

Annual Report For the Year Ended 31 December 1994

Sydney Diocesan Secretariat Glebe Administration Board Sydney Anglican Church Investment Trust

(Being bodies corporate under the Anglican Church of Australia (Bodies Corporate) Act 1938 and constituted to manage, govern and control church trust property for the Anglican Church Diocese of Sydney.)

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Abbreviations used in this Report -

"SDS" means Sydney Diocesan Secretariat
"GAB" means Glebe Administration Board
"SACIT" means Sydney Anglican Church Investment Trust
"SAPF" means Sydney Anglican Property Fund
"SAHC" means St Andrew's House Corporation

Introduction

1. The Secretariat is a team that serves others. The team has accountants, administrators, coordinators, lawyers, investment analysts, personal assistants, organisers and tradesmen. All team members share the common responsibility to



Board Members

achieve the Secretariat's mission, and all recognise that this mission is achieved by what is reported and distributed (as either income or capital). Our employees achieve the mission through the use of law (both civil and church), accounting standards and investment practices. The constitution and mission of the Secretariat and other principal corporations are noted at annex A.

2. Our employees provide a service that is both at arms length and yet still part of the "Church family", although some distance from the "coal face". This requires them to develop distinct characteristics that are vital to the successful performance of their duties.

3. The Secretariat seeks to foster these characteristics through its ethos - service to God and His people.

The Secretariat's Ethos

Service

4. The primary element of that ethos is *service* - our employees must serve the Church and the people in it.

Customer Focused

5. Our employees can be required to provide immediate advice, either written or verbal, about any aspect of accounting, finance, insurance, investment, law, personnel, property and maintenance. The advice must be objective, prompt and "customer focused". Our customers include ministers, churchwardens, parish councillors, members of a parish, officers of Anglican Church Organisations and also members of the public.

Customer Satisfaction

6. It is fundamental to our ethos to satisfy our customers' needs - the needs of the Church's followers as well as its leaders. This means that our employees must laterally think through problems if a conventional solution cannot be found and produce results in a tight time frame.

Group Endeavour

7. Whatever the task, it is a group endeavour. Bonds are forged through competency, trust and respect which enable our employees to withstand the pressure imposed by having to serve many masters concurrently.

Initiative

8. Unlike many other organisations, our employees operate in small, semi-independent teams. Leaders down to the lowest level are expected to operate on their own initiative within broad directives. Our employees require thorough training, and must develop self confidence and self discipline to achieve success in these circumstances.

The Team

9. The team has 3 primary groups consisting of the Board, the managers and the workers.

10. The Board (picture on the previous page) is comprised of senior church members (both lay and clergy) experienced in the field of investment, finance, accounting, insurance, cure of souls and episcopacy. The members of the Board are listed at annex B which also lists the members of the Investment Committee.

11. The managers (picture right) are organised on a triangular structure. The leader is the Chief Executive Officer, Mr David Fairfull. He has a General Manager for each of the Secretarial,



Management Team

Investment and Finance and Administration Divisions. Each Divisional General Manager has 3 departments -

- Secretarial Division - Synod/Legal Services
Corporate Services
Financial Services
- Investment Division - Treasury
Property Investments
Property Assets
- Finance and Administration Division - Accounts
Management Information Systems
Clergy and Staff Services

An organisation chart of the Secretariat is attached at annex C. This chart is presented in a two-dimensional format but in practice it operates in a three-dimensional matrix structure: many functions of one department are inter-related to the output of another department. For example accounts provides services to property management, building services, treasury, corporate services and financial services. Triangular matrix organisation structures are replacing the flat structures adopted by much of commerce in the late 1980s and are an efficient and proven product.

12. The workers are grouped in small teams ranging in size from 1 to 9 under each departmental manager. Members are skilled and experienced in their chosen fields of endeavour. Most have tertiary qualifications ranging from trades to degrees. The management team would not be able to do its job without the dedication to accurate detail and the will to achieve from this group.

Achievements in 1994

Secretarial Division

Synod/Legal Services

13. This area is run by the General Manager, Secretarial and the Legal Officer. It provides services to the Synod, Standing Committee, parishes and Anglican organisations. Over 40 meeting agenda

were prepared and numerous small meetings not requiring agenda were held. The greatest achievement in 1994 was the part reform of the parish assessment system, with the help of staff members from other departments. Another major initiative by this team was the editing and publishing of the *7th Handbook* to help Anglicans understand and operate within the framework of the Diocese. Further, with help from the Financial and Corporate Service Departments, it conducted 5 northern region area deanery meetings for churchwardens, giving advice on diocesan and parish administration.

