

## **Lay General Treasurer Address to Conference 2016**

Mrs. Thini Ngonyama

Presiding Bishop, Lay President, General Secretary, Bishops and delegates, members of conference and visitors, I greet you all in the wonderful name of our Lord and Saviour Christ.

*1 CORINTHIANS 4:2 states "It is required of stewards that they be found trustworthy."*

It gives me great pleasure to bring you greetings and a report on the work of the finance unit as well as the Audited financials for the 2015 year end. I'm grateful for the opportunity to serve God and see to the financial wellbeing of our People as a Finances Steward. I would like to thank the Finance Unit Executive members who will be stepping down at the end of 2016 for their support and expertise.

This is a bitter sour report, unfortunately some things have cannot be left unsaid.

### **What are the objectives of the finance Unit?**

#### **Objective No. 1                      Care for Ministerial staff and their families:**

- a.** Listen and respond positively to Ministerial staff, Supernumeraries and widows;
- b.** Provide Ministerial and lay with information about facilities the Church offers them;

#### **Objective No. 2                      Effectively administer Connexional Funds in accordance with missional objectives in an accountable, transparent and responsible manner:**

- a) by providing appropriate administrative and financial systems and services;
- b) Control Connexional expenditure within reasonable limits;

#### **Objective No. 3                      Offer administrative and financial facilities to the Church:**

- a) Providing Connexional financial and management guidelines to ensure integrity, accountability and responsibility;
- b) Encourage and train Ministerial and Lay leadership in management and financials principles.

#### **Objective No. 4                      Initiate financial resourcing for mission growth and development:**

- a) Maximise income and capital growth on Connexional money and assets;
- c) Ensuring responsible and informed investments strategies
- d) Consider vacant church-owned land and buildings in such a way as to formulate strategies to utilise the asset affectively.

## **The Finance Unit is responsible for:**

1. The payments of stipends for 817 ministers, deacons, evangelists and biblewomen, and 911 pensioners' pensions
2. Administers Properties, insurances and medical aid
3. MCO is an administrator in term of the financial services act and as such, administers the Supernumerary Fund, the Provident Fund and Lay Staff Pension fund.

Given this big portfolio I'm proud to introduce to this conference, the highly skilled and passionate team that works with me daily in helping me execute the duty of stewardship for the connexion's financial resources and assets. Members of the finance unit are here this morning to hold my hand through this report, and will also be available at lunch time for any one on one questions you might have.

### **Administration matters:**

Office is well integrated as per conference decision, we have been working on a few operational improvements.

### **Economic outlook and synopsis:**

The outlook for Southern Africa, and the world economy has deteriorated in recent months following a lot of socio, economic and political factors, over the past year the rand has depreciated by 30 per cent against the US dollar (which is a major economy). Thus SA inflation remains projected at around 6.5% by the last quarter of 2016. This not only has negatively affected the disposable income of most people but has a direct effect on the MCSA and our investments returns.

Our Asset Managers' forecasts show that we are looking at bleak (bearish market) over the next few years. I will touch on our pension funds investment performances later in this address.

We are certainly at a point where we need to be even more cautious in our spending. Not just the connexion but all UNITS and organizations. This connexion spent R 1.8mill in 2015 legal fees, yet we have close to R4 Mill in arrears.

We have well defined financial policies that govern how funds should be managed. In the Year book, we have the Policy on effective management that applies to all units, organizations etc, the connexion also has a travel policy that should be applied and if anything more stricter rules should be applied.

I warn against the practice of giving lavish gifts in whatever form , wasteful expenditure on travelling and other unnecessary event. It cannot continue, not in our context, especially after the recent CRL commission probes into how churches. Let us be prudent and take a hard look at ourselves.

We are at a time where we need to strategically look into utilizing and reviewing our funding models as a connexion. The property assets are a huge investment vehicle and as such we are looking at employing a Property officer in 2017. This office will be aimed at implementing the connexional properties strategy particularly the effective use of our property portfolio in generation income streams the will benefit the connexion at large.

### **Arrears Report :**

The arrears report for all districts has been included in each delegate's pack. The concern is the over 2 months arrears with was at R4.8million as at the 20 of May as reported to the Finance Unit executive. This amount has since reduced to **R3.8 Mill** as at the 20<sup>th</sup> Aug 2016. We can't pay stipends if we do not receive what needs to be paid over.

As at 10 September only 56% of circuits had submitted their 4C schedules despite the constant reminders. The deadline is 2 weeks of synods rising... it has never changed, I would imagine that this should by now be a basic process within each circuit.

This leaves is exposed to the high risk of losing our exemption status with SARS. It also causes unpleasant administrative delays in assessments, budgeting and general administration.

We will be imposing 20% penalty on circuit assessments for late submissions. I draw the attention of this conference to para 9.87 of the book of order.

I want to thank those districts which have complied and commend especially those without arrears in the over 2months category. I wish to thank district treasurers for their support. In 2016 we requested DT step in to the stipends and allowance forms process of stipend forms and found that it work well even though we are still struggling.

We are also working on a code of conduct for Treasurers and I hope to bring that to this conference next year.

#### **Organisations and units:**

Conference I am concerned at the level of noncompliance with the policy on effective financial management requirement to submit AFS and completed institutional competency assessments by connexional and district organizations, schools, homes, Trusts, institutions etc. The deadline is 30<sup>th</sup> April annually. We need to ensure that the mentioned organizations are ethical, accountable and have good governance. This is not optional, it's mandatory, nobody should be autonomous, we all need to account. We can't assist when a crisis arises if we are not in view of the state of things.

