 2022 will bring significant changes to the services provided by CBU in order to better support the future requirements of our Church.

Through CBU, 37 congregations have been able to access valuable auditing services from the panel of congregational auditors (this is in addition to those congregations which are CBU bookkeeping clients).

On behalf of the wider church, the Synod Auditing Panel, which includes Peter Whiting, Stephen Bray and Barry Atwell, is recognised with great appreciation. These auditing services, which includes auditing of 62 congregations' accounts, are invaluable to the church.

2.2.1.3 Mission and Service Fund contributions

In recognition of contributions made by congregations and faith communities in 2021 to the Mission and Service Fund (MSF), a list of contributing congregations has been included in the 2022 Synod Calendar. We sincerely thank all congregations that have made a financial contribution to the Church in 2021.

The collection of Mission and Service Fund (MSF) contributions from congregations and faith communities recovered to more normal levels post the COVID-19 shutdowns experienced in 2020. To assist congregation treasurers in 2021, congregations were able to repeat the contribution calculations that were provided in 2020 rather than providing new information.

Nearly 80% of contributing congregations elected to provide contributions by monthly Direct Debit in 2021. This high acceptance of Direct Debit is greatly appreciated as it significantly improves the efficiency of the collection process and allows better resource allocation within financial services. We would encourage a further increase to this acceptance rate in 2022.

2.2.2 Human Resources (Karen Granger – Manager Human Resources)

The Human Resources team contributes to the stewardship of people and a positive workplace culture of growth, health and community. This enables Uniting Church SA to provide opportunities for leaders, staff and management to grow, feel valued and meaningfully contribute to the work of the Church.

The Synod Human Resources team encourages continuous improvement in human resources best practices, achieved through the provision of high-level leadership, resourcing, organisational systems and support.

Presbyteries and Church Councils, on behalf of their congregations, receive the support of advice, resources and facilitation to assist in the fostering of good practices and management of human resource compliance. The work of the Human Resources team encompasses the management of employment and industrial risk within the context of our mission and ministry environment.

2.2.2.1 COVID-19: Work place implications

February 2020 saw the first level of workplace restrictions due to the onset of the COVID-19 pandemic. Human Resources has supported the various change management processes, impacted by the ongoing changes in government requirements. This has included staff working from home arrangements. This has

been a particularly challenging time for leaders and staff across all the Synod ministry centres, presbyteries and congregations.

2.2.2.2 Workplace Compliance and Policy Development

Workplace policy review and development is an ongoing requirement to ensure legislative compliance and good management practices are adapted and maintained. Congregations can access policies and other information via the Uniting Church Synod of SA website, pertaining to work place practices as they relate to the congregational work environment. There are opportunities for congregations, presbyteries and Synod ministry centres to make comment in relation to approved-drafts of new policies, prior to policy finalisation.

2.2.2.3 Recruitment and Appointments of Key Lay Positions

The second half of 2020 and 2021 has seen the recruitment and appointments of a number of positions within the *Synod Pirie Street Office*, *Uniting College-Brooklyn Park Campus*, *UAICC (Uniting Aboriginal & Islander Christian Congress)*. This was due to a culmination of staff turnover due to natural attrition, growth, retirement, 'discontentment in their positions', and sense of call to new areas or industries of work.

The recruitment and appointment of positions included four positions within the Engagement Ministry Centre, a Finance & Administration Manager (UCLT), Investor Relations and three Finance Officer positions in the Resources Ministry Centre, and a Finance & Administration Officer and two Child & Family Workers in UAICC. The Uniting Venues SA has recruited an Interim Assistant Centre Manager; Training & Compliance Officer; two Maintenance Officers; a Program Coordinator; Team Leader Housekeeping, and a Bookings Coordinator.

Recruitment is underway for an Executive Assistant to General Secretary, Personal Assistant to Team Leader Mission Resourcing, Academic Dean, Principal UCLT and a Human Resources Officer, anticipated to be appointed by early 2022.

There is a recruitment drive undertaken in November/December 2021 by Uniting Venues SA for casual staff due to the transient turnover of this cohort to facilitate group bookings at Uniting Venues and with the Beyond Limits program. The key occupational groups are catering, housekeeping and Beyond Limits.

The Manager Human Resources continues to provide advice, facilitation of processes and resources to Congregation Church Councils and presbyteries in their recruitment activities and other employment matters across the state.

2.2.2.4 Communication Initiatives

The ongoing review and development of web-based resources aims to increase the service levels for Congregational Church Councils, presbyteries and the Councils of Synod. Councils of Synod refers to Uniting Church Synod of SA, Pirie Street Synod Office, Uniting College for Leadership & Theology – Brooklyn Park Campus, Uniting Venues SA, and Uniting Aboriginal and Islander Christian Congress.

Opportunities to create greater awareness of Human Resource practices are constantly sought. Whilst some face-to-face opportunities have been limited at times due to COVID restrictions, other more intentional ways of connecting with presbyteries and Church Council officers' have included using Campaign Monitor for

exposure of recruitment opportunities. A number of staff, management and ministry agents have facilitated sessions at the October/November 2021 Synod Expos sessions. Human Resources also contributes to the Dollars & Sense electronic newsletter.

2.2.2.6 Professional, Education & Development

Professional education and development of staff, management and leaders continues to be a focus. Leadership skills, management skills, coaching and training in specific areas of expertise, succession planning, up-skilling, on-the-job training, benchmarking industry standards and compliance will continue to form part of the professional education and development for staff, management and leaders.

Recent education and development opportunities have been based on live streaming of events, webinars and video conferences. Other online education and development opportunities will continue to be explored as an ongoing strategy for professional development, irrespective of COVID restrictions. A number of occupational/industry body conferences and workshops have returned in 2021 within South Australia this year, which staff have attended.

