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Minutes
Thursday 28 November 2019
Registry Conference Room, Grafton

1. **Opening** Meeting opened at 9.02am.
2. **Attendees:** Mr David Ford (Chair), Mr Phil Crandon, Mr Ted Clarke, Mr Gary Boyd, Bishop Murray Harvey.
Non-members: Mr Chris Nelson, Mr Blaine Fitzgerald (AFSA Head).

Apologies: Mr John Adlington.

3. Prayers and Acknowledgement of Country

The Chair opened the meeting with prayer.

The attendees read together the Acknowledgement of Country as printed in the meeting agenda.

4. Conflict of Interest Declarations

The current standing register of interests as follows was noted:

- Bishop Murray Harvey - involved on various Diocesan boards and committees
- Chris Nelson - involved on various Diocesan boards and committees and Director of Anglican Insurance and Risk Services (AIRS)
- David Ford – Chair of Bishop Druitt College Council
- Ted Clarke – Agreement with Clarence Valley Anglican School
- Blaine Fitzgerald – Head of Anglican Funds South Australia (AFSA)

No new or changed declarations were required.

5. Confirmation of Minutes

That the minutes of the meeting of 26 September 2019 be accepted as true and correct.

Moved: Mr Phil Crandon

Seconded: Mr Ted Clarke CARRIED

The Board noted that the Flying Minute of 9 October 2019 regarding the AFSA Service Agreement was withdrawn.

On 14 October 2019, the following resolution was agreed to by Flying Minute:

“That the AFGD Board approves a drop of 75 bps in the AFGD Cheque Account interest rate to 0.25%, effective immediately.”

That the Flying Minute on Cheque Account Interest Rates dated 14 October 2019 be ratified.

Moved: Mr Ted Clarke

Seconded: Bp Murray Harvey CARRIED

That the minutes of the special meeting of 4 November 2019 be accepted as true and correct.

Moved: Mr Gary Boyd

Seconded: Mr Phil Crandon CARRIED

6. Call for additional Agenda items and close of Agenda

The Board noted that there were late papers from Mr Blaine Fitzgerald concerning finance for

purchase of an adjoining property to be added to the discussion at 8b.
The Board agreed to discuss the recent reports of adverse corporate governance at Westpac Bank (8f).

7. Financial and Performance Reports

a. Finance reports

Mr Blaine Fitzgerald and Mr Chris Nelson spoke to the Finance Report. Favourable performance relative to budget was noted.

That the AFGD Board receives the financial reports for the period to 31 October 2019.

Moved: Mr Ted Clarke

Seconded: Mr Phil Crandon CARRIED

b. Audit Update

The Audit Update report was noted and discussed. It was also noted that several action points can now be progressed as the Service Agreement with AFSA had been signed. Mr Chris Nelson and Mr Blaine Fitzgerald were asked to initiate action prior to the next meeting.

8. Matters for Discussion and or Decision:

a. AFSA/AFGD Service Agreement Update

Mr Blaine Fitzgerald provided an update on various administrative and fund management support actions provided to AFGD as part of the Service Agreement. (See resolution under 8b)

The Board considered a proposed consultation and work program that will allow AFGD and AFSA to explore moving to a single fund arrangement. It was noted that if the program is accepted by AFSA the preparation under the first action point "AFGD and AFSA submit an outline of "Desired Outcomes"; "Downsides to Avoid" and possible models relative to the prospect of combining the two funds" would need to be progressed by email prior to the next AFGD Board meeting.

Blaine Fitzgerald highlighted that this project will need to consider, among other things:

- How to preserve existing banking exemptions; and
- Most appropriate legal structure.

That the AFGD Board accepts the consultation and work program as drafted and requests the Registrar to forward this program to AFSA for their consideration.

Moved: Mr Ted Clarke

Seconded: Mr Phil Crandon CARRIED

b. Schools Update

Mr Blaine Fitzgerald provided an update on project activities and business issues at Lindisfarne Anglican Grammar School, Emmanuel Anglican College and Bishop Druitt College.

The AFGD Board accepts Mr Blaine Fitzgerald's report relative to the AFSA Service Agreement and AFGD's Schools' business.

Moved: Mr Phil Crandon

Seconded: Mr David Ford CARRIED

Mr Blaine Fitzgerald spoke to his report on Bishop Druitt College consideration of an opportunity that has arisen to purchase an adjoining property and the finance requirements of that project. Mr David Ford offered to leave the meeting for this discussion however other Board members expressed that it was not necessary in this case.

That, with regard to Bishop Druitt College seeking a loan facility of \$1 million to fund the purchase and conversion of an adjoining property, the AFGD Board:

- *consents to the new facility being sought and the provision of a letter of consent to Westpac to enable them to advance the funds sought within their existing cap of \$6m;*
- *requests Mr Blaine Fitzgerald liaise with solicitors Fishburn Watson O'Brien seeking confirmation on the adding of the new property purchase as a security item to the existing Pari Passu agreement; and*
- *this is conditional upon Bishop Druitt College providing evidence of Grafton Anglican School Commission and Bishop-in-Council approval to proceed with the purchase.*

Moved: Bp Murray Harvey

Seconded: Mr Ted Clarke CARRIED

Mr David Ford abstained from the vote due to a conflict of interest.

c. Lending and Term Investment Rate Review

The Board discussed the current investment interest rates and noted that while they are appropriate at this time, there was a reasonable chance of needing an amendment during Q1 2020.