14. This department also processed 62 ordinances through the Standing Committee and Synod, received in excess of 2,000 enquiries and reviewed and updated around 650 certificates of title held by the Property Trust. It clarified the position of parishes in relation to the Charitable Fundraising Act 1993 and the exemption from State Taxes. It also administered the Stipends and Allowances system by answering over 200 enquiries and by moving to an annual review of stipends.



Secretarial Division

Corporate Services

15. This department provides practical property, trust fund and insurance services to parishes and Anglican organisations mainly through the Anglican Church Property Trust Diocese of Sydney. During the year the department helped 73 parishes with sales and purchases of land, building projects both large and small and leases. It opened 25 new trust funds to give a total of 205 funds holding \$34.0m and received or distributed \$6.8m of both income and capital. Over 30 board meeting agenda were prepared, more than 200 other meetings were attended and in excess of 3,500 enquiries were answered from various parish representatives about property, trust fund and insurance matters.

16. The church insurance programme was enhanced by widening the "named insured" and was extended by the addition of Directors and Officers, Professional Indemnity, Fidelity Guarantee and Voluntary Workers Personal Accident insurance policies for parishes as well as Anglican organisations. About 200 claims were processed under this programme. It is believed that there is now insurance cover for almost every activity conducted in the Diocese.

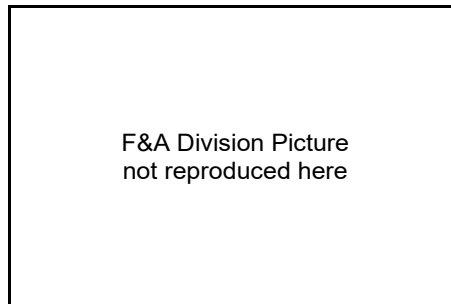
Financial Services

17. This department provides financial services to parishes and Anglican Organisations. In cooperation with other departments, during the year the payment of assessments by the direct debit method was approved for 1995. The revised method also prepares the ground for a much simplified Annual Financial Return for 1995. Procedures of the Finance and Loans Board were streamlined to improve decision-making by the Board. Over 30 meeting agenda were prepared and more than 800 enquiries were received about the financial matters of parishes and organisations.

Finance and Administration Division

Accounts

18. The Accounts department is responsible for the day to day accounting and preparation of periodical financial reports for about 250 funds. A significant improvement in reporting to parishes was made by the inclusion of market



Finance and Administration Division

value information together with the historical cost data required by ordinances. Financial report software and standardised documents were introduced which have increased productivity within the department.

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Clergy and Staff Services

19. This department manages the Sydney Diocesan Superannuation Fund, the Long Service Leave Fund, the Stipend Continuance Plan and the Sickness and Accident Fund. It also provides contract payroll, catering, mail and stationery services to various organisations within St Andrew's House. During the year 303 new members were admitted to the Superannuation Fund and 168 members exited, giving a total of 1,751 members at the end of 1994. Further, 110 mortgage loans at competitive rates totalling \$6.7m were current to help both clerical and lay members into housing before retirement. Also, improved life insurance cover for members at lower premiums was arranged for 1995 and extensive work was conducted on compliance with new legislation. Finally, the investment strategy was reviewed and changes were implemented to improve investment returns and reporting.

MIS Department

20. The MIS department is responsible for supporting over 70 computer users in St Andrew's House. During 1994 work began on the interconnecting of all these computers via local area networks and this process will be completed in 1995. Highlights for 1994 were the increasing use of electronic banking for processing payments and receipts, and the establishment of a database system for diocesan information contained in the Year Book.

Investment Division

Treasury

21. This department is responsible for day to day investment in the equity, bond, mortgages and cash markets. A new dealing room was built during the year and a new treasury software system was introduced which greatly enhanced the efficiency of



Investment Division

operations. Further, online information services were installed to give real time financial information to the Treasurer and Assistant Treasurer. Finally, extensive research was commenced into expanding the range of investment products available to parishioners, parishes and Anglican organisations.

Property Assets

22. The Property Management and Building Services departments have been re-organised so that all personnel form a unified team, focused on providing a better standard of service appropriate to a

Christian organisation and at the same time delivering realistic commercial returns.

23. The Property Assets team (the old Building Services department) services and maintains the Glebe Administration Board properties including multi-storey office towers and industrial sites. It supervised refurbishment projects at St Andrew's House (\$15m) and 447 Kent Street and supervised tenancy fitouts at St James Hall and 75 Miller Street where both buildings were fully leased. Additionally it branched out into a business venture, securing air conditioning and property maintenance contracts with CSR, Max Dunn & Associates and the Endowment of the See.

