

Finance Investment and Property (FIP) Board presentation

Presenter – Geoff Batkin (Chair)

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SYNOD 37



The Uniting Church in Australia
QUEENSLAND SYNOD

This Presentation will cover:

- Significant activity / Highlights:
 - Transfer in of UEL services
 - Development of FIP Board 5 year strategy
- UEL video
- Synod office financials for year ended 30 June 2023 summary
- Overview how finances work for Synod office
- Unaudited financials – 30 June 2023
- FY24 Budget summary
- What the FIP Board plans to focus on over the next 5 years
- Questions
- The Written Report is taken as read

Transfer in of Uniting Early Learning (UEL) services

- UEL Services:
 - 14 child care centres
 - 4 Family Day care coordination service locations
 - 3 locations of In Home care coordination
 - 3 Outside School Hours care locations
- Transferred to the Synod office to comply with the law so the Approved Provider (The legal entity, The Property Trust) had direct management and control of the services
- The Synod office administers the Property Trust

UEL Performance

- Management and staff team led by General Manager Belinda Briggs
- Governance functions performed by a sub committee of the Property Trust – chaired by Tracey McFarland
- Financial and operating performance and relationships with local congregations are improving – especially since the appointment of Belinda
- Plenty of good news stories – we have a video to provide an insight

UEL Video

- Placeholder only
- The video will be played separately

5 year FIP Board strategy has been developed

Vision:

- In five years' time (end FY28), we have an integrated financial management, investment and property strategy yielding increasing surpluses to invest in mission.

Intent - sustainability

- The strategy focusses on Income generation in areas of equity investment, property development and business enterprise development (new and existing), including Uniting Early Learning (UEL)

FIP Board strategy

Financial sustainability is the key focus of the FIP Board over the next 5 years

The share strategy is in place (see next slide) – increase from \$30M to \$50M in 6 years

