



**DE LA SALLE ANZPPNG**  
**Annual Report to Rome**



# DISTRICT OF AUSTRALIA NEW ZEALAND PAKISTAN PAPUA NEW GUINEA

## REPORT TO ROME 2015

### 1. Introduction

The District totals 116 Brothers across the four countries with an average age of 65.1 and a median age of 69.5 while there are 18 Brothers in Pakistan with an average age of 34.5 and median age of 32.0. It is to be noted that in Australia and New Zealand there are 17 Brothers under the age of 65 with some of those stood down due to professional standards matters. While statistics do not lie one takes heart that the Lasallian educational mission is vibrant and strong across the District (see number 3) and is therefore a major strength. Formation programmes for all Lasallians have always been a District priority and with the growth of the Lasallian Mission Council and Lasallian Mission Services continued in 2015 to be a major strength. The efforts made to promote vocations is another strength. While vocations ministry is a strength the success rate in Australia, New Zealand and Papua New Guinea is less than desirable. Pakistan continues to have a steady intake of Aspirants but down to small numbers for Postulancy and Novitiate (see number 7)

The District faces huge financial challenges due to the increasing costs of legal settlements and legal fees. The excellent investment portfolio for mission is being depleted and property sales are imminent. The high profile of professional standards matters evidenced by the Royal Commission in Australia and redress schemes that will come out of it are a cause of major concern. (See number 8)

Future leadership of the communities, Sectors and District is a major concern for both the short term and long term future.

The District has committed several Brothers to Institute works beyond the District.

### 2. Which are the most effective governance structures in the District?

District, Sector and Mission Councils and Mission Action Committees (PNG, NZ, Pakistan) are representative of all Lasallians and provide advice to the Visitor. Each body is one of the strengths. However the diverse geography and cultures and increasing visa problems for entry into Australia indicate a weakness in terms of face-to-face interaction and meetings. A challenge in the animation structure of the District is leadership at the Brothers' communities, Sector and District level. It is increasingly difficult to find Brothers ready, willing and able to be Directors of communities. The next District Chapter due in 2018 will need to address leadership succession planning.

**“for nothing is impossible to God.” (Luke 1: 37)**



### **3. The Lasallian Educational Mission**

Across the District there are four schools owned by the Trustees of the De La Salle Brothers, 37 Associated Lasallian Schools owned by the various Dioceses and BoysTown (soon to be yourtown) also owned by the Trustees of the De La Salle Brothers. Strengths are the committed staff, educational programmes, pastoral care and youth (campus) ministry. Each work if not directly serving the poor has outreach programmes in solidarity with the poor, e.g. volunteer programmes both within the District and PARC. All schools have religious education programmes which responds to the call of the 45<sup>th</sup> General Chapter with respect to evangelization and catechesis. Retreats complement these programmes. The appointment of Youth Ministers in many schools is a positive sign. There is a good network among the Principals facilitated by Lasallian Mission Services. An ongoing challenge is that the Catholic nature of the schools needs to have priority. Increasingly schools are known as “Catholic schools in the Lasallian tradition”. Most schools and BoysTown have child protection policies in place with this area being a work in progress in Papua New Guinea and Pakistan.

Within the BoysTown organisation Kids Helpline (25 years in 2016) and Parentline respond to the most pressing needs of thousands of people across Australia. BoysTown’s employment programmes, programmes for school dropouts and programmes for women and families most in need continue to serve the poor. Schools offer concessions for economically poor students while Luurnpa Catholic School, Balgo Hills has an enrolment of indigenous students only, while in Pakistan and Papua New Guinea, direct service of the poor stands out. An increasing number of senior high school students and former students are involved as Lasallian Volunteers either short term or long term.

### **4. Vitality in the Brothers’ Communities**

The fidelity of the Brothers across the District is a major strength with the senior Brothers exemplars. A number of communities are constituted with members of different nationalities expressing the geographical spread of the District and internationality of the wider Institute. Most communities entered well into the Revision of the Rule process across the District in 2015. Community prayer is a strength across the District. Stability means for a significant number of Brothers, remaining in the one community for many years while younger Brothers are more open to being appointed to different communities and ministries. All communities are financially viable with the District Community Fund supporting communities in need. Individualism and even selfishness on the part of some is a weakness. For some Brothers the practice of daily Eucharist and spiritual reading is a challenge.

The Brother Directors animate the communities well on the whole and facilitate the CAP process and community meetings etc. The Directors meet annually for a meeting which is formative, informative and engaging. The personal meeting practice varies across the District with a number of Directors not engaging in this process with the Brothers. Some communities and their Directors accompany young Brothers well while there is room for improvement on the part of others.

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## **5. Together and by Association, Vitality of the Lasallian Family (Associates and Partners)**

The only associates with a public commitment are the members of “Signum Fidei” in Rotorua, New Zealand. However there are countless committed Lasallians across the District from a number of faith or free thinker backgrounds.

