

Glebe Administration Board

ANNUAL REPORT 2020





Our Purpose

To advance the purposes of the Anglican Church of Australia in the Diocese of Sydney by managing and controlling the property of the Diocesan Endowment in accordance with the terms of the trusts on which that property is held, and by managing and controlling other property of which we are trustee from time to time.

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2020 Highlights

- Maintained expected distribution to Synod of \$2.88 million notwithstanding tumultuous market conditions early in the year.
- Continued our program of board renewal.



Chair's Report

I am proud to be a member of the Glebe Administration Board, with colleague directors who are experienced, skilled and dedicated to the work of the board within the Diocese.

The Glebe Administration Board is the trustee for the Diocesan Endowment, one of the two main sources of recurrent funding for the Synod, totalling \$113.7 million at year end. This portfolio performed well under the stress of 2020, when markets fell abruptly and markedly in March. The portfolio settings are designed to preserve the real value of the endowment over the long term, with a reasonably conservative strategic asset allocation. The portfolio performed as designed. When growth stocks fell by 13.7% in March, the defensive stocks performed their stabilising function, although the portfolio nevertheless fell by 9.7% in the March quarter.

The portfolio recovered its losses in the second half of the year to reach a substantially stronger position by year end. This recovery is due to unprecedented levels of government support across the globe, the rapid development and deployment of vaccines and, in Australia, very low levels of COVID-19 which allowed businesses to resume activity. The decision after March to leave the settings unchanged was the right one, as confirmed by subsequent events. These settings remain in place.

We are blessed to end the year as we did, in a far better position than we had expected. However, we are not complacent and know there are challenges ahead: whether the large developed economies can contain infection rates and therefore resume normal economic growth; whether inflationary fears are realised; the impact of huge government debt levels on the global economy; large sectoral swings which might occur as the world emerges from the pandemic; and broader geopolitical factors which will continue to unsettle markets from time to time.

The investment return on the portfolio for the 2020 calendar year was 6.3% (2019: 14.7%) and the distribution to Synod was \$2.88 million. This was a small increase on the previous year, due to the smoothing of distributions over three years to avoid, as much as possible, the volatility in distributions that would otherwise be the case, as the past year so amply demonstrates. This gives Synod the confidence to make the long-term budgeting and planning decisions that are so important to gospel ministry throughout the Diocese.

The Glebe Administration Board is also the trustee for the Diocesan Cash Investment Fund, which manages the cash of more than 200 separate diocesan entities. The fund had more than \$110 million of funds under management at the end of 2020 and provided an income yield of 0.30% across the year to investors.

The yield on the DCIF has been materially affected by the monetary policy stance of the Reserve Bank of Australia. Cash rates, which are set by the Bank and which flow through directly into the returns generated by the DCIF, are at historical lows and expected to remain so until at least 2024. In the current environment, it is difficult to see how interest earned on the DCIF could be increased significantly, unless in return for higher levels of risk. We are therefore looking at whether there are any costs that can be removed to improve the return.

I joined the Glebe Administration Board in 2018 and was appointed chair in September 2020. It is an honour to serve alongside my talented and experienced colleagues who between them have decades of experience in investment management, treasury management, investment and retail banking, risk management, law, accounting and governance. During 2020 we farewelled two long-serving directors – Ross Smith, the former chair, and Mark Ballantyne – whose active and faithful service is deeply appreciated and for which we are forever grateful. We will miss their wisdom and experience. However, we have an active program of board renewal on foot and have been delighted to welcome Rev. Mark Wormall in 2020 and Christine Hawkins in May 2021. They bring additional gravity to our board and I am confident that the new directors will quickly become valued and valuable members of the Glebe Administration Board.

The board is ably and faithfully served by the diocesan management team. Rob Wicks, Isaac Kuruvilla, Michael Blaxland and Briony Bounds in particular have served during 2020 with diligence, whole-heartedness and cheerfulness in what has been a difficult year for everyone. We are so thankful for their service to our board.

Most importantly, however, I thank God for His wonderful provision. I pray that the work of our board will prove worthy of His goodness to us, deliver real blessing throughout the Diocese and, ultimately, bring glory to His name.

Evelyn Horton
Chair

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Membership of the Glebe Administration Board

Members

The Standing Committee of the Diocese of Sydney appoints members of the GAB for terms of up to three years. Members receive no remuneration. The Chief Executive Officer of Sydney Diocesan Services attends board meetings.

The following members were in office during 2020.



Mr Greg Hammond OAM, BA, LLB, ThA

Consultant in banking and finance; chairman of Anglican Community Services (t/as Anglicare Sydney) and Olive Tree Media; director of the Australian College of Theology, G&C Mutual Bank and Opportunity International Australia; former partner of King & Wood Mallesons and Adjunct Fellow at Macquarie University in the Applied Finance Centre; and previous service on Diocesan and other not-for-profit boards and committees. He attends Macquarie Anglican Churches. Board member since 2014.



