

Translation of the original document written in Swedish

Svenska Kyrkan Melbourne

In response to a request from SKUT regarding the sale of the current parish premises (Toorak House), the Church Council (KR) and the Board of Directors of Swedish Church Australia Ltd (SCA) have produced the following response.

INTRODUCTION

As requested in Rickard Jönsson's email [25-06-10], KR and SCA present two possible outcomes for the future of the Church of Sweden in Australia (See paragraphs 3.1-3.3 below).

Per Eckerdal's investigation (*Property investigation regarding the Church of Sweden's property in Melbourne 2024-07-25*) forms the basis for the production of the outcomes.

KR and SCA would first like to make it clear that:

- The congregation's basic attitude is to remain in the Church of Sweden's current premises (Toorak house).
- The decision to sell the property will be an irreversible and definitive point for the work that has emerged in various forms since 1956. The decision to sell would entail an existential threat to the church's activities and to the 700+ parishioners and 60,000+ annual visitors.

Generations of members and visitors have created the church's unique character, which means that it functions like a provincial church, a piece of Sweden far away, the epitome of what the church abroad represents. The vicar, assistant and volunteers live in the area; It is easy to get there and here strong connections to Sweden are managed; A common area where everyone can fit and contribute; Low thresholds into the community, the church and the life of worship.

In a long-term perspective, premises for the activities, staff and volunteers' accommodation should be owned by the local church (as recommended in Eckerdal's investigation)

Should a decision be made to go through with the sale against the church's wish and vision, good foresight and careful planning must be maintained. A timetable must be established in consultation with the Church of Sweden in Australia in order to best meet the consequences a sale would entail for the church and its future existence in Australia.

1.BACKGROUND AND PRESENT

The Church of Sweden's premises in Melbourne, Toorak House, is a listed property located in a very attractive and central location just outside Melbourne CBD (Central Business District). The house was completed in 1850 and was used for a long time as a governor's residence. The property has a very high financial value, but even greater value as a hub and gathering place for the Church of Sweden in Melbourne, its members and visitors.

The Church of Sweden in Melbourne is a very active church with Swedes and Scandinavians living or passing through. For Swedish young people who work, backpack or study in Australia, the Church of Sweden serves as a safe social network. The church is a welcoming Swedish oasis for all ages where fellowship and relationships are formed. The Scandinavian origins lay as the basis for affinity.

There is both recognition and curiosity about church traditions and an openness to thoughts about faith and Christian affinity. The current parish hall is a place where the door is open and the missionary mission is done with ease and the threshold is low. The Church of Sweden's faith, confession and doctrine permeate everything that takes place in meetings with members and visitors.

The church's café and shop activities serve as a gateway to engagement and congregational fellowship. The income from these activities is fundamental to the financial stability of the Church and accounts for (including the Christmas market) over 95% of the Church's income, approx. 2.7 million sek. This is also emphasized in Eckerdal's report §2.3 "*The economy is heavily dependent on the café business and other sales*"

Being able to offer our Swedish volunteers free accommodation is both highly appreciated and attractive. Swedish volunteers are an important part of church life and help us keep the café open and costs down. Toorak House is a unique place in the region; unique for the Church of Sweden's work abroad and in many ways irreplaceable for Swedes in Melbourne.

Since 1956 when the house was purchased, parishioners and volunteers have helped create the church Melbourne has today. A lot of time, solid work and local money has been spent on maintaining the current premises for the business but also for future generations. Thanks to this, the Church of Sweden in Melbourne is well-known, stable and established.

The Church's regular activities include:

- Services
- Ordinances such as baptisms, marriages, confirmations.
- Lunch Prayer
- Ecumenical prayer group
- The children's group Lille Skutt
- Tuesday Meeting - A meeting point for people on day off with joint devotional and lunch.
- The Book Club
- Choir Skutan

- Thursday lunch
- The Garden Group
- Children's groups
- Swedish lessons

In addition to regular activities, all major Swedish holidays such as Christmas, Midsummer, Lucia, Walpurgis and Easter are celebrated. The Christmas bazaar, which was traditionally a weekend in December, has become a longer event after covid, which runs from the end of November until Christmas. This is the year's largest source of income and a prerequisite for continued operations on the current scale.

