



Report from Finance and Property Services

Context

The Department of Finance and Property Services forms part of the services operated by the Synod. It is made up of many teams which perform duties that range between those provided at the Synod office level to services across the whole of the church in Queensland.

A snapshot of the services and the people in leadership roles follows.

Directorate – Leader: Peter Cranna (Director, Finance and Property Services)

Main areas of service provision:

- Overall leadership of the department
- Setting direction of the department in the context of the broader strategic plan
- Challenging culture and established views
- Developing ideas for improvement
- Contributing to the direction for the church through influence.

Finance team – Leader: Jim Barry (Chief Financial Officer)

Main areas of service provision:

- Financial services for the Synod office
- Treasury services across the Synod including maintaining the Treasury Pool (U.C.I.S)
- Payroll services across the Synod until transferred to Human Resources in October 2015.

Human Resources team – Leader: Grant Weaver (Manager, Human Resources)

Main areas of service provision:

- Newly created team from October 2015
- Focus on improving human resources systems and processes in the Synod office
- Payroll services across the Synod from October 2015.

Information Technology team – Leader: Peter Evans (Manager, Information Technology)

Main areas of service provision:

- IT is needed to support the whole of the Synod office, covering areas such as:
 - Hardware
 - Software support
 - Software development
 - Information management and frameworks.

Property Resources team – Leader: Stephen Peake (Manager, Property Resources)

Main areas of service provision:

- Maintenance of Synod-wide property records
- Assistance to congregations, presbyteries and schools re all things property
- Land tax point of reference
- Evaluation of loan proposals.

Risk and Insurance team – Leader: David Munro (Manager, Risk and Insurance)

Main areas of service provision:

- Provision of the Synod-wide group insurance program
- Management of the insurance managed fund
- Management of the Synod-wide risk register
- Risk survey site visits.

Mission service enterprises

Alexandra Park Conference Centre – Leader: Ian Edgar (Manager, Alexandra Park)

Main areas of service provision:

- Management of the Alexandra Park Conference Centre on the Sunshine Coast
- 10 ha site
- 35 staff representing 14 FTE
- \$2.5m annual turnover
- Camping and conferencing services to over 150 different groups each year; schools (almost 60 per cent) and church groups (more than 25 per cent).

Raymont Lodge Residential College – Leader: Eddie Carleton (Manager, Raymont Lodge Residential College and Synod office site manager)

Main areas of service provision:

- Management of the 120-bed residential college for tertiary students on site at Auchenflower
- Auchenflower site management services.

Report

I joined the Synod office as the Director FAPS in July 2015. I came from 13 years with Churches of Christ in Queensland, a similar, but smaller church (turnover \$250m per annum, versus \$1.5bn at Uniting Care, plus \$150m at Wesley Mission, plus \$50m at Synod office, plus schools and residential colleges).

To an extent, size doesn't matter. All churches are trying to reinvent themselves to remain relevant in today's society. The trend and predictable future is clear. Unless things significantly change, the congregational expression of the church will continue to decline in numbers of churches and numbers in churches as the generations change. Sure, there will be pockets of success in various communities as particular congregations demonstrate their relevance, but the overall trend is decline.

The community services expression of the church will continue to increase as governments understand that churches/not-for-profits provide services that are required, respected and are different from the for-profit company offerings. The challenge here is not to just provide services (which we do well) that are government funded, which are generally mainstream services, but to address where services aren't provided by government—to “be church” and go to the margins of society and “be neighbours”. The Uniting Church has great history of doing this. It will be interesting to see if this is congregation-led (as many were in the past) or entity-led (UnitingCare or Wesley Mission).

I'm no good at leading congregations or running direct care services. These aren't my gifts. What I am good at is ensuring that the “back office” can support the church (in its various expressions) in showing the kingdom of God in their communities. I'm very much a believer that local leaders in their communities can make a significant difference. How that is embodied—well, we need to experiment to discover the answers. I need to ensure that we can resource what we need to do.

