

Anglican Church Property Trust Diocese of Sydney (ACPT)

(A report to the 2nd ordinary session of the 49th Synod)

A message from the Chairman of the ACPT, Mr 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 –

- *streamlining* the parish Leasing and Licensing Policy to deliver greater autonomy to Wardens generally while adding robustness to the leasing and licensing of tenants operating in industries that have proven to be problematic for parishes over many years;
- *exercising* oversight of all significant parish projects (contracts > \$500,000), including the 9 parish projects that were supported by grants from funds contributed from the Diocesan Endowment during 2007. With one exception - caused largely by unexpected latent conditions on an awkward development site - all of these projects were delivered materially on time and within budget;
- *undertaking* detailed work on the investment objectives, policy, and strategic asset allocation for the Long Term Pooling Fund (LTPF);
- *managing* the periodic insurance revaluation of the property of all parishes and many diocesan organisations. Authorising an insurance policy for the building / contents of parishes for a fixed period of 3 years at 2011 premium rates to provide certainty in respect to 55% of the total insurance premium that is funded through PCR contributions; and
- *negotiating* 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.

I would like to take this opportunity to thank parish councils, senior clergy and the Sydney Diocesan Secretariat (“SDS”) team that supports the ACPT and for the level of camaraderie and teamwork that exists, often in the face of intensive workloads, to deliver lasting meaningful ministry outcomes for the diocese.

I also take this opportunity to acknowledge the critical skills provided by the members of the ACPT Board. These people are:

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.

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

My colleagues, James Cartwright, Scott Lincoln, Cindy Wong and myself are proud to have partnered parishes and the ACPT as each of the numerous major property renovation projects mentioned by the Chairman have reached conclusion.



We hope and pray that the tangible ministry benefits that these new and/or enlarged ministry centres that are available to serve the local communities in Annandale, Auburn, Berowra, Broadway, Dapto, Glenmore Park, Hoxton Park, Marrickville, Naremburn, Rouse Hill, Rooty Hill and beyond will be a blessing for our diocese for many years to come.

The staff who serve the ACPT as its executive management team are employed by SDS – which recovers its costs under several service level agreements with the ACPT.

In addition to negotiating the new Head Lease referred to earlier, ACPT with the considerable assistance of the parish wardens, settled a long running dispute with a former tenant of the property. The settlement proceeds will materially contribute to budgets of both parish and Synod.

In this 2011/2012 ACPT report to Synod you will find –

- 1. Executive Summary;
- 2. An explanation of how the ACPT is constituted / its purpose; and
- 3. Major Activities (some of the major activities of the ACPT in more detail)

... but first, we would like to share some comments about the ACPT from the parishes of Enfield and Broadway ...

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“**Our parish** has had close contact with the ACPT for over a decade commencing with the sale of a branch church and rectory, which (by ordinance) provided the funds for three projects. Part of the proceeds were given to diocesan activities, the remainder was to allow the building of a dwelling for an assistant minister, the renovation of our 1923 hall and a reserve for preservation of our 1848 church.

Like most projects, the original concept was modified in the light of changing circumstances. The single dwelling became a duplex to provide an income stream to the parish in addition to providing accommodation for an assistant minister. Apart from the inevitable delays in having the Development Application approved, this project went smoothly and the rental income allows the parish to support some mission activities in neighbouring parishes.

The need to restore our heritage building came sooner than expected, when cockatoos damaged the wooden shingles in the spire. When the tiles were removed it was found that the supporting timbers had dry rot and the top layers of stone were loose. Suddenly what was a relatively small job became a large endeavour. There were many conversations with the ACPT, with James Cartwright in particular, to determine how to proceed.

Renovating an old building is fraught with danger as we found when the first tenders were received, and our initial plans had to be modified to fit our remaining funds. Again, the ACPT was a source of good advice about handling payments, especially the GST, so that the project was completed on time and (almost) within budget (including contingency). The parish now has a hall that will allow us to extend our ministry in our community.

