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HOPE
SYNOD 36

Report from

**FINANCE INVESTMENT AND
PROPERTY BOARD**

Report

Context

Give us a description of your part of the church. Who are you and what are you called to do?

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 (FIPB) 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.

Because of the role of the FIPB we are privileged 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 FIPB assists and advises the Synod Standing Committee (SSC) in fulfilling its financial responsibilities to exercise due care, diligence, and skill in:

- performing functions of the Synod Property Board under Regulation 4.2.1
- exercising oversight of activities conducted under Regulation 3.7.4.6 (Financial Transactions and Investments Body)
- perform 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)
- Dr Geoff Ericksson - Coopers Plains UC (South Moreton)
- Hayden Gaffel - Wynnum Baptist Church
- Justin Greenway - Newlife Brisbane (South Moreton) (resigned 23 July 2021)
- Dr Natalie Smith - Newlife (South Moreton) (resigned 31 March 2022)
- Andrew McBryde Centenary UC (Bremer Brisbane) (appointed from 28 October 2021)
- Samantha Storey (nee Henderson) Newlife Brisbane (South Moreton) (appointed from 28 October 2021)
- Reg Gulley (appointed from 25 February 2022)

- Chris Townend (appointed from 25 February 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)

Tell us what your key priorities since the last Synod have been.

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:

- Property Trust schools presented to communicate development and financing plans
- Uniting Care Queensland presented on a number of occasions – strategic briefing on their 2030 directions and proposed 10-year capital plan, Annual Statement of Missional Intent (ASMI) detailing their priorities for the following 12 months, investment strategy for assets, property disposal plan for properties that no longer fit the strategy, and a number of business cases to develop / refurbish sites to expand / improve service delivery
- Wesley Mission Queensland who briefed us on their proposed service delivery model for the next 12 months and on a significant business case to redevelop new independent living apartments at Sinnamon Village – Rosemount Estate - consisting of a mixture of 1-, 2- and 3-bedroom apartments
- Some Presbyteries have presented – highlighting current and proposed Mission projects and church plants / church mergers
- Technical presentations have been received from our bankers, ANZ on the state of the markets as it pertains to the church
- Our Equities managed fund organisations, Warrakiri Funds Management, Perpetual and Beta Shares presented on the state of the equities market and addressed specifically our investment strategies and performance with them. These presentations and other analysis led to withdrawal of funds from Perpetual and adding funds to another Beta Shares managed fund
- We have been kept up to date on the operations of Raymont Residential College and Alexandra Park Conference centre – Mission Support Enterprises operated by the Synod office. COVID-19 significantly impacted Alex Park, which was required to cease direct service delivery for a period and operate using a skeleton staff, focussing on maintenance, and developing marketing strategies when operations were allowed to commence. It is pleasing to report demand for the services that Alex Park provides is still high. Raymont has retained occupancy at over 80% of capacity, which is a significant achievement in these times, with no overseas students able to reside
- A number of separate presentations were made by UC Insurance staff to inform the FIP Board of the state of the insurance market and the response by the church to keep insurance premium increases to a reasonable level for all church entities. This was achieved by taking a larger 'self-insurance' component

- Also, the Shared Life, Flourishing Communities Team shared progress of how the Church is embracing our call to be one church active in every community, bearers of Christ's offer of life in all its fullness.

Good News / Matters that have provided encouragement to the Board

In amongst the restrictions and lockdowns over the synodical term, the FIP Board held 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.

The FIP Board held its May 21 meeting at the **Flagstone Community Centre** – site of a South Moreton Presbytery ministry initiative.

The purpose of the visit to the Flagstone Community centre was to experience the operations and to hear a submission to increase the presence at the Community Centre from a coordinator to coordinator plus a missional leader (part time) – to respond to missional opportunities as the community grows.

The members of the FIP Board engaged with members from Presbytery and through a collaborative process it was determined that the resourcing should be reviewed, and business capability embedded to ensure the operations are made sustainable into the future. This could involve shifting locations and expanding the service offerings in the future.

All representatives - FIP Board, Presbytery, and community centre coordinator - were excited about this approach and FIP Board will see a business case for the revised plan and resourcing at a later meeting.

The **Redcliffe Hub project** has been approved to proceed to construction subject to the builder agreeing to a particular price and scope. 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 with active involvement on the Project Control Group through the concept and planning phases and subsequently the detailed project development phase. The professionalism of the work of this collaborative group leading to this point in the project delivery was seen as a model for future projects. This Hub concept has captured the interest and commitment from people within the congregation and others in the wider community.

The November 21 meeting was held at the **Yeronga Centre** (part of the Southside UC collective). Rev Jock Dunbar – Community Minister Southside UC - presented an update on a mission initiative – Mission Engagement Group, being funded in part by MDF funds.

Lunch and meeting with Presbytery Synod Interface – 17 November 2021

This was a significant time of meeting each other and sharing stories and experiences. Challenges, opportunities and resourcing were all discussed. It is hoped that the FIP Board will be able to continue a program of face-to-face meetings during 2022 for FIP to understand issues faced at Presbytery level and how FIP can support/collaborate with Congregations on resourcing mission.

