



The Presbyterian Church Property Trustees

Report of Chairperson 2019

Members

Trustees: Chris Elliot (Chair), Roger Gyles (Immediate Past Chair), Margaret Galt (Deputy Chair), Paul Barber, Marie Burgess, Ray Coster, Harriet Enright, Russell Garrett (until 30 June), Hao Hoang, John Harvey, John Jones (until 23 May) Alan Jamieson, Perema Leasi, Ron Mills, Warren Potter and Ian Russon.

Associate Trustees: Brian Dangerfield, Andrew Souness

Associated: Wayne Matheson (Assembly Executive Secretary), Richard McLean (Council of Assembly representative), Lyn Murray (Synod of Otago & Southland representative)
Executive Officer: Kos van Lier, Administrative Secretary: Pat Griffin, Administrator: Marion Blair.

Trustees

The work of the Trustees continues to become more complex and demanding in response to societal and regulatory changes. To meet the challenges in a more regulated workplace, the Trustees have continued to seek new membership with appropriate skill sets in the areas of business, technical and governance expertise. We are conscious of the time commitment asked of Trustees and are seeking to develop a working model where other people with appropriate skills (who are not able or inclined to become Trustees) might be asked to contribute in specific circumstances.

Hao Hoang and Alan Jamieson were confirmed as Trustees by the 2018 General Assembly. Two new Associates, Andrew Souness and Brian Dangerfield have joined the Trustees. Their membership will be confirmed by the 2020 General Assembly.

It was with regret that the Trustees accepted John Jones' retirement at the 23 May meeting. John had been a very active Trustee since 2006. Tribute was paid to him at the Annual Dinner in May.

Staffing

During the year we have been well served by our very efficient and experienced office team, led by Kos van Lier, Executive Officer, along with Administrative Secretary Pat Griffin and Administrator Marion Blair. They have provided constant support and expertise for the Trustees as a whole and to the various committees of the PCPT. We have truly been blessed by our Wellington office staff who work in a climate of increasing regulatory compliance and with more complex and time consuming property-related issues, as they fulfil the tasks of a busy office. This includes oversight of the development of a new property database, and the updating of technology, which among other things, has enabled sub-committee members to join meetings via Zoom. Decreased reliance on paper and postage will cut operational costs as well.

Having had prior advice of both Kos and Pat's intentions to retire towards the end of 2019, a Recruitment Committee began the task of seeking new staff towards the end of 2018. McLaren's Recruitment Agency was retained to assist. After a robust process, we were able to announce with pleasure to the March Trustees' meeting that Russell Garrett was the successful candidate. Russell indicated that he would be available to begin his role as Executive Officer on 1 July with Kos becoming Office Manager during the cross-over time (until 27 September). Since the beginning of the 2019-2020 year a further appointment has been made.

Kos and Pat have made a very significant contribution to the PCPT during some challenging years. Our gratitude and thanks to them for the way they have worked with the Trustees and for the 'extra mile' they have often gone. We will miss them both, even as we look towards the future.

Overview

All committees have functioned well as they fulfil their mandate. The Presbyterian Investment Fund (PIF) continues to provide the Church with an above market return in a low interest rate environment. The Investment Committee completed the work leading to the new PIF Long Term Fund being established. This fund will provide increased returns at a moderately higher level of investment risk. Details are provided in the Investment Committee report.

During the year, it also became increasingly obvious that Consolidation of the PCPT Accounts (other than the Beneficiary Fund which belongs to Ministers) would have to be undertaken. This will be a process over several years throughout the entire PCANZ.

The Presbyterian Beneficiary Fund Trustee Limited (PBFTL) Board has completed its second year of oversight of the new Defined Contribution Beneficiary Fund. The Fund has done well despite the the volatility of markets.

It has taken time to finalise the wind-up of the Defined Benefit scheme with the pay out of entitlements / or re-investment in the `new' Fund having now been completed. The new Benevolent Fund has a substantial monetary base with which to respond to requests from Ministers for assistance in times of need.

The Investment Committee (IC) and the Presbyterian Beneficiary Fund Trustee Limited (PBFTL) have been chaired by Russell Garrett, while Ian Russon continued as the Fund's legally required Licensed Independent Trustee and as a member of the IC (for most of the year), and the PBFTL Board. Given Russell's appointment as Executive Officer, Ian agreed to resume the role of Chair of both the IC and the PBFTL in the short term. Grateful thanks to Ian for his willingness to be flexible at a time of personnel pressures, and to Russell for his work with these committees.

The Property Committee chaired by John Jones (until February 2019), and then by Margaret Galt, has considered and dealt with a range of property applications and issues, from the `normal' to the very complex. Property matters continue to be at the forefront of the Trustees' work. Seismic and heritage issues, will be with us for the foreseeable future. Margaret Galt's in depth analysis, *Understanding the Church's Property Portfolio*, has been a very useful reference tool. Ron Mills developed a paper on the Theology of Property, which formed part of the January Strategy Day. Following the formation of a Council of Assembly Work Group (on the sharing of resources), Ron agreed to be our representative. Hopefully that will lead to a long-term sharing of resources strategy. The Property Committee continued to visit presbytery property committees to discuss the processes and issues both parties are concerned with.