We have been blessed by God and the challenge is to now use the resources we have been given to His glory.

The past ten years have been exciting, frustrating and tiring, and it has been a learning experience for those involved. We have relied on the staff in the ACPT, especially James Cartwright and his colleagues, for advice on what to do, for correcting us when we were not following correct procedures, and for answering what to them must have been silly questions.

At all times they were prepared to listen and while they offered advice, they permitted us to make our own decisions. Having this support structure gave us a greater appreciation of the contribution the Secretariat can make to individual parishes.”

George Cooney, Warden, Parish of Enfield

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“Not that I recommend it, but if you ever want to experience the value of being part of a larger Church community with a central support network, then having your Church burn down will do the trick.

Over the past six years, the support of the SDS and ACPT has been invaluable as we’ve pursued the St Barnabas Redevelopment Project. I don’t believe I am overstating it to say that we could not have reached the point we have (where our new Church is open and operating) without their support.

On the day of the fire in May 2006, representatives of the ACPT came to site and began to advise us on where to go from here. There really is no manual for such a crisis, but the advice from the ACPT was the next best thing. We were also provided with temporary office space and facilities, until we could rent our own.

The ACPT provided advice and counselling during the planning phase for our project. We are especially grateful for the blend of support and autonomy they have provided us. They let our Parish make the key decisions about the redevelopment, but encouraged us to make bold and courageous decisions and counselled against foolish ones. This was a great aid to our Parish as we formed our vision for a new, modern Church, twice the size of the old building.

Representatives of the ACPT also took a lead role in our dealings with the Diocese’s insurers, and helped us secure a very positive outcome, without which the redevelopment would not have been possible. They also provided endorsement for the grant applications to the Mission Property Committee and the Vincent Fairfax Family Foundation, which provided the two cornerstone grants for the redevelopment project. Finally, they assisted us in securing the project finance facility to allow the project to commence.

Finally, during the design and execution phase, representatives of the ACPT have spent countless hours providing us with the administrative support and technical and commercial advice in relation to contract negotiations and building issues.

Particular thanks should go to Cindy Wong, Scott Lincoln, James Cartwright and Steve Joynes, all of whom went well beyond the call of duty at various times to help us through. Finally, we owe a special debt of gratitude to Greg Ellem, who has quite literally been with us every step of the way. His enthusiasm, encouragement and wisdom were invaluable and this project is as much the fruit of his labour as it is ours.”

David Britton, Warden, Parish of Broadway

As many parishes know, the ACPT vision is to provide valued services to parishes in mission, and the ACPT is dedicated to fulfilling this vision, even in these times of intense financial pressures.

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1. Executive Summary

During the period 1 January 2011 to 30 June 2012, the ACPT (as trustee for parishes and some diocesan organisations) –

- *Received*, reviewed, signed and processed over 600 documents (including development applications, building contracts, leases, licence agreements, contracts of sale etc);
- *Co-ordinated* the submission of NSW Government Community Building Partnership (“CBP”) grant applications that led to grants totalling **\$5.28 million** being made **to 198 parish projects** under “CBP I, II & III” (2010-12 inclusive).
- *Arranged* and placed insurance cover for over 300 diocesan entities (parishes & numerous organisations);
- *Prepared and issued* 14 circulars 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;
- *Concluded* major parish property renovation projects that enabled by the generous grants to a number of parishes made from the Diocesan Endowment during 2007. As a result, new and/or enlarged ministry centre were opened at Annandale, Auburn, Berowra, Broadway, Dapto, Glenmore Park, Hoxton Park, Marrickville, Naremburn, Rouse Hill and Rooty Hill (between 2009-2012);
- *Revised*, updated, streamlined and rewrote the “Building Works Kit” into “plain English” and obtained Standing Committee approval for the delegated authority to be raised from \$20,000 to **\$100,000** for contracts signed by parish Wardens;¹

¹ Noting that all Development Applications (regardless of \$ value) need to be signed by the ACPT

