

## 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.

The Trustees are the Trustees for the Beneficiary Fund.

### Executive Summary

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

**Personnel:** Very Rev Bruce A Hansen (Chair), Dr John A Kernohan (Deputy Chair), Mr John H Craig, Dr Margaret N Galt, Mr Roger J Gyles, Mr John W Harvey, Mr Peter H Isherwood, Mr John W Jones, Rev Perema Leasi, Mr Brian Poole, Mrs Margaret E Shailer, Ms C Virginia Wilson, Mr Robert B McCay, Mr W Mac Welsh, Mr Soo Land Wong.

Associates: Rev M Chris Elliot, Mr C Paul Fenton, Mr J Brian Milne, Mr Paul H Westbury, Mr D Lyn Murray (appointed by the Council of Assembly) and Mrs Heather R McKenzie (Secretary to the Trustees)

### Report

The Trustees will provide a comprehensive report on their stewardship, which will be available on the Church website [www.presbyterian.org.nz](http://www.presbyterian.org.nz), together with financial statements for the Presbyterian Investment Fund and the Beneficiary Fund once the annual audits are completed. This report summarises the significant matters involving the Trustees in the two years to 30 June 2010.

#### 1 Beneficiary Fund

The investments of the Fund continue to be actively managed. The return for 2008/09 was disappointing, owing to global economic conditions. However because the Fund was comparatively conservatively invested it was less adversely affected than many similar funds. The return for 2009/2010 has been significantly better as financial markets have recovered from their historic lows.

The regular triennial actuarial valuation of the Fund was undertaken as at 30 June 2009. This was a time when financial markets both here in New Zealand and overseas were still at a low ebb. Conversations were held with the Fund's actuary at that time to confirm that the Fund could continue to be viable without any increase in the rate of contributions from members. We are happy to report

that these and subsequent conversations have confirmed the continuing soundness of the Fund.

Aon Consulting, and the Beneficiary Fund Committee, have effectively and efficiently carried out the administration of the Fund. The report of the Beneficiary Fund Committee is included as an appendix to this report.

The revised Beneficiary Fund Trust Deed, effective from January 2009, has been implemented smoothly. The Fund, as well as now being Kiwisaver-compatible for new ministers joining the Fund, allows ministers who have reached the minimum age of retirement (and with not less than 10 years of ministry) to access their lump sum provision where this is required to purchase or build a retirement home. Ministers exercising this provision may remain in ministry, and their annuity entitlement will not commence until they retire from active ministry. The annuity is then calculated having regard to the basic stipend at the date of their actual retirement.

## **2 Presbyterian Investment Fund**

The steady growth in the Presbyterian Investment Fund has been maintained over the period under review and competitive interest rates are paid on deposits. The reserves of the Fund continue to be sustained, and provide a high level of security to depositors, while enhancing the income available for distribution. Investments held at 30 June 2010 were in excess of \$113 million.

Management of the Presbyterian Investment Fund is outsourced to Grosvenor Financial Services Group, which continues to provide an efficient administration service for depositors. The online access facility for accounts is well used by depositors. Grosvenor also provides a comprehensive financial analysis on a regular monthly basis to the Trustees.

## **3 Burnett Loans**

Loans have been granted to ministers as follows:

In the year to:	New loans	Amount	Total borrowers	Total balance outstanding
30 June 2009	4	\$28,800	52	\$392,597
30 June 2010	8	\$32,627	46	\$324,571

## **4 McNutt Trust – Glen Innis Station**

The returns from the Glen Innis farm have continued to disappoint. This is a result of ongoing drought conditions and sustained low prices for lambs and wool. The farm was able to sustain the cost of providing holiday accommodation for ministers in terms of the Trust, but was not able to generate surplus funds for

distribution in terms of the other purpose of the Trust. There is unlikely to be any distribution for another year or two.

Graeme Black, assisted by his wife Margaret, continues to provide us with sound management of the farm. We appreciate Margaret's organisation of the accommodation available to ministers. All who have used the facilities are indebted to Margaret's care for the facilities and their users. The Blacks have served the Church in this capacity for twenty years.

42 ministers and their families stayed at the property during the year ended 30 June 2009. In the year to 30 June 2010, 48 ministers and their families used the facilities. Greater publicity had the pleasing result of attracting a number of ministers to Glen Innis for the first time.

#### **5 Estate CA Clark - Flaxburn**

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

Very sound management by sharemilkers Keith and Jo Dennis continues to produce excellent results.

The trust is managed for the benefit of the Church. Distributions were made to the national church to a total of \$75,000 for the 2008/09 year, and \$75,000 for the 2009/10 year.