Property Investments

24. A significant initiative by the Property Investments team was the acquisition within SAPF of an excellent industrial property in Homebush (adjacent to the Olympic Swimming Centre) after 6 months of negotiations. This was purchased from AWA MicroElectronics for \$4.75 million and leased back to that Company on a 15 year lease.

25. Advantage was taken of an improving property market to reduce vacancies in the SAPF's key commercial property at 75 Miller Street North Sydney from 57% to nil. Consequently, the valuation on this property improved by \$1 million.

26. The Glebe Administration Board's office building at 447 Kent Street was strata titled and marketed for sale. The building was previously valued at \$14.4 million however once all strata lots are sold the property is expected to yield approximately \$21 million.

27. Town Hall Arcade Shopping Centre forms part of the St Andrew's House building owned by St Andrew's House Corporation. It was built about 20 years ago and its income has declined over recent years. A feasibility study for a major refurbishment was commenced to improve returns over the next 10 to 20 years.

Finance in Review

SDS

28. The 1994 surplus of \$275,000 was almost double the size of the 1993 surplus. Even though service fees charged by the SDS were reduced by \$85,000, further reductions in costs enabled a surplus to be achieved.

29. There were 2 claims on the Stipend Continuance Plan for clergy and full-time lay workers in parishes. There were 26 claims for part reimbursement of removal costs.

30. Further financial information can be found in the Audited Accounts for 1994 attached to this report.

GAB

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31. The 1994 surplus of \$8.9 million was ahead of budget but disappointing compared to 1993. The collapse in both the equity and bond markets caused a substantial drop in "Other Income". This was fortunately countered by a one-off write back of the Provision for Deferred Maintenance set aside on a building sold during the year. The surplus was just ahead of the budget and 20% below the 1993 surplus.

32. Further financial information can be found in the Audited Accounts for 1994 attached to this report.

33. It is worth noting that the Board wishes to have assets in its portfolio that will have prospects of both capital growth ahead of inflation and income growth keeping pace with inflation.

SACIT Capital Fund

34. This Fund was managed for the first time entirely by the GAB in 1994.

35. The capital value of a unit decreased during the year by 12.5% from \$5.99 to \$5.24. The income distributions for the year represent a 3.5% return on the value of a unit at the beginning of 1994. There has not been any movement in the number of units on issue (416,967).

SAPF

36. This Fund is also managed by the GAB. The 1994 surplus of \$1.14 million was ahead of budget.

37. The capital value of a unit increased by 1.9% from \$1,222 to \$1,245. The distributions represent a 9.1% return on the value of a unit as at 1 January 1994. 84 units were issued during the year, bringing the number on issue to 13,307.

Financial Results

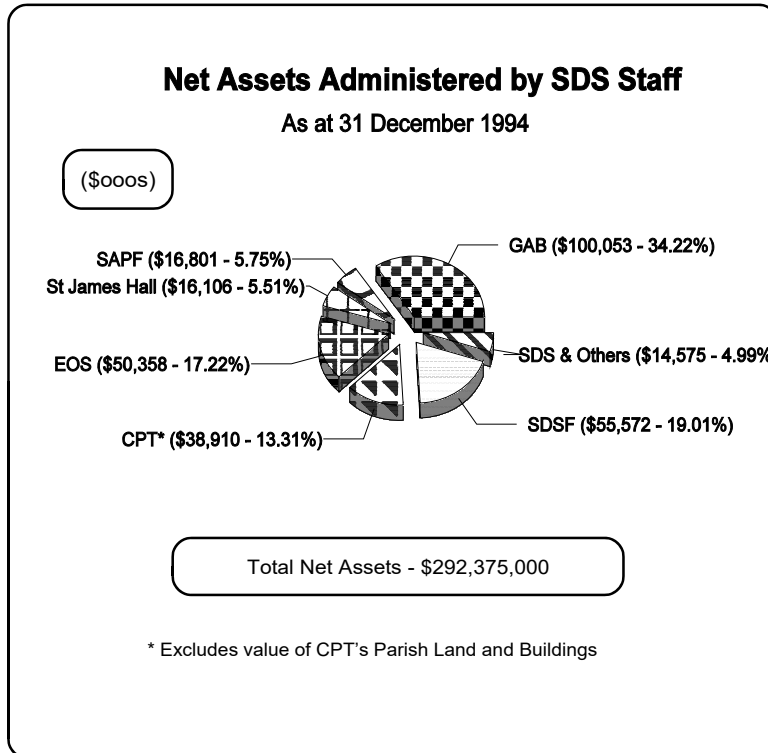
38. In brief, the income and expenditure results for 1994 were -

