

DIOCESE OF ARMIDALE

DIOCESAN DEVELOPMENT FUND ORDINANCE 2017-22

PREAMBLE

WHEREAS it is desirable to maintain a fund within the Diocese of Armidale to receive and lend monies and to provide for payment from the profits of the Fund to support the mission of the Diocese.

The Synod of the Diocese of Armidale in pursuance of the powers conferred on it ORDAINS AND RULES as follows.

INTERPRETATION

1. In this Ordinance, unless the context or subject matter otherwise indicates or requires:

“The Board” means those appointed pursuant to section 4 of this Ordinance;

“The Corporate Trustees” means The Corporate Trustees of the Diocese of Armidale;

“The Diocesan Council” means the Diocesan Council of the Diocese;

“The Diocese” means the Diocese of Armidale;

“Entities” means a parish or parochial district, an agency of the Diocese established by Ordinance or a school operating under an ordinance of the Diocese;

“The Fund” means the Diocesan Development Fund established pursuant to the *Development Fund Ordinance 1992* and continued under the *Diocesan Development Fund Ordinance 2014*; and

“Investors” means those individuals who, and Diocesan entities that, invest monies in the Fund.

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2. The *Development Fund Ordinance 2014* is hereby repealed, but such repeal shall not affect the past operation thereof, nor anything done or commenced, nor any right, privilege, obligations acquired, accrued, or incurred thereafter, nor shall it revive any Ordinance heretofore repealed. There shall be a Fund which shall continue to be known as the Diocesan Development Fund.

PURPOSE

3. The purpose of the Fund is to support the mission of the Diocese by, *inter alia*, funding the development of facilities within the Diocese and making grants to the Diocese out of the profits generated from its operations for such purposes as Diocesan Council may from time to time determine.

THE BOARD

4.
 - (a) The management of the Fund shall be in the hands of a Board of Management called the Board and shall exercise such functions and powers as are conferred upon it pursuant to this Ordinance.
 - (b) The Board shall consist of no more than eight persons appointed by Diocesan Council and shall hold office for a term of three years and shall be eligible for reappointment for a further period of three years at the end of a term.
5. The members of the Board:
 - (a) shall include the Registrar of the Diocese *ex officio*, at least one Corporate Trustee and at least one member of Diocesan Council; and
 - (b) all other members are to be appointed by virtue of their experience in accounting, banking or financial services.
6. The Chair of the Board shall be appointed by Diocesan Council.
7. Any vacancy occurring in the membership of the Board for whatever reason shall be filled by Diocesan Council.

FUNCTIONS OF THE BOARD

8. The functions of the Board shall be to direct and oversee the operations of the Fund, including:
 - (a) to receive investments for any or all of the purposes of the Fund and to pay interest on such investments at such rates as shall be determined by the Board;
 - (b) to make loans to entities operating within the Diocese for buildings and other purposes;
 - (c) to make loans to clergy and staff of the Diocese and its entities for the purpose of purchasing a home;
 - (d) to make loans from the Fund to clergy and staff of the Diocese and its agencies for the purposes of personal expenditure;
 - (e) to borrow funds as necessary and prudent to support the provision of loans to approved applicants; and
 - (f) to make grants to the Diocese out of the profits from its operations for use by Diocesan Council for such purposes as the Diocesan Council may determine.
9. The Board shall be responsible for implementing the procedures necessary to identify and manage the financial risks associated with the acceptance of investments and with the management of loans by the Fund.
10. The Board shall assess all applications for loans independent of any decisions which might have been made by the Diocesan Council, or any other Diocesan entity, in relation to a proposal to incur debt.

BOARD MEETINGS

11. Four members shall constitute a quorum for a meeting of the Board.
12. The simultaneous linking together by telephone or other electronic means of the Board members shall constitute a meeting of the members, provided each member has a reasonable opportunity to participate in the meeting.
13. A member who takes part in a meeting by telephone or other electronic means is taken to be present in person at the meeting.
14. A meeting by telephone or other electronic means is taken as held at the place decided by the Chair of the meeting, as long as one of the members involved was at that place for the duration of the meeting.

INVESTMENTS

15. The Board shall have the power to invest or re-invest funds not immediately required for loans.
16. The Board shall invest or re-invest such funds in accordance with the provisions set out in the Schedule to this Ordinance, except as they may be varied from time to time by Diocesan Council having regard to the special needs and circumstances of the Fund.

LOAN APPLICATIONS

17. The Board shall evaluate applications for loans according to appropriate commercial criteria and good practice, including the assessment of risk.
18. In situations where projects would require the approval of Diocesan Council before any debt is incurred, the Board will only consider applications after such approval has been given by the Diocesan Council.

BORROWING

19. The Board has the power to borrow funds for the purposes of the Fund.
20. The Board may only borrow funds after the Board has presented a proposal to the Diocesan Council and the Diocesan Council has approved the proposal.

OTHER FUNDS

21. The Diocesan Council may transfer monies already held or loans extended by the Diocese into the Fund. Other entities also operating within the Diocese may transfer monies into the Fund.

RISK MANAGEMENT

22. The Board shall adopt a risk management policy to maintain the fiscal security of the fund. This policy:
 - (a) shall mandate both a capital adequacy ratio and an investment strategy applicable to the fund;

- (b) shall take into account any minimum standards, guidelines or recommendations for Anglican Development Funds produced by The Australian Registrars' Network, the Diocesan Financial Advisory Group or other relevant equivalent bodies;
- (c) shall take into account industry accepted best practice for the operation of such funds; and
- (d) shall be reviewed and endorsed by Diocesan Council at least annually.

