



# **Report from Finance Investment and Property Board**

## Summary

The Finance Investment and Property Board (FIP Board) operates as the Property Board under the Regulations and as the Finance sub-committee of the Synod Standing Committee (SSC).

It has both strategic and operational responsibilities.

Significant strategic work since the last Synod:

- FIP Board strategic plan updated:
  - Focus on Income generation in areas of equity investment, property development and business enterprise development (new and existing), including Uniting Early Learning (UEL);
- Liquidity and external debt management.
- Financial sustainability.

Significant operational work since the last Synod:

- Oversight / relationship building.
- Property transactions approved.
- Processes improved.
- UEL management as Approved Provider with direct management and control.

Challenges identified:

- Being good stewards (including improving financial sustainability) in an environment of multiple competing priorities from across the church. This will be addressed (in part) via the compilation of the new Office of the Synod strategic plan 2024-2027 and the costing of this plan.

## Context

We are a group of people appointed by the Synod (or the Synod Standing Committee) all of whom are committed to the mission and ministry of the Uniting Church. The members of Finance Investment and Property Board (FIP Board) are chosen because of the skills, experience and professional background that we bring in the areas of finance, investment, property, strategy, legal, accounting and community services.

Our membership of the FIP Board allows us to hear and see the diversity of our Church and its people seeking: to move towards our ambition of shared life and flourishing communities; growing in our capacity to make disciples and transform our communities and engaging in a rich life together. We hear and see this: through our personal involvement in our own local Church context; when we consider the wide diversity of mission and business proposals that come before us for consideration / approval; when we meet with others in our Church seeking to fulfill their missional role and when we have the privilege of visiting local congregations and hearing of their mission plans in their local communities.

Along with other Councils of the Church, our role is to help facilitate the wise stewardship of the resources God has entrusted us with for mission. A lot of our work focusses on considering the business of the Church – but at the forefront of this is how the plans, strategies, investment decisions, property purchase / sale transactions, processes enable the people of God to be at mission.

The FIP Board assists and advises the SSC in fulfilling its financial responsibilities to exercise due care, diligence, and skill in:

- a. performing functions of the Synod Property Board under Regulation 4.2.1,
- b. exercising oversight of activities conducted under Regulation 3.7.4.6 (Financial Transactions and Investments Body), and
- c. performing such other functions delegated by Synod.

Its responsibilities are summarised clearly in its Charter which can be found [here](#).

Members during the last term were:

- Geoff Batkin AM - The Gap UC (Moreton Rivers) (Chair) - Note that Geoff Batkin is completing his term as Chair and member of the FIP Board and Property Trust at this Synod
- Dr Geoff Ericksson - Coopers Plains UC (South Moreton)
- Hayden Jett - Wynnum Baptist Church / Clayfield UC (Moreton Rivers)
- Andrew McBryde - Centenary UC (Bremer Brisbane)
- Samantha Storey - Newlife Brisbane (South Moreton)
- Reg Gulley – Darwin Memorial UC (Northern Synod)
- Chris Townend
- Kate Hands (appointed 1 December 2022)
- Rev Heather den Houting - General Secretary (ex Officio) - Chapel Hill UC (Bremer Brisbane)
- Peter Cranna - Synod Property Officer (ex Officio) - Emmanuel Enoggera UC (Moreton Rivers)

## Priorities

### Strategic Priorities

FIP Board strategic plan update:

- The FIP Board strategic plan cascades down from the Strategic Intent of Shared Life Flourishing Communities
- The FIP Board vision is:
  - In five years time (FY28), we have an integrated financial management, investment and property strategy yielding increasing surpluses to invest in mission
- The key components that will facilitate this vision to be realised include the strategic steps in the following areas – some of which are underway and some are in the early stages:
  - Property Development acceleration – increase the number of concurrent projects that increase the value of real property on the way to sale. Acceleration in this area is likely to require external debt – debt options to be explored.

- In this term, the Office of the Synod and UnitingCare Queensland (UCQ) have formed a Property Partnership proof of concept where the parties will work together to develop a site surplus to requirements to a subdivided lot stage and then sale. The site selected is at Brighton. At its conclusion, the proof of concept project will be evaluated to ascertain whether this can be a model that can be replicated for other property development projects in the Church.
- Investment in equities – build on the growth of the equity portfolio achieved over the last 5 years and manage liquidity;
- Enterprise development – existing and new – a focus on operational improvements and growth in the Uniting Early Learning (UEL) portfolio and consideration of complimentary business enterprises via feasibility studies and eventual business cases;
- Financial sustainability issues have been revealed at the Synod level after the analysis of the 3 year budget projection (FY24-26). Based on assumptions made, accounting deficits were projected. This resulted in a significant budget review (which is still underway). The outcomes from this review will result in a recast of the budget for FY24. The review is recommending changes that puts the Office of the Synod on a financial sustainability (accounting surpluses) trajectory in the medium term – i.e. after FY26.