Ms Evelyn Horton, BEc, MSocSci (Econs), FAICD

Economist and company director. She has over thirty years' experience in investment banking and government where she specialised in risk management, finance and public policy. Evelyn is currently the Commissioner of Superannuation for Tasmania and a director of TasCorp and Mission Australia. She is a member of the University of Wollongong's SMART Infrastructure Advisory Council and of the Anglican Church's Diocesan Financial Advisory Task Force. She attends St Philip's Church Hill. Board member since 2018. Evelyn became Chair on 24 September 2020.



Mr Richard Jamieson, B AccFin, ACA

Over 30 years of experience in the broader finance and banking sector, including retail banking, funds management, infrastructure and retail property management. Past roles include Chief Financial Officer of Vicinity Centres Ltd, Chief Financial Officer for BT Group (Wealth Division for Westpac), Chief Financial Officer for Westpac New Zealand, Acting General Manager of Superannuation for BT and Infrastructure Fund Manager for Colonial First State Global Asset Management. He attends St Matthew's Manly. Board member since 2019.

1

Membership of the Glebe Administration Board



Ms Kitty Pun, MBA

Vice President and Compliance Manager for DBS Bank Limited. Over 17 years' experience in the banking, asset management and superannuation environments both in Australia and Hong Kong, including 2 years' experience in regulatory experience from APRA. Previous roles include Senior Compliance Officer of Agricultural Bank of China (Sydney Branch), Head of Compliance for China Construction Bank (Sydney Branch), Risk and Compliance Manager of BT Investment Management Limited, Risk and Compliance Manager of Schroder Investment Management Australia Limited and other roles in HSBC, APRA and ING. She attends St Augustine's, Neutral Bay. Board member since 2018.



Mr David Sietsma, BCom (Fin), GDip AppFin and Inv, GAICD

30 years in financial markets and treasury roles with Macquarie Bank, Deutsche Bank, BNP Paribas and Commonwealth Bank of Australia. He is currently a non-executive director of Tascorp and Uniting Financial Services. He attends All Saints Anglican Church, North Epping and has been a board member since 2016. David became Deputy Chair on 24 September 2020.



Bishop Michael Stead, BCom(Acc), BD(Hons), DipMin, PhD

Bishop of South Sydney; Member of Standing Committee Diocese of Sydney; Diocesan Representative on General Synod; Member of General Synod Standing Committee; Secretary of the General Synod Doctrine Commission. Prior to ordination, worked for PricewaterhouseCoopers from 1990-1996. Board member since 2015.



Mr David Wong, BE, M Comm (Finance & Economics), MAICD

David has over 38 years' experience in engineering and funds management. He is currently Chair of the Investment Committee of Resonant Asset Management. He was a production engineer with ICI Australia and Mobil Oil with a focus on risk management. From 1988 - 2018, David worked in the funds management industry with Westpac Investment Management, State Street Global Advisors, Insurance Australia Group (IAG), Mercers and Colonial First State Global Asset Management. During that time, he held a variety of senior roles including Head of Equities, and Director of Investments (CIO) at IAG and State Street respectively. David is a member of the CFA Institute and the Australian Institute of Company Directors. He attends St Andrew's Roseville. Board member since 2019.

1

Membership of the Glebe Administration Board

Appointments

The Rev Mark Wormell was appointed as a member of the board by the Standing Committee on 23 November 2020.



The Rev Mark Wormell, BA LLB, BD

Rector of St John's Anglican Church Glebe. Before that, Assistant Minister St Barnabas Anglican Church, Broadway. Member of South Sydney Regional Council since 2011. Partner of Allen Allen & Hemsley from 1988-2009, specialising in banking and finance. Past experience as a director of companies owning large portfolios of financial assets. Former council member of St Catherine's School, Waverley and former board member of Robert Menzies College. Former lecturer in LLM at University of Sydney. Author of two books, 'Coming to Christ in Dementia' and 'Practical Help for Workers: Growth Group Studies on Work and Workplaces'.

Retirements

Mr Mark Ballantyne retired from office with effect 4 December 2020.
Mr Ross Smith retired from office with effect 15 October 2020.



Mr Mark Ballantyne, BE, MBA, FIAA

Qualified Actuary; General Manager of Financial Wisdom with the Commonwealth Bank, having over 25 years' experience in all facets of financial services. He attends East Lindfield Anglican Church. Board member since 2009.



Mr Ross Smith, MAppFin, BEc, GAICD, Chartered Accountant

Previously CEO, Anglican Schools Corporation; CFO, Anglicare Sydney, and CEO, The Sargood Centre Limited, a start-up venture to provide community re-integration services to people with spinal cord injury and other mobility impairment. Prior to that a director of McGrathNicol and big four accounting firms with 25 years' experience in Accounting, Finance, Corporate Restructuring and Advisory. He attended Caringbah Anglican Church. Board member since 2010. Ross was Chair until 23 September 2020.

