

**Anglican Church Property Trust Diocese of Sydney (ACPT)  
Report to 1st Ordinary Session of the 52nd Synod of the Diocese of Sydney - 2020**

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**Introduction**

As the Chair of the ACPT, and on behalf of the Board, I have pleasure in presenting the ACPT's 2019 annual report to the Synod.

While this report intentionally focusses on the 2019 year, as the ACPT is required to do, it is prepared against the backdrop of an intense bushfire season that impacted so many communities in the Illawarra/Shoalhaven, Southern Tablelands and Blue Mountains districts of the diocese and more recently, the COVID-19 pandemic that has touched the lives of everyone across the diocese. Therefore, I commence this report by acknowledging the impressive manner in which parishes across the diocese have risen to the challenges presented to look for novel ways to so effectively continue to engage with their local communities as they continue to present the good news of Jesus Christ. On behalf of my fellow board members and the SDS team that supports the ACPT, we say "thank you!" and assure you of our collective prayers.

**Strategic Focus**

As noted in previous annual reports to Synod, the role of the ACPT as defined by its constituent documents, an Act of the NSW parliament (1917) and an ordinance of the Synod (1965), continues to evolve from operating as a relatively passive trustee of church trust property to one that must respond to significantly more complex regulatory, legal, political and social environments. Board members may also be exposed to potential personal liability under legislation such as that relating to heritage and fire safety.

As complexity has continued to increase for parishes, so it has for the ACPT through 2019 as members continued to ensure that corporate and individual fiduciary duties are effectively discharged. The examples of where parishes and ACPT have needed to operate in a more highly complex environment are varied. Over 2019 some 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)
- increased obligations under the *Cemeteries & Crematoria Act 2013*
- operating in an increasingly litigious external environment with associated implications for insurance, reputation/risk and personal liability
- changes to NSW planning instruments
- more complex administration of the various Local, NSW and Commonwealth Government grant programs
- obligations 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 this regard, the following February 2014 Standing Committee resolution remains salient:

*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 intersection needs to be managed with consistency and 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.

### **Highlighted Activities during 2019**

Since Synod 2019, 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 administered 18 separate building) projects for amounts generally in excess of \$1 million, ranging from the construction of a relocatable ministry building at Wilton parish to the ongoing redevelopment of the Chapter House of St Andrew's Cathedral and redevelopment of the Manly Corso retail shops and ministry facilities at Manly parish and a new ministry centre at Stanhope parish.
- assisting parishes lodge over 200 applications under nine different NSW and Commonwealth Government grant programs and administered in excess of \$2.5 million in successful grant funding. This included the NSW Government's Community Building Partnership program (CBP) that resulted in 75 parishes being granted funding totalling \$1.5m and 12 parishes also received \$55,000 in total towards the installation of CCTV cameras on their church buildings to improve both security at church premises thereby enhancing the risk profile of the parish portfolio in the eyes of the insurer. The contribution to parish life that our Commonwealth and State Governments have made, is very much appreciated by not only the parish members but equally, the wider community.
- overseeing the investment, on behalf of parishes, of approximately \$112 million (31 December 2019) in the Diocesan Cash Investment Fund and a further \$73 million (31 December 2019) in the Long Term Pooling Fund in which some 95 parish unitholders are invested.
- concluding the 2019/2020 renewal of the Church Insurances Program (CIP) in what insurance professionals have termed the "hardest" insurance market experienced in Australia in over a decade. The cost of the CIP was able to be maintained at the level forecast to Synod at the beginning of the most recent PCR triennium. However, because the 31 August 2019 insurance renewal coincided with the expiry of a three year long term agreement struck at very competitive 2016 premium rates, which had provided parishes with an effective below market insurance cost over that time, it was decided that the ACPT would absorb approximately 23% of the actual cost of the CIP for the 2019/20 year. This was not an insignificant sum and based on actuarial modelling is not financially sustainable. Accordingly, the ACPT, under the oversight of the Standing Committee is investigating options for minimising the cost of the CIP to parishes for the 2020/2021 period. Realistically, unless a significantly higher level of self-insurance by parishes is accepted by the Standing Committee, with all of the associated potential downside implications, after the 31 August 2020 renewal is concluded, the associated PCR contribution to parishes will be significantly higher than the 2019 PCR contribution.
- establishing a "Major Works" sub-committee by appointing property and finance specialists who are all active in diocesan parishes to harness their professional skills and to bolster the ACPT's existing skills in these areas for the guidance of parishes and oversight of larger property projects. The Board thanks the sub-committee and the SDS staff for drawing up an effective Charter as well as policy, process and protocol documents that are assisting parishes mitigate risk and complete major property projects.