## Operational Priorities

### Oversight

- The FIP Board is required to consider all property transactions, though it has well established delegations to allow business functions to proceed smoothly. Once the FIP Board has deliberated, instructions can be passed to The Property Trust (the legal entity of the whole church) for approval and action.
- Presentations / briefings were provided to the FIP Board to enable the Board members to understand the mission planning and context in which our Church is operating. These included:
  - ***Deeper Dive into Property – especially where the Office of the Synod is the Responsible Body***

A presentation was given from the Strategic Resources & Assurance property team including:

    - Achievements in the last 5 years;
    - Overview of the Synod Property team and the high level town planning work;
    - The properties for which the Office of the Synod is responsible;
    - Strategic Opportunities and Direction.
  - ***Implications of the MDF policy – approved at the 36th Synod – May 2022***
    - FIP Board has a significant role in the future operations of the new Mission Development Fund (MDF) policy. A significant communication (77 Responsible Bodies) to responsible bodies re the MDF has been circulated in early July 2022. A new web page has been created on the Synod website containing all relevant details. Periodic communications have occurred with Responsible Bodies with MDF funds in the 18 month transition period since the Policy was approved.

- **Workshop – Separate Incorporation**
  - A special meeting was arranged to discuss matters / concerns / potential issues from the advice that Wesley Mission Queensland (WMQ) would like to pursue separate incorporation following a review by the Australian Charities and Not-for-profits Commission (ACNC). (Note that this was later amended, but separate incorporation of agencies is to be considered later).
- **Reserving Strategy**
  - A presentation / discussion was held on the Reserving Strategy following the expiry of the 2012 ten year strategy of the FIP Board to build up the reserves of the Office of the Synod to 1.5 times of operating costs.

FIPB resolved to:

  - Disband the concept of accounting reserving (represented by the Synod Reserve Fund - SRF);
  - Maintain appropriate working capital balances / appropriate levels of liquidity (which is good practice) and is to be detailed in the Office of the Synod / Uniting Church Investment Service (UCIS) Investment Plan.
- **Budget & Multi Year Forecast / Multi Year Capital Plan**
  - The FIP Board requested be embedded into the annual budgeting cycle further than the budget year (an additional 2 years on top of budget).
- **Appointment of an independent Chair to UEL Sub Committee**
  - Tracey McFarland was appointed as independent Chair of the United Early Learning (UEL) Sub Committee of the Property Trust (but not as a member of the FIP Board). She brings significant child care governance and operational experience to the role.
- **Queensland Synod Resourcing Review**
  - A workshop was held to understand the FIP Board's view on the resourcing needs of Presbyteries, Congregations and the Office of the Synod;
  - The review will then develop and design a resourcing model across the Synod that is Fit for Purpose for the church now and into the future.
- **UC Plenty Governance Models Research Report**
  - The FIP Board discussed the Board Matters (Elizabeth Jameson) report and submitted feedback to the General Secretary.
- **Risk Appetite Workshop**
  - Directors Australia moderated the Risk Appetite Workshop. The purpose of the workshop was to gain collective agreement on the boundaries, risk appetites and investment preferences across the asset classes contained in the strategic plan.
- **Insurance Program Presentation**
  - AON (insurance brokers) presented options of possible design changes to the whole of Property Trust insurance program. At this time, the structure of the program is considered appropriate for our current structure.
- **External Debt Facility Extension- to meet UCQ requirements**
  - UnitingCare Queensland (UCQ) presented that they require an extension to the existing debt facility with ANZ – consistent with their FY21 Business Plan and ten-year strategic capital plan which saw debt utilised in UCQ's plans from FY24;
  - The FIP Board approved the extension of the dent facility from \$20M to \$140M.

- **Chaplaincy Funding Strategy Options**

- Steve Drinkall presented a number of options for consideration re public hospital and police chaplaincy.

### **Good News / Matters that have provided encouragement to the FIP Board**

During this term, the FIP Board held 2 meetings at sites other than the Synod office. Where possible, the FIP Board tries to meet where the Church is active in planning or undertaking mission initiatives. This is central to the FIP Board's desire to build and strengthen relationships within our Church.

We met at Redcliffe UC just before the **Redcliffe Hub project** was completed. This is a good news story of people within a local Church engaging with the community around them over many years.