1 Membership of the Glebe Administration Board



Ms Briony Bounds, BA (Adv), DipMgmt, GIA (Affiliated)

Ms Bounds was appointed as Secretary to the Board in 2018. She has over 10 years’ experience working with boards and committees in the not-for-profit and Government sectors. She is not a Board member. She attends Anglican Churches Springwood.

Members’ attendance at meetings

Members’ attendance at meetings of the board during 2020 were –

Members	Meetings attended	Meetings eligible to attend
Mr Greg Hammond	4	4
Ms Evelyn Horton	4	4
Mr David Wong	4	4
Mr Richard Jamieson	4	4
Mr Ross Smith	2	3
Ms Kitty Pun	3	4
Mr David Sietsma	4	4
Bishop Michael Stead	4	4
Mr Mark Ballantyne	4	4
Rev Mark Wormell	1	1

Committees of the board

In 2020, the GAB had an Audit and Risk Committee and a Nominations Committee to assist it in fulfilling its responsibilities. The charters of each committee are reviewed periodically by the GAB.

The main role of the Audit and Risk Committee is to monitor, report and make recommendations to the GAB about the financial reporting processes of GAB, the risk management systems of the GAB, the internal control systems and the independent audit process.

The main role of the Nominations Committee is to make recommendations to the GAB, for its advice to the Standing Committee, about the preferred skills and experience of a potential candidate to fill a vacancy in the members of the GAB.



2 Diocesan Endowment

Purpose of the Diocesan Endowment

GAB holds the property of the Diocesan Endowment on trust for the purpose of the Anglican Church of Australia in the Diocese of Sydney. As trustee of that property we act in a way which preserves the real value of that property and, subject to that requirement, enables the payment of distributions for spending by the Synod.

In this section we describe the way in which we fulfilled this purpose during 2020.

2 Diocesan Endowment

Investment objective

The investment objective for the Diocesan Endowment is to achieve a rate of return over 20 year rolling periods of CPI + 3.5% per annum.

Asset classes

The property of the Diocesan Endowment is invested in a diversified range of asset classes in accordance with the Investment Policy Statement. Figure 1 below shows the breakdown of asset classes as at 31 December 2020.

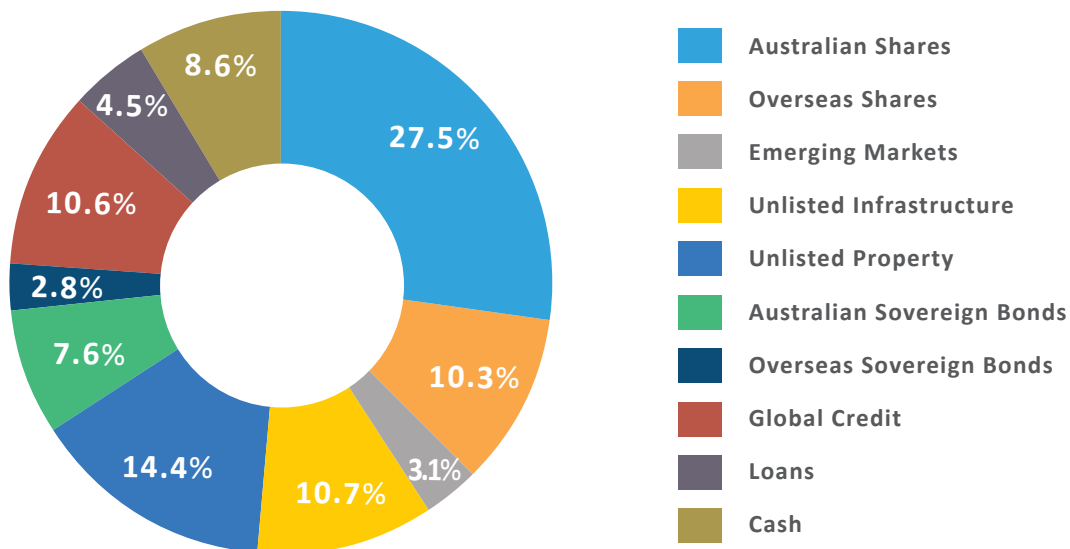
The investments in the Australian Shares, Emerging Markets, Australian Sovereign Bonds, Overseas Sovereign Bonds, Unlisted Infrastructure, Unlisted Property and Global Credit asset classes are made through funds managed by Mercer and approved by

GAB. Each of these funds is a multi-manager fund, meaning that we invest in a Mercer fund which, in turn, invests in underlying funds operated by fund managers who specialise in the relevant asset class and provide further diversification. Each of these funds is actively managed.

The investments in the Overseas Shares asset class are undertaken through a passive (index based) fund rather than actively managed funds. This reduces the degree to which the performance of the Overseas Shares investment varies from the underlying index against which investment performance is measured.