The church's current premises are in size about 850m² on the ground floor plus the upper floor, The building is well adapted and necessary to be able to conduct the activities that are on par with the needs that exist. In addition, the surrounding garden (approx. 7,780 m²) allows us to hold all major events outdoors. The property currently accommodates:

- Housing for the vicar, educator/deacon and volunteers.
- Crisis rooms for people in need or who have been in trouble and need help and a safe haven.
- Office space for administration and meetings
- Rental premises for weddings, funerals and other events
- A commercially approved kitchen
- Church hall – chapel
- Supply
- Parking
- Barbecue area, swimming pool, sauna.
- Laundry
- Library

In conclusion, the common areas contribute to an environment that has a unique, welcoming and open atmosphere. For many, a spiritual and social home outside Sweden's borders.

2. THE FUTURE

The starting point from KR and SCA is to refrain from reducing the resources that the church can offer our members and visitors. Instead, we intend to be able to offer the parishioners the above-mentioned events, activities and worship life in a permanent place, under their own roof. KR and SCA's position is to be able to continue the Church of Sweden's activities in the current premises also in the future.

Eckerdal writes in the investigation : *"The congregation in Melbourne, now SCA, has a good and well-managed economy, but not an equity of an order of magnitude that enables its own purchase of new premises. The Inquiry therefore considers it necessary that SKUT in connection with the sale of Toorak House is responsible for the main financing of new business premises."*

The annual costs of renting premises for the continued operation of similar activities in other premises, including offering accommodation for staff and volunteers, church hall, kitchen and storage, etc., entail large costs. The rental market in Melbourne is one of the most expensive in the world. These costs, if not covered by requests from Sweden, would drastically impede the church's finances and rapidly reduce its capital.

A realistic dialogue for continued and expanding caution in Australia is not only about Melbourne but also the expanding ministry in Sydney and Brisbane and the opportunities that exist for the church's future growth in Australia.

Per Eckerdals highlights three aspects of the future as points in §2.1:

1. The future profile and direction of the parish work

Our ambition in the coming years is to continue to increase church growth in Melbourne, and re-establish a church in Sydney with the pent-up needs that exist there. In Sydney, we plan to initially collaborate with other churches to find premises and begin the process of recreating a parish place and ministry. Brisbane will, as planned, be a visiting place of the priest in Sydney or Melbourne.

2. The need for suitable premises

In a troubled time where safety can be hard to find, we intend to be a fixed point in Australia. Our profile as a church is the central diaconal work. We see that the need for belonging is great, and we know that having our own permanent place where members and churchgoers can easily find is vital. The premises serve as a source where you go to replenish. There is a strong connection between the congregation, the place and the ministry.

In the premises we currently have in our possession, there is space and resources to conduct caution for all 700+ members and the 60,000+ annual visitors. A possible move from the church's current premises would result in a reduction in the number of parishioners and visitors. In order to maintain a quarter of the current operations, it is estimated that premises(s) are needed for:

Venue for ordinances

- Worship 100 p
- Wedding 100 p
- Funeral 100 p
- Baptism 100 p

Parish Hall

- Coffee 60-100 p
- Samling 60 p
- Church council/board 15 p
- Children's hours 50 p
- Book club 10 p

Conversation room

- Pastoral care 2p
- Discussion groups 5p
- Confirmands 5p
- Staff meetings 4p

Office

- Economy 1place
- Vicar 1 room
- Assistant 1seat
- Housewife 1 place

Café/Kitchen

- Prepare 20 m2
- Store 30 m2
- For sale 25 m2

Due to local tradition, well-used premises and garden, human resources and a strong profile, we today have a well-functioning ministry and an active church. The number of members is growing and the enthusiasm is high. As mentioned, a move to smaller premises would lead to reduced parish work, supply, members and visitors. This, in turn, leads to less income from café operations and Christmas sales. The consequence is that financial resources and income are reduced and the need for financial support from Sweden increases. In Sydney, and other churches abroad, we have seen how the congregations shrink or dissolve when permanent premises disappear.