The fact that there have been formation programmes in the District and in PARC since the 1990’s has borne fruit which respect to an increasing number of people engaged in the mission who call themselves “Lasallian”. The appointment of a full time Executive Director of the Lasallian Mission Council and other staff in Lasallian Mission Services in 2015 has enhanced beyond expectation “together and by association” with respect to the Lasallian Family across the entire District. Papua New Guinea has for a number of years given the lead as the Lasallian Family has grown there across the entire country with Dioceses and some sectors of the government education system seeking to be more involved.

Many of the Associated Lasallian Schools have Memorandums of Understanding which links them with the District and all things Lasallian.

The formation of a Lasallian Mission Council as an incorporated legal entity is indicative of the District’s commitment to ensuring the future of the Mission. But such a group poses a challenge insofar as it is ready and formed to take on the responsibilities currently held by the Trustees of the De La Salle Brothers (District Council). The diverse geographical nature of the District and its various legal entities is also a challenge but not insurmountable.

## **6. Formation**

Initial formation in the District is a Sector responsibility and takes into account the local context. In Australia there is one Aspirant with the possibility of his Postulancy and Novitiate being in the USA. In Pakistan there are 14 Aspirants in Miguel House, Faisalabad, 2 Postulants in the joint programme in Colombo and 3 Scholastics in the Philippines. There are Brothers in temporary Vows in Pakistan, Papua New Guinea and New Zealand (Australian born Brother). There are continuing formation programmes locally and at District level for young Brothers including those up to five years perpetually professed. There are no other District organised continuing formation programmes although Brothers are invited to attend CIL and other such programmes and to engage in further studies. Communities include continuing formation in community meeting agendas.

There are a wide range of formation programmes for Lasallian Partners which some Brothers attend also. See [www.delasalle.org.au](http://www.delasalle.org.au)

An increasing number of people from the District have graduated from the Buttimer programme or are enrolled currently.

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## **7. Pastoral Ministry of Vocations**

Vocations ministry in the District comes under the umbrella of the Vocations/Formation Commission with each Sector represented. Each Sector Coordinator of Vocations has a plan for the Sector with plans varying according to local conditions. In each Sector there are contacts plus an annual “Come and See” programme in Pakistan. Aspirants are selected from the group. In Papua New Guinea contact is made with men at teachers colleges, teachers in schools and in high schools. In PNG there is cooperation with Dioceses and other religious congregations. In New Zealand vocations ministry is a community effort while in Australia a vocations team of three Brothers including a Filipino promotes vocations. A strength across the District is that there is a concerted effort to promote vocations but a weakness is that not all are committed to the task.

## **8. Financial Situation.**

### **8a. What systems and processes are there in place in terms of accountability and transparency?**

The District has undertaken a process of clearly identifying and differentiating financial resources for mission and financial resources for the life and organisation of the Brothers, applying to all entities and resources held in the name of the De La Salle Brothers in each of the four Sectors of the District. Almost 98% of the assets owned by the Brothers are held in the Australian Sector, primarily in the form of properties, investments and resources required for the ongoing operations of mission entities (primarily four incorporated Colleges and BoysTown). In the New Zealand Sector, the main assets are one College property and a very small investment portfolio. Despite “internal” revenue streams (primarily school fees) the Pakistan and Papua New Guinea Sectors currently depend for the sustainability of their works and communities on subsidies from the Australian Sector; each of these two Sectors has minimal property assets.

The Total Equity of the District Administration as reported in the Balance Sheet as at 31 December 2014 (the audited figures for 2015 are not yet available) was AUD \$172,750,150. The largest component of assets consisted of mission-related assets, predominantly those for the four Australian Colleges and BoysTown. The District’s investment portfolio (Mission Fund and Administration Fund, established to fund respectively Mission and Brothers’/District Administration needs) was valued at AUD \$69,963,166, a reduction of approximately AUD \$21 million from the previous year due primarily to costs associated with child abuse compensation claims (see further below).

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## Assets of Australian Sector 2014

Entities	Assets Under Control / Legal Ownership	Assets Under Legal Ownership of Trustees of the De La Salle Brothers and Reserved for Mission Companies	Total \$m	
Colleges	62.8	50.2	113.0	
BoysTown	43.8		43.8	
Lasallian Mission Council	0.6	30.0	30.6	
Lasallian Foundation	0.7		0.7	
<b>Total for Mission</b>	<b>107.9</b>	<b>80.2</b>	<b>188.1</b>	<b>66%</b>
District Administration	90.7		90.7	
Brothers Communities	4.2		4.2	
<b>Total for Brothers</b>	<b>94.9</b>		<b>94.9</b>	<b>34%</b>
<b>Total Assets</b>	<b>202.7</b>	<b>80.2</b>	<b>283.0</b>	<b>100%</b>

Source: Audited Financial Statements 31 December 2014. Rounded to nearest AUD 0.1 million.