2.2.2.7 Challenges

The challenges experienced in the context of Human Resource activities primarily relate to managing the implications of employee relations, employment law, volunteer engagement and work place health and safety, which are constant within the complex and unique governance structures of the Church. These challenges are made more complicated by the need to respond to ever present COVID restrictions from a health and financial perspective. We recognise the work of the volunteer Church Council members, Presbytery Office Bearers, ministry teams and other officers of the Church, as together we navigate the increasingly complex regulated and legislated work environment.

2.2.3 Information Technology and Telecommunications (Marc Furmage, Manager IT&T)

IT&T continues to provide high quality IT services to the Synod office, presbyteries, Uniting College Campus (UCLT), Uniting Venues SA (UVSA), Adelaide College of Divinity (ACD) and the Adelaide Theological Library (ATL). The last 12 months has continued to be both challenging and rewarding with a significant amount being achieved, which is outlined below.

2.2.3.1 Completed Projects

2021 continued to be an interesting year to resource from an IT perspective. The ever present threat of COVID-19 related lockdowns meant that the IT&T team continued to refine and improved the ability of staff to work remotely. One of the biggest improvements in this space was an upgrade to the virtual desktop / thin client software which has enabled a superior video conferencing experience for users working from home.

It has been widely reported that COVID-19 also increased the risk and likelihood of a successful phishing / scam campaigns. An assessment of the Security Awareness provider highlighted the limitations of the existing platform and after assessing the options available, a new solution was chosen. The new provider has a more extensive and diverse selection of training which has enabled the IT&T team to run more regular

training across additional areas of cyber security without simply repeating the same content. This is helping to reduce risk in this area.

The 2021 IT Audit was expanded to include an assessment of additional cloud / service providers to the Uniting Church which has proved beneficial. One of these providers had not secured its site as well as it could have, which the audit identified and the provider has subsequently resolved. The remainder of the audit concluded with the auditors only finding minor issues for IT&T to address.

Even though the amount of lockdown days in SA was relatively low during 2021, it became apparent to IT&T that many meetings that were previously 'in person' were now happening over video conferencing for convenience / to save travel time etc. As a result of this a decision was made to upgrade the thin clients within the office locations as the existing client did not support video conferencing. A very cost effective option was chosen for the task, keeping this update within the existing 2021 budget.

IT&T completed working with UVSA to upgrade the guest WiFi network at Nunyara to match the existing improvements at other UVSA sites as planned.

UnitingCare has had its database migrated to CRM and is now using this system as its primary system. Legacy systems are being retired at the end of 2021.

Finally, IT&T has recently completed a full scale disaster recovery test. The test itself was a success as the team was able to work effectively from disaster recovery equipment, and a few minor matters were identified to improve the outcome next time. These matters will be resolved in the coming months to ensure the next test (or a real life disaster) will run seamlessly.

2.2.3.2 In Progress

IT&T is currently working towards migrating the phone system into an organisation-wide collaboration platform. This move ensures that all collaboration and communication is within a single platform which works well in the new mobile / working from home context.

IT&T is currently working with the Property and the Insurance departments to start the process of migrating disparate / legacy systems into our CRM solution. This change will enable increased efficiencies for these departments as well as reducing reliance on legacy systems nearing end of life.

IT&T continues to support the Finance, Human Resources and Placements and Safe Church teams to implement the new HR system, ConnX, however due to COVID-19 progress has been slowed.

IT&T is continuing to improve guidelines and creating further training materials for the organisation-wide collaboration platform to help ensure this is used in a consistent and effective manner across the organisation.

Finally the IT&T team is continuing to expand the functions within the IT helpdesk software and has recently introduced an updated self-service portal as well as offering incident feedback surveys.

2.2.3.3 Futures

Due to the ongoing financial climate and the significantly increased cost of computing equipment, IT&T is considering extending the life of most laptops within the organisation. Further assessment will be undertaken mid-2022.

Windows 11 has been recently released and initial reviews of this new version have been quite positive. IT&T will consider upgrading all devices to this version late 2022.

IT&T will be required to assist with the ConnX project once this gains momentum in 2022.

Unfortunately the payment gateway solution was unable to be rolled out in 2021 and further work will be undertaken in 2022 to find a viable and cost effective solution

2.2.4 Insurance Services (Tony Phillips, Manager Insurance Services)

Insurance Services provides insurance protection to the Uniting Church including cover for public liability, property, travel and personal accident, cyber and other risks. This is achievable in part due to the significant purchasing and negotiating power of the Uniting Church Insurance Group which includes organisations associated with the church, such as schools, community groups, aged care and St Andrew's Hospital.

Insurance Services continues to focus on reviewing the terms and conditions of our policies ensuring the best possible protection and premiums are being provided by our brokers and insurers. There are a number of long term agreements in place with underwriters which has assisted in reducing large premium increases. The goal is to achieve greater efficiency in cost control while at the same time improving the services to congregations.

The COVID-19 pandemic has affected travel cover, as well as liability insurance and business interruption cover. Other premiums have increased due to changing world-wide conditions and therefore Insurance Services has been working with our brokers and insurers to obtain the best possible premiums for all entities in the Uniting Church Insurance Group.

This year Insurance Services has:

- added new service providers, to assist congregations in controlling claims costs
- highlighted the value of good risk management to many congregations, and
- updated its webpage to provide more information on various insurance matters.

During 2022 the focus will remain on finding ways to minimise the risk of claims in conjunction with Property Services and with a view to encouraging congregations to maintain properties and improve security. Introducing proactive measures to reduce claims costs will assist in keeping premiums to a minimum whilst not affecting cover.

