

**Anglican Church Property Trust Diocese of Sydney (ACPT)  
Report to 2<sup>nd</sup> Ordinary Session of the 50<sup>th</sup> Synod of the Diocese of Sydney - 2015**

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As the Chair of the ACPT, and on behalf of the Board, I have pleasure in presenting the ACPT's 2014 annual report to the Synod.

As noted by the President in the ACPT's annual report to Synod 2014, the historical 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),
- Compliance with ACNC legislation,
- 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,
- dealing with a recent tax ruling that resulted in changes to the deductible gift recipient status for church building projects,
- 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.

Parishes are unincorporated bodies and 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.

During 2014, 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 10 significant parish projects (building contracts > \$500,000), plus 64 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 VI was announced during June 2015 with moneys to be received during 2015.
- *Concluding* the 2014 / 2015 Diocesan Insurance Renewal at competitive rates that, in aggregate involved lower premium rates and enhanced policy coverage, compared with the maturing policies, with a long term agreement negotiated in respect to the industrial special risk insurance policy that has fixed the premium rate until August 2017.

- *Approaching* the NSW Government via the local government review panel, arguing to preserve the Anglican Church's ongoing exemption from payment of Council rates.
- *Concluding* the review of the ACPT management fee and reporting the outcome, to retain the status quo calculation methodology, rather than applying a PCR charge, to Standing Committee.
- *Overseeing* the construction of the new ministry centre at Oran Park from April 2014.
- *Continuing to implement* the *Bishopscourt Sale Ordinance 2012*.
- *Partnered* with the Mission Property Committee to employ funds contributed by Parishes towards the acquisition of land in new growth areas across the Diocese.

I take this opportunity to thank parish councils, senior clergy and the staff team that supports the Board, especially for the level of camaraderie and 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 2014 the Board comprised the following members:

| <b>Name</b>             | <b>Title, Description</b>   | <b>Institution/ Industry</b> |
|-------------------------|---|------------------------------|
| Canon Christopher Allan | Acting 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                      |
| 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 Craig Roberts   | Rector, Neutral Bay Anglican and ex Pricewaterhouse                             | 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 Ian Pike (a former Board member, and the Head of Business Credit at BankWest) and to Mr Wayne Bramley (previously a senior executive at the specialist insurance broking firm, Marsh Pty Ltd) who provide specialist advice to the Investment, Insurance and Finance Committee, and the staff of SDS who faithfully and diligently serve the Board.

Subsequent to year end, the Board received the resignation of the Rev Craig Roberts from the ACPT and in acknowledging Craig's significant contribution to the work of the Trust as a member of various sub committees and through his membership of Standing Committee and Synod, wished him God's richest blessings for his ongoing ministry at Neutral Bay parish and across the wider diocese through his ongoing involvement in various boards, committees and councils. The Board welcomed the Rev David Ould upon his election by Standing Committee to fill the vacancy.

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

Dr Robert Tong AM,  
**Chair, Anglican Church Property Trust**

July 2015

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

My colleagues, James Cartwright, Scott Lincoln, Cindy Wong, Judi Harrington 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 for the 12 months ended 31 December 2014 you will find –

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

### 1. Executive Summary

During the review period the ACPT (as trustee for parishes and some diocesan organisations) –

