

# 2009 Report of Trustees

## **Membership as at 30 June 2009**

Dr John Kernohan (Chair), Very Rev Bruce Hansen (Deputy Chair), Mr John Craig (Immediate Past Chairman), Rev Perema Leasi, Dr Margaret Galt, Mesdames Margaret Shailer, & Virginia Wilson, Messrs Roger Gyles, John Harvey, Peter Isherwood, John Jones, Bob McCay, Brian Poole, Mac Welsh, Soo Land Wong. Associates: Rev Chris Elliott, Messrs Paul Fenton, Brian Milne, Paul Westbury, Lyn Murray (Representative of Council of Assembly), Secretary: Heather McKenzie

It is my pleasure to present the report of the Trustees to the Annual General Meeting. This has been another busy year for the Trustees. Several important matters have required substantial attention.

### **1. Personnel**

Trustees welcomed Messrs Paul Fenton, Brian Milne and Paul Westbury as Associates. In early July 2009, Rev Chris Elliot was also appointed as an associate. At the 2008 General Assembly, Associates Brian Poole, Roger Gyles and Soo Land Wong were formally confirmed as Trustees. This now provides the Trustees with an adequate number of Wellington-based trustees to support the activities required in Wellington, and it brings our number to nineteen out of a maximum of twenty.

Margaret Inch's death in November 2008 came as a shock to us. Margaret had played a large role in Trustees' affairs for many years, including a term as Chairperson. We give thanks to God for Margaret Inch's service as a Trustee, and our prayers are for her family.

Blyth King retired as a Trustee in February 2009, and his expertise is also missed.

### **2. The Year in Review**

This was Heather McKenzie's second year with Trustees as Secretary, and with Trina Lake continuing in the Assistant to the Secretary role, there continued to be learning and development related to the Trustees' affairs. We established our own accounts and set up the Burnett loan scheme separate from the General Assembly's Financial Services Department. At the time of writing, this was substantially achieved, with some fine tuning still remaining. I am also indebted to the Wellington Trustees, especially my colleagues John Craig and Roger Gyles, for making themselves available during working hours to help with the smooth running of our office.

Doug Langford has continued to be of substantial assistance to us on a project by project basis. Under his guidance, Beneficiary Fund projects and the registration of the whole church with the Charities Commission have been completed smoothly.

Time has been spent dealing with matters raised by the Retirement Villages Act and with the difficulties that arose when the Welcome Bay congregation wished to secede from the Church with their property.

Trustees are again indebted this year to Immediate Past Chairman John Craig for continuing the roles of Chair of the Farms Committee and Chair of the Investment Committee. With the appointment of further Trustees, these responsibilities will be shared in the future.

I also wish to recognise the outstanding work done by Dr Margaret Galt who, in response to several questions from the Assembly Executive Secretary, has undertaken research on the statistics and history of the Presbyterian Church of Aotearoa New Zealand as a whole, and on individual congregations, going back to the late 1920s. This work has been useful in helping us understand the dynamics of our Church in far more detail than previously.

### **3. Investment Committee**

The Investment Committee, the most active of our committees, reports separately to this Annual Meeting on the Presbyterian Investment Fund and the Beneficiary Fund investments, but the work achieved during the year deserves comment here.

The administration of the Presbyterian Investment Fund, whose depositors are primarily congregations, has now become quite routine, and Trustees can be satisfied with the level of service being provided. On-line access to accounts continues to be actively used by congregations, and few concerns have been raised. The rate of interest paid on deposits was satisfactory and the amount of deposits increased in the June year by \$10.1 million to \$115 million. It is planned to continue promoting the Fund to congregations. Financial reporting by the administrator, Grosvenor Financial Services, has been further refined, and Trustees have been able to fine-tune the operation of the Fund.

The Beneficiary Fund operated smoothly under the administration of the Beneficiary Fund Committee, which reports separately. During the year, the General Assembly approved a restructuring to allow a (Kiwi Saver) Complying Section to be added to the fund. This required a great deal of work by a small team including myself, John Craig, Doug Langford (as secretary of the Beneficiary Fund Committee) and the Fund's Actuaries. However, in early 2009 the Government announced further changes to the Kiwi Saver legislation which to an extent reduced the benefits to the Fund, including the protection from an increase in congregation contributions to meet obligations of the Fund in the future.

By year-end, it appeared the changes to the Fund had been operating smoothly, with several new members joining under the new regulations.

As will be seen from the formal report from the Investment Committee, the chaotic international investment environment sorely tried Trustees during the year and returns to the Fund were disappointing. But it is some comfort that, through the actions of Trustees, the effect on the Fund was far less severe than other similar funds. This is a great credit to the work of the committee in difficult times.

### **4. Farms Management Advisory Committee**

John Craig led the committee this past year.

Sheep farming continued to be depressed by poor wool returns, and the Glen Innis operation was again affected by summer drought. We are indebted to Graeme and Margaret Black, who managed the farm in frustrating conditions. The holiday facilities continued to be used by ministers and their families. In the past year, a

total of 42 (2008: 45) ministers and their families stayed on the property. There is unlikely to be any distribution to the other purposes of the McNutt Trust for a year or two.