What will that resourcing look like? Well, that's the journey. We at Synod office also need to experiment to get the right answers!

It's time for the Uniting Church in Queensland to step up and make more of difference. Sure, we've gone through some tough times over the last decade with a “revolving door” of general secretaries, closure of congregations, financial crises and a general feeling of “how do we go forward?”.

If I look at my team in FAPS:

- we have many talented managers and staff
- there is significant “good intent” for the church to succeed and be supported
- there are plenty of good ideas being put up for improvement
- we are keen to support new ways of mission.

Have we got it right? Not yet. There are plenty of things that we can improve on, and we have plans to do just that.

If FAPS is a microcosm of the Uniting Church, then I have great hope that we will do special things over the next few years.

Hold me accountable. Let me know re the areas we can improve, and let me know when you do see improvement!

It is with great pleasure that I can note the summary of achievements of my team in the next section. I've worked in head/state offices for most of my life and "get" that there can be a negative perception of what we do. If you have a negative perception of what we do, give me a call. Not for me to convince you otherwise (although I might try!) but to listen to your view.

Key achievements/initiatives

Finance

- U.C.I.S: Focus has been maintained on improving rates applied to all products within the fund. Interest rate margins have been continually reviewed to address the market competitiveness of the rates applied within the fund. The on-going strategy has been to increase investment returns, decrease debt costs, increase returns to depositors, and decrease internal loan rates. All depositors have enjoyed increased rates across all funds held within U.C.I.S. The rates are constantly measured and benchmarked against our external financial services providers.
- Implemented an Employee Services Portal (ESP) for lay staff and ministerial agents. This allowed employees and ministerial agents to remotely access payroll data and exercise control over the maintenance of records.
- An internal control review was undertaken within Finance. Findings were implemented throughout the year including increased segregation of duties and improved delegated authority processes.

Human Resources

- Establishing a new human resources team to create a singular focus on working with Queensland Synod leaders, church councils and presbyteries in supporting and managing individuals. The initial focus has been on establishing foundational and critical human resource processes, and addressing identified high-risk issues.
- Working through the Governance Nominations and Remuneration Committee (GNRC), submissions have been made on:
 - Synod office award-free remuneration structure
 - Review of ministerial agent payment and benefits.
- Work has been progressing on:
 - Review of award coverage for Synod office functions
 - Induction and orientation
 - Assisting the Board of Christian Formation on ministry candidate support.

Information Technology

Staff intranet/portal

- To enable better communication in the Synod office, Information Technology has created a website called the CARIS: Portal. This site is used to share both official and staff news with one another as well as providing all staff with a searchable staff directory along with photos so that we can recognise new staff. It also serves as a portal for staff to access links to various information technology systems.

Systems management

- Information Technology continues to work towards enabling the Synod to be “Organised for mission” and has updated servers, flashed routers and switches, audited access permissions, written documentation, rolled out new software and updated old. We have replaced staff PCs, mobiles and tablets, and we have been there to help staff where needed and respond to thousands of help desk jobs this year alone. We have kept the IT systems of the Synod office running with an uptime of 99.1 per cent in an environment with limited redundancy.

Property Resources

- Significant effort and time invested in the re-design of registers in the CARIS/Relationships Information Management System project.
- The Property Provenance Project: painstaking consolidation of historical data about our properties so that the stories of church properties and the way we used them are retained and useful for our future planning.
- Strategic review of Synod assets: exploring highest and best use in a changing legal and town planning context. Some local government decisions are having an impact on property values with significant financial ramifications to the church.
- Continued consulting to congregations and presbyteries in relation to the stewardship of their properties and navigating a changing regulatory and financial environment. This takes the shape of call centre type functions for procedural and day-to-day operational stuff, as well as project management input and strategic assistance.

