

Anglican Church Property Trust Diocese of Sydney (ACPT)
Report to 1st Ordinary Session of the 51st Synod of the Diocese of Sydney - 2017

As the Chair of the ACPT, and on behalf of the Board, I have pleasure in presenting the ACPT's 2017 annual report to the Synod.

As noted by the President 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 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,
- more complex administration of the NSW Government's various 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 intersection needs to be managed consistently with regards 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 2016, 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 of 9 significant parish projects (building contracts > \$500,000), plus 39 parish projects that were supported by grants made by the NSW Government under its ongoing Community Building Partnership (CBP) Grant Program. All projects were delivered materially on time and within budget and it is noted the CBP Mark VIII was announced in December 2016 with moneys expected to be released by the government during 2017.
- *Concluding* the 2016 / 2017 diocesan insurance renewal at competitive rates which generally enhanced policy coverage, compared with the maturing policies.

- *Approached* the Minister of 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 stage 1 church building and ministry residence in the Leppington growth area.
- *Concluding* a review of the methodology on which the ACPT management fee is calculated.

I take this opportunity to thank parish councils, senior clergy and the SDS team that supports the Board, especially recognising the strong teamwork that exists, 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 2016 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
The Rev Andrew Bruce	Rector, parish of Cooks River and ex structural engineer, Sinclair Knight Merz	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
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 the Head of Business Credit at BankWest) who each provide specialist advice to the Investment, Insurance and Finance Committee, and the staff of SDS who faithfully and diligently serve the Board.

The Board also acknowledges the contribution made by the Rev Andrew Bruce who retired from the Board in April 2017 and welcomes the Rev Andrew Schmidt who was appointed to the Board in May 2017.

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.

Dr Robert Tong AM,
Chair, Anglican Church Property Trust Diocese of Sydney

June 2017

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

My colleagues, Judi Harrington, Scott Lincoln 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 2016 (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 2016 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 to 322 documents processed in the 12 months to Synod 2016.
- *Co-ordinated* the submission of NSW Government CBP grant applications that led to grants of in excess of \$830,836 for 42 parishes (taking the total grants by the NSW Government under CBP I through VIII to \$10.16 million (2010 - 2016 inclusive)).
- *Managed*, with the assistance of the senior clergy of the diocese, the acquittal process of prior years of CBP grants,
- *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* eight circulars to parishes about a range of policy/procedure matters such as - grant funding, triennial physical inspections of parish properties, 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 the impact that the CCPN had in encouraging the NSW Government's decision to defer implementation of the unpopular NSW fire and emergency services levy. If the proposal had been implemented, most parishes would have been significantly adversely impacted in a financial sense.

- Co-ordinated the triennial inspection of all parish property by an insurance cost consultant following a tender process that enabled the cost to be contained at a level lower than the previous cost assessment that ensures all real property is appropriately costed and recorded for insurance purposes.

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 the construction of a ministry residence at 25 Penstock Street, Willowdale for the Leppington Church planter.
- Concluded construction of a fit out of the existing buildings at 30 Heath Road, Leppington to make them suitable for occupation as a church seating 100 persons with associated amenities and carparking areas.
- Undertook planning and design and lodged authority approvals for future ministry centres at Stanhope Gardens, Leppington, and Riverstone greenfields sites acquired via the parish acquisition levies.
- Undertook land searches over 4 separate sites in Landcom growth areas and concluded due diligence on a 3ha greenfields site at Bringelly which is the nearest planned residential town centre to the proposed Badgerys Creek airport.

- 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 \$2,760,000, 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 also spent 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 streamlined. Following the fixing of the premiums rate of the Public Liability insurance policy in addition to the ISR to premium rate, 48.5% of the annual insurance premium component of PCR has been set in advance.

Conclusion of the triennial update of all parish property for insurance cost assessment purposes.

Following a tender for service delivery, AssetVal, a specialist insurance cost assessor, was engaged to undertake the exercise during 2016. The next portfolio cost assessment is scheduled for 2019.

Insurance related enquiries are dealt with by the Manager, Insurance Services (Cindy Wong). These enquiries 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, Mr Richard Neal, along with Mrs Melinda West, Mr Roger Collison, the Rev David Ould, Mr Ian Pike and Mr Wayne Bramley is charged with providing 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 over the period 1/7/2010 to 31/12/2016 was 7.69%pa and distributions aggregating \$2.35 million were made from the LTPF during calendar 2016.

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 –

CBP (Mark I – V)	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
Total	455	10,160,836

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. Following the departure of a long serving member of the Parish Property Services team, James Cartwright, in December 2016, we have been actively recruiting for a replacement. Pending that replacement being identified and appointed, we are privileged to have Mrs Penelope Barletta, who supported parishes in SDS several years ago, to provide part time support to ACPT matters involving South Sydney, Georges River and Wollongong regions.

The Parish Property Services team can be contacted as follows:

- Greg Ellem, Head of Parish Property** gxe@sydney.anglican.asn.au 02 9265 1546
- Judi Harrington, Associate** jxh@sydney.anglican.asn.au 02 9265 1578
- Scott Lincoln, Manager Parish Property
(Northern & Western Regions)** sxl@sydney.anglican.asn.au 02 9265 1633
- Penny Barletta, Manager, Parish Property
(Georges River, South Sydney &
Wollongong Regions)** pxb@sydney.anglican.asn.au 02 9265 1561
- Cindy Wong, Manager, Insurance
Services** cpw@sydney.anglican.asn.au 02 9265 1679

Gregory Ellem
Head of Parish Property

June 2017

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