

**Anglican Church Property Trust Diocese of Sydney (ACPT)
Report to 2nd Ordinary Session of the 52nd Synod of the Diocese of Sydney - 2018**

As the Chair of the ACPT, and on behalf of the Board, I have pleasure in presenting the ACPT's 2018 annual report to the Synod.

As noted by the President and immediate past Chair of the ACPT in a previous annual report to Synod, the role of the ACPT from its constituent documents, an Act of the NSW parliament (1917) and an ordinance of the Synod (1965), has changed from a relatively passive trustee of church trust property to one responding to significantly more complex regulatory, legal, political and social environments. Board members may be exposed to potential personal liability under legislation such as that relating to heritage, construction and fire safety.

Complexity continues to increase for parishes and the ACPT. Examples include:

- obligations under the NSW Heritage Act (1977),
- ongoing compliance with ACNC legislation,
- ongoing compliance with fire safety aspects of the Environmental Planning and Assessment Regulations (2000),
- operating in an increasingly litigious external operating environment and associated implications for insurance, reputation risk and personal liability,
- changes to NSW planning instruments,
- guidelines published by the Australian and New Zealand Governments Australian & New Zealand Counter-Terrorism Committee (ANZCTC) entitled *Australia's Strategy for Protecting Crowded Places from Terrorism*,
- more complex administration of the various Local, NSW and Federal Government grant programs,
- issues arising from the Royal Commission into Institutional Responses to Child Sexual Abuse.

Because parishes are unincorporated bodies there is a necessary interface with ACPT in parish church trust property matters. In passing ordinances concerning parish church trust property, the Standing Committee, resolved in February 2014:

Standing Committee declares its view that the polity of this Diocese generally gives precedence to parishes over the affairs of the Diocese, including in relation to the management of property held for a parish and the benefit of income from such property.

This interface needs to be managed with consistency and having regard to the interests of parishes, the increased complexities noted above, the legal and fiduciary obligations of the ACPT and the potential personal liability that may be imposed upon its Board members.

Since Synod 2017, as in previous years, ACPT, as the corporate trustee of the Diocese, operated across the full spectrum of diocesan activities. Some notable outcomes include –

- *Exercising* oversight and/or providing guidance in relation to over 20 significant current and planned parish projects with anticipated building costs exceeding \$1m,
- Assistance with and management of over 40 parish projects supported by grants made by the NSW Government under its Community Building Partnership (CBP) 2016 program. All projects were delivered materially on time and within budget.

- Assistance with and management of some 60 CBP2017 grants supporting parish projects currently underway or about to commence shortly. .
- *Concluding* the 2017 / 2018 diocesan insurance renewal at competitive rates which generally enhanced policy coverage, compared with the maturing policies, and delivered cost economies to parishes and those diocesan organisations that participate in the Church Insurances Program through the use of long term agreements struck at very competitive historical premium rates accounting for 71% of the premium spend.
- *Approached* Ministers of the NSW Government to advance the cause of several parishes in relation to specific local parish matters.
- *Partnered* with the Mission Property Committee to complete a ministry centre at the Leppington Growth area and obtain development consent for new church buildings at Stanhope Gardens, Wilton and Riverstone.
- *Concluding* a review of the methodology on which the ACPT management fee is calculated that is being reviewed by the Standing Committee for consideration of a new methodology that would allocate the cost more equitably from 1 January 2019.
- *Negotiated* a \$220,000 transaction fee outside the terms of the formal transaction documentation from the outgoing head lessee of the 1 York Street, Sydney office tower, by agreeing to meet a very tight documentation and settlement deadline over the recent Christmas / New Year period that delivered material financial benefits to the parish of Church Hill and the Synod.
- *Managed* the refurbishment of and tenanting of a property given under the Will of a generous ex parishioner of St Andrew's Cathedral to be held beneficially for the Cathedral so that rental proceeds can be delivered to ameliorate the significant cost to the Cathedral associated with maintaining the fabric of an iconic NSW State Heritage Listed item.

I take this opportunity to thank parish councils, senior clergy and the SDS team that supports the Board, especially recognising the contribution made, often in the face of intensive workloads, to deliver lasting and meaningful ministry outcomes.