#### **6 Estate Elsie Steele**

\$53,040 was distributed to eight recipients in the 2008/09 year and \$3,114 to one recipient in 2009/10.

#### **7 Drummond Trust**

Two grants, to a value of \$9,500, were made from the Drummond Trust in 2009/10. No grants were made in 2008/09.

#### **8 Thornton-Blair Travelling Scholarship**

One grant, of \$8,000, was made in the year ended 30 June 2009. No grants were made during the year ended 30 June 2010.

#### **9 McGlashan Fund**

No grants have been made from the McGlashan Fund since the last General Assembly. One grant, of \$2,500, was made from the Matheson Fund in the year ended June 2009. There were no grants in the year ended June 2010.

**10 Property Transactions**

	<b>2008/09</b>		<b>2009/10</b>	
	<b>No.</b>	<b>Value</b>	<b>No.</b>	<b>Value</b>
Sales of property	16	\$4,804,415	7	\$3,485,100
Purchases of property	6	\$1,927,000	6	\$2,580,200
Mortgages on property	6	\$2,564,000	3	\$782,000
Leases and other property activity	36	-	30	-

**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, bequests were received from the following estates:

Margaret Fife Beattie, Aileen Anne Burrell, Graham Robert Dick, Joseph Malcolm Henry Highet, Myrtle Jean Hughes, Sarah Alice Millar, Laura Margaret Penman, Mary Eliza Queale, Maxwell Charles Richdale, Jane Sisson, Ian Bousefield Shaw, Wanaka Maud Smith.

**12 Auditors**

Once the 2008 audit was completed, the Audit Committee called for tenders for future audits. Ernst & Young, chartered accountants, Wellington, who have been the auditors of the reporting entities of the Church for some years, were the successful tenderers.

**13 Appreciation**

The continuing contribution of each Trustee, and the associates, over the period under review has been greatly valued. We record our appreciation to those who, for various reasons, have been unable to continue to serve the church in the capacity of Trustee. Mr Blyth King resigned during the period under review, and, sadly, Mrs Margaret Inch died in office. The Trustees have been pleased to welcome Rev Chris Eliot, Mr Paul Fenton and Mr Paul Westbury, who joined us as associates over this period and have agreed to be nominated to this General Assembly for election as Trustees.

**Bruce A Hansen**  
Chairman

**Heather R McKenzie**  
Secretary

## **Appendix 1 – Beneficiary Fund Committee**

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### **Synopsis**

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The Committee reports on the management of the Beneficiary Fund for the period 1 July 2008 to 30 June 2010. The financial statements are reported by the Church Property Trustees.

### **Report**

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The membership of the Committee for the period under review was: Revs Alan Shaw and Lynn Russell (Co-Convenors), Very Rev Bruce Hansen (Church Property Trustees), Ms Virginia Wilson (Church Property Trustees), Jim Thomson and Ms Tanya Duncan. Rev Chris Elliot (Church Property Trustees) and Mrs Fili Solomona have been associated with the committee over this period. Mr Douglas Langford has continued to serve as Secretary to the Committee.

#### **1 Management of the Fund**

The Committee has met regularly every second month to deal with management issues that arise and with discretionary grants that are provided for within the Regulations. Over this period the Fund has been administered by Aon Consulting on behalf of the Committee.

Members of the Fund facing hardship or special need have been assisted by Special Grants as provided for in the Regulations. Special Grants totalling \$47,912 were allocated to 23 members during the year to 30 June 2010. The comparative amount in 2009 was \$ 42,521 allocated to 16 members.

#### **2 Administration**

The administration of the Fund is governed by the Trust Deed. The alterations that were approved by General Assembly 2008 have all worked well and there are no material issues.

The Committee has become aware that some members of the Fund do not fully understand the manner in which the Funeral Grant facility works. It is therefore worth stating the position in this report. It will also be mentioned in the annual Report of the Trustees sent to members in October/November each year.

The position is that the Fund provides that a Funeral Grant (being the equivalent of 8 percent of the Basic Stipend) will be paid to the Spouse following the death of a member or to the Member in the event of the death of their spouse. This grant is paid to assist the family with the costs of the funeral. There is no provision to pay a grant where there is no spousal survivor.

### **3      Appreciation**

The contribution of those who give their time to the administration of the Beneficiary Fund is appreciated. We record our thanks to Mrs Rose Nisbet, who resigned during 2009.

**J Lynn Russell**  
Co-convenor

**Rev Alan T Shaw**  
Co-convenor

**E Douglas Langford**  
Secretary