Each of the mission entities in Australia and New Zealand owned beneficially by the De La Salle Brothers has strict financial accountability requirements imposed by external (government) regulatory authorities, including (Arch) Diocesan Catholic Education authorities for the Colleges. In Pakistan and PNG where ultimate governance authority lies with the respective Diocese rather than with the Brothers, accountability to the Institute is assured by annual budgets and regular financial reporting.

Each year the District engages the services of an external auditor to examine and consolidate/aggregate the District's financial assets (and liabilities). The process includes formal audits of the Colleges, BoysTown, the Lasallian Foundation and the investment portfolios in the Australian Sector, of the two English medium schools in Pakistan, and of the NZ Sector as a whole. There is currently no formal audit conducted in PNG. Given the relatively minimal value of the District's assets in Pakistan and PNG, and partly because of the timing of the financial year in Pakistan, the assets of these two Sectors have to date not been included in the District consolidation. The Economic Council has determined that, for the purposes of a fully transparent whole-of-District report, the financial reports from these two Sectors will be included in the consolidated report commencing 2016.

It should be noted that an analysis of the performance of the District's investment portfolio (Australia) and a review of the District Administration Budget vs Actual form part of each meeting of the Economic Council, which then reports to the Br Visitor and District Council.

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8b Given the systems and processes you have, would you describe your District financial position as healthy or unhealthy? Why?

The systems and processes which have been implemented and refined over many years have served the District very well in ensuring that our financial resources have been managed and monitored in a very diligent, prudent manner. Our financial strategies have ensured that, despite the decrease in the “earning capacity” of Brothers due to the significant ageing of the District, we have been able to meet the needs of mission, of Brothers’ communities and of administration, as well as being able to contribute significantly to the Institute as a whole (in personnel and material resources).

Unfortunately, our whole medium-term and long-term financial strategy has been severely undermined by extraordinary unforeseen (and unpredictable) costs associated with responding to allegations of child abuse, such that the financial position of the District has in the past two years become very unhealthy and will only get much worse, particularly in the next three years. There are significant implications for our capacity to sustain our mission and our communities in the expansive manner to which we had become accustomed and which, until the current crisis, we could afford.

In the context of the District’s decision to make compensation payments to those who have formally alleged abuse in the civil jurisdiction, rather than challenge the allegations in court, and in the context of the District’s overall resources, the impact of compensation and legal costs is dramatically concerning: in the period from January 2014 to November 2015, civil out-of-court settlements (and associated legal and medical costs) amounted to AUD \$34,150,546, on a continually escalating basis with the average cost per individual settlement increasing to its current level of AUD \$250,000.

In addition to meeting the cost of civil claims, the District has also had to meet the legal costs of four Brothers against whom criminal charges of child abuse have been laid.

All these costs have to be met directly by the District as each of the works has been individually indemnified by the Brothers – and we had no insurance cover at the time of the alleged abuse.

To address the context question directly: while acknowledging the strong financial position of those mission entities for which the District is ultimately responsible, the financial position of the District Administration – especially in comparison with its position through the last decade - is becoming increasingly unhealthy.

8c In the next three years will the financial health of your District be stable, better than it is now, or worse than it is now? Please describe.

The financial health of the District is deteriorating sharply because of the need to respond to the large number of allegations of child abuse relating to our institutions, as indicated above. By the end of March 2016 we will have liquidated a total of \$42 million (in two years) from the Administration Fund and Mission Fund investment portfolios to provide cash for legal settlements payable to claimants. The total anticipated cost of settlements is likely to be up to \$70 million and several properties have already been sold, in addition to depleting cash reserves, to provide the necessary funds. Assuming the estimates are correct, there remains a shortfall of about \$10m and we are again reviewing all properties, including community houses, to identify further sale prospects.

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In addition to settlement and related costs as mentioned above, there is a likely to be a Redress Scheme mandated by the Australian Government as a result of the ongoing Royal Commission into Institutional Responses to Child Sexual Abuse. The District's financial contribution to the Scheme and related costs is unknown but will certainly be substantial and ongoing.

The Administration Fund and the Mission Fund are drawn against every quarter to support the Mission and the Brothers over the very long term; therefore, the depletion of the capital base erodes our capacity to draw against the Funds as planned. Short/medium term options are under active consideration including cost reductions and increasing rent paid by the Colleges. Over the very long term the value of two significant properties, which are encumbered for the next fifteen years, is expected to grow at a rapid rate. The strategy is to sell them when unencumbered and replenish the investment Funds around 2030.

In the shorter term, the next three years, the District's financial health will be worse than it is now.

## **9. What strategies is the District putting into practice to implement the propositions of the 45<sup>th</sup> General Chapter?**

The District Chapter of January 2015 took the propositions of the 45<sup>th</sup> General Chapter and reviewed and revised same accordingly. However the main focus for 2015 was the General Chapter's Revision of the Rule. Two Brothers who attended CIL developed a community and Sector based programme which the

Brothers engaged in wholeheartedly. The outcomes of this process form the foundation of the CAP process in communities in 2016.

David Hawke FSC  
 Visitor  
 5 February 2016

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