- *Revised* and re wrote the, “Leasing Licensing User Guide”, and obtained ACPT Board and Standing Committee approval of the delegated authority for licence agreements signed by Parish Wardens being raised from \$20,000 to **\$50,000**; ²
- *Arranged* for a staff member of the ACPT to be appointed by the Heritage Branch of the NSW Department of Planning as a permanent member of the Religious Property Advisory Panel (RPAP). RPAP advises the NSW Heritage Council and considers, amongst other things, recommendations to list church buildings on the NSW Heritage Register;
- *Streamlined and arranged* access for parishes to ACPT Client Fund Statements via the SDS Extranet (<https://secure.anglican.asn.au/Extranet>) to enhance the provision of timely data;
- *Championed* an informal Christian Churches property trust network for discussion, sharing and lobbying areas of joint interest / concern; and
- *Intervened* – via government departments/ministers to achieve positive Local Environmental Plan and Special Infrastructure levy outcomes (which was driven by the ACPT as part of the informal Christian Churches property trust network).

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, property sales / purchases, and building contracts.

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. With an annual insurance premium of approximately \$3.0million, to insure some 1,000 parish buildings and property of many diocesan organisations, this is a mammoth task.

The ACPT Manager, Insurance Services begins the renewal process early each year by collecting key insurance data from parishes and Organisations to facilitate negotiations with various investment grade insurance counterparties for suitable insurance cover for parishes and many Organisations. Significant time is also spent reviewing the adequacy and extent of existing cover with the assistance of the ACPT, GAB and SDS Boards as well as the diocesan insurance broker.

Since 2007, the ACPT Board has contracted fixed rate agreements with the buildings and contents (industrial special risk) insurer to lock in considerably lower premium rate than market.

Through effectively fixing the variable cost (premium rate) of a key insurance product, the budgeting for PCR cost is streamlined and given 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.

Increasing the age for Volunteer Insurance cover to 90 years of age

In response to feedback from parishes and senior clergy, the ACPT has arranged to extend the cover to volunteers up to the age of 90 (previously there was a limit of volunteer cover of 85 years of age).

Introduction of short-form, one-off use licence agreements

With the assistance of the diocesan insurance broker and Manager, Legal Services, a Short-form Licence Agreement (SFLA) has been introduced for one-off licensing of non-parish specific activities such as wedding receptions and birthday parties in church halls / grounds (which the diocesan insurer considers to be private functions). The SFLA specifically incorporates the insurance requirements for the licensing (hire).

² Noting that by resolution of the Standing Committee that all licence agreements for childrens services need to be approved by the ACPT Board.

Low cost public liability insurance for licensees (hirers)

Feedback from parishes indicates that it is sometimes difficult for individual hirers of church trust property to obtain their own public liability insurance. In response, the ACPT negotiated an arrangement to enable hirers to apply for insurance cover from the insurer (Ansvar) for the cost of a very reasonable \$50.00.

Outsourcing ISR insurance claims management

Reflecting the overall complexity of the Church Insurances Program, high volume of routine (and non-routine) insurance questions that arise on a daily basis, the need to follow up formal notification of potential incidents and claims and fact that the Church Insurances Program is supported by SDS with a single staff member (compared to multiple staff in comparable church organisations), the Board determined that either additional resources needed to be applied to support the Program if it is continue to operate in an efficient manner within appropriate risk parameters.

As a consequence, during the past year, the ACPT Board approved the claims management process for parish buildings and contents to be outsourced to a third party specialist insurance claims management firm, Marsh Pty Ltd.

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 Grant Programs (“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, II, III)	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

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

In addition to the insurance responsibilities outlined previously, the IFC, comprising the sub-committee Chairman, Mr Richard Neal, 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.

In recent months the IFC has concluded in depth work on the investment objective/policy, and strategic asset allocation for the LTPF.

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On behalf of the Anglican Church Property Trust Diocese of Sydney

ROBERT TONG AM
Chair, ACPT

GREG ELLEM
Head of Parish Property

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