The investment in loans comprises the loan book which is in wind down mode. Cash investments are made in the Diocesan Cash Investment Fund.

Figure 1: Diocesan Endowment Asset Classes at 31 Dec 2020



2 Diocesan Endowment

Investment performance

The returns in 2020 for each of the asset classes in which investments are made, and the corresponding benchmark returns, are shown in the table below.

During 2020, uncertainty prevailed, particularly in the first 3 months due to the COVID-19 pandemic. 2020 proved the robustness of sticking to the long-term asset allocation consistent with the perpetual nature of the DE, while taking account of short-term mispricing opportunities.

Market performance in 2020 reflected the general improvement in market sentiment in reaction to government and central bank responses to the pandemic.

The main contributors to the investment performance were unlisted infrastructure and overseas shares.

Asset Class	2020 Return	2020 Benchmark	Variance
Australian shares	6.8	1.7	5.1
Overseas shares	12.2	9.4	2.8
Emerging Markets	6.4	7.8	(1.3)
Unlisted Property	2.4	5.0	(2.6)
Unlisted Infrastructure	13.2	6.0	7.2
Australian Sovereign Bonds	4.4	4.1	0.3
Overseas Sovereign Bonds	5.2	6.0	(0.8)
Loans	2.2	0.0	2.2
Global Credit	6.2	6.6	(0.4)
Cash	0.6	0.3	0.3
OVERALL	6.3	5.4	0.9

All returns are after fees and tax.

2

Diocesan Endowment

Monitoring and reporting on the finances and investments of the Diocesan Endowment

GAB monitors and reports on the finances and investments of the Diocesan Endowment in a number of different ways.

Management liaises with Mercer and the investment accounting service provider several times per quarter about the investments of the Diocesan Endowment.

Reports about the finances of the Diocesan Endowment and the performance of its investments are provided by management to each meeting of GAB. Where necessary, reports about key issues are sent to members of GAB between meetings.

GAB meets with Mercer each quarter to review the investment performance of the relevant Mercer funds.

Each year, with the assistance of Mercer, GAB undertakes a “health check” of the portfolio to identify and review key issues. At least every 3 years, a full review of the investment objective for the Diocesan Endowment is undertaken. The results of each annual and 3 yearly review are reported to the Standing Committee.

Through the CEO of Sydney Diocesan Services, GAB reports to the Standing Committee regularly about the financial performance of the Diocesan Endowment.

GAB also provides reports from time to time to the Standing Committee about the investment performance of the Diocesan Endowment.

GAB considers that it has robust processes for monitoring and reporting about the finances and investments of the Diocesan Endowment.

Ethical Investment Policy

The GAB’s ethical investment policy strives to encourage underlying fund managers to positively tilt their portfolios to ethical companies and to maintain carbon intensity exposures below that of equivalent market benchmarks within the actively managed listed asset classes.

The policy includes a positive statement as to the behaviour which GAB will seek to encourage and take into account in determining whether an investment is made or retained. It also includes “negative screens” – alcohol, armaments, gambling, pornography, tobacco, stem cell research involving the destruction of embryos, abortifacients and elective abortions.

Compliance with the negative screens in the policy are reported each quarter. There were no breaches reported in 2020.

The carbon intensity of the Australian shares and emerging markets components of the portfolio were below benchmark.

The Overseas Shares are passively managed so there is no difference from the benchmark in terms of carbon intensity. It is proposed to take a similar approach in seeking a reduction in the carbon intensity of other parts of the portfolio in due course.

GAB also screens the listed asset classes for any red flags in relation to modern slavery (forced labour and child labour). Any red flags result in high engagement by the investment manager to ascertain whether the holding should be held or exited.

A copy of the ethical investment policy can be found on the [SDS website](#).

2 Diocesan Endowment

Maintenance of the real value of the Diocesan Endowment

GAB measures its performance against the requirement to maintain the real value of the Diocesan Endowment from 30 June 2010, being the date from which the major restructure of the investment processes of the Diocesan Endowment was undertaken.

The movement in the net assets of the Diocesan Endowment since 30 June 2010 (after distributions for spending by the Synod and administration costs) is shown in Figure 2 below.

