

# Annual Report

## For the Year Ended 31 December 1996

### 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

"CPT"	means Anglican Church Property Trust Diocese of Sydney
"EOS"	means Endowment of the See
"GAB"	means Glebe Administration Board
"GAL"	means Glebe Australia Limited
"SACIT"	means Sydney Anglican Church Investment Trust
"SAHC"	means St Andrew's House Corporation
"SAPF"	means Sydney Anglican Property Fund
"SDS"	means Sydney Diocesan Secretariat
"SDSF"	means Sydney Diocesan Superannuation Fund

### **Achievements in 1996**

#### **Secretarial Division**

1. The Secretarial Division performs a number of functions for our central organisations.

*Secretarial:* attending meetings (over 110 in 1996), preparing agenda, taking minutes, writing reports and letters etc, answering questions, attending to matters arising from meetings, keeping records, etc.

*Legal:* giving advice, drafting documents, writing opinions and reports, updating the CPT's title documents, oversight of the Synod/Standing Committee legislative procedures (55 bills for ordinances in 1996), helping to administer the Sexual Misconduct Protocol, keeping watch on Government legislation affecting the Church, etc.

*Property Trustee:* keeping records of about 2,000 title documents and trusts, executing documents (for leases, sales, purchases, contracts, development applications), property maintenance, etc.

*Investment Trustee:* investing funds (net assets \$101m at 31 December 1996, \$93m for 1995), and administering short-term and long-term pooling funds, etc.

*Insurances:* effecting insurances for parishes, unincorporated diocesan organisations and some incorporated organisations with up to 200 claims pa, seeking insurance tenders, etc.

*Advice:* giving advice on policies and procedures, publishing the Handbook, supplying speakers for information-type meetings.

*Stipends:* administering the system of recommended stipends etc.

*Diocesan Finances:* monitoring the audited accounts of diocesan organisations, gathering information for the Synod Estimates each year, administering approved Synod Estimates, administering the parish property and ministry recovery charge system, administering the loans function of the Finance & Loans Board, etc.

*Elections:* keeping records of persons elected to bodies (up to 1,000 positions), administering Synod and Standing Committee elections, etc.

2. Usually a staff member is allocated as secretary of a body for whom functions are performed and that person draws on the resources of the Division as required. The major bodies for whom some or all of these functions were performed in 1996 are -

- The Synod
- Standing Committee
- Archbishop-in-Council
- Archbishop/Endowment of the See
- Sydney Diocesan Secretariat
- Glebe Administration Board
- Church Property Trust

3. The Division has several benchmarks which were achieved consistently during 1996.

- (a) To issue agenda about 1 week before a meeting.
- (b) To complete the minutes within 24 hours of a meeting.
- (c) To do the matters arising within 7 days of a meeting.
- (d) To observe all ordinance and statutory deadlines.

(e) To answer all enquiries promptly.

4. The CPT's Titles Update Program has been going on quietly under the Legal Officer and the Legal Trainees since 1993.

*Stage 1:* was to update the information on file for each property. It was largely completed in 1996.

*Stage 2:* started on 1 January 1997. It involves ensuring all titles are in the correct name, locating missing titles or applying for new titles, taking preliminary action to have old system titles converted to Torrens Title, and having property vested in the Archbishop or private trustees vested in the CPT.

*Stage 3:* will address situations where we have possessory title only, where Crown grants have not been issued, where there are problems with cemeteries, and where we need to convert limited Torrens Titles to "full" titles. Some of these matters may involve significant costs.

*Stage 4:* will be to computerise our property records fully and establish links to Government and Local Government property records.

5. The valuable work done and to be done on this Program will benefit parishes especially in years to come.

6. Planning was completed in 1996 to split the CPT's Pooling Fund into 2 funds: Short-Term and Long-Term. This will provide more flexible investment options for funds held for parishes and organisations.

7. At the 1996 Synod session, regionalism took another step with the election of Regional Councils. Our staff planned and organised these almost "wrinkle-free" elections.

8. The refund of \$642,000 to the Synod in 1996 on parish insurances was significant. The Secretary of the CPT and the Insurance Officer have continued to look for savings in insurances and improvement in cover.