3. The church's ongoing operating economy under new conditions.

KR and SCA currently have relatively good finances thanks to access to premises that are relatively easy to rent out, run a café, offer concerts and events, conduct church services and sell goods. We understand the importance of thinking commercially when it comes to revenue and running costs. We also know that cutting the supply to members and visitors has

consequences on the revenue side, which creates new challenges as many of the ongoing costs for the church would remain as expenses for the church even after a sale. However, without the same opportunity to finance the activities regarding:

- Insurance
- Staff housing
- Shop: Premises and Fixtures and Security
- Café
- Café Manager
- Cleaning
- Finance Manager
- Musician
- Deacon/ Assistants
- Vicar
- Administration

3. Outcome

Speculating about the subsequent consequences of a possible sale of the property is both problematic and worrying, and the outcome has been intensively discussed at KR and SCA for a long time. KR and SCA's ideas for outcomes are briefly followed here.

The outcomes are examined in 3.3

3.1 Scenario 1

Eckerdal writes in §2.3: *"A local owner's foundation would have the purpose of providing the congregation with the necessary premises. The formation of the foundation would protect the capital allocated by the Foundation for the Church of Sweden Abroad and could also be linked to a condition of return to the Foundation if the premises cease to be used for the church's activities or the congregation leaves the Church's faith, confession and teachings."*

The current property Toorak House is transferred to the Church of Sweden in Australia. It is obvious that the congregation does not have the capital to be able to buy the property. As previously mentioned, the economy is relatively good and the maintenance of houses and land can possibly be run by the parish. It is clear that the Church of Sweden does not want to be a property manager or owner. Transferring the property to the Church of Sweden Australia, which itself takes responsibility for property costs, entails lower operating costs for the Church of Sweden in Sweden.

The form of ownership can be based on a legal trust in Australia, and not owned by companies in Sweden or Australia that may cause tax problems. In this situation, the congregation would sign a legal agreement based on whether the congregation would dissolve, the ownership of the property would return to the Church in Sweden (see below 3.3)

3.2 Scenario 2

The current premises is divested according to the current proposal from the Church Board

The Church of Sweden in Australia receives a sum, according to the agreed percentage, of the sale price to acquire new premises in a central location. In addition, a priest's residence is acquired in Sydney. This would hopefully mean that the Church of Sweden in Australia can own and establish activities in new premises in Melbourne and for new establishments in Sydney.

This proposal has the advantage that a large part of the sales value otherwise goes to profit tax and other transaction costs. This capital would be reinvested locally and thus reduce costs for SKUT's possible future property maintenance. This secures the church's future in a new form both in Melbourne and Sydney.

The proposal above follows Eckerdal's investigation into the possibility of establishing a local Australian owner foundation in connection with the acquisition of replacement premises: *"It may be the case that the export of the proceeds of the sale is facilitated if a smaller part of this capital remains in Australia for the acquisition of replacement premises"*

3.3 Reasoning about the different scenarios

The house and plot are located in an attractive area and have a great financial value. However, due to the listed status of the house, it is not easy to sell the object at full market value as future buyers cannot renovate in line with other equivalent plots. This most likely involves a complicated, expensive and lengthy process with high costs for legal, financial and real estate expertise.

KR and SCA wish to take part in the reports that have already been made and hope for a more transparent dialogue regarding the property and continued parish work. We also welcome a timetable to be established in consultation with KR and SCA, before any decision is made on the matter.

The increased value since the acquisition means that the profit tax will in all likelihood be large. A reinvestment of part of the sale price locally can be seen as a cost-effective way to contribute to the Church of Sweden in Australia's continued work. Eckerdal raises the same thoughts in §2.3: *"Another complicating factor concerns taxation conditions and the protectionist restrictions that may exist when it comes to foreign exchange exports from Australia."*

The Church of Sweden's premises in Toorak House today form the backbone of our congregation and the activities we conduct. We want to secure a future and functioning church in Australia that offers the opportunities and resources we have today. Moving from the current premises would most likely make it more difficult to expand the Church of Sweden in Australia and open the door to splitting the current congregation.

Today we are a living church that fulfills an increasingly important function for both expatriate Swedes and others who come to the church for worship, togetherness, help and support, and to spread the Church of Sweden's faith and basic values in Australia. We ask for a decision that in its entirety strengthens the Church of Sweden's work and profile in Australia.

Church Council and Board of the Church of Sweden Australia Ltd

Swedish Church Australia Ltd