The property development work will be accelerated in 2024 and ongoing

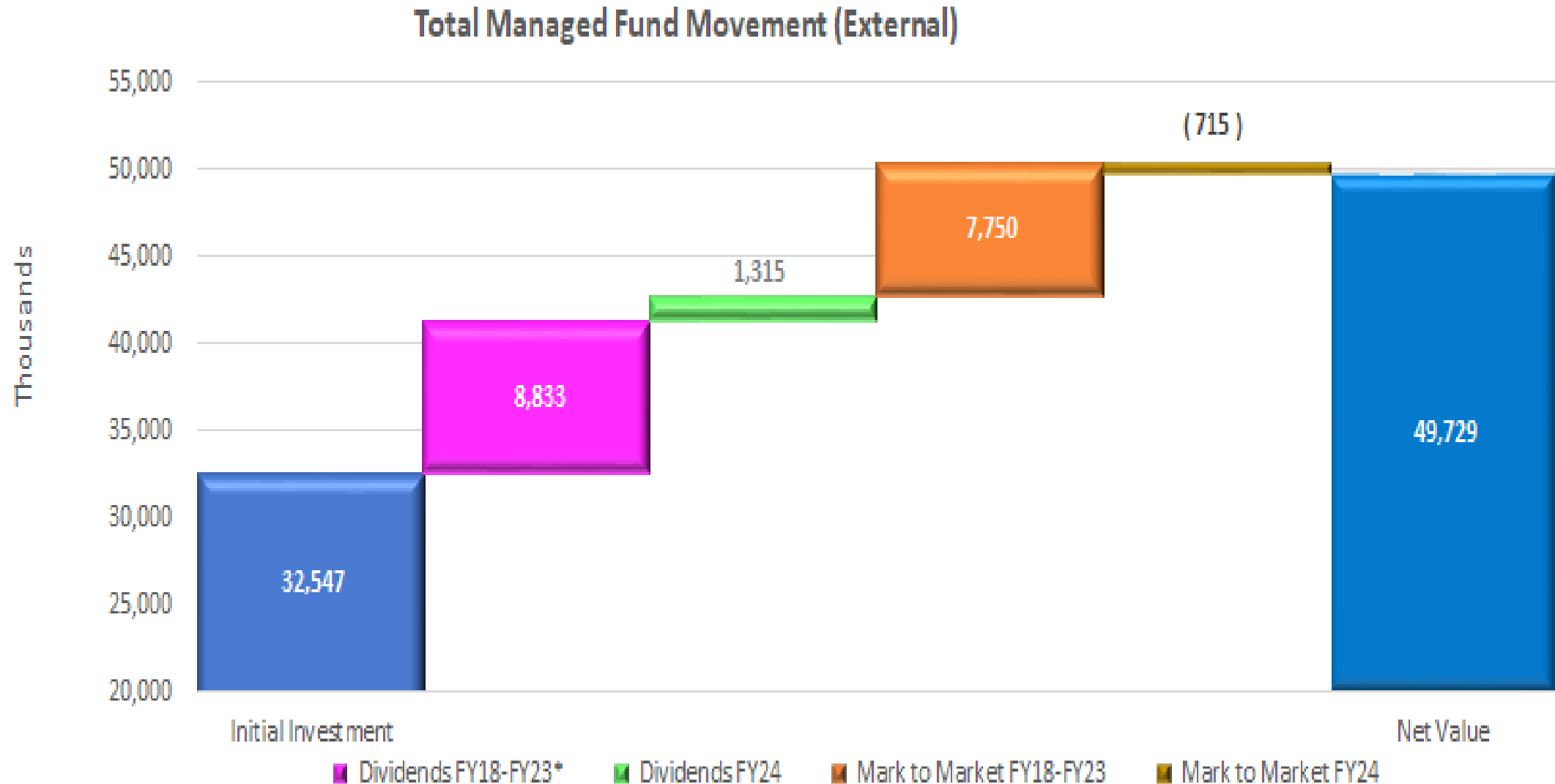
FIP Board strategy

UEL is producing increased profits and this is expected to continue

The Queensland Synod Resourcing Review is underway and more ideas for consideration are expected in 2024

The previous ways are not necessarily going to be the new ways!

Managed Fund Share Investment as at 30 September 2023



Final Synod office financials

If you would like a copy sent to you once they have been approved and signed – available mid Dec 23, please request from Peter Cranna

Further information – see attachment to the FIP Board report on the website

Note that the financial statements represent the operations of the Synod office, not all entities that form the Synod of Queensland



Synod office financials for year ended 30 June 2023 – summary – audit not yet final

- Summary results for year (Accounting)

	2023	2022	2021
Revenue	\$78.2M	\$65.1M	\$44.3M
Expenditure	(\$78.1M)	(\$65.0M)	(\$37.8M)
Share gains	\$6.1M	\$0M	\$9.9M
Share losses	\$0M	(\$ 6.9M)	\$ 0M
Property revals	\$ 7.1M	\$ 4.9M	\$ 1.3M
Surplus/(Deficit)	<u>\$13.3M</u>	<u>(\$1.9M)</u>	<u>\$17.7M</u>



Synod office financials for year ended 30 June 2023 – summary – audit not yet final

Notes

- Synod office financial results fluctuate significantly from year to year

Main reasons include:

- Movement in value of share portfolio
- Revaluation of land and buildings and investment properties

- NONE of the movements listed above represent a CASH transactions

- The significant financial impacts are not generally from normal operations

Synod office financials for year ended 30 June 2023 – summary – audit not yet final

Notes

- Accounting profits can provide a rosier picture (as we need to comply with accounting standards)

Let's look at cashflow:

- Synod office Operating cashflow 23 – (\$1.8M)
- Synod office Operating cashflow 22 - \$13.0M
- Synod office Operating cashflow 21 - \$2.1M

2023 shows a large accounting profit but a deficit operating cashflow. This is one reason why a budget review was conducted.