#### **Stipend Augmentation fund:**

The Finance Unit reports that the SAF is stable with a Balance of **R 3 122 100 as at the 31<sup>st</sup> December 2015**

In 2016, the Fund was able to augment ordained ministers in Mozambique with an amount of R1000.00 per month. The Trustees are happy to report that we are able to set aside R 2 000 per month in order to augment stipend of Ordained Mozambique Ministers per month during 2017.

The Trustees of the Stipend Augmentation Fund and the Voluntary Stipend Fund calls on Conference to **reaffirm the importance of these Funds in:**

- 1. Ensuring that a minimum stipend is paid to Ordained Ministers;**
- 2. Ensuring that a minimum stipend of R15 000 is paid to probationer Ministers until such time that this amount can be reviewed;**
- 3. Ensuring that a basic stipend is paid to Ministers, Deacons, Biblewomen and Evangelists, in the event that they are not paid, for a period of up to three months.**

**The Trustees request that Ministers, Deacons, Biblewomen and Evangelists remember these Funds and contribute 1% of their stipend to assist these Funds in meeting their objectives.**

### **Medical benefits**

We remain with Topmed as our medical provider with the strategy of improving the plan annually. The plan, like any other medical aid scheme in South Africa is governed by the Medical Aid Schemes Act and as such we are bound by its regulations.

I am quite aware that there is still a lot of room for improvement with the plan itself and PHA's administration. As a result, the Finance Unit meets with Topmed on a monthly basis to review and resolve claims queries.

I caution against the constant use of social media to voice out unhappiness with the Topmed and at times the administer (MCO). This is not the platform. We need to remember that our service providers who have a certain image of the Church and its people. I ask that we respect the social media policy and address matters by using proper channels.

At last year's conference I reported that we will be conducting TOPMED road shows across the connexion, thus far only 5 districts have invited us for these roadshows.

The roadshows are meant to be platform for us to educate, en-lighten and also receive feedback which assist us in our annual negotiations.

Following the feedback received and recent medical requirements by members, I am pleased to report that the following possible improvements to Medical aid will be implemented in 2017:

1. Maternity Programme (Registration within 12-20 weeks of pregnancy), 2 Ante-natal consultations and 2 Scans per beneficiary per pregnancy
2. The MRI & CT Scan 'out of hospital' benefit is increasing to 3 scans with a benefit amount of R5000 per scan.
3. The Optical benefit is being amended to every 12 months, rather than the current 24 month, and the benefit is being upgraded at no addition cost.
4. The Wellness Benefit will be in place for 2017
5. The dental benefit cover impacted wisdom teeth, this will probably allowed under the existing benefit for 2017. The Dental benefit will be re-addressed in 2017 for 2018.

### **Pension Fund matters**

In 2015 I reported that the Trustees will be conducting connexion wide roadshows in line with both the Pensions Fund's Act requirement for Trustees and the conference 2010 resolution to this effect.

I am pleased to report that the Pension Fund Roadshows were held across the connexional with the first district being the Cape of Good Hope district on the 4<sup>th</sup> February and the Clarkebury district on the 17<sup>th</sup> May 2016.

Pertinent issues that require immediate implementation were discussed, some of these are matters that will come before this conference as resolutions. These include amongst others:

- Rule amendments;

- The proposal to address issues of Justice in so far as pensions are concerned by augmenting pensions for those members who receive lesser pensions to an acceptable pension and creating a pension augmentation fund;
- A resolution to reduce circuit contributions to pension from 3 times to 2 times.

These resolutions will be address at the appropriate time during this conference.

I would like to thank all districts and members for the constructive, exciting and challenging conversations.

The funds are invested with 3 of the Top 5 SA investment managers, The Fund Performances as at 31 December 2015 are as follows:

**1. Supernumerary Fund**

The market value of the Fund is R 1.5 billion with an annualized return on investment of 12.40%

**2. Supernumerary Fund Reserve**

The market value of this reserve fund has increased to R 210 million with an annualised return on investment of 10.49%.

**3. Lay Staff pension Fund**

The market value of the Fund is R 50.3 million with a return on investment to date of 12.68%

**4. Lay Staff Pension Fund Reserve**

The market value of this reserve fund has increased to R 2.1 million with an annualised return on investment of 9.26%

**5. Provident Fund**

The market value of the Fund is R 29.7 million with a return on investment of 8.71%.

Despite the turmoil in markets and the recent political climate in SA , the investments have done well and the funds are in a healthy position.

**Mission Resource Fund**

In 2014 Conference passed a Resolution by which 25% of what comes into the Church Reserve Fund is used annually for Church Planting.

This fund is NOT a rescue fund, it is not to be used to pay off arrears in assessments but rather it is aimed as funding mission to ignite discipleship communities, aid in starting up new work with the end goal of education empowering and reviving our societies/ circuits

In 2016, a total of 25 stations were funded in 2016:

13 – Stations with Ordained Ministers

6 – Stations with Probationers

6 – Stations funding toward Evangelists/Deacons.

The funding is to be review annually.

### **Stipends 2017**

We still urge circuits not increase additional stipends by more than 1% of the recommended increase of 6.5%. Generally this requirement was met in 2016 and I request that we maintain it so as to ensure the churches ability to maintain the 80% target to stipend and pensions in line with the Pension increase policy

### **Reports for adoption:**

I move for the adoption of the audited financial statements for the MCO, The Ecumenical Affairs Unit (2014 & 2014), The Youth Unit (2014 & 2015), The Millennium Resource fund, The MCO Order of business together with the arrears report, the Unit budgets, pensions funds investment reports, amendments and all other reports are attached to the MCO report to CE and Conference 2016.