I also take this opportunity to acknowledge the contribution made to the efficient functioning of the Board through the critical skills provided by all members of the Board.

As at 31 December 2017 the Board comprised the following members:

Name	Title, Description	Institution/ Industry
Canon Christopher Allan	Sub Dean, St Andrew's Cathedral, ex project manager, Lend Lease Corporation.	Ministry
Mr Roger Collison	Investment Consultant	Finance/Investment
Mr Glynn Evans	Architect, retired partner, Allen Jack + Cottier	Building
Dr Glenn Davies	Archbishop of Sydney	Ministry
Mr Richard Neal	Partner, Teece Hodgson & Ward Solicitors	Law
Mr David Nelson	Registered Valuer, David Nelson & Partners	Property
The Rev David Ould	Rector, parish of Glenquarie and former Chartered Accountant	Ministry
Mr Peter Rusbourne	Partner, Watkins Tapsell, Solicitors	Law
The Rev Andrew Schmidt	Rector, parish of Randwick and ex solicitor, Clayton Utz	Ministry
Dr Robert Tong AM	Solicitor	Law
Mrs Melinda West	Manager, Pascoe Whittle, Accountants	Accountancy

The Board extends its appreciation to Mr Wayne Bramley (previously a senior executive at the specialist insurance broking firm, Marsh Pty Ltd) and Mr Ian Pike (a former Board member, and previous Head of Business Credit at BankWest) who both provide specialist advisory assistance to

the ACPT's investment, insurance and finance sub committee (IIFC). Earlier this year, the Board also welcomed Ms Michelle Lim, (currently a director of KPMG with a banking and strategic advisory background) as a further advisor to the IIFC. Additionally, we thank the staff of SDS who faithfully and diligently serve the Board.

In closing, I would like also to acknowledge with gratitude, the enormous contribution that my immediate predecessor, Dr Robert Tong AM made to the ACPT during the term of his chairmanship of the ACPT over the previous 15 years. As the President has acknowledged, Dr Tong brought sage advice, wise counsel and where needed, gentle chastisement to the Board and we are delighted that Dr Tong continues as a Board member, so that his contribution as a trustee might continue for some time to come.

A summary of the year's work by ACPT from the Head of Parish Property, Mr Greg Ellem follows. I commend this report to the Synod.

Mr Richard Neal
Chair, Anglican Church Property Trust Diocese of Sydney

July 2018

Summary by the Head of the Parish Property, Mr Greg Ellem

My colleagues, Judi Harrington, Penny Barletta, Scott Lincoln, Lyndon Tam, Sally Satya and Cindy Wong and I appreciate the assistance provided by the Board, Senior Clergy and critically, parish volunteers, as we partner parishes in a variety of property and insurance matters as they continue to undertake front line Christian ministry across the diocese.

We serve the Board as its executive management team and relate to the Board in accordance with several service level standards that are annually negotiated with the Board and reviewed twice a year.

In this ACPT report to Synod you will find -

1. an Executive Summary.
2. an explanation of how the ACPT is constituted / its purpose.
3. details of major activities undertaken since Synod 2017 (some of the major activities of the ACPT in more detail).
4. contact details of the insurance and parish property services team.

1. Executive Summary

During the period since Synod 2017 the ACPT (as trustee for parishes and some diocesan organisations) –

- *Received*, reviewed, signed and processed over 400 documents for parishes (including development applications, building contracts, leases, licence agreements, contracts of sale, applications for grant funding, insurance claims, etc.). This compares with 273 documents processed in the 12 months to Synod 2017.
- *Co-ordinated* the submission of NSW Government CBP grant applications that led to grants of \$1,148,827 for 62 parishes (taking the total grants by the NSW Government under the CBP program to \$11,309,663 (2010 - 2017 inclusive).
- *Arranged* and placed insurance cover for a comprehensive suite of insurance products, for over 300 diocesan entities (parishes & numerous diocesan organisations) at competitive premium rates.
- *Prepared and issued* ten circulars to parishes about a range of policy/procedure matters such as the quarterly performance of ACPT's Long Term Poling Fund and the GAB Diocesan Cash Investment Fund, Government Grant Funding (Community Building Partnership and Heritage grants), security training workshops, Client Alert CGU, using parish sites as polling places as well as the quarterly "About Your Invested Funds" circular to parishes and diocesan organisations on whose behalf the ACPT invests funds.
- *As noted by the Chair*, ACPT representatives met with the staff and elected members of the NSW Government and Local Councils, in relation to several specific parish building, sale and heritage projects.
- *Co-ordinated* meetings of the Christian Church Property Network (CCPN), comprising most Protestant Denominations and the Roman Catholic Church, to ensure a co-ordinated and cohesive approach on matters of mutual concern to the relevant government bodies. A highlight during the review period was to confirm that the ACPT approval process for major developments and ACPT building contingency policy is in accordance with best practice