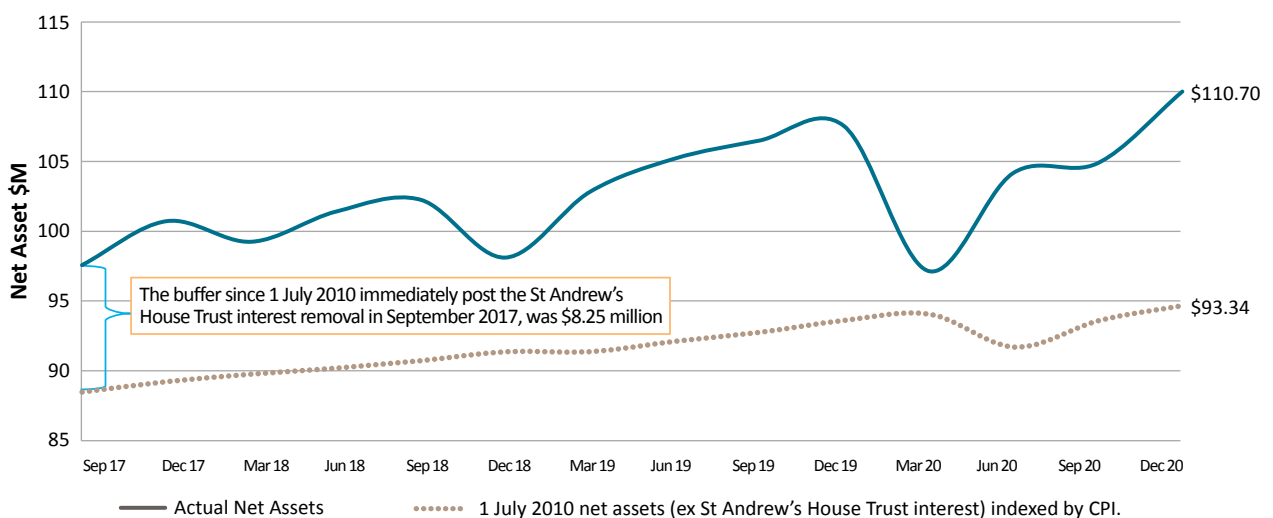
The graph shows that from 30 June 2010 to 31 December 2020 the real value of the net assets of the Diocesan Endowment has grown.

The actual value of the net assets as at 31 December 2020 exceeded the value of the net assets as at 30 June 2010 indexed by movements in the Consumer Price Index to 31 December 2020.

As can be seen in Figure 2, the net asset value line and the real value preservation line came close to convergence in March 2020 as a direct consequence of COVID-19. While markets bounced back in the remaining three quarters of the year, this stresses the importance of an investment buffer that ensures the real value of the portfolio is maintained while still providing reasonable distributions to the underlying beneficiaries into the future, even if extreme market contractions occur.

Further comments about the spending from the Diocesan Endowment are made in the next section.

Figure 2: Net Assets of the Diocesan Endowment



2 Diocesan Endowment

Spending from the Diocesan Endowment

Spending from the Diocesan Endowment consists of the payment of the costs of administration of the Diocesan Endowment and the distributions made available for spending by the Synod. In 2020, the GAB resolved to adopt a smoothing formula for the total spending limit, the “Yale formula”, which is widely used by endowments and foundations globally. It results in a measured response to changes in the portfolio and minimises year-to-year fluctuations in spending amounts.

In 2020, the costs of administration were \$1.1million, being 1.07% of the average net assets of the Endowment over 2020. In 2021, due to the revised cost recovery methodology work undertaken by SDS, the administration costs are expected to be 0.70%.

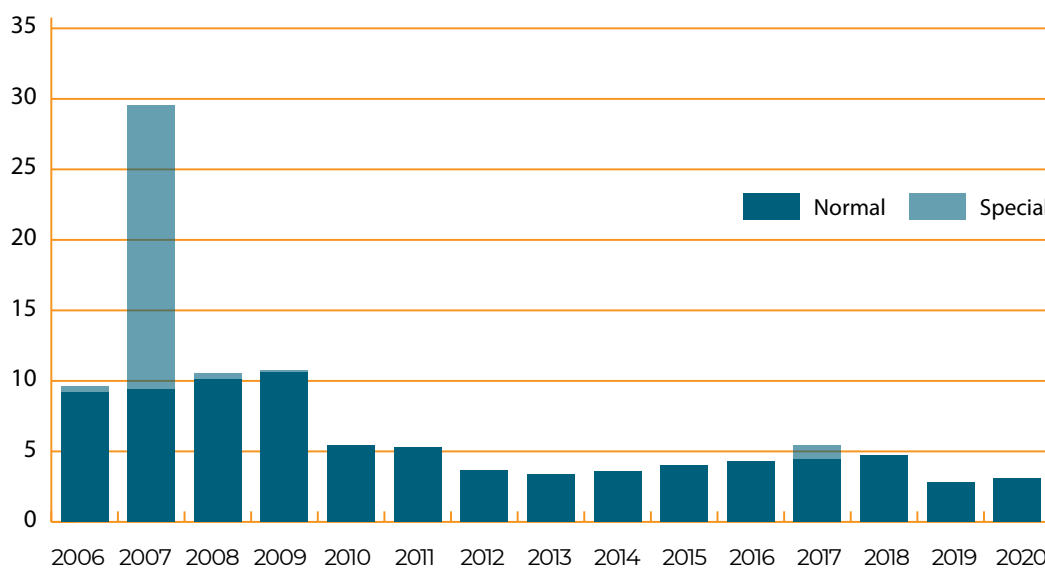
The distributions paid from the Diocesan Endowment for spending by the Synod in recent years are shown in Figure 3 below.