### **Synod's Governance Policy for Diocesan Organisations**

The ACPT Board welcomes the Governance Policy for Diocesan Organisations that was approved by Synod 2019. The ACPT Board is seeking ways to adopt as many of the Governance Standards and Policy Guidelines that are included in the policy as are pragmatically possible for a trustee. The Board expects that the process will be iterative and will report progress in future annual reports to the Synod.

## Acknowledgements

I take this opportunity to thank parish councils, the episcopal team and the SDS teams that support 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 ACPT through the critical skills provided by all members of the Board.

On behalf of the Board, I also extend sincere appreciation to the advisors to the ACPT's various sub-committees:

- Ms Michelle Lim (Director, KPMG with a banking and strategic advisory background) and Mr Roger Collison, (former member of the ACPT and former Head of Research at Tyndall) who both provide professional specialist advisory assistance to the ACPT's Investment, Insurance and Finance subcommittee (IIFC), and
- Mr Glynn Evans (architect and former member of the ACPT), Ms Priscilla Tran (Development Manager, City West Housing), Mr Greg Chambers (Engineer and Director, Strategy and Development, Jones Nicholson) and Ms Alexandra Spinks (Highway Engineer, ARUO).

As at 31 December 2019 the Board comprised the following members-

Name	Title, Description	Experience/Skills
Dr Glenn Davies	Archbishop of Sydney	Ministry
The Rev Canon Christopher Allan	Sub Dean, St Andrew's Cathedral, ex project manager, Lend Lease Corporation.	Ministry
Mr Wayne Bramley	Director, Inscon (Insurance Consultancy)	Insurance
Mr Roger Collison	Investment Consultant	Finance/Investment
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 Ian Pike	Former Head of Business Credit, BankWest	Finance/Investment
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

Additionally, I express my personal thanks to Mrs Melinda West, who very capably supports the Board as Deputy Chair and Chair of the IIFC as well as the staff of SDS who continue to serve the Board faithfully and diligently.

A summary of the operational aspects of this year's work by ACPT from the Head of Parish Property Services, Mr Greg Ellem, follows.

I commend this report to the Synod.

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

June 2020

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

My colleagues, Penny Barletta, Judi Harrington, Scott Lincoln, Sally Satya, Cindy Wong and I appreciate the assistance provided by the Board, the senior episcopal team and the many 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 arm and relate to the Board in accordance with a service level agreement that is negotiated annually and is reviewed during the year. In this ACPT report to Synod you will find -

- an Executive Summary,
- details of the ACPT's Constitution and purpose,
- a summary of major activities undertaken by ACPT during 2019, and
- contact details of the SDS insurance and parish property services team

### 1. Executive Summary

During 2019 the SDS management team supporting the ACPT in its corporate and trustee capacity as trustee for parishes and some diocesan organisations in the following areas –