In the Finance world – Cash is King

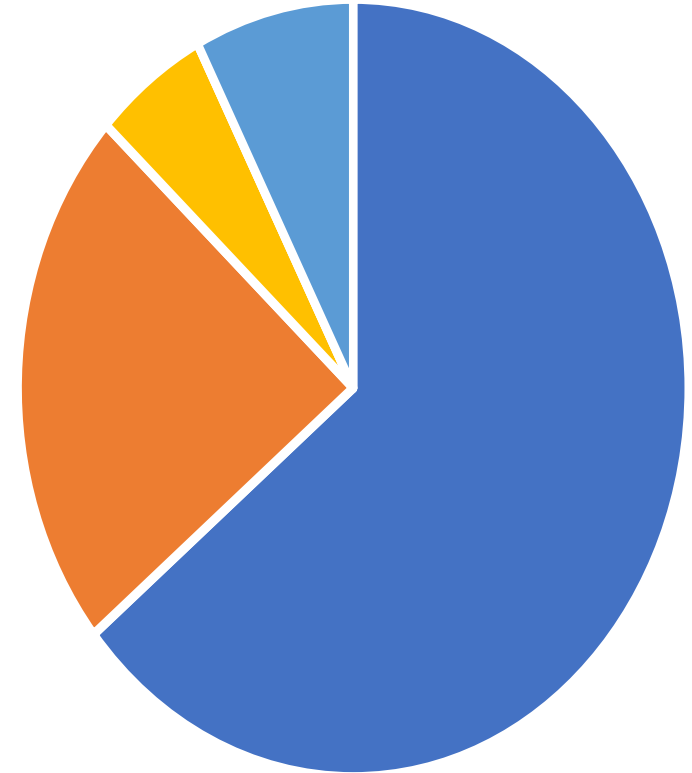
Sources of Income for the Synod Office

(FY24 Budget data post review)

Income Source	\$ '000	%
Stewardship Fee (UCQ)	9,320	64%
Treasury (UCIS) and Dividends	3,306	23%
Insurance	800	5%
Combined Presbytery Mission Pool - Wider Work Contributions	0	0%
Other Enterprises	1,118	8%

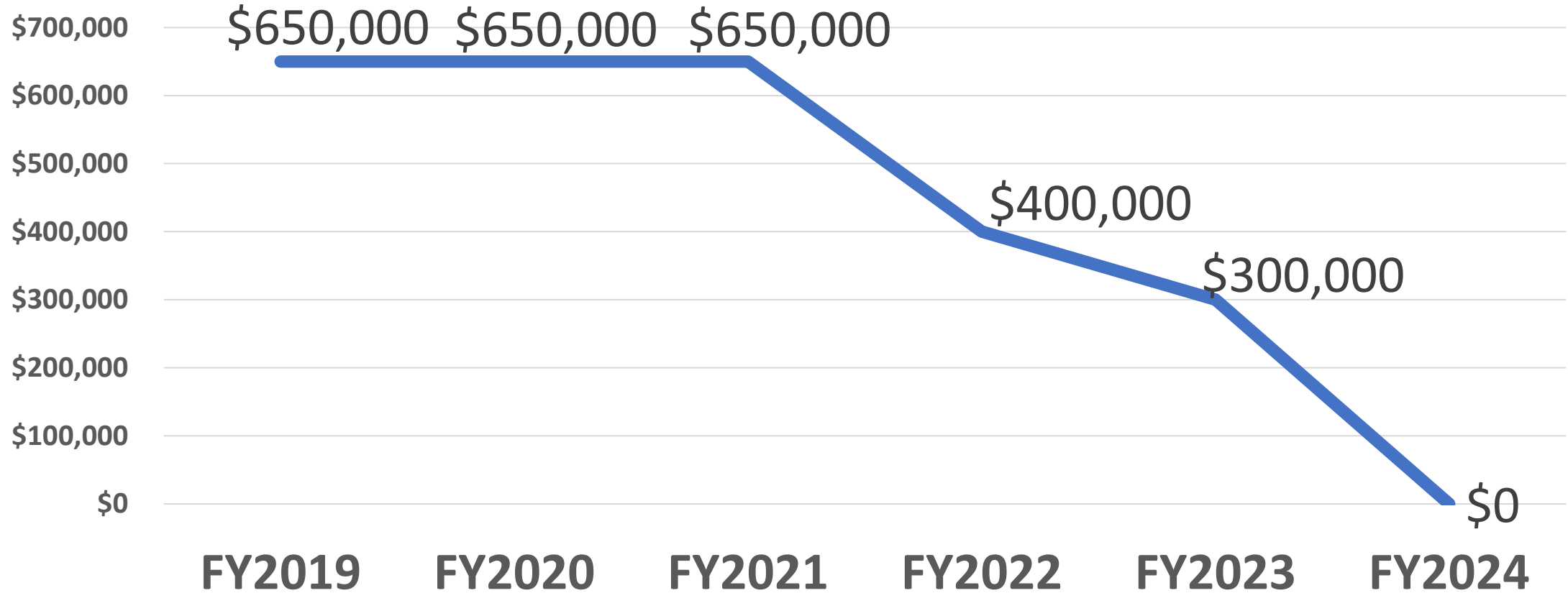
Total Income

14,544



Combined Presbytery Mission Pool (CPMP)