During the year the Communications Committee, chaired by Harriet Enright, organised another successful Trustees' Training Day. Alongside Ron Mill's presentation, individual committees had the opportunity to engage with the new Risk Management Framework. The framework, developed by Ian Russon, continues to be a focus for Trustees as committees identify the risks they might face, the possibility/probability and the mitigating factors. We are grateful to Ian for his work and now keeping us `on track' with risk management as a regular agenda item. Reviewing the IT needs of the PCPT has been an ongoing project of the Communications Committee. The Committee has worked closely with other committees and the Glen Innis Holiday Homes Manager regarding communications to the wider PCANZ, and the ongoing update of information on the Trustees' website.

The Private Trusts Committee (PTC), chaired by Ray Coster, has continued its oversight of the Trusts administered by PCPT. Grants have begun to be made from the new Benevolent Fund under delegation and likewise the approval of Burnett Loans. The Committee (working with the PCANZ) is looking at the possibility of varying or winding up frustrated funds, as detailed in their report

The Farms Advisory Committee (FAC), chaired by Roger Gyles, has overseen the Glen Innis and Flaxburn operations. I was able to visit both Flaxburn and Glen Innis this past year. While we are aware that the influence of the weather, milk solids payouts, and stock prices have a major impact on the yearly results each operation posts, it was very pleasing to see both farming operations in

such good heart along with the holiday homes' improvements. However, the commitment of our farms' staff is shown not only in production results, but also in the improvements. I saw evidence of careful renewal of grazing, environmental plantings, and care of waterways. The key financial highlights/ general highlights are included in Roger's Farm Advisory Committee Report. You will note that the Committee, along with the Farm Advisors, has been engaged in developing strategic direction papers for the Farms. A small group has also been working towards a Farms' Distribution Policy.

The Insurance Committee, now convened by Roger Gyles (John Jones until February 2019) is responsible for matters relating to the insurances required by the Trustees, the insurance of the assets of Presbyterian congregations, the management of the Presbyterian Bureau Services Trust Board (PBST) and the Trustees' participation in the Presbyterian Insurance Advisory Group and the Presbyterian Church Insurance Collective. Following a less than ideal process in 2017, the 2018 insurance renewal went much more smoothly. The Property and Insurance Committees will be considering the results of the 2018/2019 rollover. Costs continue to rise with the Fire Services levy increasing and New Zealand insurers are putting limits on natural disaster cover. While offshore cover for 2019/2020 is likely to be available at a similar, or slightly increased cost to last year, premiums for earthquake cover in the Wellington region and other at risk regions will increase.

Support Services

Not only are the Trustees well served by our office staff, but also by their advisors and those who manage various aspects of our work. On behalf of the Trustees, I sincerely thank Alasdair McBeth of DLA Piper, head of our legal advisory team; the team at Booster Financial Services, who administer the Presbyterian Investment Fund; Steve Grant of Melville Jessup Weaver, Beneficiary Fund Administrator; Gregg Dell, Consultant to PBFTL; Rodger Fulford, Insurance Consultant; Mercer NZ, Fund Manager of the Beneficiary Fund; Harbour Asset Management, Fund Manager of the PIF; Trustees Executors, custodian of the PIF and the Beneficiary Fund; and Stuart Mutch, from Ernst & Young, our auditors.

We also thank Aidan Bichan and Ed Harrison, farms' advisors; James & Stephanie Carter, Farm and Accommodation Managers at Glen Innis, Keith & Jo Dennis, Sharemilkers at Flaxburn; Denis Hames and Brett Wooffindin, Farm Accountants and all who willingly offer their help and guidance to the Trustees. A special mention too of Linda Caradus, of Melville Jessup Weaver, who until recently was our Actuary for many years. The size of this list reminds us of the importance of the work of the Presbyterian Church Property Trustees.

Conclusion

While the invitation to consider the role as Chairperson of the Trustees came as a surprise, it has been a pleasure, not to mention an eye-opener, to chair such a team of talented, skilled and experienced individuals who undertake the work of PCPT. I thank you all for your contribution, commitment and support during the year.

Special thanks to the Executive, to Roger Gyles, former Chair, who graciously agreed to act as Chair during my absence overseas; also to Deputy Chair, Margaret Galt, for sharing her considerable experience and expertise as a Trustee. Thanks also to Wayne Matheson, AES; to Richard McLean, COA Representative; and to Lyn Murray (Synod of Otago Southland), for the role they play in keeping us abreast of wider Church and Synod matters.

No doubt this coming year will bring new challenges, but together we are well resourced to meet those challenges.

Chris Elliot
Chairperson

September 2019