As will be noted from the financial statements, the Flaxburn dairy farm in the Wairarapa had another good year, and thanks go to our sharemilkers Keith and Jo Dennis who again gave outstanding performances. A total of \$80,300 was distributed to the National Church in the 2008/2009 year.

**5. Communications Committee**

The Communications Committee, with Margaret Galt as Chair, continued to develop the church website in the interests of Trustees, and those whom Trustees serve. The Property Handbook was revised, but put on hold so that the changes made by the 2008 General Assembly could be incorporated. We continued to promote the Presbyterian Investment Fund and other work of the Trustees in the year just concluded.

**6. Tax and Charities**

As reported to the 2008 Annual Meeting, the Trustees have overseen the process of applying for registration with the Charities Commission, in the main using presbyteries as the responsible body for congregations. This has been a major task undertaken by Trustees on behalf of the Church, and co-ordinated by Doug Langford. In mid 2008, the Church Property Trustees, the Beneficiary Fund, and some of the trusts held by the Trustees were granted charitable entity status. Completion of the registration process for the national Church, presbyteries and parishes required the 2008 General Assembly to amend the Book of Order, to comply with the Charities Act provisions. Very late in the process, the Charities Commission advised us that the PCANZ, including presbyteries and parishes, could now register as one entity.

**7. Socially Responsible Investing**

The Trustees' investment policy has remained unchanged from that set out in the paper attached to the 2002 Annual Report. There have been no changes in the interim period.

**8. Assembly Executive Secretary**

During the year, Rev Martin Baker, the Assembly Executive Secretary, has regularly attended meetings of Trustees and addressed them about his concerns and vision for the Church. His vision has included issues related to the wise use of assets (both property and cash investments), and we have advised him as best we can and encouraged him in his goals.

**9. Other Matters**

Throughout the year, Trustees have exercised their responsibilities under the Act in response to applications relating to property including sale, lease or purchase and applications for approval to borrow. The Trustees also considered applications for approval to apply to the NZ Lotteries Board.

A total of 14 sales of property, with a total value of \$5,054,415 and purchases of 4 properties, for a total of \$1,927,000, were transacted by the Trustees during the year. In addition, 6 mortgages with a total value of \$2,582,000 were dealt with and 10 lease arrangements were executed by Trustees.

Other areas for which Trustees are responsible are reported as follows.

**10. McGlashan Fund / Matheson Fund**

The McGlashan Fund provides assistance for women in financial need, and the Matheson Fund has a similar purpose, but is restricted to Southland residents. No applications were made to the McGlashan Fund in the past year. One grant, for \$2,500, was made from the Matheson Fund, which has considerable funds available.

**11. McGruer Fund**

Income from the McGruer Estate, is available for social work with children, and for the Ross Home for the Aged. One grant, of \$10,960, was made this year.

**12. Drummond Trust**

The Drummond Trust is for the benefit of former St Andrew's College students to assist in their trade or profession. The Old Collegians Association makes recommendations for grants, but none were received in the past year.

**13. Thornton-Blair International Travelling Scholarship**

The Thornton-Blair Trust provides scholarships for overseas postgraduate studies, especially in the field of Christian Education and Social Science. One grant of \$8,000 was made this year.

**14. Burnett Trust**

The Burnett Trust provides loans to assist ministers in need of urgent financial assistance. During the past year, eight new loans, totaling \$49,620 (2008 - \$97,000), were advanced. The balance outstanding at 30 June 2009 was \$392,597 (2008 - \$421,374) spread across 52 ministers. The interest rate for these loans was charged at 4.0%.

**15. Steele Trust**

The income from this trust is used to support the aged or needy elderly in the Auckland area. St James Auckland Parish provides local trustees. During the past year, grants to a total of \$46,154 were made to 8 applicants.

**16. Bequests**

The Trustees acknowledge the generosity of those who have left bequests to the Church. During the past twelve months, bequests were received from the estates of the following: E H McCallum, Margaret Fife Beattie, Jane Sisson, Kate Campbell, Botting, Laura Margaret Penman, Graham Robert Dick, George Dennis Crossman, Mary Eliza Queale, Georgia Winifred Jarvie and Ian Bousfield Shaw.

**17. Conclusion and Appreciation**

I have enjoyed my continued participation in the work of Trustees this year, serving congregations and the Church at large. Through this work I continue to sense a new spirit abroad in many parts of the Church. I continue to be amazed at the knowledge, skills and dedication of my Trustee colleagues and their willingness to serve the Church in this particular way. For some, it is quite time consuming and sacrifices have been made do this. I have very much valued their support, particularly those in Wellington who have made up for my residence north of the Bombay Hills. In particular, it is with a sense of achievement that we have been able to recruit this year a further three Associates who have already made their mark on our work. I am also very appreciative of the work and wise counsel of the

Deputy Chairman Bruce Hansen. and also those who go to considerable lengths to undertake the work of Trustees to a high level of performance.

It is, of course, a privilege to participate in matters affecting the whole of our Church. My term as Chairman concludes at this Annual Meeting and I wish the incoming Chairperson every success and assurance of my continued support.

It is pleasure to move that this report be received and invite those present to ask questions.

John Kernohan  
Chairman  
October 2009