2. Constitution and Purpose

The ACPT is an incorporated body constituted by the *Anglican Church of Australia Trust Property Act 1917* (1917 Act). The *Anglican Church Property Trust Diocese of Sydney Ordinance 1965* regulates the functioning of ACPT. Pursuant to the 1917 Act, ACPT is the legal owner and trustee of church

trust parish property within the Diocese of Sydney. As owner, ACPT is required to be involved in a wide range of parish property transactions, including but not limited to insurance, leases, licences, property sales / purchases, building contracts and administration of estates.

3. Major Activities – some of the major activities of the ACPT are -

a) Strategic Land Acquisition and Construction on behalf of the Mission Property Committee (MPC)

On behalf of the MPC, the ACPT -

- Concluded construction and fit out of the existing buildings at 30 Heath Road, Leppington to make them suitable for occupation as a public worship space and seating 100 persons with associated amenities and car parking areas.
- Undertook planning and design and obtained development consent for future ministry centres at Stanhope Gardens, Wilton, and Riverstone greenfields sites that have been purchased via the parish acquisition levies. Development applications were also lodged for future ministry centres at Leppington in the south west growth corridor and Marsden Park in the north west growth corridor.

b) Insurance

Pursuant to the terms of the *Church Insurances Ordinance 1981* the ACPT effects insurance on behalf of parishes and some diocesan organisations under the Church Insurances Program (CIP).

The annual renewal date of the diocesan insurance policies is 31 August. There is an annual insurance premium of approximately \$2.8 million, to insure circa 1,100 parish buildings and property of many diocesan organisations under the church insurances program (CIP).

The ACPT Manager, Insurance Services begins the renewal process early each calendar year by collecting key insurance data from parishes and diocesan organisations to facilitate negotiations with various investment grade insurance counterparties for suitable insurance cover for parishes and many diocesan organisations. Significant time is invested in reviewing the adequacy and extent of existing cover for those diocesan organisations that participate in the CIP (Anglican Youthworks, Glebe Administration Board, Finance and Loans Board, Mothers Union, St Andrew's House Corporation Council and Sydney Diocesan Secretariat) as well as the diocesan insurance broker, Marsh Pty Ltd (Marsh).

With the assistance of Marsh, insurance policies are established for a suite of insurance products with a spectrum of insurance counterparties, all of whom are ascribed an "investment grade" external counterparty credit rating by the recognised international insurance Credit Rating Agencies.

Since 2007, the ACPT Board has contracted rolling fixed rate agreements with the buildings and contents (industrial special risk) insurer to "lock in" premium rates. This strategy was expanded to the Public Liability insurance policy during 2016.

Through effectively fixing the variable cost (premium rate) of two key insurance product, the budgeting for PCR cost is able to be streamlined. Following the fixing of the premiums rate of the Public Liability insurance policy in addition to the ISR to premium rate, 71% of the annual insurance premium component of PCR has been set in advance.

Insurance related enquiries are dealt with by the Manager, Insurance Services (Cindy Wong), who, with funding having been made available by the Board, is now assisted by Ms Sally Satya, Insurance Assistant,. Sally's appointment brings the staff support for the CIP closer to the levels provided by other Protestant denominations in NSW. The enquiries handled by Cindy and Sally include day-to-day insurance enquiries and issuance of Certificates of Currency which enable parishes to conduct on site activities.

c) Investment, Insurance and Finance Subcommittee of the ACPT Board (IIFC)

In addition to the insurance responsibilities outlined previously, the IIFC, currently comprising the Subcommittee Chair, Mrs Melinda West (who is the deputy chair of the Board) along with board members Mr Richard Neal, Mr Roger Collison and the Rev David Ould. As noted by the chair, these members are supported by Mr Wayne Bramley, Ms Michelle Lim and Mr Ian Pike, who provide advice to the Board in respect to the oversight of the Long Term Pooling Fund (LTPF) as well as reviewing and developing policy and procedures for adoption by the full ACPT Board in relation to the 275+ investment funds that the ACPT manages as trustee on behalf of parishes and diocesan organisations.