2.2.4.1 Claims

The number of property claims reported in 2021 was very similar compared to 2020, and also like 2020, there was an increase in liability claims. There has also been an increase in Cyber claims within the congregations which are also expected to increase in 2022. All congregations are encouraged to continue to

check with Insurance Services prior to agreeing to hold events or entering into licence agreements. A lack of building maintenance remains the cause of a number of insurance claims and where this is the case, insurance cover is voided. Attention to property maintenance is therefore paramount to ensure insurance coverage is valid.

2.2.5 Investment Services (Paul Barnett, Manager Investment Services)

The Uniting Church Investment Committee (UCIC) manages the investments of the Synod, including Uniting Fund SA (prior to 31 March 2018 this fund was known as UC Invest), Uniting Foundation and Mission and Service Fund. UCIC also provides oversight to other fund entities which report via the Resources Board. The UCIC considers a number of factors in developing annual investment plans for these investment entities including investment goals, market conditions, expected investment returns of particular investments and diversification of investment portfolios.

The signed and audited financial statements for all Investment Services managed entities (including their investment portfolios) can be viewed on the UC Invest website at <https://ucinvest.com.au>.

2.2.5.1 Asset Allocation

Each year the UCIC considers the appropriate mix of financial assets in which each Property Trust investment entity should invest. This process takes into account the purpose of each entity, corpus requirements and the current investment climate. The performance of each entity is reviewed regularly throughout the year (against agreed benchmarks) to monitor and rectify any matters which may arise during the 12 month period. The UCIC considers both the short and medium term outcomes when determining the appropriate asset allocations.

2.2.5.2 Ethical Investing

With regard to ethical investing, the UCIC complies with the requirement of the Synod's Ethical Investment Policy. The Synod's investments are managed by the Synod Investment Services Team and are reported to the Ethical Investment Working Group for review at each of its meetings. Paul Barnett (Manager, Investment Services) attends and resources the Ethical Investment Working Group.

2.2.5.3 Capital Adequacy

As at the end of 2020, Uniting Fund SA was in a strong financial position with a good level of equity. Most investments paid less income in 2020 than in previous years, as the pandemic reduced the net income for most organisations and interest rates reduced to record lows. Funds with a diversified investment portfolio have had a good year in 2021. Investors with a conservative investment portfolio weighted towards fixed interest have had a flat year, as interest income continues to remain low.

2.2.6 Property Services (Matt Wilson, Manager Property and Projects)

The Property Committee, a sub-committee of the Resources Board, has a defined charter as follows:

“To make property decisions under delegation from the Resources Board and to assist Congregations and the Resources Board to make strategic property-related decisions which optimise the contribution of property towards the achievement of pre-determined missional goals.”

The Property Committee aims to meet bi-monthly to make decisions and provide advice regarding:

- i. Sale and purchase of real property and all related property transactions
- ii. Leasing of property
- iii. Property management
- iv. The use of property including risk management
- v. Property development and improvement

The Property Committee has met 6 times during 2021 (in person and via MS Teams) and its membership has remained constant. Presbytery representatives (from each of the three presbyteries) have joined the meetings and we are thankful for their insight and input.

The significant matters considered by the Property Committee, together with the Property Services Team, in 2021 include:

- Various sales and purchases of real estate, and building works projects
- Understanding the updated SA Government planning legislation
- Assistance to Uniting Venues with building projects at Nunyara and Adare
- Review of the Property Committee Rules
- Review of the Manse Purchase Process
- Assistance to the Noarlunga Uniting Church and Journey Uniting Church with strategic property matters.

The Property Services team has continued to oversee the (real) property assets of the Church including property sales, land purchase and the alteration and upgrade of existing properties and has actively responded to property matters within the presbyteries and the Synod. The Property Services team has continued to manage transaction and leasing matters, particularly in relation to dealing with commercial leasing negotiations arising from COVID-19. A project to update the records database software system of the Property Services team has commenced. The Property Risk Management Committee has been established and will continue to report property-specific risks to the Property Trust. The following property transactions have been completed during the period September 2020 - November 2021. The Category of Sale (in relation to the Property Sales Proceeds Policy) is also identified.

Purchases (0)

Sale of churches (9)

- Cadell (church) - Surplus
- Cambrai (church) – Closed Congregation
- Charleston (church) – Closed Congregation
- Lucindale (church) – Closed Congregation
- Virginia (church) – Surplus
- Windsor (church) – Surplus

Sale of manses (0)

Sale of vacant land (2)

- Charleston (land) – Closed Congregation
- Glenelg (portion land) - Surplus

2.2.7 Uniting Venues SA (Mark Lee, General Manager Uniting Venues SA)

2021 proved to be another challenging year for Uniting Venues SA (UVSA). The year started very positively with one of the busiest First Terms on record. Beyond Limits and Tarooki experienced increased demand for business (partly due to Department of Education intrastate only camp policy) and Adare, Nunyara and Thuruna traded well, as was normal for that time of the year. However, as mentioned earlier in the report, the mid-year lockdown and subsequent border closure resulted in a number of Victorian schools not being able to attend camp at Nunyara and, to a lesser extent, Adare. This had a negative impact on revenues during the second half of the year. Despite the mixed results, UVSA is expected to achieve a small operating surplus for 2021.

Like a number of organisations, UVSA experienced the resignation of some permanent and casual staff. The process to recruit and on-board new staff was the focus for a large part of the year. New staff have brought additional skills and energy and, thankfully, all but one permanent vacancy remains vacant. A number of casual roles remain vacant due to the competitive labour market.