- a) received, reviewed, signed and processed a record 535 separate documents for parishes (including development applications, building contracts, leases, licence agreements, contracts of sale, applications for grant funding, insurance claims, etc.). This compares with 506 documents processed in the 12 months to Synod 2018,
- b) implemented the quarterly "Property Matters" newsletter for parishes (Spring and Summer 2019) to enhance communication channels with parishes in respect to insurance and property-related matters,
- c) administered a record 152 Public Liability insurance notifications and 103 Industrial Special Risk (Property and Contents) insurance claims on behalf of parishes,
- d) project managed the triennial physical inspection of all parish, Moore Theological College and Anglican Youth Works buildings for insurance cost assessment purposes that are critical to ensuring that the declared values of property are accurate,
- e) prepared and issued 24 separate circulars to parishes about a range of policy/procedure matters such as the quarterly "About Your Invested Funds" circular to parishes and diocesan organisations on whose behalf the ACPT invests funds, quarterly "Property Matters" circular, grant funding from the NSW, Local and Commonwealth governments, advice in respect to cemeteries and columbaria, advice about using Anglican halls as polling places, as well various insurance related circulars, and
- f) co-ordinated meetings of the Christian Church Property Network (CCPN) which comprises 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.

As noted by the Chair, SDS staff were particularly busy during 2019 identifying grant opportunities for parishes and we are pleased that the aggregate value of the NSW Government's CBP program alone, has delivered aggregate financial support to parishes over the period 2010 – 2019 to \$14.3 million. The ACPT's executive team also met with the parliamentary staff and elected members of the NSW Government and local Councils, in relation to several specific parish building, sale and heritage projects. Further meetings have occurred during 2020.

### 2. Constitution and Purpose

The ACPT is an incorporated body constituted by the *Anglican Church of Australia Trust Property Act 1917*. The *Anglican Church Property Trust Diocese of Sydney Ordinance 1965* regulates the functioning of the ACPT. Pursuant to the 1917 Act, the ACPT is the legal owner and trustee of church trust parish property within the Diocese of Sydney. As owner, the 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 undertaken by ACPT during 2019**

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

The ACPT –

- a) concluded construction of a modular worship centre at Wilton parish to improve the amenity for worship and increased the seating capacity to 150 persons with associated amenities and car parking areas
- b) commenced construction of a new 250 seat ministry centre at Stanhope Gardens with associated hall, amenities and car parking facilities (completed May 2020). A surplus land sale to the rear of the Stanhope Gardens site was also commenced to include provision of ministry housing for Stanhope Gardens parish and to realise funds for allocation towards other greenfield church projects.
- c) undertook planning and design and obtained a modified development consent for a future ministry centre at Leppington.
- d) secured physical commencement on a development consent for a future ministry centre at Riverstone and concluded civil infrastructure works for the adjoining land subdivision, surplus land sale and provision of associated ministry housing for the Riverstone parish.

#### 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 some 1,100 parish buildings and property of many diocesan organisations under the church insurances program (CIP).

The ACPT Manager, Insurance Services commences 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 administering the cover for those diocesan organisations that participate in the CIP (including Anglican Aid, Anglican Education Commission, Anglican Media, Arundel House, Anglican Youthworks, Camperdown Cemetery Trust, Endowment of the See, Evangelism & New Churches, GFS, Glebe Administration Board, Ministry Training & Development, Mission Property Committee, Moore Theological College, Mothers Union, New Churches for New Communities, Sydney Anglican Loans, Sydney Anglican Indigenous Peoples Ministry Committee, St Andrew's House Corporation Council St James Hall, Sydney Diocesan Services and Work Outside the Diocese). This is achieved under the oversight of 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.

As noted in the report from the Chair, 2019 proved to be an extremely challenging year for insurance markets generally; the CIP was not immune, especially as the CIP was coming off a long term agreement in respect to the ISR insurance that, while enabling the CIP to be shielded from a rapidly rising insurance market since early 2018, unfortunately exacerbated the new normal significantly higher cost of insurance experienced last year. The Chair has indicated that the Board is seeking strategies for minimising the cost of the 31 August 2020 insurance renewal, and time will tell whether the cost of the CIP is able to be materially reduced in a prudent way by adopting some of those strategies. The Standing Committee will play a key role in making those decisions as the appetite for taking on greater insurance risk is considered. I would like to call out the contribution that Mr

Wayne Bramley has made to the negotiation of the very “hard” insurance market and in particular, his technical and negotiation expertise gained from almost 40 years in the industry.