The FIP Board were very impressed by the community engagement and with the variety of tenants taking rooms in the Hub that represent a wide range of community services on the peninsula.

The **Aspley Uniting Early Learning (UEL)** service was renovated during this term and we met there to see the centre in action. Aspley UEL was the first centre to obtain significant take up of the Grand Friends program – where elderly church members spend time in the centre with the children – relating in a cross generational way. Fun is being had by all!





## Meeting with MC3 group

The FIP Board met with Mission Collaboration & Coordination Committee (MC3) to discuss the funding of initiatives that will be approved by MC3 in due course.

## Other Significant Property Transactions approved:

- The FIP Board assesses many property proposals. A sample of significant proposals approved / endorsed are included below to give an appreciation of the diversity of service provision that our church is involved in:
  - ***The Lakes College (TLC) – Aquatic Precinct Stage 2***
    - FIP Board approved the TLC Aquatic Centre Stage 2 project to go to tender. Stage 2 focussed on the construction of a Learn to Swim pool and associated infrastructure and the operational business case to generate alternative sources of income.
  - ***Project Cooee – 2nd Floor Synod office – Business case***
    - FIP Board recommended to the SSC the allocation of funding and approval of Project Cooee - Stage 2 (Reconfiguration of Level 2) for an updated budget of \$1,275,000 (excluding GST) and approved this on the condition that the Hybrid working strategy is completed and a review of the office space is done in approximately 1 year after construction to assess the return on investment.
  - ***Transfer of Responsible Body – Trinity Grove Wilston property***
    - FIP Board approved the transfer of Responsible Body status of the Wilston church site from the Moreton Rivers Presbytery to the Office of the Synod – at market value.

- **Social / Affordable Housing Development – Thursday Island**
  - FIP Board noted that pre-work is required for the potential social housing / manse development opportunity and approve the release of funds (up to \$75k) from Thursday Island MDF to cover this;
  - It also noted that although the operational model for this development is not confirmed, should the Department of Communities, Housing and Digital Economy commit funds to the development, the Presbytery of Carpentaria and Business Development Unit (BDU) will require prompt decisions regarding commitment to proceed.
- **Heritage Appeal Process for former Trinity Wilston Grove Church Site**
  - FIP Board approved the continuation of the appeal process against the State heritage listing of the Wilston property.
- **Sale of Office of the Synod Responsible Body Properties**
  - The FIP Board approved the sale of the following properties that are surplus to the requirements of the church - 2 Uniting Place, Telina and 234-248 Tamborine Street, Jimboomba for no less than independent valuation.
- **The UCQ Property Disposal Plan – FY24**

The following properties were approved for disposal:

  - 72 Tills Street, Westcourt;
  - 271 Gatton Street, Westcourt;
  - 90 Mt Perry Road, Bundaberg;
  - 54 Kent Drive, Torbanlea; and
  - 106 Galah Street, Longreach – note that CQ Presbytery is still deciding whether they wish to acquire this property.
- **UCQ Property Acquisition**
  - The FIP Board approved the acquisition of 27 Chasely Street, Auchenflower, including a total acquisition budget of up to \$7.5M (including purchase price and all transaction costs).
- **Expansion of Alexandra Park Conference Centre**
  - The FIP Board approved the allocation of \$1.154M to add 8 accommodation units (bedrooms with ensuites) to the Alexandra Park Conference Centre.
- **Sale of Cunnamulla and Wandoan**
  - The FIP Board approved the sale of the following properties:
    - Cunnamulla church and manse, 14-16 Broad St, Cunnamulla;
    - Wandoan manse, 15 Hoffman St, Wandoan.
  - FIP Board also gave an in-principle approval for the purchase of a residence in Charleville, Qld, to be used as a manse and base of operation for the Cunnamulla Burke & Wills Remote Bush chaplaincy.
- **Flagstone**
  - The Flagstone community centre is a mission initiative of the South Moreton Presbytery. FIP Board approved the purchase of 19 Trailblazer Drive Flagstone for contracted amount of \$825,000 and also approved the release of the total purchase price from MDF funds.



- **Scots PGC Middle School Expansion**
  - Endorsed Stage 1 of the Betty Crombie Middle School project at a cost of \$4,000,000 plus a contingency allowance of 10%, noting that a final business case will come for approval post tender.
- **MDF applications**
  - A variety of applications were approved during the year.