- *Received*, reviewed, signed and processed over 200 documents for parishes (including development applications, building contracts, leases, licence agreements, contracts of sale, applications for grand funding, insurance claims, etc.).
- *Co-ordinated* the submission of NSW Government CBP grant applications that led to grants of in excess of \$1,313,000 for 64 parishes (taking the total grants by the NSW Government under CBP I through VI to \$8.5 million (2010 - 2014 inclusive).
- *Arranged* and placed insurance cover for a comprehensive suite of insurance products, for over 300 diocesan entities (parishes & numerous diocesan organisations).
- *Prepared and issued* 6 circulars to parishes about a range of policy/procedure matters such as - grant funding, polling place licence agreements, as well as the quarterly "About Your Invested Funds" circular to parishes and diocesan organisations on whose behalf the ACPT invests funds.
- *Continued to represent* the diocese as a permanent member of the Religious Property Advisory Panel (RPAP) of the Heritage Branch of the NSW Department of Planning. (RPAP advises the NSW Heritage Council and considers, amongst other things, recommendations to list church buildings on the NSW Heritage Register).
- *As noted by the Chair, ACPT argued* to the NSW Government by meeting with the minister and various senior government officer's that the present exemption from paying council rates applicable to the Anglican Church, be maintained – in the face of the government's desire to expand its revenue base.
- *Liaised* with Ministers of the NSW Government and their departments to assist delivery of positive outcomes for parishes in respect to the aforementioned CBP programs as well as in respect to local government zoning controls in order to permit continuation of church usage rights and promote future church growth and retention of the exemption from payment of local government rates for church property.
- *Co-ordinated* meetings of both the Anglican Organisation People Group and the Wider Christian Church Property Network (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.

## 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) 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 \$3 million, to insure circa 1,000 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, Anglicare, 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.**

Through effectively fixing the variable cost (premium rate) of a key insurance product, the budgeting for PCR cost is streamlined and the upward movement in market premium rates generally over the past few years as a consequence of an unusually high convergence of natural disasters, has led to a very cost effective the premium rate being delivered to parishes and Organisations compared to current market rates.

The current fixed rate agreement expires on 31 August 2017 and with the assistance of Marsh, management is undertaking a competitive tender for the parish industrial special risk product that is expected to deliver a lower premium rate and cost compared to the maturing policy, mainly through competitive tension in the market place.

### **Outsourcing of insurance claims management**

As noted in the ACPT's report to Synod 2014 the Board approved the outsourcing of the claims management process for parish buildings and contents to a third party specialist insurance claims management division of Marsh. Opportunities to further outsource claims management in respect to other insurance products remain under investigation.

The Board and management continue to evaluate options of further de-risking the operational risk associated with undertaking non parish buildings and contents insurance claims management through consideration of further outsourcing of the claims management aspects of other insurance products.

## Insurance Enquiries

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.

### (b) 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 10 year period (commencing 1/7/2010) with a 70% probability; 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 31/12/2014 was 8.64% pa and distributions aggregating \$2.31 million were made from the LTPF during 2014

### (c) NSW Community Building Partnership (CBP) Grant Programs

Since the initial CBP grants were announced in 2009, the ACPT has promoted, facilitated and administered all 6 the 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 outstanding information from grantees that is required to satisfy NSW Government CBP Grant Program audit procedures and ensure that parishes are given a fair opportunity to share in future 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                 |
| <b>Total</b>     | <b>376</b>                 | <b>8,793,000</b>          |

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

On behalf of the MPC, the ACPT -

- Undertook due diligence on strategic locations throughout the diocese and initiated purchase sites at Riverstone (2.5 hectare) and East Leppington (2.0 hectare) employing funds contributed by parishes under the Parish Land Acquisition Levy.
- Oversee the construction of a ministry centre on the greenfield site at Oran Park.

**5. 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 over the remainder of 2015 and beyond, and can be contacted as follows -

|  |                            |              |
|--|----------------------------|--------------|
| <b>Greg Ellem, Head of Parish Property</b>   | gxe@sydney.anglican.asn.au | 02 9265 1546 |
| <b>Judi Harrington, Associate</b>  | jxh@sydney.anglican.asn.au | 02 9265 1578 |
| <b>James Cartwright, Manager, Parish Property (Georges River, South Sydney &amp; Wollongong Regions)</b> | jac@sydney.anglican.asn.au | 02 9265 1561 |
| <b>Scott Lincoln, Manager Parish Property (Northern &amp; Western Regions)</b>                           | sxl@sydney.anglican.asn.au | 02 9265 1633 |
| <b>Cindy Wong, Manager, Insurance Services</b>   | cpw@sydney.anglican.asn.au | 02 9265 1679 |

Gregory Ellem  
**Head of Parish Property**

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