The Investment Objective for the LTPF is to achieve a real rate of return of 4% pa over rolling 5 year periods (after external investment management fees and tax effects) subject to:

- i. Preserving the real value of a unit in the LTPF over a rolling year period (commencing 1/7/2010); and
- ii. adopting a distribution policy that is consistent with the Investment Objective.

The real rate of investment return generated by the LTPF over the period 1/7/2010 to 31/12/2017 was 10.07% pa compared to an average inflation rate over the same period of 2.09% pa, thereby generating a real rate of return of 7.98%pa over the period. During 2017 distributions aggregating \$2.4 million were made to beneficiary parishes and diocesan organisations.”

d) NSW Community Building Partnership (CBP) Grant Programs

Since the initial CBP grants were announced in 2009, the ACPT has promoted, facilitated and administered all CBP Grant Programs. The process includes –

- assisting parishes construct applications and liaising with local MPs.
- reviewing documentation and grant conditions applicable to each successful parish.
- responding to enquiries from parishes about various aspects of the CBP Grant Program.
- responding to enquiries from the NSW CBP Office and NSW Government Members of Parliament about successful parish projects.
- receiving and distributing grant funds to each successful parish.
- reporting to the NSW State Government in accordance with grant funding criteria.
- following up incomplete acquittal information from grantees to satisfy NSW Government CBP Grant Program audit procedures and ensure that parishes are given a fair opportunity to share in future CBP Grant Programs.

A summary follows of the extent to which parishes have successfully participated in the CBP Grant Programs –

Year)	No. of successful Parishes	\$ Grant amount (rounded)
CBP 2009 (I)	33	900,000
CBP 2010 (II)	97	2,800,000
CBP 2011 (III)	68	1,600,000
CBP 2012 (IV)	61	1,250,000
CBP 2013 (V)	53	930,000
CBP 2014 (VI)	64	1,313,000
CBP 2015 (VII)	37	537,000
CBP 2016 (VIII)	42	830,836
CBP 2017 (IX)	62	\$1,148,827
Total	517	\$11,309,663

4. Property and Insurance team

The SDS parish and property services team who support the ACPT look forward to continuing to serve parishes and diocesan organisations. In last year's Synod report I mentioned that following

the departure of a long serving member of the team in December 2016 we had appointed Ms Penny Barletta to provide interim supported for parishes pending a permanent replacement being identified. I am pleased to report that over the course of 2017 the Board authorised the appointment of Mrs Barletta to a 3 day a week permanent part time role and the recruitment and appointment of Mr Lyndon Tam to the vacant full time position. As mentioned previously, Ms Barletta is well known to many parishes, particularly in the Northern and Western regions. Mr Tam joins us with a property and finance background, having worked most recently with Mirvac Ltd as a project manager.

The Parish Property Services team can be contacted as follows:

Greg Ellem, Head of Parish Property	gxe@sydney.anglican.asn.au	02 9265 1546
Penny Barletta, Manager, Parish Property (Northern Region)	pxb@sydney.anglican.asn.au	0292651561
Judi Harrington, Associate	jxh@sydney.anglican.asn.au	02 9265 1578
Scott Lincoln, Manager Parish Property (Western Region)	sxl@sydney.anglican.asn.au	02 9265 1633
Lyndon Tam, Manager, Parish Property (Georges River, South Sydney & Wollongong Regions)	lm@sydney.anglican.asn.au	02 9265 1562
Sally Satya, Insurance Assistant	ssatya@sydney.anglican.asn.au	02 9265 1557
Cindy Wong, Manager, Insurance Services	cpw@sydney.anglican.asn.au	02 9265 1679

Gregory M Ellem
Head of Parish Property

July 2018

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