That the AFGD Board asks the Registrar and the Senior Customer Support Officer, with the assistance of the AFSA Head, to review on a fortnightly basis the comparative data on investment interest rates and if conditions require a change in the AFGD investment interest rates, a recommendation should be put to the AFGD Board and a Flying Minute should be used where the scheduling of the next Board meeting is not timely.

Moved: Mr Phil Crandon

Seconded: Mr Ted Clarke CARRIED

The Board discussed the current published AFGD loan rates and noted that while the current settings are satisfactory, there will downward pressure that will be felt when current loans are due for renewal.

That the AFGD Board confirms the loan interest rates from 1 January 2020 remain unchanged, however the Board will review this decision at its meeting on 13 February 2020.

Moved: Mr Gary Boyd

Seconded: Bp Murray Harvey CARRIED

d. Draft 2020 Budget

An amended version of the 2020 Budget was presented to the Board which decreased the projected deficit from \$45,816 as per the distributed meeting papers to \$9,279. This change was achieved through the reduction of some budgeted expenditures and a reduction in the contribution to the Diocese of Grafton.

Contribution to the Diocese of Grafton was budgeted at \$125,000 plus an expense "Registry Support" of \$22,305 giving a total of \$147,305. As this is less than the \$175,000 target, the actual contribution will be reviewed late in 2020 based on actual figures.

The income assumptions were not adjusted due to uncertainty.

That the AFGD Board accepts the amended budget for 2020 as presented projecting an expected deficit of \$9,279 for 2020.

Moved: Mr Ted Clarke

Seconded: Mr Phil Crandon CARRIED

e. Corporate Trustees and AFGD benefits

The Board considered the Corporate Trustees request regarding the “non-investment benefits provided by AFGD” and the proposed survey drafted by the Registrar. The Board while accepting the draft survey had concerns about the suitability of questions 7 and 8 as proposed.

That the AFGD Board approves of the proposed survey of clients and stakeholders, amended with the exclusion of questions 7 and 8 and the inclusion of a general comments field, and requests the Registrar and AFGD Senior Customer Support Officer to implement this survey as soon as practicable.

Moved: Bp Murray Harvey

Seconded: Mr Phil Crandon

CARRIED

f. Westpac Corporate Governance Failures

The Board considered the recent news reports concerning Westpac Bank and their alleged failure to implement money laundering protection measures that have allowed many cases of insufficiently tracked cross-border transactions that have facilitated child exploitation and money laundering. The Board viewed those failures as serious.

The Board considered what action it should take considering the seriousness of the reports and noted that if a switch to another financial institution was to be contemplated, the Board would need to find out whether it was moving to an institution that was better performing in this regard, and noted that because of the integration with Westpac systems, a change would take at least a year as an intensive project to implement.

That the AFGD Board requests its Chair to write to the board of Westpac Bank expressing that AFGD views the alleged breaches of the money laundering protections as a serious issue that cannot continue and to seek assurances on the bank’s response to these matters. The AFGD Board also requests Mr Blaine Fitzgerald to request that the Diocesan Financial Advisory Task Force (DFATF) make representation to Westpac Bank on behalf of Anglican Church Development Funds generally.

Moved: Mr David Ford

Seconded: Bp Murray Harvey

CARRIED

9. Matters for noting and status updates

Nil

10. Correspondence

In: Letter from Clarence Valley Anglican School to Mr Chris Nelson “Request for Meeting re Subordinated Debt” – 24 September 2019

Out: Nil

That the inwards correspondence be received and that the AFGD Board endorses participation in discussions with CVAS regarding their subordinated debt and appoints Mr John Adlington as its representative in those discussions.

Moved: Mr Gary Boyd

Seconded: Mr David Ford

CARRIED

Mr Blaine Fitzgerald left the meeting at 12.26pm.

11. Further Matters

The Board noted reports that Ms Linda Butler performed well while Ms Annette Dent was on annual leave and welcomed the Chair’s decision to provide a floral gift. The Chair reported that there has been a recommendation that Ms Butler receive higher remuneration for that period. The Registrar will investigate and report to the Board.

The Board noted a request from Ms Annette Dent for a review of her remuneration in consideration that the increased remuneration for higher duties will cease at 31 December 2019. The Chair will further discuss details with Ms Dent so that this request can be adequately considered.

12. Next Meeting:

13 February 2020

13. Meeting Close

The meeting closed at 12.36pm and was followed by lunch.

CONFIRMED as a true and correct record of proceedings of Anglican Funds Grafton Diocese Board meeting of 28 November 2019.



Chair – David Ford