Process

A number of Principles were implemented 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 Significant Property Transactions

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 Redcliffe Hub project (proposed \$5M development funded largely from a bequest) was approved to proceed to the detailed design phase and later, the construction phase
- A \$2M + GST grant agreement was approved to allow The Lakes College to construct a 25m swimming pool
- A power purchase agreement and purchase of solar panels were approved between The Lakes College and the Office of the Synod. It is expected that more similar agreements with other parts of the church will be negotiated by the Business Development Unit (BDU) in the future
- The Lakes College (TLC) – Multipurpose hall project was submitted to the Schools and Residential College Commission (SRCC) who assessed it and recommended it to the FIP Board for approval. The concept was developed in early 2020 but was withdrawn due to the uncertainties re COVID.
- This proposed infrastructure adds significantly to the offering of TLC in a competitive environment, as well as increases the general learning areas (GLAs) that will support the 4th education stream recently introduced.
- It is a \$7M+ development, funded by Block Grant Authority capital grants, TLC reserves and debt from UCIS. The debt/student ratio meets the requirements set by the SRCC in 2020 and the debt remains under the set ratio for the duration of the loan term, based on the reasonable assumptions underpinning the business model.
- This is an exciting project and the FIP Board took comfort from the quality of the business proposal prepared by the senior staff and TLC Board and subsequently reviewed by SRCC.
- Purchase of land and building at Caboolture proposed by UCQ for \$6.75M.
- Various sales of churches that have closed e.g., Haigslea and Gowrie Flat (north of Crows Nest).
- The Shalom Elders Village proposal (sewerage pipe needs to be built to service the whole site before we obtain title) has been delayed – waiting on Carinity (purchasers of the Shalom school site) to work with us to come to an affordable solution – may take years)
- Southside UC sold its Holland Park UC site – which has some heavy council overlays
- UnitingCare Qld completed a comprehensive business case to develop Sunrise Beach residential aged care. As the proposed cost of this development was more than the delegated \$30M to the UCQ Board, the FIP Board was asked to approve this project. The FIP Board appreciated the high standard of the business case received and the thoroughness of the UCQ Board review and consequently the project was approved.

Financial Reports and Matters

- The FIP Board is the Property Board under the Regulations. It also acts as the Finance sub-committee to the Synod Standing Committee (SSC)
- One of the areas of focus for the FIP Board is seeking to establish opportunities to develop additional income for the wider mission of the Church
- It reviews the Synod office annual budget and Synod office annual audited financial statements before these documents are approved by SSC
- It receives financial reports and treasury reports regarding the operations of the Synod office, on a regular 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. How do we optimise the investment returns, while remaining within agreed risk levels and ensuring the availability of cash for wider Church operations when required
- During the COVID-19 period, the levels of cash liquidity in the church were very closely monitored due to the potentially unpredictable cash flow requirements of Church entities

Shared Life, Flourishing Communities

In what ways have you been approaching the challenge of making disciples of Jesus?

- While this isn't in the direct responsibility of the FIP Board:
- the FIP Board deliberately takes all opportunities to further its understanding on the developing mission of the church and seeking to support the wider Church in 'making disciples'

In what ways have you been drawn into Transforming your Community?

- The FIP Board plays its part to enable the Church to do this
- Refer to the sample of property proposals and good news stories above

In what ways have you been sought to reshape your part of the Synod, to be Fit for Purpose and wise stewards of all that God has given you:

The FIP Board has a significant role in the Fit for Purpose priority. It has been entrusted to oversee significant Church assets. One of the questions we focus on is how we optimise the return (for mission) on these assets having regard to risk within a portfolio approach.

The Key Priorities section above details examples of how the FIP Board has worked within the Church to progress and achieve better stewardship outcomes. The Process section above demonstrates the FIP Board seeks to support the Church in its mission and strategy development while ensuring appropriate due diligence and strategic proposal review processes. The notes below highlight some specific highlights re stewardship:

Equities

- The FIP Board, as part of a prudent longer term investment approach determined to invest \$30M in a managed investment portfolio of equities during 2018. At the time of allocation, the \$30M represented less than 10% of the funds under management within UCIS.
- The FIP Board regularly reviews the performance of the managed fund to ensure it is achieving the investment objectives.
- The managed fund portfolio is behaving as expected with the trend being up over the longer term, but with anticipated levels of volatility. The FIP Board has considered the question that the SSC raised during the annual budget presentation – which was what is the FIP Board doing to maintain the value in the equity portfolio held within UCIS?
- The FIP Board noted that the equity portfolio had been active for less than 4 years. The significant UCIS investments at the time were in cash/term deposits, loans to other church entities and property holdings. Frontier Advisors advised the FIP Board (before investment) that an equity portfolio should be invested for the long term (at least 7 years) and that our proposed portfolio had been constructed so that capital value losses may be experienced 1 year in 4. This means that, due to share market volatility and cycles, we should expect to experience ‘paper losses’ on average once every 4 years. As expected, the Church has benefited from dividends from the equity portfolio. While there has been capital value volatility overall there has been significant capital growth with the current market value of the portfolio at the end of February 2022 being \$46M.
- As the portfolio is less than 7 years old, the FIP Board is of the view that the longer-term stewardship strategy to hold and reinvest dividends should be maintained noting that further volatility is expected.