#### **Finance and Administration Division**

##### *Accounts*

9. As part of its involvement with the new operations in Glebe Australia Limited (GAL), the Secretariat undertook the accounting work for the two unit trusts in the 50% owned management company Hunter Hall Investment Management Limited. This has given our staff invaluable experience in an accounting area not previously undertaken within the Secretariat and has enabled us to be in an excellent position to move into new trusts to be marketed in 1997.

10. Additionally, other outside accounting work has been undertaken with an investment company, with the Chief Accountant taking on the role of Company Secretary.

##### *Clergy and Staff Services*

11. This department manages the SDSF, the Long Service Leave Fund, the Stipend Continuance Plan, the Sickness and Accident Fund and Car Insurance Fund. Other responsibilities include; payroll, catering, mail, reception and stationery services to various organisations within St. Andrews House.

12. Changes to superannuation continue to create additional work and the superannuation surcharge and the related collection of tax file numbers is no exception.

13. At the end of 1996 the SDSF had 2,074 members, a net increase of 160 members during the year. It had net assets of \$69.37 million, an increase of \$5.42 million or 8.5%. The fund distributed a return of 8% to members as at the end of 1996. The average distribution to members over the last 5 years is 9.3% per annum and over the last 10 years is 10.5% per annum.

14. The trainee programme introduced some years ago continues to work well with seven trainees, at differing stages, undertaking commerce, accounting and law in various divisions of the Secretariat.

15. The payroll services department continues to provide services to some other Anglican organisations.

#### *MIS Department*

16. New and continuing demands require that our technology is up to date in both hardware and software resources. There has been a continuation of gradual updates throughout 1996. During the year the MIS manager resigned but was retained as a part-time consultant with a young programmer being employed. New unit trust work resulted in the MIS department writing a suite of programs for the unit trust system to replace the inadequate software inherited from the previous administrator. There have been many other improvements and enhancements to existing programs to cope with changes and demands.

#### **Investment Division**

17. This division manages the investment activities of GAB and related corporations and is responsible for investments in property, shares, cash, fixed interest, mortgages and loans as well as other appropriate investment opportunities from time to time.

18. During 1996 the division managed substantial investment portfolios for GAB, SAPF, SACIT, CPT, ARV and SDSF as well as handling the day to day cash and investment requirements of the SDS and the many funds handled by the Finance and Administration division. Total assets under management were more than \$320 million at 31 December 1996.

19. The Sydney Anglican Deposit Plan (SADP) was launched in April 1996. During 1995 the decision was taken to re-structure the deposit taking activities of the GAB. Previously, GAB could only take deposits from Anglican parishes and organisations. The changes resulted in the SADP which is now open to all investors seeking a competitive

return. A variety of options also permit the investor to structure an investment to suit different requirements. The SADP deposit base at 31 December 1996 stood at \$45.5 million showing an increase of \$12.8 million during the year.

20. In 1996, GAB restructured its equity portfolio and transferred most of its equity investments into SACIT in exchange for units. This enabled GAB to rationalise its share portfolio and, by using SACIT as its primary equity vehicle, achieve a greater degree of management efficiency while maintaining a return closely linked to the share market. This transaction was implemented by the treasury department and involved the on-market sale of around \$44 million in shares from GAB and similar purchases in SACIT. This significant influx of funds to SACIT lifted the size of the SACIT fund to around \$54 million at the end of 1996, up from \$8.5 at the end of 1995.

21. The property department continues to manage the commercial property assets of the GAB, SAPF, SAHC and St James Hall. Its activities include property services and maintenance of multi-storey office towers, industrial properties and the office, retail and car park complex of St Andrews House.

22. The property market during 1996 improved on the levels of 1995 with rental income and property valuations generally increasing on those attained during 1995. The total value of properties managed by the property department rose to \$155.3 million at the end of 1996, a rise from \$150.7 million at the end of 1995. This was achieved despite a number of sales during the year and reflects the improved valuations on the property portfolio.

23. The North Sydney property market strengthened as vacancy levels fell sharply enabling the property management department to achieve improved returns during rent negotiations at 75 Miller St. The end of year valuation for this property (\$12 million up from \$9 million in 1995) reflected the improved market conditions and stronger demand.

24. During the year, GAB sold an industrial property at Wetherill Park to the existing long-term tenant. The price of \$4.25 million was above 1995 valuation and well above the initial purchase price of \$2.8 million paid in 1987.