## **Processes Improved**

A number of Principles were implemented (in the last term and reinforced in this term) to assist the FIP Board's assessment of significant property proposals and address the key issues that need to be considered for the FIP Board to make a decision. The principles include:

- What is the risk to the Church?
- What are the strategic elements? / Where does it sit? / Look at context.
- Does the strategic intent of the proposal align with the Synod wide agreed strategic intent?
- Has the church entity gone through the proper processes? Evidence?
- What options have been considered?
- How much background does FIP Board need?
- Does the proposal need a specific presentation at FIP?

Other efficiency / streamlining measures included:

- Providing authorisation / approval for the CEO of Wesley Mission Queensland to execute certain documents on behalf of the legal entity, The Uniting Church in Australia Property Trust (Q.). This brings WMQ's authorisations in line with those provided to UnitingCare Queensland.
- The Delegation Matrix for Property Trust schools was approved on the recommendation of Uniting Education Schools and Colleges.

## **Financial Reports and Matters**

- The FIP Board acts as the Finance sub-committee to the Synod Standing Committee. Part of these duties involve:
  - Review of the Office of the Synod annual budget and the Office of the Synod annual audited financial statements before these documents are approved by the SSC;
  - Review of financial reports and treasury reports regarding the operations of the Office of the Synod, on a monthly basis;
  - The Uniting Church is structured such that other Boards / Committees in the church prepare and approve budgets and annual audited financial statements;
  - The FIP Board, in conjunction with SSC, oversight the financial statements, but don't approve these documents for other church bodies (e.g., Uniting Care Queensland, Wesley Mission Queensland, Property Trust schools, Presbyteries, congregations);
  - The FIP Board oversees the operations of The Uniting Church Investment Service (UCIS), which operates the centralised treasury services of the Synod.

The annual audited financial statements of the Office of the Synod have not been finalised (when this report was written) and the audit will not have been completed by the Synod meeting in October.

A high level summary of the unaudited 30 June 2023 Office of the Synod financials is expected to be presented in the FIP Board presentation at Synod.

## Plentiful focus

Over the last few years, the FIP Board (on behalf of the Property Trust – the Approved Provider) has taken responsibility for governance of Uniting Early Learning – all regulated child care activities conducted by our Church. The centralisation of this governance and management by the Office of the Synod was as a result of instruction from the Child Care Regulator.

Child care is conducted in a variety of formats and in various locations across Queensland:

- Child care centres (14 services) in Townsville, Rockhampton, Gympie and several in the South East corner – most co-located with congregations.
- Family Day Care coordination – coordinating educators (independent self employed people that care for small groups of children – usually in the educator’s own homes).
- In Home Care coordination – IHC is designed to support families whose circumstances make it difficult for them to access mainstream childcare – these families are usually in remote parts of Queensland.
- Outside school hours care (3 services) – caters for mainly school aged children and are located in 2 of our schools.

UEL annual revenue is more than \$20M per year, so we are a larger provider than most.

It is pleasing to report that the quality of care and service is high and interactions with the community and local church congregations are good. These are areas of constant focus for UEL.

Over the 2023 financial year, UEL as a whole, produced a breakeven (small surplus) financial result which is an encouraging step toward financial sustainability over the next couple of years.

As noted above, Tracey McFarland has been appointed as the independent chair of the UEL Sub Committee – a group reporting to the FIP Board that specifically governs the operations of UEL. This sub committee consists of an independent chair, 3 FIP Board members and is supported by staff.

## Challenges

The FIP Board sees many challenges across the Church. Within its direct remit the FIP Board has identified the challenge of being good stewards for the assets / resources that each part of the Church has available for use. Specifically, the FIP Board has identified the following issues as contributing to this challenge:

- The difference between stewardship and ownership and how this difference can contribute to attitudes and decision making.
- Downward pressure on income sources leading to competing priorities for resources – putting some Responsible Bodies in financial sustainability jeopardy.

- Changes to laws / interpretation of laws leading to more restriction and compliance.

The FIP Board recognises that the Church needs to change in various ways to respond to these challenges and encourages us all to continue to explore how the intent of Shared Life Flourishing Communities can help us – especially recognising that we are One Church comprising of different parts and that adopting Life Together principles we can gain better outcomes working together.

## Proposals to the 37th Synod

It is proposed that the 37th Synod receive this report.

## Greener Shoots - possibilities and opportunities

This report details green shoots throughout, including:

- FIP Board strategy – showing the FIP Board is clear on the direction it needs to take and drive.
- Encouraging presentations from various areas across the Church.
- Good news stories.
- UEL consolidation and growth.
- Property sales meaning that funds can be reallocated for other purposes / to other parts of the Church for mission growth.
- Property development and acquisitions showing that opportunities are being realised.

## Contact for report questions

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