	\$000s				
	<i>Actual</i> 1992	<i>Actual</i> 1993	<i>Actual</i> 1994	<i>Budget</i> 1994	<i>Budget</i> 1995
<i>Sydney Diocesan Secretariat</i>					
Total Income	5,215	4,998	5,005	4,735	4,911
Expenditure	<u>4,928</u>	<u>4,853</u>	<u>4,730</u>	<u>4,735</u>	<u>4,911</u>
Operating Surplus	287	145	275	-	-
Less Transferred to Reserves	<u>20</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Surplus	<u>267</u>	<u>145</u>	<u>275</u>	<u>-</u>	<u>-</u>
<i>Glebe Administration Board</i>					
Net Property Income	6,233	2,058	2,293	2,143	3,045
Other Income	<u>7,638</u>	<u>11,153</u>	<u>6,205</u>	<u>8,442</u>	<u>6,354</u>
	13,871	13,211	8,498	10,585	9,399
Expenditure	<u>2,873</u>	<u>2,068</u>	<u>1,792</u>	<u>1,695</u>	<u>1,554</u>
	10,998	11,143	6,706	8,890	7,845
Abnormal Items	<u>-</u>	<u>-</u>	<u>2,207</u>	<u>-</u>	<u>-</u>
Distributable Surplus	<u>10,998</u>	<u>11,143</u>	<u>8,913</u>	<u>8,890</u>	<u>7,845</u>
<i>Sydney Anglican Church Investment Trust Capital Fund</i>					
Income	142	285	400	*	*
Expenditure	<u>40</u>	<u>67</u>	<u>73</u>		
Surplus	<u>102</u>	<u>218</u>	<u>327</u>		
<i>Sydney Anglican Property Fund</i>					
Income	2,548	2,075	1,832	2,085	2,454
Expenditure	<u>788</u>	<u>709</u>	<u>688</u>	<u>973</u>	<u>804</u>
Surplus	<u>1,760</u>	<u>1,366</u>	<u>1,144</u>	<u>1,112</u>	<u>1,650</u>

* No budgets are prepared for this fund.

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39. A pie chart of the Net Assets administered by SDS staff in 1994 is shown below:



M.S. FRANCIS
Secretary

9 August 1995

Annexure A

Constitution and Mission

The SDS is constituted by the Sydney Diocesan Secretariat Ordinance 1973 to care for the property of the Standing Committee and to regulate the affairs of the Anglican Church within the Diocese of Sydney. It provides services through its personnel to parishes and Anglican organisations.

The GAB is constituted by the Glebe Administration Ordinance 1930 to manage and control the Diocesan Endowment, being the capital from sales of glebes granted to the Church in the 19th century. Up to 75% of the annual "net operating income" of the Diocesan Endowment (a higher percentage in some circumstances) is appropriated by the Synod of the Diocese for mission and ministry. The GAB has a secondary role as trustee and manager of the SAPF and St James Hall. It also manages the SAHC.

The SACIT is constituted by the Sydney Anglican Church Investment Trust Ordinance 1965 to provide investment services to parishes, churches and organisations of the Diocese of Sydney.

Further information is available in the *7th Handbook*.

Annexure B**Membership of the Secretariat Board**

The members of the SDS are also the members of the GAB and the SACIT. The names of the members in office at 31 December 1994 and their meetings attendance records follow.

	<i>Meetings Attended</i>	<i>Last Appointed</i>
Mr B.H. Ball	5	1994
The Rev B.A. Ballantine-Jones	7	1993
Mr R. Bucknell	5	1994
Mr A.E. Clemens	6	1993
Mr D. Coburn, AM	7	1992
Mr R.C. Corbett	5	1993
Mr R.H.Y. Lambert	5	1994
Mr P.T. Nicholson (Deputy Chairman)	7	1993
Mr W.H. Olson	4	1993
Dr L.A. Scandrett	8	1993
Mr P.R. Shirriff	6	1994
The Right Rev P.R. Watson (Chairman)	6	1993

The Standing Committee of the Anglican Diocese of Sydney appoints the members. One-third retire each year, being the longest in office since their last appointment.

Meetings are held at St Andrew's House, Sydney Square 2000 (PO Box Q190, Queen Victoria Buildings, Sydney 2000): telephone (02) 265-1555. Normal business hours are 9 am to 5 pm. Mr M.S. Francis is the Secretary.

The SDS, GAB and SACIT had an Investment Committee consisting of -

Mr B.H. Ball (Acting Chairman)	Dr L.A. Scandrett
Mr R.E. Bucknell	Mr P.R. Shirriff
Mr R.C. Corbett	Mr J.S.
McSkimming	
Mr D.J. Fairfull	
Secretary: Mr M.S. Francis	

Annexure C