A number of capital projects progressed during the year. Solar electricity was installed at Adare and Nunyara and a marquee was installed at Adare to provide additional dining room capacity. Two key projects at Nunyara have been granted Development Approval with works planned for 2022. The approvals include replacing the external staircase on Symons Retreat Centre and replacing the Nunyara Chapel roof and ceiling.

Tarooki celebrated a major milestone in 2021 being its 61st anniversary since officially opening in 1960. Approximately 75 former guests, volunteers and committee members gathered at Tarooki to mark the occasion. The Moderator led a worship service which was followed by a lunch and tour of the current facilities. Thuruna is set to celebrate its 60th Anniversary in October 2022.

UVSA is very grateful that operations weren't significantly impacted by COVID-19 this year. Schools provided the majority of groups during 2021 whilst church and community groups steadily returned to camp. If you haven't visited for a while and are considering a Church or youth camp in 2022, current information about the venues and Beyond Limits is available at – www.uvsa.org.au, on Facebook and on Instagram.

2.2.8 Work Health Safety (Wayne Booth, WHS Coordinator)

Following on from the previous year, 2021 has continued to be a difficult and challenging period for managing health and safety across the whole of the Uniting Church in South Australia. The WHS Coordinator would like to take this opportunity to again thank all those who continue to support the church during this time and have contributed to managing the additional risk and compliance matters brought about by the COVID-19 pandemic.

The role of the WHS Coordinator role continues to provide additional specialist support and guidance to the Human Resources, Property Services and Insurance Services teams. Along with the extensive response to the pandemic, the past twelve months have again seen continuing support and input into property related

safety and compliance matters as part of the Property Review as well as working significant additional hours in support of Human Resources.

Incidents

Accident and incident rates across the Councils of Synod continue to follow the pattern from previous years with the total number of incidents reported in the 2020/21 period increasing slightly from 137 in the previous year to 143. The minor increase is encouraging considering the move to the online reporting system and additional work on raising awareness and training that accompanied this. There were no SafeWork SA notifiable incidents during this period.

Congregational incidents reported through to Synod remain consistently lower than expected with 5 being forwarded. There were also no SafeWork SA notifiable incidents reported during the period and no specific COVID-19 related incidents. The WHS Coordinator continues to encourage congregations in their efforts to address the safety related concerns in their Property Review reports to help reduce the likelihood of incidents.

Response to COVID-19

The ongoing impact of the COVID-19 pandemic continues to contribute to an increased workload on many within the church. Whilst SA has remained largely COVID-19 free during the period, managing the changes to government directions and their impacts on all areas of the church, in particular staff, has been the significant challenge.

In addition to the ongoing management of the risks of COVID-19, the following are some of the key areas WHS been involved in:

- Resourcing the Synod Crisis Management Team at all meetings and providing specific WHS updates, advice and guidance on the emergency legislation, directives and health advice.
- Developing and updating policies and procedures for all Councils of Synod staff.
- Providing responses, information and specific government documents to congregations and staff - working closely with the General Secretary, Associate General Secretary and Engagement team.
- Setting up systems to record and monitor staff directly impacted by COVID-19 Directions.
- Updating pay and leave matrices to assist with responding to individual personnel circumstances.
- Contacting staff members directly affected by the restrictions to request further information and to provide further support and guidance.
- Advising and contributing to the development of the Synod Working from Home Policy and developing systems and procedures, including online risk assessment, to support the implementation of the policy.

WHS has recently undertaken a voluntary COVID-19 vaccination survey of staff across all of our Synod sites (Uniting Venues, Brooklyn Park and Pirie Street), with 95% of staff responding to the survey. The survey revealed that 86% of all staff currently have had their first vaccination and 81% have had their second vaccination.

Now that state borders have largely re-opened, managing the impacts to the Synod of widespread community transmission of the virus will be the principle focus during 2022. Of primary concern is the

potential for Synod workplaces, particularly Uniting Venues, to be significantly impacted should large numbers of staff be unable to work. WHS continues to support the Synod Crisis Management Team in its response and management of these risks.

An ongoing concern is the increasing pressure and stress being faced by staff across the Synod during what has been another difficult year. The pandemic, recruitment difficulties, workload, leadership and management pressures all appear to be significant contributory factors and WHS continues to support measures to help address this.

3. Recognition of Service

3.1 Recognition of Resources Board members

It is appropriate to thank the Resources Board and Property Trust members and the members of sub-committees who have generously shared their experience, skills and expertise across the wide range of Resources Board responsibilities. The Church is served most capably by these people, who dedicate many hours during the year to fulfil their roles with professionalism and a keen sense of stewardship. Thank you to those people who have faithfully served the Church in the following committees and associated task groups.

- Property Trust
- Resources Board
- Property Committee
- Risk Management Committee
- Uniting Church Investment Committee and Uniting Church Investment Fund Ltd Committee
- Uniting Venues SA Committee
- Ethical Investment Working Group

The table below indicates the range of skills offered to the Church by the Resources Board members over the past year:

Board Member	Area of Specialisation
Rev Rob Stoner (Chairperson)	Mission Resourcing, Uniting Church Ethos & Polity
General Secretary Rev Felicity Amery	Uniting Church Ethos & Polity
Moderator Bronte Wilson	Mission Resourcing, Uniting Church Ethos & Polity, Financial Management, Property
Executive Officer, Resources Peter Battersby	Financial Management, Human Resources, Corporate Governance, Uniting Church Ethos & Polity
Executive Officer, Pastoral Relations and Mission Planning Rev Philip Gardner	Mission Planning, Uniting Church Ethos & Polity
Rev Ross Honey	Mission Resourcing, Uniting Church Ethos & Polity, Financial Management
Michael McClaren	Investment, Finance, Corporate Governance
Dr Alice McCleary	Financial Management, Corporate Governance