A distribution of \$2.880 million was paid in 2020. As a result of the 2017 restructure – where the 50%

interest in the St Andrew’s House Trust became its own dedicated trust and the Diocesan Endowment’s asset allocation was changed to become like a perpetual endowment – there was an extra \$643,000 of income available to the Synod in 2020 when compared to the projections prior to the restructure.

“A distribution of \$2.88m was paid to the Synod in 2020.”

Figure 3: Distributions Paid from the Diocesan Endowment



2 Diocesan Endowment

Investment governance

The Investment Policy Statement for the Diocesan Endowment sets out the objective and policies for the investment of the property of the Diocesan Endowment. A copy of that Statement can be found on the [SDS website](#).

Mercer is the asset consultant to GAB and provides advice about the investment strategy for the Diocesan Endowment.

At least every 3 years, a full review of the investment objective for the Diocesan Endowment is undertaken. We completed such a review in 2020 with the assistance of Mercer.

The result of the triennial review confirmed that the asset allocation exhibited the necessary traits for the DE to achieve its investment objective over a rolling 20 year period.

In undertaking its review, Mercer determined the Diocesan Endowment's long-term asset class returns on the basis of "market aware" assumptions. Market aware assumptions represent Mercer's long-term expected return for each asset class but also take into consideration the current levels of the markets. Use of the 2020 market aware assumptions showed that on the basis of the strategic asset allocation, the 20 year expected return was 6.5% per annum (6.9% in 2019) and the probability of achieving the current return objective of CPI + 3.5% per annum over the first set of rolling 20 years commencing 1 July 2010 was 96.2%.

“The asset allocation exhibited the necessary traits for the DE to achieve its investment objective over a rolling 20 year period.”



3 Diocesan Cash Investment Fund

Purpose of the Diocesan Cash Investment Fund

GAB holds the property of the Diocesan Cash Investment Fund (“DCIF”) on trust for the purposes of the Anglican Church of Australia in the Diocese of Sydney through facilitating the investment of cash held by trustees of church trust property.

3

Diocesan Cash Investment Fund

Establishment

The DCIF was established by the Standing Committee in August 2016 following the closure of the wholesale Glebe Income Accounts. The DCIF is the internal treasury structure for the management of the cash of diocesan organisations. Unlike the Glebe Income Accounts, the DCIF does not form part of the diocesan endowment and is therefore a separate trust held by the GAB. The DCIF became operational in April 2017.

“The DCIF had \$110.5 million in assets as at 31 December 2020.”

Assets

The DCIF has been designed as a vehicle to efficiently manage the liquidity needs of diocesan organisations. As at 31 December 2020, the DCIF’s return on assets since inception was 1.71% compared to a benchmark of 1.53% and 0.72% vs 0.37% for the 2020 calendar year. The DCIF had \$110.5 million in assets as at 31 December 2020. During 2020, the bulk of the DCIF was invested in a Mercer cash fund and the remainder in cash.

3 Diocesan Cash Investment Fund

Performance

The December 2020 position shows a net deficit and this is shown in the statement of comprehensive income for 2020 below:

<i>Statement of Comprehensive Income for the year ended 31 December 2020</i>	2020 (\$)
INCOME	
Management fee rebate	253,642
Interest and distributions	680,880
Amortised costs adjustments	(63,705)
Total Income	870,817
EXPENSES	
Professional fees	85,737
SDS cost recovery charge	380,076
Audit fees	33,197
Insurance	58,200
Interest	338,091
Total expenses	895,301
Surplus for the year	(24,484)

3

Diocesan Cash Investment Fund

As at 31 December 2020, the DCIF's return on assets since inception was 1.71%.

As a result of the cash rate reduction by the Reserve Bank in Nov 2020, the DCIF's return for the December quarter 2020 was zero.

The RBA has foreshadowed that the cash rate will remain low until at least 2024. Interest earned on the DCIF is therefore likely to remain low for at least the next year or two.

The GAB takes seriously its role as trustee of the DCIF and the board is keenly aware of the trust which DCIF investors place in the GAB to manage their money. The GAB and SDS are working hard and collectively to find a way to improve the return to investors from the DCIF without an increase in risk.

It is difficult in the current environment to see how interest earned by the DCIF could be increased significantly, unless in return for higher levels of risk, which the GAB is not prepared to countenance at the moment. The GAB is therefore focusing on the expenses within the DCIF. The GAB does not charge a management fee.

