Catholic Diocese of Bunbury
Guidelines and Procedures for the Purchase and Sale of Real Property

BACKGROUND

Ownership

In the civil law of Western Australia, all property (both real property and personal property) of the Church owned by the diocese or its parishes is held under the title of the "The Roman Catholic Bishop of Bunbury", registered as a "Corporation sole" under the Roman Catholic Bunbury Church Property Act No. 28 of 1955. Titles to real property are held at the Diocesan Offices.

Any property transactions of the diocese or of its parishes must take place under the seal of The Roman Catholic Bishop of Bunbury.

Diocesan Financial Administrator

The Bishop is ultimately responsible for the supervision of parishes in administration of parish property.

The Bishop has delegated his duty of supervising the administration of property belonging to the parishes to the Diocesan Financial Administrator. The Diocesan Financial Administrator administers the property and finances of the Diocese in the name of the Bishop.

Diocesan Resources Committee

The Diocesan Resources Committee is a consultative body appointed by the Bishop to assist him, the Diocesan Financial Administrator and parishes on the best use of their property and to advise the Bishop, Diocesan Financial Administrator and parish on such matters. The Diocesan Resources Committee does this by attending to the implementation of policies approved by the Bishop. The Chairman of this Committee is the Diocesan Financial Administrator.

Buildings

The Diocesan Resources Committee supervises the construction, alteration, addition or renovation of buildings. It does this in accordance with the Guidelines and Procedures for Buildings.

Purchase or Sale of Land

Parishes derive their property as a legacy from the past, and as a result of current initiatives. This property offers the parish the means to resource its apostolates in the present era, and is also a heritage to be held in trust for future generations.

Accordingly a parish has a responsibility to be diligent in the stewardship of its property as well as seeking out new real property sites, or constructing additions that will assist the future work of the Parish.

Many parishes have real property which is unused and surplus to the current needs of the parish. This real property may be:

1. vacant land which has never been utilised for parish needs;

2. real property from bequests;
3. real property that has been developed and used, but are no longer required (e.g. Mass Centre in an amalgamated parish, or land on which sits an unused school).

In some cases parishes have been able to generate substantial income from their real property over and above the offerings of the faithful in the parish. Other parishes rely on this income to operate, as their offerings may not be sufficient to meet costs, while many parishes have real property that does not contribute to its income.

The Diocesan Resources Committee supervises the dealing in real property by parishes. They do this in accordance with the Guidelines and Procedures for the purchase and sale of land and Guidelines and Procedures for the acquisition or disposal of new school sites.

Schools

Besides the parish's church, centre, hall, or presbyteries, the most significant other real property is likely to be a Catholic parish school. Such real property is held in trust by the parish.

The Bishop has delegated the management of Diocesan and parish schools to the Catholic Education Commission of WA which receives its mandate from the Bishops of Western Australia.

A School Board administers the school under the supervision of the Catholic Education Commission and its executive body, the Catholic Education Office (CEO).

The CEO therefore is involved in the planning of new schools, additions, or in advising on the acquisition of new real property sites on the part of the parish or diocese.

The school board includes the parish priest (ex officio) and a representative of the parish council. This arrangement provides the official link between parish and school.

In undertaking any purchase or sale of real property that could affect the parish school, consultation with the CEO is required.

Pastoral versus Investment Real Property
All real property within the Diocese can be categorized into two types, pastoral and investment.

Pastoral property includes the following;
1. Churches
2. Presbyteries
3. Parish Halls
4. Parish Centres
5. Homes for the aged
6. Parish school sites
7. Secondary school sites
8. Proposed school sites
9. Land zoned for ecclesiastical purposes only
10. Land zoned Crown Grant in Trust

Investment property includes the following;

1. Vacant Land
2. Church land no longer being used for religious purposes
3. Deconsecrated churches
4. Presbyteries in which a resident Parish Priest does not, or is not likely to reside
5. Other residential zoned land
6. Other rural zoned land
7. Other commercial zoned land
8. Retirement Villas
9. Other assets built on parish land or acquired for the specific purpose of sale or lease
10. All other real property.

Where property could be listed as both pastoral and investment then it shall be regarded as pastoral. For example a parish centre located on commercial zoned land shall be considered as pastoral land. However, proper justification for using commercial property for pastoral purposes will need to be presented to the DRC.

PROCEDURES AND GUIDELINES

Purchase of Real Property

The following procedures and guidelines are to be followed in all purchases of property carried out in the name of the Roman Catholic Bishop of Bunbury

Guidelines

1. The purchase of pastoral property by a parish or the Diocese must be within the parish boundaries.

2. The purchase of investment property can be undertaken anywhere within Western Australia.

3. The purchase of investment property becomes an investment decision, and hence consideration should be given to maximizing capital growth and rental income.

4. Professional advice should be obtained about any proposed purchase of investment property to ensure that market conditions are considered prior to any investment.

5. The parish should demonstrate it has given thoughtful and proper consideration to the proposed purchase. This should include a plan which establishes short and long term needs, investigates all alternatives and considers all financial implications. This will ensure that any proposed purchase is well considered, and consistent with the overall parish direction.

