

**Anglican Church Property Trust Diocese of Sydney (ACPT)
Report to 3rd Ordinary Session of the 50th Synod of the Diocese of Sydney - 2016**

As the Chair of the ACPT, and on behalf of the Board, I have pleasure in presenting the ACPT's 2015 annual report to the Synod.

As noted by the President in a previous annual report to Synod, 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),
- 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,
- 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 2015, 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 six significant parish projects (building contracts > \$500,000), plus 75 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 VII was announced in December 2015 with moneys expected to be released by the government during 2016.
- *Concluding* the 2015 / 2016 diocesan insurance renewal at competitive rates that generally resulted in lower premium rates and enhanced policy coverage, compared with the maturing policies.

- After an extensive 3-year sales program, concluded ACPT's obligations in respect to the Bishopscourt Sale Ordinance 2012 when Bishopscourt was contracted for sale at a price of \$18.0 million, being at the top end of independent valuations, in December 2015. Settlement occurred in March 2016.
- *In association with the Australian Christian Lobby, approached* the NSW Government to reaffirm the arguments presented at previous meetings to preserve the Anglican Church's ongoing exemption from payment of Council rates.
- *Partnered* with the Mission Property Committee to employ funds contributed by parishes towards under the parish land acquisition levy for the acquisition of land in new growth areas across the Diocese with a 1.1 ha site acquired at Marsden Park in the north-west of Sydney and a site for a rectory purchased at Willowdale in the south west of Sydney to complement the 2 ha land acquisition for a future ministry centre at Austral

I take this opportunity to thank parish councils, senior clergy and the SDS staff 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 2015 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
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.

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

May 2016

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

My colleagues, James Cartwright, 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 for the 12 months ended 31 December 2015 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 220 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 \$537,000 for 37 parishes (taking the total grants by the NSW Government under CBP I through VII to \$9.2 million (2010 - 2015 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* five 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.
- *Until being discontinued by the NSW Government in mid 2015, represented* the diocese as a permanent member of the Religious Property Advisory Panel (RPAP) of the Heritage Branch of the NSW Department of Planning.
- *As noted by the Chair, ACPT argued to* the NSW Government by meeting with the Chief of Staff to the Minister for Planning and Environment to continue to stress the argument for continuation of the present exemption from paying council rates applicable to the Anglican Church – 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 the 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) 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 of a future ministry site at Marsden Park (1.1 ha) and a residential site for a rectory to complement the site at Leppington (2.0 ha) acquired in 2014 as detailed in last year's annual report to Synod.0 hectare) employing funds contributed by parishes under the Parish Land Acquisition Levy.
- Concluded the construction of a ministry centre at Oran Park (opened in May 2015) and commenced construction of the a rectory at Leppington.
- Undertook planning and obtained authority approvals for future ministry centres at Stanhope Gardens and for the greenfields sites acquired via the parish acquisition levies in 2014 and 2015.

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 \$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, 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. With the assistance of the diocesan insurance broker, Marsh Pty Limited, management is in advanced discussions with the public liability insurer, Liberty International Underwriting to contracts a long term agreement that will similarly fix a further significant portion of the variable PCR cost.

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 were investigated during 2015. However, the Board determined that there was not a sufficiently compelling cost benefit to consider further outsourcing of claims management at this time. Nevertheless, the Board and management continue to evaluate options of further de-risking the key person operational risk associated with the Church Insurances Program.

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.

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 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 31/12/2015 was 7.88% pa and distributions aggregating \$2.19 million were made from the LTPF during 2015.

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 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
CBP 2015 (VII)	37	537,000
Total	413	9,330,000

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 over the remainder of 2016 and beyond, and 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
James Cartwright, Manager, Parish Property (Georges River, South Sydney & Wollongong Regions)	jac@sydney.anglican.asn.au	02 9265 1561
Scott Lincoln, Manager Parish Property (Northern & Western Regions)	sxl@sydney.anglican.asn.au	02 9265 1633
Cindy Wong, Manager, Insurance Services	cpw@sydney.anglican.asn.au	02 9265 1679

Gregory Ellem
Head of Parish Property
May 2016

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