

**Anglican Church Property Trust Diocese of Sydney (“ACPT”)
Report to 3rd Ordinary Session of the 49th Synod of the Diocese of Sydney - 2013**

A message from the **Chair of the ACPT, Dr Robert Tong AM**

During 2011/12, 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 12 significant parish projects (building contracts > \$500,000), plus 165 parish projects that were supported by grants made by the NSW Government under its ongoing Community Building Partnership (“CBP”) Grant Program. These projects were delivered materially on time and within budget;
- *progressing* 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 2012 report to Synod;
- *concluding* the 2012 / 2013 Diocesan Insurance Renewal at competitive rates that, in aggregate involved lower premium rates than was the case for the maturing policies;
- *approached* the NSW Government with a request to modify the ACPT’s governing Act with a view to introducing greater flexibility for ACPT to discharge the trustee function for the benefit of parishes;
- *improved* the risk management risks aspects of the parish Leasing and Licensing Policy by introducing a requirement for Lessees / Licensees to provide the financial accounts of the business operator to the Lessor on an annual basis;
- *concluded negotiations* with a multi-national head lessee in respect to a new head lease (concluding in 2089) over a city site, on terms that are expected to deliver significant returns to the local parish and the synod over the long term, and also settled a dispute with the former Head Lessee of that property at an attractive settlement sum shared by the parish and Synod;
- *established* a process grounded on sound governance principles to implement the “Bishopscourt Sale Ordinance 2012” decision by Synod 2012, which as at the date of this report is well advanced to enable “Bishopscourt” to be marketed for sale during 2013.

I would like to 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 meaningful ministry outcomes for parishes and the wider diocese.

I take this opportunity to acknowledge the contribution made to the efficient functioning of the Board by Archbishop Peter Jensen during his episcopacy and the critical skills provided by all members of the Board. The Board members as at 31 December 2012 were:

Name	Title, Description	Institution/ Industry
Canon Christopher Allan	Healing Service minister, St Andrew's Cathedral and ex project manager, Lend Lease Corporation	Ministry
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 Peter Jensen	Archbishop of Sydney	Ministry
Mr Richard Neal	Partner, Teece Hodgson & Ward Solicitors	Law
Mr David Nelson	Registered Property Valuer, David Nelson & Partners	Property
Rev Craig Roberts	Rector, Neutral Bay Anglican and ex accountant, PricewaterhouseCoopers	Ministry
Mr Peter Rusbourne	Partner, Watkins Tapsell, Solicitors	Law
Mr Robert Tong	Partner, WB Scott & Tong, Solicitors	Law
Mrs Melinda West	Manager, Pascoe Whittle, Accountants	Accountancy

In addition, I extend the Board's appreciation to Mr Ian Pike, a former Board member, and the Head of Business Credit at BankWest, who provides specialist advice to the investment, finance and insurance committee of the Board.

I commend this report to the Synod.

A message from the **Head of the Parish Property (SDS), Mr Greg Ellem,**

My colleagues, James Cartwright, Scott Lincoln, Cindy Wong, Judi Harrington and myself are proud to have partnered parishes and the Board in a variety of property and insurance matters as well as strategic negotiations with government that we hope and pray will assist parishes as they continue to undertake Christian ministry across the diocese.

The staff who serve the Board as its executive management team are employed by SDS, and relate to the Board in accordance with several service level agreements (SLAs) with the ACPT. Compliance with SLAs is reviewed twice a year.

In this ACPT report to Synod for the 12 months ended 31 December 2012 you will find

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

1. Executive Summary

During the period 1 January 2012 to 31 December 2012, the ACPT (as trustee for parishes and some diocesan organisations) –

- *Received*, reviewed, signed and processed over 300 documents for parishes (including development applications, building contracts, leases, licence agreements, contracts of sale, applications for grant funding, insurance claims, etc);
- *Co-ordinated* the submission of NSW Government CBP grant applications that led to grants totalling **\$1.25 million** for 61 parishes (taking the total grants by the NSW Government under CBP I, II, III and IV to **\$6.53 million** (2010-2012 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;
- *Represented* 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);
- *Gained traction* with the NSW Government in relation to the Standard Instrument LEP and its adverse impact on places of public worship, specifically in relation to size constraints that may be imposed upon redevelopment of existing Brownfields church buildings and Greenfields new ministry centres;
- *finalised* the periodic insurance revaluation of the property of all parishes and many diocesan organisations; and
- *liaised* with Ministers of the NSW Government and their departments to assist deliver positive outcomes for parishes in respect to the aforementioned CBP programs, exemption from the application of the special infrastructure contribution (SIC) levy, that, hitherto had applied to all property developments within the designated NSW Growth Centres and initiated investigations into potential stamp duty savings that might apply to certain church trust property from which it could be argued that community welfare benefits could be derived.

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, licenses, 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.

The annual renewal date of the diocesan insurance policies is 31 August, involves an annual insurance premium of approximately \$3.0million, to insure some 1,000 parish buildings and property of many diocesan organisations.

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 and Sydney Diocesan Secretariat Boards 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 some 7 separate insurance counterparties, all of whom are ascribed an "investment grade" external counterparty credit rating by the recognised international 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 considerably lower premium rates than market.

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 delivered to parishes and Organisations compared to current market rates.

The current fixed rate agreement expires on 31 August 2014 and management is well advanced to undertake a competitive tender for the industrial special risk product at that time.

Tendering the Diocesan Insurance Brokering Services Role

During 2012 the diocesan insurance broking service was subject to a competitive tender that resulted in Marsh being reappointed for a term of 3 years at a fee of some \$30,000 per annum below the fee that had applied to the maturing contract.

Outsourcing of insurance claims management

In the Synod 2012 Report it was noted that in response to the growing complexity of the Church Insurances Program (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 to 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.

During 2012 progress was made 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. This remains a work in progress with a decision expected during 2013.

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 - IV)	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
Total	279	6,550,000

(c) Investment, Finance and Insurance Subcommittee of the ACPT Board (“IFC”)

In addition to the insurance responsibilities outlined previously, the IFC, comprising the Subcommittee Chair, Mr Richard Neal, along with Mrs Melinda West, Mr Craig Roberts, Mr Roger Collison and Mr Ian Pike, 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 2012 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 2013.

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 2013 and beyond and can be contacted as follows -

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Greg Ellem , Head of Parish Property	gxe@sydney.anglican.asn.au	02 9265 1546



Dr Robert Tong AM
Chair, ACPT

23 August 2013



Gregory M Ellem
Head of Parish Property