Procedures

1. An initial Intention to Purchase Real Property is to be lodged with the Diocesan Financial Administrator, who may consult the Diocesan Resources Committee. Subsequently, the Diocesan Financial Administrator will discuss with the parish their intentions and what the parish should consider prior to taking their intentions to the next stage. This will give the parish an opportunity to discuss whether to proceed to the next stage

2. A Justification for Capital Expenditure (See Appendix A) should be prepared and lodged with the Diocesan Financial Administrator for consideration by the Diocesan Resources Committee. The more detailed the Justification for Capital Expenditure the more likely the Diocesan Resources Committee will be able to make an informed decision quickly. Once considered, the parish will be given permission to proceed with an application for funding, or asked to reconsider their proposed purchase.

3. Proposals to purchase pastoral property will require compliance with Canon Law and, if the proposed purchase could affect the parish school, consultation with the CEO and the parish.

4. Proposals to purchase new parish or school property will require compliance with the Diocese of Bunbury Guidelines and Procedures for the Acquisition and Disposal of new Parish and School Sites.

5. Proposals to purchase investment property will require strict due diligence and independent professional investment evaluation of the proposed property.

6. If finance is required, then analysis by the Diocesan Resources Committee in conjunction with the Catholic Development Fund (CDF) is required.

7. The CDF then considers approval for funding. Approval must not be presumed.

8. If construction of buildings is intended to be undertaken on the proposed site, then compliance with the Diocese of Bunbury Guidelines and Procedures for Buildings will be required.

9. Offer documents must be authorised by the Financial Administrator and signed by the Bishop or his Power of Attorney.

SALE OF REAL PROPERTY

The following procedures and guidelines are to be followed in all sales of real property carried out in the name of the Roman Catholic Bishop of Bunbury

Guidelines

1. The Diocese will assist Parishes to maximise the potential of their property within the needs and requirements of the parish and the Diocese.

2. The sale of parish property will proceed only after appropriate consultation between the Parish and the Bishop, through the medium of the Diocesan Resources Committee, and will normally only take place where such a sale confers an equal or greater benefit to the parish in the future

3. Quality income producing properties are an example that will produce a greater benefit to the parish through solid capital growth and regular rental income. Over time the parish will maximize the return on their properties for their benefit and the benefit of the diocese as a whole.

4. Under Canon law a parish is a public juridic person with its own property; therefore any action with regards to a parish's property requires the Parish Administrators approval and support.

5. Proceeds from the sale of property will usually be used to purchase other property that can produce a greater monetary benefit or with the agreement of the Bishop support the essential works and aspirations of the Parish or the Diocese.

6. The parish should demonstrate it has given thoughtful and proper consideration to the proposed sale. This will include a plan which establishes short and long term needs, investigates all alternatives and considers all financial implications. This will ensure any proposed sale is well considered and consistent with the overall parish direction.

Procedures

1. All properties should be examined to see whether they are being used to their highest and best use with regard to a greater benefit for, initially the parish, and then the Diocese.

2. The Financial Administrator will review parish sites and identify those parishes with unused land assets.

3. Properties not achieving their maximum potential need to be examined to determine how they can be better utilised to enhance the pastoral and/or economic needs of the parish and Diocese.

4. The review of properties to determine which properties the parish is to retain shall be undertaken by the Diocesan Resources Committee in consultation with the parish concerned.

5. Listing agreements to sell property needs to be approved by the Financial Administrator and signed by the Bishop or his power of attorney.

6. Offer and Acceptance documentation need to be approved by the Financial Administrator and signed by the Bishop or his Power of Attorney.

7. The GST implications of the sale of property need to be considered in all cases. Advice should be sought from the Financial Administrator.

8. Following settlement, the proceeds of sale of property shall be identified separately in the parish accounts as "{Insert name of Parish} Parish Property Development Reserve" until required to purchase other property that will produce a greater benefit.

9. All funds in the Parish Property Development Reserve shall only be released with the approval of the Bishop and only to acquire other property. Interest on these funds can be used by the parish for operating purposes with the consent of the Financial Administrator.

JUSTIFICATION FOR PURCHASE OR SALE OF REAL PROPERTY

The following lists the issues to be addressed to justify the purchase of real property. It is recommended these issues form headings in the parish submission. The Diocesan Finance Office is available to assist parishes with their submission.

Background

A detailed explanation of

- current situation giving rise to the proposed purchase or sale of property.

What is proposed?

A detailed explanation of

- What the parish wants to achieve?
- What are its goals?
- What are the objectives?

Justification for it

A detailed explanation of

- Why the purchase or sale is desirable?
- The reasons for the purchase or sale?

Financial summary

A detailed analysis of

- What is the proposed purchase of property likely to cost?
- What is the proposed sale of property likely to realise?
- What are the returns likely to be?

Risks and uncertainties of the proposal

A detailed explanation of

- What could go wrong? eg. zoning of land changes adversely, new owners plans adversely affects adjoining land owned by the parish, site is contaminated etc
- What effect this may have on the proposal?

Alternatives considered

A detailed explanation of

- What alternatives were considered?
- The advantages and disadvantages of each alternative considered
- Why they are not being proposed?