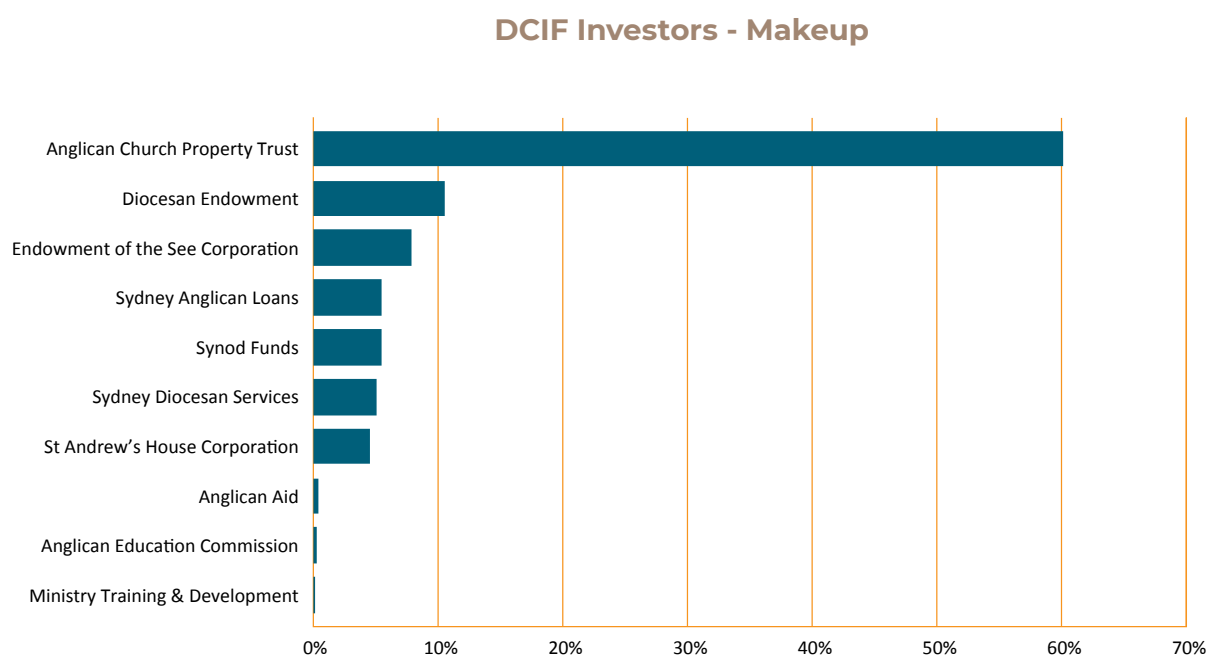
As a result of some short-term, temporary measures, the March quarter 2021 return to investors in the DCIF will be 0.04% on an annualised basis. However, longer term measures to increase the returns on assets and reduce the fixed costs associated with running the DCIF continue to be investigated.

“The Reserve Bank is keeping interest rates low as a deliberate policy response to COVID-19 which affects the DCIF return.”

3 Diocesan Cash Investment Fund

Figure 4: Investor Profile

As at 31 December 2020 the makeup of the investors in the DCIF was as follows:





4

Constitution and Governance

Glebe Administration Board

GAB is constituted by the *Glebe Administration Board Ordinance 1930* and is incorporated under the *Anglican Church of Australia (Bodies Corporate) Act 1938*.

By clause 4 of the Ordinance, the purpose of the board is to advance the purposes of the Anglican Church of Australia in the Diocese by managing and controlling the property in accordance with the terms of the trusts on which that property is held, and by managing and controlling other property of which it is trustee from time to time in accordance with the terms of the relevant trusts.

Diocesan Endowment

GAB is the trustee of the Diocesan Endowment which is property held on trust for the purposes of the Diocese under the *Diocesan Endowment Trust Ordinance 2016*.

By clause 4 of the Ordinance –

- a) the Diocesan Endowment is held on trust for the purposes of the Anglican Church of Australia in the Diocese of Sydney, and
- b) GAB, as trustee of the Diocesan Endowment, is to act in a way which preserves the real value of the Diocesan Endowment and, subject to this

requirement, enables distributions to be paid to the Standing Committee each year to be applied in accordance with the determination or direction of the Synod.

Diocesan Cash Investment Fund

GAB is the trustee of the Diocesan Cash Investment Fund which is property held on trust for the purposes of the Diocese under the *Diocesan Cash Investment Fund Ordinance 2016*.

By clause 4 of the Ordinance, the property of the Diocesan Cash Investment Fund is held on trust for the purposes of the Anglican Church of Australia in the Diocese of Sydney through facilitating the investment of cash held by trustees of church trust property.

Conformance with Governance Policy

The GAB's governance standards are set out in its Board Charter which can be found on the [SDS website](#). The GAB assesses the extent to which its governance arrangements conform to the standards and guidelines in the Synod's Governance Policy for Diocesan Organisations on a three yearly basis. The board's current arrangements comply fully with this policy.



5 Risk Management

The Glebe Administration Board is committed to achieving its objectives through appropriate management of risk, which is an integral part of the GAB's processes and decision-making to ensure it is able to maximise its long-term impact as trustee for the Diocesan Endowment and the Diocesan Cash Investment Fund.