Board Member	Area of Specialisation
Michael O'Connell (resigned February 2021)	Property
Steve Roder	Law, Corporate Governance, Property, Financial Management
Robyn Caldicott (from November 2021)	Uniting Church Ethos and Polity, Finance, Mission
Mark Elford (from November 2021)	Mission Resourcing, Uniting Church Ethos and Polity, Small Business Management (resigned December 2019)
Resourcing Officer (non-voting)	
General Manager, Resources – Sue Raw	
Manager Investment Services - Paul Barnett	
Secretary (non-voting) - Leah Hopton	

3.2 Recognition of Resources Team

The Resources team is commended for its exceptional service to the Church. This team, based in the Synod office and at the Uniting Venues SA sites, (and at home during COVID-19 lockdowns) strives to provide exceptional service built on trust, integrity and clear communication. Whilst covering a wide range of activities within the life of the church, each team member is dedicated to serving the Church, and has continued to do so diligently through the disruption and uncertainty of the global pandemic. The contribution of each team member is recognised, as is the way in which each of these people has approached their work throughout the year.

The team this year has lost a friend and colleague, Suzie Hodson, who was a valued member of the Financial Services Team since October 2014. Suzie was diagnosed with a rare and aggressive form of cancer in April this year and despite extensive treatment, passed away in October. Resources team members have been impacted by her loss and many will remember Suzie as a trusted friend and loyal colleague with an unassuming style, a great sense of fun and a 'no-fuss' approach to her work.

The contribution of each team leader (as named against each operational sub-report) is greatly appreciated. Furthermore, the contributions of Sue Raw, General Manager Resources and Leah Hopton, Executive Assistant are noted with tremendous thanks

The Resources team is mindful and appreciative of the many others who willingly serve throughout the Synod, presbyteries and congregations. We hope that together we can make the Church stronger.

3.3 Acknowledgements

3.3.1 Recognition of Ross Honey

Ross Honey has served the church as a member of the Property Trust and Resources Board over the past eight years. Ross' faithfulness and his love of God have been demonstrated through his passion for the church, his care for the people around him and his commitment to good governance. Ross' contribution to the Property Trust and Resources Board deliberations has been invaluable by speaking wisdom into

complex situations, reflecting his heart for God's work in the world. It has been a privilege to serve alongside Ross over the past eight years.

3.3.2 Vale - Michael O'Connell

It was with sadness that we remember former Resources Board and Property Committee member, Michael O'Connell, who passed away in October. Michael was a highly valued member of the Property Committee and the Resources Board over many years, and concluded his service at the beginning of this year. Michael's generous and wise contributions, particularly regarding strategic property and planning matters were greatly valued and appreciated. His presence and contributions will be missed.

4. Forward Thinking

During 2022, the Resources Board and Resources Ministry Centre will focus on:

1. Responding to opportunities to best grow the Church into the future
2. Implementing and/or participating in activities that fulfil the objectives of the Strategic Priorities agreed at the 2020 Synod meeting (held in February 2021)
3. Resourcing Synod Strategy Planning (Mission and Property) Working Group by identifying strategies for enhanced property stewardship
4. Building relationships and supporting the work of the presbyteries
5. Finalising a Synod-wide risk register, and commencing a review and reporting regime
6. Overseeing the implementation and monitoring of the 2022 Mission and Service Fund budget
7. Review and refresh the Synod Human Resources policies
8. Providing oversight to the implementation and monitoring of the 2021-2014 Uniting Venues SA Business Plan.
9. Reviewing a proposing an amendment Ethical Investment Policy
10. Implementing recommendations in the Investment Structural Review Report

In addition to these, the Resources team will continue to focus on strengthening its service to congregations and presbyteries and will look forward to working alongside volunteers and Church Officers as together we seek to grow God's Church.

Peter Battersby

Executive Officer, Resources

17 December 2021

UNITING CHURCH IN AUSTRALIA					
SYNOD of SOUTH AUSTRALIA					
Financial Statements Index					
for the year ended 31 December 2020					
		Operating *			
		Surplus/(Deficit)		Equity	
		2020	2019	2020	2019
		(\$'000)	(\$'000)	(\$'000)	(\$'000)
1.0	Mission and Service Fund	1,276	233	19,738	19,543
2.0	Property Sales Proceeds Fund	(2)	0	20	22
3.0	Uniting Venues SA:				
3.1	Uniting Venues Consolidated **	(89)	270	2,201	2,290
3.2	Thuruna Campsite	34	5	71	38
4.0	Peter Wood Devona Trust	(13)	(4)	537	550
5.0	Parkin Wesley College Library Fund	0	0	2	2
6.0	Uniting Church South Australia Relief Fund	172	61	486	314
7.0	Uniting Church South Australia Building Fund	0	0	0	0
8.0	UC Arts and Cultural Development Group Incorporated	(8)	(7)	32	39
9.0	Disaster Fund	(12)	12	197	218
10.0	Stillpoint Community	0	(5)	19	18
11.0	Uniting Aboriginal and Islander Christian Congress	149	3	2,893	2,547
12.0	Generate Presbytery	213	47	260	47
13.0	Presbytery of Southern SA	235	0	235	0
14.0	Wimala Presbytery	274	0	274	0
15.0	Uniting Foundation	2,592	(77)	8,580	6,198
16.0	Epworth SA Fund	(58)	(59)	11,514	12,115
17.0	R H White Settlement	(5)	100	12,269	12,850
18.0	Uniting Church Loan Fund	44	127	10,078	10,034
19.0	The Historical Society of the Uniting Church in SA	58	44	2,294	2,236
20.0	UC Investment Group				
20.1	Uniting Fund SA (<i>previously UC Invest</i>)	(1,296)	11,180	56,162	57,298
20.2	UC Invest Share Fund	2,461	4,474	73,338	80,379
20.3	UC Invest Direct Property Fund	2,912	2,914	55,376	52,718
21.0	The Parkin Trust Incorporated	270	358	5,482	5,613
22.0	The Parkin Mission of South Australia Incorporated	(52)	144	21,108	21,708
Notes:	* Except for Uniting Fund SA, the Operating Surplus (Deficit) excludes non-Operating Items and Unrealised Gains/Losses on Revaluation of Investments as applicable. Uniting Fund SA Operating Surplus includes revaluation of unlisted corporate securities using independent third party price information.				
	** Uniting Venues SA (Consolidated) represents the financial activities of the Adare Camp and Caravan Park, Nunyara Conference Centre, Beyond Limits Outdoor Education and Tarooki Camp Site.				
	*** Uniting Fund SA manages two asset class investment funds of behalf of the Uniting Church SA. All income received by these funds is distributed to their investors (many listed above), and the values of these investments are included in the financial statements of these investors, including those listed above.				



