



# ANGLICAN DIOCESE OF GRAFTON

## POLICIES AND PROCEDURES

<b>SUBJECT: PARISH MANAGED INVESTMENT OF TRUST FUNDS</b>		<b>REFERENCE NUMBER</b> CTS-003
<b>DATE APPROVED</b> 27 March 2025		<b>VERSION 3</b> replacing original version dated 21 October 2021
<b>IMPLEMENTATION DATE</b> Immediate	<b>REVIEW DATE AND FREQUENCY</b> As required but at least 3 yearly	<b>RESPONSIBLE FOR REVIEW</b> The Corporate Trustees

### 1. PURPOSE

The purpose of this policy and procedure is to complement CTS-001 The Corporate Trustees Governance Policy and CTS-002 The Corporate Trustees Investment Policy by providing specific guidance on parish proposals for property investment.

### 2. SCOPE

- 2.1 This policy is relevant to where The Corporate Trustees receive a request from a parish for reinvestment in industrial, commercial or residential property for the purpose of generating income for the parish.
- 2.2 This policy is not applicable to property purchased or constructed primarily for ministry purposes such as clergy housing, a place of worship or for fellowship activities.
- 2.3 This policy will not operate retrospectively on property investments that are currently managed by parishes. However, this policy does not preclude, The Corporate Trustees reviewing any existing arrangements for risk and/or financial prudence and taking action to change those arrangements in the best interest of the Church after consultation with the parish or organisation involved.
- 2.4 This policy is not applicable to interest bearing investments and other non-property investments.

### 3. DEFINITIONS

**“Church”** – Anglican Church of Australia in the Diocese of Grafton.

**“Investment”** - An arrangement undertaken, acquired or maintained with the expectation of achieving a financial return through interest, profit or capital growth.

**“Investment Property”** - Real property, whether classed as industrial, commercial or residential property, that has been purchased for or is owned for, the purpose of generating income and where the property is not primarily for ministry purposes such as clergy housing, a place of worship or for fellowship activities.

**“Operational Risk”** - The prospect of loss resulting from inadequate or failed procedures, systems or policies; employee errors; systems failures; fraud or other criminal activity. Any event that disrupts business processes.

**“Property Development”** - Where property is altered or enhanced for the purpose of commercial gain by the sale, lease or rent of some or all of the altered property.

**“Risk”** - The uncertainty of a financial return or the probability that an actual return on an investment will be lower than the expected return.

**“Risk Mitigation”** - A systematic reduction in the extent of exposure to a risk and/or the likelihood of its occurrence. Also called risk reduction.

**“WH&S”** - Work Health and Safety as defined by the Work Health and Safety Act 2011 (NSW).

## **4. PRINCIPLES**

- 4.1 All investment property is to be under the management of The Corporate Trustees, even where the proceeds of such an investment are for a single parish, except where there are compelling reasons to the contrary and the inherent risks are suitably managed.
- 4.2 As outlined in CTS-002 The Corporate Trustees Investment Policy, investments where real property is held and managed by the Diocese are not favoured due to concentration and liquidity risks and ongoing administrative and management responsibilities.
- 4.3 The above does not apply to the investments of bodies corporate established under Ordinance in compliance with the Anglican Church of Australia (Bodies Corporate) Act 1938 (NSW).
- 4.4 The Corporate Trustees have adopted the above principles for the following reasons:
  - 4.4.1 To obtain better returns and lower risk across all trust funds;
  - 4.4.2 Maintaining all property investments or unspent trust funds within The Corporate Trustees’ management enables a spread of fixed administration costs over a larger pool of investments which is more financially efficient;
  - 4.4.3 Parish managed investments continue to provide costs and administrative responsibilities for The Corporate Trustees but no corresponding income stream to cover those costs;
  - 4.4.4 Maintaining funds under the management of The Corporate Trustees provides the scale for The Corporate Trustees to diversify the portfolio of investments and to select investments of reasonable scale;
  - 4.4.5 To more closely control compliance, WH&S and public liability risks;
  - 4.4.6 To more closely manage property maintenance and the provisioning for future maintenance;
  - 4.4.7 To provide objective decision-making on the future disposition of investment properties;
  - 4.4.8 To ensure that the necessary continuity and skills are allocated to the above responsibilities; and
  - 4.4.9 To allow parishes to focus on ministry instead of the management of investment properties.

## **5. REQUIREMENTS**

- 5.1 Upon receipt of a written proposal by those with authority to act on behalf of the relevant body for a parish-managed property investment, The Corporate Trustees, through the Registrar, shall:
- 5.1.1 Advise the parish representatives of this policy;
  - 5.1.2 Receive details of the investment proposal from the parish;
  - 5.1.3 Investigate whether the investment proposal would be suitable for incorporation into The Corporate Trustees' investment portfolio as an investment managed by The Corporate Trustees.
  - 5.1.4 If the parish, after being advised of the policy, wishes to apply for approval to proceed with a parish-managed investment as an exception to this policy, the parish shall submit its reasons for the request which should include:
    - (a) Expected investment performance
    - (b) Various risks of the investment and how they will be managed
    - (c) How maintenance will be managed and provided for
    - (d) The parish's capacity to manage this investment without affecting ministry efforts
  - 5.1.5 The Corporate Trustees will seek to consider and respond to any application from a parish as soon as possible. The evaluation from The Corporate Trustees will not solely take into account any possible benefits from the applicant parish but also the effect on the portfolio of trusts and beneficiaries in general, and the risk and administrative burden on The Corporate Trustees and the Diocese in general.
  - 5.1.6 The Corporate Trustees may request a presentation by representatives of the application where it is of the view that such a presentation is important for the decision-making process.

## **6. APPEAL MECHANISM**

- 6.1 In cases where a parish has made an application under section 5.1.4 and is not satisfied with the decision of The Corporate Trustees, it may submit to The Corporate Trustees for the matter to be reconsidered if:
- 6.1.1 New significant information about the proposal becomes available; or
  - 6.1.2 The parish is of a view that The Corporate Trustees decision indicates a misunderstanding of some of the information that was presented in the original application.
- 6.2 The Corporate Trustees will seek to consider and respond to any appeal by a parish as soon as possible.