

St Andrew's House Corporation as Trustee of St Andrew's House Trust

Annual Report to the Synod for Year Ending 31 December 2020

Purpose

In accordance with clause 14 of the *Accounts, Audits and Annual Reports Ordinance 1995* the Board of St Andrew's House Corporation (**SAHC**) provides the following information for the members of the Synod in respect of SAHC as trustee of St Andrew's House Trust (**SAHT**).

Constitution and Charter

SAHC is constituted as a body corporate by the *St Andrew's House Corporation Ordinance 2018* (**SAHC Ordinance**) for the purpose of governing and controlling the management and use of the land on which stands the building known as St Andrew's House (including the Town Hall Square arcade). The land and some other assets held in relation to the management of the land are held in a trust known as SAHT (ABN 81 498 954 541).

Pursuant to the *St Andrew's House Trust Ordinance 2015*, the Synod of the Anglican Church Diocese of Sydney and the Endowment of the See Corporation, as trustee of the Endowment of the See Property Fund each have a 50% interest in the income and capital of the Fund.

Management and Structure

During the year, Sydney Diocesan Services (**SDS**) provided administrative services to the Board under an agreed Service Level Agreement (**SLA**). The SLA is reviewed by the Board on a semi-annual basis and the following year's SLA is approved by the Board together with the cost recovery fee charged by SDS.

Colliers International (**Colliers**) manage the day to day operations of St Andrew's House and provide facilities management services.

Access

The principal office of SAHT is:

Level 2, St Andrew's House, Sydney Square, Sydney NSW 2000

PO Box Q190, QVB Post Office NSW 1230

Email beb@sydney.anglican.asn.au

Telephone 02 9265 1555

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

Membership

Under the SAHC Ordinance, SAHC consists of 11 members, being nine members elected by the Synod; and two members appointed by SAHC.

At least two members are to be ordained clergy licensed in the Diocese of Sydney.

Members are to retire from office every three years (subject to the terms of the SAHC Ordinance) and are eligible to be re-appointed.

Members' attendance at meetings of the Board during 2020 were –

Members	Meetings Eligible to Attend	Meetings Attended
Mr Howard Bellchambers	7	7
Mr Chris Bertinshaw	7	5
Mr Andrew Buckley	7	7
Mr Marcin Firek	7	4
Mr Robert Freeman	7	7
Mr Luke Jackson	7	4
Mr Doug Marr (Chair)	7	7
The Rev James Sneddon	7	7
The Rev Luther Symons	7	6
Ms Marianne Yacoel	7	7
Dr Robert Tong AM*	0	0

*Dr Tong was appointed as a member on 23 November 2020.

Annual Financial Statements – clause 14 (b)

The 2020 Annual Financial Report is attached (Attachment 1). The report has been audited by PricewaterhouseCoopers (**PwC**). PwC raised no matters of concern in relation to the Annual financial report.

Charities Group Status Report – Clause 14 (c)

SAHT (ABN 81 498 954 541) is registered as a large charity with the Australian Charities and Not-for- profits Commission (**ACNC**). The Annual Information Statement for 2020 will be completed and lodged with the ACNC before the due date of 30 June 2021.

SAHT is a Basic Religious Charity under the ACNC Act which means it is exempt from the financial reporting requirements under the ACNC Act.

Other Matters

SAHC has policies and procedures in place to address the following matters.

Liquidity

SAHC has in place policies to maintain adequate liquidity to fund the activities of the Trust. These policies are reviewed at least annually and management reports are prepared quarterly.

Risk Management

The key risks of the Trust are associated with the operation of St Andrew's House. A risk register is maintained by SDS and is reviewed at least annually by SAHC.

The key risks identified by SAHC are –

- *Financial Sustainability* – policies are in place to maintain sufficient liquidity to fund future capital works, rental void and leasing costs and income distributions. The policies are reviewed at least annually. A Sinking Fund is in place to fund certain capital works that is shared with the St Andrew's Cathedral School.

- *Operational Risk* – appropriate security and safety measures (e.g., fire evacuation procedures, CCTV and security guards) are in place for St Andrew’s House which are reviewed on an ongoing basis. Reports are provided to the Board in respect of financial and building performance, capital works, tenant lease compliance and building compliance matters such as fire safety. Colliers manage the facilities of St Andrew’s House and provide strategic retail advice in respect of Town Hall Square Arcade.
- *Regulatory and Contractual obligations* – the Board has in place policies for managing its contractual and statutory obligations. Colliers provides facilities management services that includes meeting certain building code certifications.
- *Reputation* – policies are in place to mitigate reputational risk.
- *Strategic Risk* – in 2018, the Board approved a strategic plan for 2020-2023 to mitigate the risk that it fails to meet the objectives of its Ordinance. Regular meetings occur with retail leasing agents from the arcade, the Council of the City of Sydney and St Andrew’s House Cathedral School. Members of the Board are also members of the Standing Committee.

Colliers have risk management procedures in place for the functions they exercise.

Key Achievements in 2020

The activities of the Board were conducted during 2020 in accordance with the terms of the *St Andrew’s House Corporation Ordinance 2018* and the *St Andrew’s House Trust Ordinance 2015*.

The key achievements in 2020 were –

- Managed the building during the COVID-19 outbreak, including providing rent relief to retail & commercial tenants to assist tenants to retain viable businesses post the COVID-19 lock-down.
- Completed cosmetic refurbishment work on Town Hall Square arcade.
- Undertook several planned lifecycle equipment maintenance & replacement projects.
- Secured two new tenants in the arcade, including a large format pharmacy operator.
- Paid full amount of income distributions previously forecast (\$5.566 million) notwithstanding the provision of COVID-19 rent relief of \$2.6 million.

Financial results for the St Andrew’s House Trust

\$000’s	2020 Actual	2019 Actual
Net rental income from property	7,233	10,126
Interest Income	149	260
Other Expenses	376	564
Surplus (before increase in value of St Andrew’s House property)	7,006	9,823
Fair value adjustment to St Andrew’s House property increase/(decrease)	(2,244)	40,060
Surplus for the year	4,762	49,884

In summary, the balance sheet of SAHT (including the sinking fund) as at 31 December was –

\$000's	2020	2019
Assets		
Cash, short term investments & term deposits	12,302	12,738
Receivables	1,640	1,152
St Andrew's House (market value)	213,500	215,500
Other	227	271
Total Assets	227,669	229,662
Liabilities		
Payables	1,344	720
Loan from GAB	5,025	6,900
Other	538	475
Total Liabilities	6,907	8,096
NET ASSETS	220,762	221,566

SAHT has a loan facility with the Glebe Administration Board (**GAB**) for \$5.0 million (2019: \$6.9 million). During 2020 debt repayments totalling \$1.9 were made.

Knight Frank undertook the valuation of St Andrew's House for 31 December 2020. Knight Frank assessed the market yield rate for St Andrew's House commercial (office tower and car park) and the retail arcade, based on market conditions and sales of secondary (B grade) commercial buildings and retail arcades over the last 12 months.

The value of St Andrew's House decreased to \$213.5 million in 2020 from \$215.5 million in 2019.

In brief, the movement in the value of SAH from 2020 can largely be attributed to the following factors –

- a. Slightly lower adopted net market income combined with a slightly lower capitalisation rate (office down 0.25% to 5.75% with retail unchanged at 5.50%).
- b. No material change in building outgoings.

Income Distributions

Income distributions made from the St Andrew's House Trust during 2020 were \$5.566 million (2019: \$5.431 million).

Adopted by SAHC on 21 April 2021.