ADDENDUM

Mission and Service Fund 2022 Budget

EXECUTIVE SUMMARY

The 2022 Mission and Service Fund (MSF) budget has been constructed within the context of a balanced budget imperative in keeping with the decision of the members at the Presbytery and Synod meeting in November 2014. The budget has been built in consultation with the General Secretary and Synod Executive Officers and/or their delegates.

Achieving a balanced budget whilst in the midst of the COVID-19 global pandemic is difficult. The ongoing financial COVID implications on investment returns and the record low interest environment have curtailed income. The Uniting College for Leadership and Theology's financial challenges have also caused further stress on the budget.

The 2022 MSF budget has been endorsed by the Resources Board and approved by the Synod Standing Committee (SSC). The 2022 MSF Budget is forecasting a maximum operating deficit of \$36,000.

DISCUSSION

Introduction

The Resources Board is responsible to the Synod for preparing an annual budget for the Mission and Service Fund (MSF) to be approved by the Synod (or its Standing Committee). As a result of changes to the Synod meeting cycle, the budget was presented to the December Synod Standing Committee for approval. In the interests of good financial governance and to provide members of the Synod with a full picture of the Church's financial situation, the approved MSF Budget is being communicated to Synod members.

Background

At the November 2015 meeting of the Presbytery and Synod, the members approved a 2016 MSF balanced budget, which they had requested in November 2014. This reflected a change to structures and practices in order to move towards financial sustainability. The balanced budget targets were achieved in 2016, 2017, 2018 & 2019 (each recording a modest surplus). The MSF achieved a surplus result in 2020 of \$860,501. It was agreed that this surplus result would be read in conjunction with the agreed \$823,649 deficit 2021 MSF Budget, approved by the SSC in November 2020. At this same meeting, the SSC was encouraged to take a 24 month view of the MSF, combining the results of 2020 and 2021 financial years. At the end of quarter 3 2021, the MSF was on track to achieve the agreed budget.

Budget process

The General Manager Resources (GMR), together with the Manager Financial Services (MFS) met with Ministry Centre/Team Leaders to prepare of the first draft of the MSF budget. Prior to these meetings, the GMR and MFS met with the General Secretary and the Executive Officer Resources to agree the 2022 budget principles.

The 2022 budget only includes continuing activities funded in 2021. That is, it only includes any commitments (i.e. equipment contracts) and appointments (staff/stipended FTEs) which are already known. It doesn't include other activities or opportunities that have been foregone in the current (COVID-19) environment that fit with the strategic priorities of the Church and within the scope of the Ministry Centre, or other additional strategic activities or priorities that would add to the ministry of the Church / fulfil a known need or requirement.

Budget Principles

The 2022 MSF budget is built on a base of financial sustainability. In keeping with the resolve for a continued balanced budget, the Synod remains committed to the approach that any proposal requiring expenditure needs to be costed and have a corresponding income source, or achieve a commensurate reduction in expenditure.

The MSF budget is constructed using a zero-based budgeting methodology, meaning approved positions are budgeted using actual contracted costs. Significant non-salary expenses such as grants, depreciation, rent, equipment leases and communication contract amounts are easily and objectively determined. All other non-salary expenses have been forecast based on previous years' trends and known changes, and have only been increased where necessary.

Consistent with previous years, the MSF budget is unable to accommodate any new programs/increase in overall expenses over CPI without an identified corresponding income source or decrease in expenditure.

The following assumptions underpin the budget:

Income

- Total contributions from congregations are steady and are expected to reduce over time.
- MSF income returns derived from its own investment assets have been determined using first principles in consultation with the Manager, Investment Services.
- Due to COVID-19 many grants had not returned to 2019 levels in 2022.

Expenditure

- Employment costs are calculated using a first principles approach. Note: Personnel costs make-up about 65% of the MSF Budget. It is imperative that these costs are carefully considered. Stipends have been budgeted to increase by 2.25% increase from 1 January 2022. Lay staff costs have been budgeted for a 2.25% increase from 1 April 2022 including a 0.5% increase in superannuation (as legislated) from 1 July 2022.
- Trends in non-salary expenditure are analysed for the past five years (where available) together with current year forecasts to determine a best estimate. Underspend trends in expense lines may

indicate that a reduction in the budget line is warranted. Other expenditure may be increased in line with CPI as per ABS notifications (August 2021).