Risk and Insurance

Risk survey site visits

During the 2015 calendar year Peter Rose conducted site visits to 82 congregation properties across the Synod. From these site visits 845 risk improvement recommendations have been made to assist these congregations to understand and manage maintenance, compliance and legal requirements.

Management of the insurance portfolio and managed fund

In conjunction with our broker, Aon, the Synod-wide group insurance arrangements have been managed to provide:

- appropriate levels of cover
- deductible levels that allow management of volatility
- actuarial reports that allow for the possibility of catastrophic events
- value for money.

At the time of writing the report (March), the negotiations had not been finalised with the underwriters. We are expecting minimal increases only to premiums for 2016/17.

Challenges/risks as we progress

There are some key decisions to be made regarding both mission support enterprises:

The land that the Alexandra Park Conference Centre occupies has been rezoned by the Sunshine Coast Regional Council. To protect the value, the church has lodged a development approval (DA) application on the property. We are now in a period of determining the best use for the site.

This investigation is in the form of concurrent projects that are exploring various options for possible future use:

- The Presbytery of Mary Burnett is leading the development of a realistic missional plan.
- The Property Resources team is determining the business case for developing the site in line with the development approval or selling the site with the conditions of the development approval in place.
- A further working group will be set up to determine the best use of the proceeds from the sale, if that option is chosen.
- The Alex Park team is determining the options for continued use and site development in the longer term.

It is expected that these options will be finalised and presented to Synod Standing Committee for decision late in calendar year 2016.

Raymont Lodge Residential College

In August 2015 the Synod Standing Committee resolved to review the governance structure to determine the best means to ensure oversight of the operations of the Raymont Lodge Residential College, and to review the ongoing financial viability of the residential college. The risk is for Raymont to be able to offer a competitive and attractive product in the reality of increasing new supply of accommodation.

These matters are to be finalised before June 2017.

Synod office funding

Synod office activities have substantially been funded by reliance on Treasury margins (U.C.I.S) and to a much lesser degree, congregation contributions.

The operations of the Treasury (U.C.I.S) continue to fund most of the Synod's activities.

The Synod Reserve Fund has a deficit of \$2 million. This means that:

- it can't fund emergencies and is subsidised by all other funds
- it therefore does not meet its specified purpose as a reserve in case of emergencies
- the ability to respond to mission is hampered
- it can be rectified through future surpluses and/or capital contributions to the Synod (e.g. assignment of beneficial use of under-utilised assets).

Human Resources

Changes to Commonwealth and Queensland legislation remain a constant challenge due to the impact on various policies, procedures and contracts. Human Resources continues to monitor the following critical reform areas:

- Review of modern awards by the Australian Industrial Relations Commission, particularly in the areas of children's services, social and community services, private clerical and hospitality services
- Taxation, particularly in the areas of fringe benefits exemptions and those benefits that are non-reportable (for ministry agents, this area will be considered as part of the review of ministry agent payment and benefits to be conducted during 2016)
- Fair Work Act and the Commonwealth Government response to the Productivity Commission's Workplace Relations Framework report.

Information Technology

- CARIS: Relationships (information database) has potential that needs to be realised. This means further investment in developing the software, training and building our relationship with our software vendor.
- Data security and privacy compliance. With recent events like the Royal Commission into Institutional Responses to Child Sexual Abuse, a clearer understanding of our responsibilities under the Privacy Act and data sovereignty concerns, we need to undergo a data security review in the near future.

Property Resources

- The complexity of the Relationships project has caused a lengthening of that process, but the scope has also widened to provide a greater richness of data for future use.
- Property utilisation assessment never stops—it's a critical part of our understanding of stewardship of the assets and resources we have available as the church.

Risk and Insurance

- Completion and embedment of the Synod-wide risk register.
- Through ongoing relationships and training with all entities across the Synod, the Risk and Insurance team will continue to raise and improve awareness of the importance of continuous disclosure and claims reporting requirements.

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