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Tuesday, 13 May 2025

COMMUNICATION TO CONGREGATIONS FROM THE COMMISSION OF ASSEMBLY
Court Appointed Receivership Update

In April 2024, an update to Congregations with respect to the Receivership of the PCQ was provided, including details of the Receivers' costs, possible outcomes and timelines of the litigation and Special Commission of Assembly decisions.

Detailed below is an update with respect to these matters which should be read in conjunction with the update provided in April 2024 (copy attached for ease of reference).

Receivership Activities and Costs

Since April 2024, the Receivers have continued to fulfil their role in accordance with the Order of the Supreme Court of Queensland made on 12 May 2021 (**Appointment Order**). As previously noted, the Appointment Order is available on request to clerk@pcq.org.au.

As summarised in the previous update, the Appointment Order provides (amongst other things) that the Receivers are authorised to:

- Take possession of, preserve or maintain, insure and repair the property of the PCQ
- Deal with the PresCare matters
- Bring and defend and compromise all proceedings in the name of the PCQ
- Appoint solicitors, accountants or other professionally qualified persons to assist the Receivers
- Pay the costs and expenses incurred in the ordinary course of operating the PCQ
- Take reasonable steps to gather information in relation to the trust or trusts on which the PCQ's property is held and the assets or property out of which the PCQ may have right of indemnity.

The April 2024 update provided detail with respect to many of the key tasks completed by the Receivers up to that date including the Receivers' report to the Supreme Court of Queensland, trading and realisation of the Residential Aged Care Facilities and significant litigations commenced by the Catalyst entities.

In the period to date since April 2024, some of the key matters addressed in the Receivership have included:

- Continued monitoring of the status of the litigation, taking steps to prepare for potential outcomes of the litigation and engaging at various times on a without prejudice basis with a representative from the Catalyst entities, exploring a potential settlement of the litigation
- Engaged with legal representatives of the PCQ and certain Congregations as required in respect of the Catalyst litigation
- Prepared extensive affidavit material for the Supreme Court of Queensland
- Obtained further direction and Orders from the Supreme Court of Queensland with respect to realisation of assets and application of proceeds, approval to enter finance and lease agreements and amendment to certain powers under the Appointment Order to address practical issues
- Various engagement with Capital Fund depositors
- Extensively attended to trading issues including, but not limited to:
    - trading receipts and payments which includes assessment levies, payroll, EPFB payments, various supplier payments and reimbursements, etc.
    - reviewing and providing approval for appointments to various positions
    - assistance to congregations experiencing financial difficulties
    - policy amendment and employee management, including employment-related issues, workcover claims, leave requests, etc.
    - insurance matters, including overseeing insurance property valuation and ensuring continuation of adequate insurance cover for the PCQ and all of its congregations.
    - bequests management, including dealing with cy pres applications, trustees to receive funds and payment to relevant congregations as appropriate
    - assistance and approval to refinance lending facilities.
    - commercial tenant lease management, including management of a tenant's default.
    - budgeting and cashflow management, including review and approval of annual PCQ budget.
    - Statutory reporting to ACNC and ABS.
- Management of claims made under and engagement with the National Redress Scheme and management of various litigation against the PCQ pursuant to the Personal Injuries Proceedings Act
- Asset realisations as authorised by the Supreme Court of Queensland in respect of the PCQ, Endowment and Capital Fund share portfolio and closed congregation properties.

The Appointment Order provides that the Receivers be remunerated on the basis of the time spent on their work and that their remuneration be paid from the PCQ's property and PresCare property, subject to certain conditions. The payment of all costs and expenses in connection with the Receivership is to be addressed similarly. The Receivers have always sought and gained the agreement of the Supreme Court for the realisation of PCQ property including to meet their costs. As foreshadowed in the previous update, it was

necessary for certain assets of PCQ to be realised in order to meet the costs and expenses of the Receivership incurred and forecast to be incurred. Consequently in June 2024, the Court ordered that the Receivers were authorised and justified in realising the following assets in specific order of priority:

(a) The PCQ Morgans Share Portfolio;
(b) The Endowment Fund;
(c) Part of the Capital Fund;
(d) The Closed Congregational Properties; and
(e) The balance of the Capital Fund, but this balance is only to be realised after the assets listed in sub-paragraphs (a) – (d) above have been exhausted.

To date the assets in (a) – (c) have been realised and applied to costs and expenses in accordance with the Order. Of the 6 properties subject to (d) above, to date, 3 properties have been realised and the remaining 3 properties are currently being marketed for sale. As at the date of this update, the balance of the Capital Fund continues to remain above the level held at the time of the Receivers' appointment.