- The cessation of discretionary expenditure during 2020 in response to the financial pressures experienced as a result of the COVID-19 pandemic (e.g. travel and non-essential items) will largely remain in place during 2022. (Note: The elimination of discretionary expenditure through 2020 and 2021 has saved the fund approximately \$50k p.a.)
- Overall, the MSF budget is unable to accommodate any new programs/increase in overall expenses over CPI without an identified corresponding income source.

Draft Budget

It became evident through the budget preparation process that there was a significant gap between the expected recurrent income and expenditure in 2022. This was despite the application of the above principles. However, this should not be a surprise, given the financial effects of the pandemic, particularly on our investment income and in light of the UCLT's financial challenges. No other material savings were discovered, largely due to the move to a balanced budget in 2016 when any 'fat' that had existed in the budget was eliminated. As stated in the 2020 and 2021 corresponding papers, it could be argued that several essential functions are under-funded.

The draft budget estimated a deficit of \$1.057m. This meant that the MSF would move from an agreed balanced budget in 2020 to a draft budget deficit of \$1.057m in 2022. The MSF has some untied reserves, but this result is clearly not a sustainable position, nor in-line with the agreed balanced budget mandate agreed by the Synod. Whilst a significant contributor to the large deficit position is reduced investment income, it cannot be guaranteed that investment income will return to 'normal' in 2023 or even 2024. It is important to note that a \$1.057m deficit would consume a quarter of the MSF's reserves, and if this were to be the trajectory for the following years, the MSF would have no reserves remaining in four years.

The most significant reasons for the decline in the budget position are reductions in investment income (\$651k over the 2 year period) largely due to the financial impact of the global pandemic, a net worsening of the UCLT financial position (\$526k) and a conservative budget expense for Redress of \$250k (based on the past three years claim history). Cost reductions have been identified to offset the impacts of these major items in the order of \$370k.

When the balanced budget was agreed in 2014 the Uniting College for Leadership and Theology (UCLT) had an agreed net target of (\$100k) (inclusive of Synod grants and services). This budget was initially extended to (\$150k) and most recently (\$200k). However, to date, the UCLT has not been able to achieve these targets and the first draft of the budget included UCLT forecasting a net draw down on the MSF of \$660k (230% more than the agreed target). The UCLT's financial challenges are largely due to decreasing student fee income, the conclusion of arrangements with Flinders University and a disproportionate level of fixed costs compared to variable income.

Proposed Budget

Given the draft 2022 MSF budget deficit position of \$1.057m was not sustainable, the Resources Board undertook further work to reduce the deficit. Firstly, following a conversation with Paul Frisby, President of The Parkin Mission of South Australia Inc., the Parkin Mission Governors recognised the financial implications of COVID-19 and the challenges this has created for the Church. Whilst the Governors agreed it could not increase the grant from Parkin Mission to the MSF, in view of the higher income received by the

Mission during 2022 they agreed that Parkin Mission would offer a one-off special grant of \$150,000 from the Parkin Mission payable in January 2022.

Secondly, through conversation with Michael McClaren, the Uniting Church Investment Committee (UCIC) Chair, the UCIC agreed to increase its grant to the MSF to cover the shortfall in the grant from Epworth SA Fund and expected 2022 Redress payments, from UCIC reserves. This additional grant funding amounts to \$551,000.

Finally the General Secretary (and Acting Executive Officer MLD) convened a series of meetings with the UCLT leadership group (the direct reports of the Executive Officer, Mission Leadership and Development) at Brooklyn Park. This group was tasked with identifying ways to address the anticipated overspend in 2022 and also to identify further long term actions particularly in relation to the operations of the UCLT. As a result of this first round of discussions, various actions were proposed to reduce the UCLT's draw on the MSF from \$660k initially, to \$324k. These changes could be achieved through an increase in income predominately due to a second supervision course being run in 2022 and a reduction in expenses, mostly due to the non-replacement of faculty leaving the UCLT during 2021 or 2022.

2022 MSF Budget Summary

A summary of the MSF 2022 budget is provided below. The budget deficit of \$36k is significantly more favourable than the draft deficit of \$1.057m. However, it remains unsustainable, particularly noting that the additional UCIC grant of \$301k to offset the Epworth SA Fund grant shortfall, the \$250k to fund Redress claims and the Parkin Mission \$150k payment are one-off payments and cannot be relied upon in the future. At the time of writing, the exact details of the additional expenditure savings identified by the MLD leadership and MLDB as achievable remain unclear.

The 2022 Mission and Service Fund budget can be summarised as follows (compared to 2021):

	2021 (\$m)	2022 (\$m)	Change (\$m)	Change %
Income				
Congregation Contribution	1.330	1.470	0.140	10.53%
Investment Income	4.587	5.466	0.879	19.16%
Cost Recoveries (incl. Synergy)	4.834	4.632	(0.202)	4.18%
Other Income	0.073	0.073	-	-
Total Income	10.824	11.641	0.817	7.5%
Less Operating Expenditure				
Wider Church	0.557	0.576	0.019	3.41%
Synod Ministry Programs	8.970	9.093	0.123	1.37%
Presbyteries and Congregations	1.041	1.054	0.013	1.25%
Other Expenses	0.923	0.704	(0.219)	(23.73%)
Redress Payments	0.127	0.250	0.123	96.85%
Total Expenses	11.618	11.677	(0.059)	1.47%
Budget Surplus/(Deficit)	(0.794)	(0.036)	0.758	

Capital Expenditure Budget

Capital budget requirements for Synod Office and Campus and IT&T have been prioritised on an 'as needs' basis. Synod Campus and Office capital requirements are co-ordinated through the Manager Property and Projects and IT&T capital requirements are co-ordinated through the IT&T Manager.