25. Sales in the 447 Kent St property reflected slightly improved conditions in the strata office market with a full floor and several smaller suites sold during the year. Meanwhile improved leasing conditions saw some vacant/unsold areas let providing good investment opportunities to potential investors/purchasers. Further sales success early in 1997 indicate that the strata market has improved in recent months and this is expected to continue.

26. SAPF expanded its portfolio of quality property assets with the purchase in 1996 of a multi-unit industrial site at 142 James Ruse Drive, Rosehill for \$6.685 million (including transaction costs) showing an initial yield of approximately 10.3%. The purchase was funded by

\$2.8 million in debt funding from GAB with the balance from internal cash holdings. All but \$900,000 of this borrowing was repaid before 31 December 1996.

27. The in-depth analysis of the potential refurbishment of Town Hall Arcade shopping centre continued during 1996. Despite the complexity of the negotiations with the Sydney City Council, the State Rail Authority and other parties, agreement was reached late in 1996 on many critical aspects of the proposed refurbishment. Considerable progress was made in the planning and development of this strategically located retail shopping arcade with the appointment of an architect and other consultants to ensure the end result will provide the best possible outcome for SAHC and its stakeholders, GAB and EOS.

*Glebe Australia Limited*

28. GAL was formed late in 1995 as a wholly owned subsidiary of the GAB to undertake a number of investment related activities and implement new strategies adopted by the Board. The considerable effort involved in the start up of this public company and its subsidiaries, Glebe Investment Company Pty Limited and Glebe Asset Management Limited, has resulted in appropriate corporate vehicles that GAB will use to pursue more broadly-based investment opportunities. These activities such as lending, leasing, funds management and the development of investment products such as retail investment trusts are expected, in the longer term, to enhance the returns of the GAB so that more funds are available for the Synod.

**Finance in Review**

*SDS*

29. The 1996 surplus of \$79,417 was achieved after recouping personnel and accounting service fees to the organisations for which services were performed.

30. There were 3 claims on the Sickness and Accident Fund and no claims on the Stipend Continuance Plan for clergy in parishes. There were 40 claims for part or full reimbursement of removal costs.

31. Further financial information can be found in the Audited Accounts for 1996 attached to this report.

*GAB: The Diocesan Endowment*

32. The accounting surplus of \$9.82 million was \$2.29 million (18.9%) below that achieved in 1995 principally due to a turnaround of some \$4 million in the valuation of equity investments between the end of 1995 and 1996. However, the operating surplus which excludes the equity valuation actually improved by 8.6% from \$8.0 million in 1995 to \$8.69 million in 1996.

33. Further financial information can be found in the Audited Accounts for 1996 attached to this report.

34. 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*

35. This fund, which is managed by SDS, recorded a surplus of \$1.46 million in 1996 which is distributed proportionately to unitholders of the fund.

36. The total return to unit holders was 8.4%, consisting of a 5.1% increase in the capital value of a unit from \$5.73 to \$6.02 and income distributions of 3.3% on the value of a unit at the beginning of 1996. The number of units on issue has increased dramatically in 1996 due to the injection of around \$44 million by GAB as part of the restructuring of its equity portfolio.

*SAPF*

37. This fund, which is also managed by GAB, recorded a surplus of \$2.08 million for 1996, 23% higher than for 1995. Part of this increased surplus was generated through the purchase of a property at Homebush Bay. The surplus generated in 1996 was distributed to unitholders as income.

38. The total return to unit holders was 21.6%, consisting of a 12.4% increase in the capital value of a unit from \$1,376 to \$1,547 and income distributions of 9.2% on the value of a unit as at 1 January 1996. 1,237 units were issued during the year, bringing the number of units on issue to 17,898.