THE TRUSTEE

23. The Corporate Trustees shall be the Trustee of the Fund. As Trustee, it remains and continues to be solely responsible for all liabilities incurred by the Fund.
24. (a) The Trustee may indemnify any current or former member of the Board or executive officer of the Fund out of the Fund against:
- (i) every liability incurred by the person in that capacity; and
 - (ii) all legal costs incurred in defending or resisting (or otherwise in connection with) proceedings, whether civil or criminal or of an administrative or investigatory nature, in which the person becomes involved because of that capacity;
- except to the extent that:
- (iii) the Trustee or the Fund is forbidden by law to indemnify the person against the liability or legal costs;
 - (iv) an indemnity by the Trustee of the person against the liability or legal costs would, if given, be made void by any law; or
 - (v) the person is entitled to be, and is actually, indemnified by another person (including an insurer under any insurance policy).
- (b) The indemnity is a continuing obligation and is enforceable by a person even though they are no longer a member or executive officer of the Fund.
- (c) The Trustee may enter into a contract insuring a person who is or has been a member of the Board or executive officer of the Fund against liability arising out of conduct by the person in that capacity (**Relevant Conduct**), including a liability for legal costs, unless:
- (i) the Trustee is forbidden by law to pay or agree to pay the premium in respect of Relevant Conduct (whether or not the law applies in the particular case); or
 - (ii) the contract would, if the Trustee paid the premium, be made void by any law.
25. The Trustee may enter into an agreement with a person referred to in section 24 with respect to the matters covered by that section.

THE CORPORATE TRUSTEE

26. The Corporate Trustees may delegate, as provided for in sub-section 7.2(c) of the *Corporate Trustees Ordinance 2009*, any of their powers to give effect to any transaction under section 19 to a financial institution in relation to those transactions or the funds which are the subject of those transactions.

27. (a) The Corporate Trustees shall guarantee:
- (i) the obligation of the Trustee in relation to any payment to an investor of any part or the whole of an investment made by the investor into the Fund;
 - (ii) the obligation of the Trustee in relation to any indemnity provided under section 24.
- (b) The guarantee of the Corporate Trustees set out in paragraph (a)(i) above is subject to, and limited by, the terms and conditions applicable to the investment.

REPORTS

28. The Fund shall provide to Diocesan Council at least once a quarter, and at such other times as the Diocesan Council may require, a report on the operations of the Fund together with a current financial statement.
29. The Fund shall provide a report on its activities to each Session of Synod.

ADMINISTRATION OF THE FUND

30. The Board shall have the power to employ staff, incur costs, and to implement such procedures on behalf of the Fund as are reasonable for the conduct of the business of the Fund.
31. This Ordinance may be cited and known as the “Diocesan Development Fund Ordinance 2017-21”.

SCHEDULE

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Investment Options

Having regard to the restrictions imposed in 5, below, the Diocesan Development Fund (DDF) is permitted to invest funds in any of the following instruments or securities and in regard to any investments in equities should only invest in those companies that have demonstrated in their activities sound stewardship of, and appropriate regard for, Creation:

1. Cash Securities

- (a) bank bills, term deposits and similar facilities;
- (b) cash management trust accounts; and
- (c) cash investments with banks or financial institutions.

Guidelines for investing in cash securities:

- (a) all cash investments are to be held with banks or financial institutions currently holding an Australian banking licence, or having its accounts guaranteed by the Commonwealth Government; and
- (b) bank bills and term deposits must have an original maturity date no longer than 90 days.

2. Interest-earning Securities

- (a) floating rate securities;
- (b) fixed rate securities;
- (c) inflation-linked securities; and
- (d) Mortgages

Investment instruments include:

- (a) Commonwealth Government bonds;
- (b) State Government or Government Authority bonds;
- (c) bank and corporate bonds, medium-term notes, floating rate notes, debentures or other forms of transferable, coupon-bearing instruments;
- (d) mortgage-backed notes;
- (e) indexed bonds and annuities; and
- (f) bank bills or term deposits maturing beyond 90 days.

Any investments with equity features, or where such investments have the ability to behave as an equity type security, either at the present or at some time in the future, are to be classified as equity.

3. Equities

- (a) Shares, convertible notes, options or any other security that exposes the fund to the movement in the value of an organisation's equity.

Guidelines for investing in equities are:

- (a) the issuer meets the Diocese's ethical criteria (see section 5 below);

- (b) the issuer should be within the top 300 companies listed on the Australian Stock Exchange; and
- (c) the issuer should have a proven record of good financial performance.

4. Managed Investment Funds

- (a) Unit trusts with trustees and/or managers that meet appropriate guidelines.

Guidelines for investing in managed investment funds:

- (a) the funds must meet all the ethical criteria listed in choosing investments, and
- (b) the fund manager should have a proven record of good financial performance.

5. Prohibited Investments

The DDF in its investment activities is not permitted to invest in the following businesses:

- (a) those that manufacture, promote, distribute or sell armaments;
- (b) those whose activities are illegal or immoral;
- (c) those associated with gambling or betting or directly connected therewith;
- (d) those that manufacture, promote, distribute or sell liquor or tobacco products;
- (e) those that produce, sell or distribute “X” or “R” rated material; and
- (f) including all of the above but not limited to these alone.