Risk Management Policy and Framework

GAB uses an enterprise-wide approach to risk management, with a Risk Management Policy & Framework that includes internal policies and processes to identify, evaluate, monitor, control and report all identified enterprise risks which reflect the operating environment. This provides an overview of the categories of key risks relevant to GAB alongside the principles and approaches to best manage these. The framework commits GAB to actively ensuring risk management is an integrated component of strategic planning, and operational management.

As part of monitoring risks for the GAB, the Enterprise Risk Register is formally updated on an annual basis for reporting to the Board or if there is a significant change in the GAB's operations or its operational environment.

Responsibility

The Board is ultimately accountable for all risk management and determining that sufficient risk management practices are in place to ensure ongoing operations of GAB and to protect the reputation and assets of the organisation.

The Board accomplishes this through its deliberations, meetings, interactions with Sydney Diocesan Services (SDS) management, approval of risk tolerances and policies, and oversight and monitoring of corporate finances, operations and programs.

The Audit and Risk Committee is responsible for reviewing and making recommendations to the Board on the GAB's risk appetite, risk management framework and risk profile.

As service provider to the GAB, SDS is responsible for implementing and maintaining sound risk management within the parameters established by the Board.

5 Risk Management

Risk Appetite

As an organisation of the Anglican Church Diocese of Sydney responsible for the investment of property held on trust for the purposes of the Diocese, GAB discharges its responsibilities in a manner consistent with its fiduciary duties as trustee. Risks are therefore managed conservatively with a view to the protection of the ongoing viability and reputation of both GAB and the Diocese.

Enterprise Risk Register

Risk categories	Risk description
1. Strategic – any risk that materially affects the ability of the organisation to meet its ordinance obligations and complete its strategic plan.	Inadequate governance systems and procedures prevent GAB achieving its objectives
	Dysfunctional or ineffective board preventing GAB achieving its objectives
	Stakeholder intervention preventing GAB achieving its objectives
	Performance of the DCIF falls to such an extent that withdrawals threaten the viability of the DCIF
2. Regulatory – risk from uncertainty due to legal actions or uncertainty in the applicability or interpretation of contracts, laws or regulations.	Material non-compliance with significant regulatory obligations
3. Financial – risk that the organisation - (a) will not have adequate cash flow or financial means to meet its financial obligations or (b) meet the income distribution expectations of its equity stakeholders.	Permanent and unexpected reduction in forecast distributions to the Synod from the DE, which results in a significant disruption to funded ministries in the Diocese
4. Reputational – risk that potential negative publicity regarding the organisation’s activities could cause lack of confidence from stakeholders.	Investment performance of the Diocesan Endowment failing to meet key stakeholder expectations (incl. Synod)
	Investment returns of the DCIF fail to meet key stakeholder expectations
	Loss of stakeholder trust due to inability to meet investor redemption requests
	Ethical Investment Policy fails to reflect current stakeholder expectations
5. Operational – risk that the operations of the organisation are inadequate, or may fail or be disrupted	Failure of external service providers (incl. SDS) leads to a business critical issue
	Loss arising from fraudulent misappropriation of funds from DCIF (including intentional and unintentional fraudulent payments)

New risks that are, or identified risks that become, outside appetite will be escalated to the Chairs of the Board and the Audit and Risk Committee as and when they are identified (outside the annual review cycle outlined above).



6 Charity Status

Charities Group Status Report

The Glebe Administration Board as trustee for the Diocesan Endowment (ABN 84 797 589 118) is registered as a large charity under the *Australian Charities and Not-for-Profits Commission Act 2012* (the “ACNC Act”).

GAB as trustee of the Diocesan Cash Investment Fund (ABN 16 824 150 770) is registered as a small charity under the ACNC Act.

GAB in its corporate capacity (ABN 16 008 382 090) is registered as a small charity under the ACNC Act.

Annual information statements for 2020 which comply with the ACNC Act have been given to the ACNC. In its capacities as trustee of the Diocesan Endowment and the Diocesan Cash Investment Fund, the GAB is a basic religious charity under the ACNC Act which means that it is exempted from the financial and auditing requirements under the ACNC Act.



7 Structure

Structure

Information about the membership of GAB is set out earlier in this Annual Report.

GAB has no employees. Administration, secretarial and accounting services are provided to GAB by Sydney Diocesan Services on a cost recovery basis. The executives of SDS with the greatest authority for the strategic direction and management of GAB are -

- Robert Wicks
Chief Executive Officer
- Isaac Kuruvilla
Head of Investments
- Michael Blaxland
Chief Financial Officer
- Briony Bounds
Corporate Secretary

THE GLEBE ADMINISTRATION BOARD

The principal office of the GAB is -
Level 2, St Andrew's House, Sydney Square, Sydney NSW 2000
PO Box Q190, QVB Post Office NSW 1230
Telephone: 02 9265 1555

The hours of access are Monday - Friday between 8.30am and 5.30pm