The General Manager Resources (GMR), together with the Manager Financial Services met with the Manager IT&T and Manager, Property and Projects to establish the 2022 Capital Expenditure budget. As has been the practice in previous years, the Managers identify 'Must Do', 'Should Do' and 'Could Do' capital expenditure items. The proposed budget includes 'Must Do' and 'Should Do' items.

IT&T Capital Expenditure Budget for 2022 is \$170,500 (\$37,510 in 2021 and \$84,260 in 2020). The key reason for the budget increase in 2022 is the replacement of three production servers (\$90k) which are now beyond their useful life and have already been extended by one year in 2021. The budget also allows for other necessary software access, licencing and warranty extensions.

The 2022 Capital Expenditure Budget for accommodation, including Synod Campus at Brooklyn Park (Uniting College for Leadership and Theology) and Synod Office (Pirie Street, Adelaide) remains at \$50,050 (\$50,050 in 2021). Much of the 2021 budget was not utilised in 2021 and has been carried forward into 2022. The capital budget remains low, reflecting the work recently completed for the Brooklyn Park and Pirie Street refurbishments, which has reduced the need for expenditure in this area. It also allows for the signage on the front of 212 Pirie Street to be updated with the current UCSA logos which was not expended in 2021.

Future pressures on the balanced budget framework

As reported each year, there are increasing and additional pressures which make meeting the MSF balanced budget imperative challenging. Independent of COVID-19 financial challenges, as outlined in previous corresponding reports, there remain several known expenditure pressures which have and will continue to provide stress on the budget which were not present when the balanced budget imperative was agreed nor are accompanied with a corresponding income source. In addition, there are indications that the local (and national) economy will emerge from the global (COVID-19 pandemic) in 2022, stimulating interest rate rises and wage growth.

National Safe Church Unit

The MSF does not have sufficient capacity to meet the Assembly's funding expectations relating to the operations of the National Safe Church Unit. Since its inception in 2020, the Synod is paying \$20k less than requested. The cost sharing arrangement ignores the different structures across Synods. In other states, schools, hospitals and agencies are generally incorporated under the Property Trust, whereas South Australia has separately incorporated entities associated with the Uniting Church. This matter is an ongoing conversation amongst General Secretaries.

Assembly Contributions

The annual contributions to Assembly requested from each Synod have been under review, with a view to establishing a new Assembly funding agreement. A revised funding agreement anticipated an increase to the SA Synod's contribution. It had been anticipated that a new three-year agreement would be presented to each Synod Standing Committee for approval in 2020. At the time of writing, no further correspondence has been received regarding this matter.

Uniting College for Leadership and Theology

At its August meeting, the SSC recognised that the current and forecast financial situation of the Uniting College for Leadership and Theology (over-spends totalling nearly \$1m over the past 9 years) is placing unsustainable strain on the MSF. Within the context of the whole MSF budget, this means other ministry centres have withstood expenditure cuts in order to balance the budget to this point. A financial discovery paper was prepared and presented to the Resources Board, SSC and the MLDB during 2021. This paper identified financial challenges the UCLT is facing. At the October meeting of SSC, the MLDB was requested to progress its work to identify the vision, structure and long term sustainability of UCLT and Mission Resourcing. The MLDB, in keeping with the SSC's request, have been requested to identify changes to enable ensure this financial situation is addressed prior to the preparation of the 2023 MSF budget.

Economy

It is well documented that the global economy has been impacted by COVID-19. It has been difficult for economists to predict with certainty the direction of major factors that influence the economy. However more recently, local economists expect interest rates to rise and the consumer price index to increase over the next years. Significantly, after many years of stagnation, it is predicted that there will be significant wage growth. As stipends and salaries make up 65% of the MSF budget, increases in stipends/salaries greater than the growth in investment returns (dividend and interest) will cause further pressure on the budget.

MSF Capacity

As stated last year, since the Global Financial Crisis (10 years ago), pressure on the MSF has been intense. Expenditure has been under scrutiny and no material additional sources of income have been found. There is a sense that the continuing pressure is nearing a point that it will no longer be sustainable. There is no 'fat' in the system and at times effectiveness may have given way to efficiency.

Finally, the MSF budget has no capacity to respond to any new or additional expenditure, without reducing existing positions or programs, or identifying new or additional income sources. It could be argued that a number of the church's significant ministry areas are close to or already under-resourced to the extent that risk to the church is increased. The tightness of the Synod budget provides little capacity to respond to any new directions that the Strategic Priorities may stimulate, without reducing existing positions or programs.

CONCLUSION

The construction of the 2022 Mission and Service Fund budget is complete. The financial resources of the Synod are limited and rely heavily on investment income. The initial MSF budget resulted in a budget deficit of \$1.057m. Conversations initiated by the Resources Board have reduced the budget deficit significantly. Whilst these conversations have largely concluded and have given rise to favourable outcomes, they mostly consist of one-off solutions. The final budget approved by the Synod Standing Committee is an operating deficit of \$36,000. The 2022 Synod capital expenditure budget is \$220,550, consisting of \$170,500 for IT&T and \$50,050 for Synod Accommodation.

Finally, I wish to recognise the contributions of Sarah Kon (Financial Accountant), Andrew Fechner (Manager, Financial Services) and Sue Raw (General Manager Resources) who have contributed many hours to the development of the budget. This is an extensive project requiring careful attention, a systematic approach and an appreciation of the financial operations of the MSF. Thank you.

Sue Raw

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Peter Battersby

Executive Officer, Resources