Insurance-related enquiries are dealt with by the Manager, Insurance Services (Cindy Wong) and the Insurance Assistant, Ms Sally Satya. The enquiries handled by Cindy and Sally include day-to-day insurance enquiries and issuance of Certificates of Currency which enable parishes to conduct off-site activities.

#### Investment activities of the ACPT

While the ACPT Board provides key strategic oversight of the Long Term Pooling Fund (LTPF), management is responsible for reviewing and developing/recommending policies and procedures for adoption by the full ACPT Board in relation to more than 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 3.5% pa over rolling 5 year periods (after external investment management fees and tax effects) subject to:

- preserving the real value of a unit in the LTPF over a rolling 10 year period (commencing 1/7/2010), and
- 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 31/12/2019 was 7.47% pa, considerable above the real rate of return objective. During 2019 distributions aggregating \$2.5 million were made to beneficiary parishes and diocesan organisations.”

Quarterly reports are received from the investment and asset manager, Mercer Pty limited (Mercer) that demonstrated that ACPT’s ethical investment policy (EIP) was in compliance throughout the review period. ACPT’s EIP requires underlying fund managers to positively tilt their portfolios to ethical companies and to maintain carbon intensity exposures below that of equivalent market benchmarks within the actively managed listed asset classes. The EIP was initially adopted and implemented by the ACPT with the endorsement of the Standing Committee in 2016. The policy is subject to review during late 2020.

The EIP also retains the “negative screens” (that is, screening out “disapproved businesses”) such as businesses deriving income from alcohol, armaments, gambling, pornography and tobacco and stem cell research involving the destruction of embryos, abortifacients and elective abortions.

Overseas Shares are passively managed so there is no difference from the benchmark in terms of carbon intensity. The ACPT is well advanced in taking a similar approach to seeking a reduction in the carbon intensity of other parts of the portfolio in due course.

A copy of the ACPT’s EIP can be found at [www.sds.asn.au](http://www.sds.asn.au).

#### 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
- progress and acquittal 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 of the CBP Grant Programs\* follows –

<b>Year</b>	<b>No. of successful Parishes</b>	<b>\$ Grant amount (rounded)</b>
CBP 2009 - 2018	602	\$12,825,663
CBP (I) – (XI)		
CBP 2020 (XII)	75	\$1,500,000
<b>Total</b>	<b>677</b>	<b>\$14,325,663</b>

\* During 2019, an additional new NSW Government grant program was launched, known as “My Community Projects.” We are pleased to report that 17 parishes received a total of \$808,000 under this program.

#### 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. The Parish Property Services team can be contacted:

<b>Greg Ellem, Head of Parish Property</b>	<a href="mailto:gxe@sydney.anglican.asn.au">gxe@sydney.anglican.asn.au</a>	02 9265 1546
<b>Penny Barletta, Manager, Parish Property (Northern and South Sydney regions)</b>	<a href="mailto:pxb@sydney.anglican.asn.au">pxb@sydney.anglican.asn.au</a>	0292651561
<b>Judi Harrington, Team Associate</b>	<a href="mailto:jxh@sydney.anglican.asn.au">jxh@sydney.anglican.asn.au</a>	02 9265 1578
<b>Scott Lincoln, Manager Parish Property (Western , Georges River and Wollongong regions)</b>	<a href="mailto:sxl@sydney.anglican.asn.au">sxl@sydney.anglican.asn.au</a>	02 9265 1633
<b>Sally Satya, Insurance Assistant</b>	<a href="mailto:ssatya@sydney.anglican.asn.au">ssatya@sydney.anglican.asn.au</a>	02 9265 1557
<b>Cindy Wong, Manager, Insurance Services</b>	<a href="mailto:cpw@sydney.anglican.asn.au">cpw@sydney.anglican.asn.au</a>	02 9265 1679

Gregory Ellem  
**Head of Parish Property**

June 2020

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