Since the time of the appointment of the Receivers, they have necessarily incurred costs in the course of carrying out these Orders of the Court (as Officers of the Court). A summary of the costs as provided in the last update and additional charges for the 12 months to 31 January 2025 is provided below:

Receivers' Remuneration:

	Total to 31 January 2024 as per previous update $m	**1 February 2024 to 31 January 2025 $m**	**Total $m**
PCQ	6.684	0.939	7.623
PresCare	6.908	0.084	6.992
Fairholme College	0.387	0.033	0.420
Queensland Theological College	0.270	0.027	0.297
Total	14.249	1.083	15.332

Additional Expenses:

In addition, it has also been necessary for other professional costs and the Receivers' external disbursements to be incurred and paid by the Receivers. The additional costs since the last update include costs incurred by legal firms engaged being Allens and Neumann & Turnour, costs of various Counsel engaged to assist in the various Court applications, Catalyst and other litigation and include costs necessarily incurred associated with PCQ's ongoing operations. A summary of the total costs paid as provided in the last update and additional payments made to the end of January 2025 is as follows:-

	Total costs to 31 January 2024 as per previous update $m	Costs - 1 February 2024 to 31 January 2025 $m	Total costs to 31 January 2025 $m
PCQ	5.699	0.846	6.545
PresCare	5.913	4.264*	10.177
Fairholme College	0.142	0	0.142
Queensland Theological College	0.002	0	0.002
Total	11.756	5.110	16.866

*note: significant costs relating to the trial were paid on its conclusion in February 2024

In respect of the above amounts it should be noted the amounts attributable to PCQ include c.$1.25m of costs associated with the ongoing operations of PCQ and cover costs relating to claims under the National Redress Scheme and Personal Injuries Proceedings Act as well as other operational matters including policy, employment, leasing, financing and bequests. The balance of the costs are largely attributable to costs relating to the Receivership related to the Receivers' report, Court applications, litigation and asset realisation.

The amounts included above in respect of PresCare include amounts exceeding $1.3m attributable to the initial Residential Aged Care Facilities trading, sale and Court approval process. The balance of the costs are largely attributable to the Receivers' report, Court applications and litigation processes.

Timing of payment of the Receivers' remuneration and external costs relating to the Receivership continues to be managed by the Receivers not drawing their remuneration or with the agreement of the legal advisers deferring payment of costs until such time as asset realisations allow for payment of such costs.

The Receivers have advised that they have to date provided to the PCQ a significant discount on their rates at appointment in excess of $4 million and have advised that there has also been no adjustment to their charged rates since the time of appointment in May 2021, despite the Receivers' usual hourly rates increasing by up to 28% since appointment. The Receiver's lawyers Allens have also applied significant discounts to their time incurred throughout the Receivership.

Litigation Position and Timeline

As noted in the last update, the Supreme Court gave directions in October 2022 and October 2023 that it was appropriate for the Receivers to continue to conduct the litigation to defend the PCQ against the claims brought against the Church (originally commenced by Catalyst entities shortly after the Receivership commenced in May 2021).

Since the trial concluded on 2 February 2024, the decision of the Judge has been reserved. At the time the trial concluded, his Honour indicated that a judgment would

not be made for at least a few months. Unfortunately to date, a judgment has not yet been delivered. No further indication has been given as to when a judgment may be expected.

Again, it is worth noting that it is both unwise and premature to speculate on what the Court's judgment may be while the matter continues to be considered by the Judge. As foreshadowed in the previous update, given the complexity and difficulty of the case, it is expected that one or more of the parties may seek to appeal aspects of any judgment. An appeal process is anticipated to add a further period of at least 6 months (post the original judgment) for the appeal to be heard and a further period within which a further determination would be made.

While the judgment has been reserved, certain preparations have been undertaken by the legal advisers to be in a position to be able to immediately respond once the decision is delivered

The Special Commission of Assembly

The State Assembly appointed a Special Commission, comprising all members of the 2024 State Assembly, to address all matters pertaining to, and arising from, the Court Appointed Receivership.

Because the Court's judgement remains pending, the Special Commission of Assembly has not been called upon to make decisions concerning the Court Appointed Receivership. However, it has met occasionally to receive updates concerning matters which fall within its mandate.

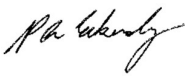
Pastoral Concerns

We remain grateful for the work of the Receivers, and we continue to pray for them in their legal oversight to "Protect and Maintain" the assets of the PCQ.

The longer we await the judgement from the Court, the more our feelings could be one of anxiety or complacency. Both responses, while very natural, can take our eyes off the things that matter most. Colossians 3:3 reminds us that "our lives are hidden with Christ in God" while the preceding verse 2 tells us to "set our minds in the things above".

May we, as God's people, keep striving for the Gospel in our local communities. For the saving work of Christ is our joy and our hope.

Yours in Christ



(Mr) Peter Eckersley
Moderator-Elect