Treasury enhancement offering

The FIP Board has agreed to offer congregational and presbytery clients an extra 1% above the cash rate on a term deposit placed with UCIS post 19 July 2021. It is understood that there are funds that are invested with financial institutions other than UCIS (contrary to existing Synod policy). The FIP Board would like to understand how much is ‘out there’. It is thought that this strategy may encourage additional funds back into UCIS. While, this will have a financial interest cost to UCIS (estimated at \$200k p.a.) it will have a corresponding benefit to multiple congregations.

JobKeeper

- This Federal Government initiative was accessed by the Synod office after the rules that applied to charities were clarified
- This provided a significant benefit to the Synod office operating income – almost \$2M for the period of the scheme
- In addition, ministry agents paid by the Synod office payroll were also eligible and benefits were passed on to the relevant church entities

In what ways have you sought to collaborate with others across the Uniting Church as an expression of our commitment to doing Life Together?

Refer to Good News stories above.

Uniting Education Early Learning

In 2019, Synod Standing Committee (SSC) approved a review of childcare operations in the Synod. As a result of this review, in April 2020, SSC confirmed the continuing involvement of the Synod in childcare mission; and supported the establishment of Uniting Education – Early Learning to

consolidate childcare activities. The Early Learning Project Board was established to oversee the project of consolidating Uniting Church early learning operations to Uniting Education – Early Learning. The SSC delegated FIP Board to have governing body oversight.

These governance arrangements dovetailed into the requirement under the national law that the Approved Provider of early learning services (The Property Trust) needed to have direct management and control of early learning services. In our church, the FIP Board is the governance body that enables the Property Trust to operate effectively, given how our Church is structured under an Act of the Qld Parliament.

Direct management and control of 24 early learning centres from across the church was transferred to the Property Trust by 30 September 2021. Work continues between Uniting Early Learning management, the church entities that operated the early learning centres previously and the FIP Board/Property Trust to ensure that:

- Relationships with Congregations and their local communities are enhanced
- The quality of services is optimised to provide education and care outcomes for the children attending
- Mission objectives are progressed / achieved
- Reasonable financial outcomes are progressively achieved

While services have been in transition (and will continue to be so for some time), the quality of education and care remains high. Centres are assessed under the National Quality Framework and the current ratings are:

Exceeding	7
Meeting	12
Working Towards	1

Some of the services that we provide (e.g., In home care) are not assessed under this framework.

Threats and opportunities as we step into the future together

The Basis of Union recognises that the Uniting Church must “look for continuing renewal” and “remain open to constant reform” – we are a pilgrim people on the way expressing our faith in Jesus as Lord and empowered by the Spirit to be part of God’s mission in the world.

The FIP Board is committed to its role in the journey and priorities expressed in Shared Life Flourishing Communities.

The opportunities are significant if we recognise our context (with all its challenge and uncertainty), remain open (led by the Spirit) to continual renewal and reform as we pursue God’s mission. This requires us to anticipate, plan, pray, be excellent stewards and be open to new ways of being and doing Church. It requires us to be courageous and sometimes make hard well-informed decisions.

One of our challenges/threats as a Church is that the path to change/renewal can be painful. How much time do we have to make the changes that are necessary to pursue our mission?

The Uniting Church in Qld has significant assets some of which are underutilised. Do we generate enough benefit/outcome from these assets – whether it be missional outcomes or income for mission. Do we maintain the assets appropriately?

The issues of stewardship and sustainability are matters for the whole church to engage in and the FIP Board is and will continue to make its contribution and add its expertise in proactive ways.

The FIP Board sees that it will take a key role is analysing the data available and informing the Synod Standing Committee of issues and trends in addition to promoting and encouraging other church bodies to further initiatives in:

- Property optimisation and development – suggested frameworks will be developed to make this easier – especially at congregation and presbytery level
- Property utilisation – there are a number of tactical improvements that can be made to increase the utilisation of property already owned. The FIP Board will encourage Responsible Bodies to implement these
- Land banking / sales approach – the FIP Board wants to critically assess whether all proposals that it receives for property sales should be put to the open market at the time of the proposal being submitted. Land banking of some property will be actively considered when the future missional analysis justifies it
- Improving income generation from our business operations and services. Small percentage increases in income (relative to assets) will make a significant difference in income for mission.

The good news for the FIP Board is that we are seeing many proposals, plans and concepts of new ways of being Church coming before us! How can we learn these new expressions of mission across the Church? We are seeing Congregations sharing their resources and properties – not holding on to property if it is not being used effectively. Our agencies, schools and missions are growing, collaborating, sharing and changing as they pursue their mission in the community.

Let us all be part of God’s mission in the world as together we ‘live a creative, adventurous life of faith, characterised by openness and flexibility, hope and joy.

Proposals to the 36th Synod

It is proposed that the 36th Synod receive this report.

Contact for report questions

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