

**Anglican Church Property Trust Diocese of Sydney (ACPT)
Report to 1st Ordinary Session of the 50th Synod of the Diocese of Sydney - 2014**

As the President of the ACPT, and on behalf of the Board, I have pleasure in presenting the ACPT's 2013 annual report to the Synod.

The historical role of the ACPT from its constituent documents, which now are 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 as individual trustees (under heritage and fire safety legislation) may be exposed to potential personal liability.

Complexity has increased 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; and
- the issues arising from the Royal Commission into Institutional Responses to Child Sexual Abuse.

Further, because parishes are established as unincorporated bodies in perpetuity (with assets to be maintained to serve future generations of parishioners), the extent of involvement by the ACPT in parish church trust property matters intersects with the historical "polity" of the diocese as restated by the Standing Committee 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 2013, 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 7 significant parish projects (building contracts > \$500,000), plus 110 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 2014.
- *finalising* the detailed work associated with the triennial review of the investment objective, policy, and strategic asset allocation for the Long Term Pooling Fund (LTPF) that was foreshadowed in the report to Synod in 2013.

- *concluding* the 2013 / 2014 Diocesan Insurance Renewal at competitive rates that, in aggregate involved lower premium rates and enhanced policy coverage, compared with the maturing policies.
- *negotiating* with the insurer on behalf of the parish of Dulwich Hill to settle an insurance claim following fire destroying its parish hall and *assisting* the wardens to engage consultants and contractors to rebuild the hall which is anticipated to occur during the first quarter of 2015.
- *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 rather than apply a PCR charge, to Standing Committee this year.
- *finalising* negotiations and contracts to enable the building of the new ministry centre at Oran Park to commence, with completion scheduled for the first quarter of 2015.
- *progressing* a process grounded on sound governance principles to implement the *Bishopscourt Sale Ordinance 2012* decision by Synod 2012, although as at the date of this report, despite extensive marketing and a private auction, Bishopscourt had not yet been contracted for sale.

I take this opportunity to thank parish councils, senior clergy and the Sydney Diocesan Secretariat (SDS) 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 2013 the Board comprised the following members.

Name	Title, Description	Institution/ Industry
Canon Christopher Allan	St Andrew's Cathedral, Healing Ministry Golden Grove Limited and 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

I extend the Board's appreciation to Mr Ian Pike, a former Board member, and the Head of Business Credit at BankWest, 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.

I append a summary of the work done by SDS as the executive arm of the ACPT, from the Head of Parish Property, Mr Greg Ellem. I commend this report to the Synod.

Dr Glenn Davies, President, ACPT
30 June 2014

Summary by the Head of the Parish Property (SDS), 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.

My colleagues and I serve the Board as its executive management team and are employed by SDS. We 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 2013 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 SDS insurance and property team.

1. Executive Summary

During the period 1 January 2013 to 31 December 2013, the ACPT (as trustee for parishes and some diocesan organisations) –

- *Received*, reviewed, signed and processed around 260 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 \$900,000 for 53 parishes (taking the total grants by the NSW Government under CBP I, II, III and IV to \$7.5 million (2010-2013 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* 10 circulars to parishes about a range of policy/procedure matters such as - grant funding, tax-deductible school building funds, polling place licence agreements, insurance matters, property maintenance 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 President, ACPT argued to* the NSW Government that the present exemption from paying council rates applicable to the Anglican Church, be maintained – in the face of the present 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.
- *facilitated* MPC's land acquisition and ministry centres building programs in accordance with MPC Strategic Report.

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 some 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 with the assistance of the Board, Glebe Administration Board, Finance and Loans Board, St Andrew's House Corporation Council and Sydney Diocesan Secretariat Board 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 8 separate 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 cost effective the premium rate delivered to parishes and Organisations compared to current market rates.

The current fixed rate agreement expires on 31 August 2014 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

In the Synod 2012 Report it was noted that in response to the growing complexity of the CIP, high volume of routine (and non-routine) insurance questions that arose on a daily basis, the need to follow up formal notification of potential incidents and claims and fact that the CIP is supported by SDS with a single staff member (compared with multiple staff in comparable church organisations), 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.

As foreshadowed in last year's report to the Synod, the Board and management have evaluated further 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. It is expected that public liability claims will be outsourced in the short to medium term.

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) NSW Community Building Partnership (CBP) Grant Programs

The ACPT has promoted, facilitated and administered the CBP Grant Programs over the last three years. 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 three CBP Grant Programs since 2009.

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
Total	332	7,480,000

(c) 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.
- Engaged a contractor to construct a ministry centre on the greenfield site at Oran Park and progressed due diligence in relation to letting a contract for the construction of a ministry centre at Stanhope Gardens.

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

In addition to the insurance responsibilities outlined previously, the IIFC, comprising the Subcommittee Chair, Mr Richard Neal, along with Mrs Melinda West, The Rev. Craig Roberts, Mr Roger Collison, Mr Ian Pike and Mr Wayne Bramley is charged with 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.

Over 2013 the IFC concluded in depth work involving a triennial review of the investment objective/policy, and strategic asset allocation of the LTPF, and, in consultation with SDS management and the investment consultant, Mercer Pty Ltd, determined a fixed, guaranteed distribution rate for unit holders of the LTPF for the 4 quarters ending 31 October 2014.

5. SDS insurance and property 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 2014 and beyond, and can be contacted as follows -

James Cartwright, Manager, ACPT (Georges River, South Sydney & Wollongong Regions)	jac@sydney.anglican.asn.au	02 9265 1561
Greg Ellem, Head of Parish Property Judi Harrington, Associate	gxe@sydney.anglican.asn.au jxh@sydney.anglican.asn.au	02 9265 1546 02 9265 1578
Scott Lincoln, Manager ACPT (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

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