CPMP Wider Work Contributions



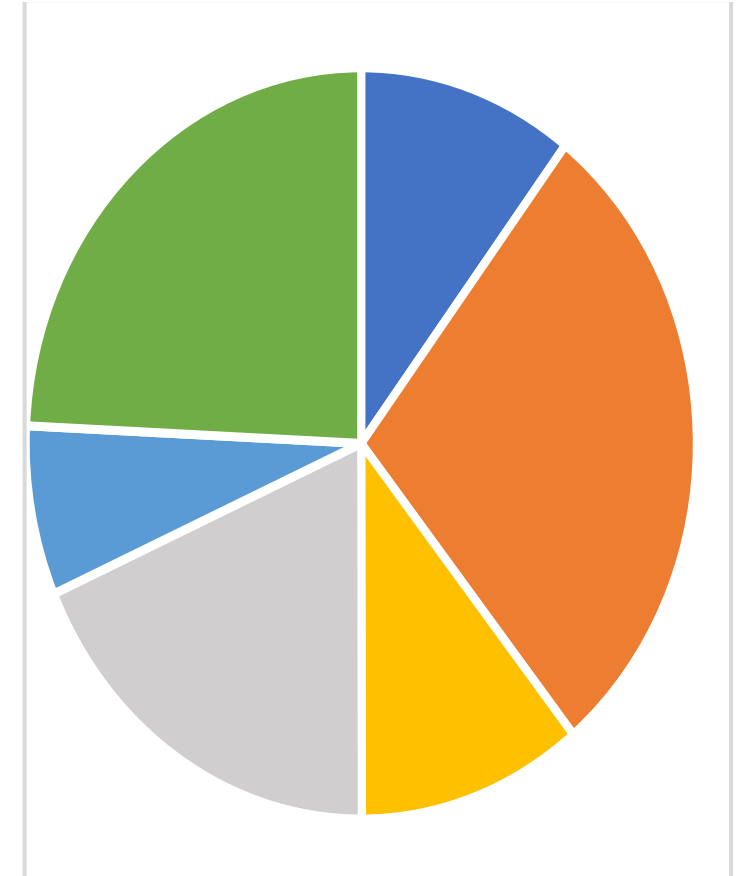
FY 24 Budget Notes - income

- As noted for a number of years now – the Synod office is economically dependant on the Stewardship Fee contribution from UnitingCare – which represents 64% of the income into the Synod office
- The CPMP chart shows the contributions to the Synod office from the congregation and presbytery parts of the church trending to zero
- The profit contribution from UEL is not significant at this time, but is expected to grow over the next few years. It is certainly trending up in FY 24 to date

Expenditure by the Synod Office

(FY24 Budget data post review)

Expense Area	\$ '000	%
Office of Synod (Gen Sec, Legal etc.)	1,778	10%
Shared Services (incl. MET)	4,904	29%
People & Culture	1,856	11%
Strategic Resources & Assurance	3,155	19%
Business Enterprise & Innovation	1,249	7%
Costs on behalf of the wider church/mission activities	4,143	24%



Total Expenditure

17,085

Operating Deficit

2,541

FY 24 Budget Notes - overall

- FY25 and FY26 were also projected with budgeted deficits based on the assumptions made
- FY25 accounting deficit of \$4.5M
- FY26 accounting deficit of \$2M
- Deficits of these magnitudes prompted FIP Board to recommend a review, which SSC approved.
- This review has been conducted. While circa \$1.5M has been taken out of the costs for FY24 – the focus has been on income generation strategies – which will take a few years to accelerate and impact

Income strategies for Synod office

- As set out in the 5 year FIP Board strategy – the focus on financial sustainability will be significantly assisted by:
 - Share (equities) strategy – in place
 - Property development strategy – underway and to be accelerated
 - Mission support enterprises – focus on growth in UEL
 - New enterprises – opportunities being assessed
- While cost control is important, financial sustainability can be achieved in the medium term by successful income/profit generation
- We still expect that it will be financially tight over the next few years and further financial decisions will need to be made

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