**Financial Results**

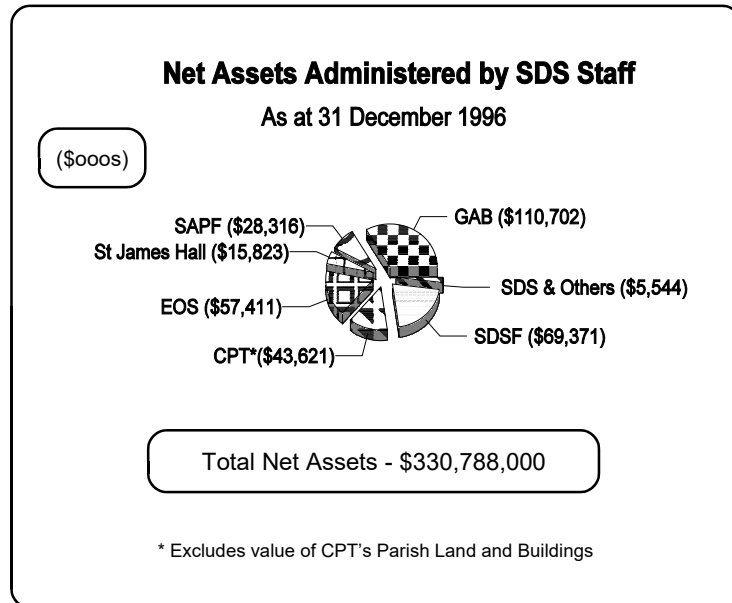
39. In brief, the income and expenditure results for 1996 were -

	\$000s			
	<i>Actual</i> 1995	<i>Actual</i> 1996	<i>Budget</i> 1996	<i>Budget</i> 1997
<i>Sydney Diocesan Secretariat</i>				
Total Income	4,912	5,309	4,972	5,717
Expenditure	<u>4,885</u>	<u>5,230</u>	<u>4,972</u>	<u>5,785</u>
Operating Surplus(Deficit)	27	79	-	(68)
Less Transferred to Reserves	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Surplus	<u>27</u>	<u>79</u>	<u>-</u>	<u>(68)</u>
 <i>Glebe Administration Board</i>				
Net Property Income	2,926	4,028	4,057	3,913
Net Treasury Income	1,111	2,634	3,132	1,550
Net Other Income	<u>1,789</u>	<u>2,029</u>	<u>1,647</u>	<u>2,011</u>
	5,826	8,691	8,836	7,474
Abnormal Items	<u>2,181</u>	<u>-</u>	<u>-</u>	<u>-</u>
Distributable Surplus	<u>8,007</u>	<u>8,691</u>	<u>8,836</u>	<u>7,474</u>
Accounting Surplus including non-distributable items	<u>12,107</u>	<u>9,817</u>	<u>8,836</u>	<u>7,474</u>
 <i>Sydney Anglican Church Investment Trust Capital Fund</i>				
Income	438	1,818	*	*
Expenditure	171	356	*	*
Surplus	<u>267</u>	<u>1,462</u>	<u>-</u>	<u>-</u>
 <i>Sydney Anglican Property Fund</i>				
Income	2,395	2,960	2,537	2,831
Expenditure	<u>672</u>	<u>883</u>	<u>701</u>	<u>749</u>
Surplus	<u>1,723</u>	<u>2,076</u>	<u>1,836</u>	<u>2,082</u>

\* No budgets are prepared for this fund.



40. A pie chart of the Net Assets administered by SDS staff in 1996 is shown below



M.G. BROWN  
*Secretary*  
9 July 1997

## **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 certain glebes granted to the Church in the 19th century. Currently, up to 70% 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 St Andrew’s House for 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.

The SAPF is constituted by the Investment Ordinance 1975 to provide a means for church funds to be invested in a property unit trust.

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 as at 31 December 1996 and their meetings attendance records follow.

	<i>Meetings Attended</i>	<i>Last Appointed</i>
Mr B.H. Ball	6	1994
Canon B.A. Ballantine-Jones	5	1996
Mr R. Bucknell	5	1996
Mr A.E. Clemens	3	1996
Mr J.C. Conde, AO	3	1995
Mr R.C. Corbett	3	1996
Mr R.H.Y. Lambert	6	1994
Mr P.T. Nicholson (Deputy Chairman)	4	1996
Mr W.H. Olson		5 <del>199</del>
Dr L.A. Scandrett	7	1996
Mr P.R. Shirriff	3	1994
Bishop P.R. Watson (Chairman)	7	1996

Since the end of the year Mr J. Conde AO and Mr W. Olson have resigned and Mrs C. Holley and Mr N. Ingham have been appointed as members.

The Standing Committee of the Synod 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, QVB Post Office NSW 1230): telephone (02) 9265-1555. Normal business hours are 9 am to 5 pm.

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

Mr B.H. Ball (Chairman)	Mr J.S. McSkimming
Mr R.E. Bucknell	Dr L.A. Scandrett
Mr D.J. Fairfull	Mr P.R. Shirriff
Mr R.H.Y. Lambert	

## Annexure C [not reproduced here]