

The Presbyterian Church Property Trustees

Terms of Reference

The Presbyterian Church Property Trustees are constituted under The Presbyterian Church Property Act 1885 and amendments (the Act).

Under the Act, the Trustees are the legal entity in which the property of congregations situated north of the Waitaki River is vested and which holds and invests church trust funds, including the Beneficiary Fund. Funds under the control of the Trustees are managed in accordance with the requirements of the Act and the Trustees Act 1956.

Executive Summary

The Trustees report on their stewardship of the trusts established under the Act and its amendments.

Personnel: John H Craig (Chair from October 2005), Dr John Kernohan (Deputy Chair), Dr Margaret N Galt (Immediate Past Chair) Peter H Isherwood, The Revs Maurice A Brown and Perema Leasi, Mesdames Margaret L Inch, Margaret E Shailer and C Virginia Wilson, Messrs John D Hanning, John W Harvey, R Blyth King, Robert B McCay, A John Molloy, Jeffrey G Todd and W Mac Welsh

Associates: The Very Rev Bruce Hansen and John W Jones (from April 2006), Helen Beaumont (appointed by the Council of Assembly) and E Douglas Langford (Secretary)

Report

The Trustees are providing a comprehensive report on their stewardship and this will be available on the Church website www.presbyterian.org.nz together with financial statements as soon as the annual audit is completed. This report summarises the significant matters involving the Trustees in the two years to 30 June 2006.

1 Beneficiary Fund

The investments of the Fund have been actively managed and the Fund has achieved a satisfactory earning rate.

The triennial actuarial valuation of the Fund is in the process of completion and will be made available in course.

Aon Consulting has effectively and efficiently carried out the day-to-day administration of the Fund.

2 Presbyterian Investment Fund (formerly Amalgamated Investment Fund)

There has been a steady growth in the Fund.

A satisfactory interest rate has been paid on deposits.

The reserves of the Fund have been sustained providing a high level of security to depositors and enhancing the income available for distribution.

As from 1 July 2006 the day-to-day administration of the Fund has been outsourced to a leading services group, Grosvenor Financial Services (GFS). The decision to contract with Grosvenor was only made after an extensive search, following stringent due diligence by the Trustees and consultation with GFS auditors, Grant Thornton. Outsourcing involves transferring the assets of the Fund to Asset Custodial Nominees Limited, a wholly owned subsidiary of GFS, who, while they hold the legal title, hold the assets for the beneficial ownership of the Trustees. Since Asset Custodian Nominees Limited also operates in Australia, their business is under the prudential supervision of the Australian Securities Commission.

3 Burnett Loans

Loans have been granted to ministers as follows:

In the year to:	Loans granted	Amount granted	Balance Owing	Borrowers
30 June 2005	11	\$48,000	\$401,136	56
30 June 2006	17	\$75,362	\$397,067	69

4 Samuel & Mary McNutt Trust – Glen Innis Station

The past two seasons have not been conducive to satisfactory outcomes from farming at Glen Innis. Adverse seasonal conditions during lambing and weak wool prices have affected results. Where these two separate situations occur in different seasons the effect is not so marked, but occurring within one season and for two seasons in a row has been disappointing. Nevertheless funds have been released to fulfil the supplementary conditions of the trust and we look forward to an upturn in conditions that will again allow the farm to produce to its full potential.

Graeme Black very competently manages the farm. His wife, Margaret Black manages the farmstays available to ministers. All who have used the facilities of the farm appreciate their work and the success of the farm is in no small measure due to their interest and commitment.

In terms of the trust, 35 ministers and their families stayed at the property during the year ended 30 June 2005. In the year to 30 June 2006 there were 50 ministers and their families using the property. Availability during the twelve months from April 2004 was restricted while major remedial maintenance was carried out on the farm manager's house following earthquake damage.

The supplementary purpose of the Trust is to support young people. Grants totalling \$80,000 were paid during the last year (\$13,000 2005).

5 Estate CA Clark – Flaxburn

The Trustees are beneficial owners of a dairy farm situated in the South Wairarapa generously left to the Church by the late Christina Anne Clark.

Sound management by the sharemilkers Keith & Jo Dennis continue to produce excellent results.

The trust is managed for the benefit of the Church. Distributions of \$80,000 were made in the year to 30 June 2006 (\$120,000 in the 2005 year included an additional distribution).

6 Estate Elsie Steele

Distributions of \$39,885 were paid to four recipients in the past year. (2005 - \$74,430 to recipients)

7 Drummond Trust

An amount of \$7,500 was paid as a grant in the year to 30 June 2005. This was the balance of a total grant of \$12,500 paid over two years. A further grant of \$4,000 was paid in the last year.

8 Thornton-Blair Travelling Scholarship

An amount of \$5,000 was paid as a grant in the year ended 30 June 2005. A further grant of \$7,500 was paid during the year ended 30 June 2006.

9 McGlashan Trust

Two grants totalling \$2,000 have been made in the last year (2005 – Nil).

10 Property Transactions

	2006		2005	
	No	Value	No	Value
Sales of property	21	\$8,981m	21	\$4,769 m
Mortgages on property	5	\$1,580 m	4	\$1,110 m
Leases and other property activity	24		9	

11 Legacies and Gifts

The Trustees acknowledge with gratitude the generosity of those who have left a bequest to the Church. During the past two years the following bequests have been received from the following estates: Marjorie Jean Armstrong, \$10,000; Nellie Amy Carleton, \$3,900; Christobel Mary Carter, \$17,000; Grace Edwards, \$10,000; Hazel Mavis Ellis, \$10,000; Robert Ashwood Gyton, \$500; Harry Herbert Jay, \$25,000; Betty Jamieson Trust, \$5,790; Alice Mabel Jamieson, \$500; Elsie Abigail Lowe, \$1,000; Frances McCutcheon, \$1,500; Helen McDonald McPherson, \$500; Burness Mary Niven, \$44,000; Janet Marjory Pack, \$2,000; Dorothy Peattie, \$1,000; Avas Rita Richards, \$200; Catherine Louisa Eva Shepherd, \$7,000; Helen Duncan Skeet, \$10,000; Eva Allan Young, \$125,300.

12 Charities Act 2006

The Trustees have maintained a watching brief on the introduction of the Charities Act.

The Government foreshadowed the establishment of a Charities Commission to manage all non-profit and other tax-exempt organisations some four years ago. Despite significant submissions to the Select Committee it was felt that the plea of the churches for some recognition of their special place in society was not heard. More recently we have engaged with officers of the Commission in the hope of being able to formulate a process that is both comprehensive and complete while remaining practical to implement. By the time that the registration process is to commence in February 2007 we are hopeful that we will have solutions that the parishes will find acceptable.

13 Auditors

Ernst & Young, chartered accountants, Wellington have been the auditors of the reporting entities of the Church and have signified their willingness to remain in office.

14 Appreciation

The continuing contribution of each Trustee and their associates over the period under review is valued. We record appreciation also to those individual Trustees who, for various reasons, have been unable to continue to serve the Church in this capacity. Those who have resigned or retired during the period under review are Timothy J Main and Michael M Scott. The Trustees have been pleased that the Very Rev Bruce Hansen and John W Jones have each agreed to be nominated as Trustees.

John H Craig

Chairman

E Douglas Langford

Secretary

