

2022

ANNUAL REPORT



Contents

DIRECTORY	2
GLOSSARY	3
2021 - 2022 : BY THE NUMBERS	4
CHAIRPERSON'S REPORT	5
AUDIT AND RISK COMMITTEE	9
FARMS COMMITTEE	11
INVESTMENT COMMITTEE	16
PRESBYTERIAN BENEFICIARY FUND TRUSTEE LIMITED	21
PRESBYTERIAN BUREAU SERVICES TRUST	24
PRESBYTERIAN CHURCH INSURANCE COLLECTIVE STATISTICS	25
PRIVATE TRUSTS COMMITTEE	26
PRIVATE TRUSTS DISTRIBUTIONS AND BEQUESTS	28
PROPERTY COMMITTEE	30
LIST OF FINANCIAL STATEMENTS	33

Cover picture: The new Rotorua District Presbyterian Church St John's building

DIRECTORY

Trustees

Ron Mills (Chair)

Andrew Souness (Deputy Chair)

Roger Gyles

Margaret Galt

John Harvey

Marie Burgess

Paul Barber

Alan Jamieson

Hao Hoang

Brian Dangerfield

Winston Timaloa

Lyn Murray

Helen Carter

Rose Luxford

Committees

Executive, Council of Assembly Associate, Property, Private Trusts, Audit & Risk

Executive, Property (Convenor), Audit & Risk, PBST (Chair), Farms (Deputy Convenor)

Investment, PBFTL, Farms, PBST, PIFLL

Executive, PBFTL (Chair), Property

Farms

Executive, Farms (Convenor), PBST, Private Trusts (Convenor)

Investment, Private Trusts

Investment, PBFTL

Property

Executive, Audit & Risk (Convenor), Investment (Convenor), PIFLL

Private Trusts

Farms, Synod of Otago and Southland Representative

Property, PBST

PBFTL, Private Trusts

Representatives

Colin Marshall

Council of Assembly

Wayne Matheson

Assembly Executive Officer

Associate Specialists

Ruth Rainey

Farms

Doug Crombie

Farms

Warren Potter

Investment, PBFTL (Licensed Independent Trustee), PIFLL

Ian Russon

PBFTL

Staff

Russell Garrett

Executive Officer, PBFTL, PIFLL

John White

Property and Administration Manager

Tracy Setters

Office Manager

Robyn Taylor

Accountant (from December 2021)

Marion Blair

Administrator (until February 2022)

Service Providers and Advisors	Role	Area
Trustees Executors	Custody and Accounting	Presbyterian Investment Fund
Booster	Administration	Presbyterian Investment Fund
Mercer	Fund Manager and Consultant	Presbyterian Investment Fund Presbyterian Beneficiary Fund
Harbour Asset Management	Fund Manager	Presbyterian Investment Fund
Melville Jessup Weaver	Administration	Presbyterian Beneficiary Fund
Gregg Dell	Advisor	Presbyterian Beneficiary Fund
James Carter	Operations Manager	McNutt Trust (Glen Innis)
Stephanie Carter	Accommodation Manager	McNutt Trust (Glen Innis)
Keith and Jo Dennis	Sharemilkers	CA Clark Trust (Flaxburn)
Findex (Michelle Turfrey)	Accountant	McNutt Trust (Glen Innis)
Lawson Avery (Brett Woofindin)	Accountant	CA Clark Trust (Flaxburn)
BakerAg (Ed Harrison)	Advisor	McNutt Trust (Glen Innis)
Aidan Bichan	Advisor	CA Clark Trust (Flaxburn)
Crombie Lockwood	Broker	Insurance
Roger Fulford	Advisor	Insurance
Succeed Legal	Legal Advisor	Farms
DLA Piper	Legal Advisor	General
Ernst & Young	Auditor	General
Crowe	Reviewer	CA Clark Trust (Flaxburn)
BDO	Reviewer	Samuel & Martha McNutt Trust (Glen Innis)

GLOSSARY

IAG	Insurance Advisory Group
PBFTL	Presbyterian Beneficiary Fund Trustee Limited
PBST	Presbyterian Bureau Services Trust
PCIC	Presbyterian Church Insurance Collective
PCPT	The Presbyterian Church Property Trustees
PIF	Presbyterian Investment Fund
PIFLL	Presbyterian Investment Fund Lending Limited

2021 - 2022 : BY THE NUMBERS

Trustees

- 14 Trustees, and 4 Associate Specialists
- 56 Trustee and Committee meetings (54 meetings last year)
- 127 Polls (decisions between meetings) (108 polls last year)

Property

- 866 buildings on 618 properties held on behalf of 252 congregations
- 73 property applications processed totalling \$94,723,296 (61 last year for \$49,834,004)
- 6 major building projects under development totalling \$27,635,000 (11 for \$33,550,000)
- \$1,442,464 transferred to the Mission Enterprise Fund (\$0 in 2021)

Insurance

- 342 parishes covered for assets totalling \$1,257,324,383 (340 parishes \$1,139,828,196)
- 47 claims totalling \$348,905 (34 claims last year totalling \$2,550,007)
- \$150,358 paid in Liability premiums (for public indemnity cover) (\$160,100)

Presbyterian Investment Fund

- \$189,256,345 of investment assets (\$188,225,448 last year)
- \$3,174,013 paid in interest with capital losses of \$-4,362,560 (\$3,157,740 interest paid last year and \$3,418,090 in capital gains)
- \$43,521,270 invested in the Long-Term Fund (\$38,432,134)
- Two parish loans advanced totalling \$2,500,000 (no loans advanced last year)

Private Trusts

- 16 Estate distributions totalling \$203,963 (30 for \$367,859 last year)
- 48 Trust distributions totalling \$417,158 (38 for \$117,995)
- 7 new Burnett Loans totalling \$59,600 (10 for \$80,400)

Presbyterian Beneficiary Fund

- \$48,001,004 held on behalf of 489 Ministers and partners (\$54,899,757 for 501 members)
- \$3,505,410 in benefits withdrawn by members (\$4,080,625 last year)
- A return of -8.6% after tax and fees on the Balanced Fund (+14.9% last year)
- 1 member used their savings to buy their first home (4 members last year)

Farms

- \$200,000 paid to the PCANZ from the Christina A. Clark Estate Trust (Flaxburn dairy farm) (\$200,000 last year)
- \$91,136 spent on the Holiday Homes at Glen Innis Station (\$76,627 last year)
- 175 guests staying 851 nights at the Holiday Homes (196 guests for 1,154 nights)
- \$0 given to the Children of New Zealand from the McNutt Trust (\$10,000 last year)

CHAIRPERSON'S REPORT

Introduction

The 2021/2022 year continued to be affected by the COVID-19 pandemic, like the 2020/2021 year before it. It would be a mistake to think that nothing had changed, because this year has been marked by a growing resilience, greater self-awareness and an increasingly proactive stance towards the challenges the Trustees face. In all this, we have built on what has gone before.

Boardable and Zoom have become part of our way of life as Trustees to the extent that we were able to transfer our planned in-person Strategy Day to the online platform at short notice, without incurring any loss of productivity. We have developed a strong sense of our place as Trustees in the life of the Presbyterian Church, and, where necessary, we have been assertive in ensuring that others understand our role. We may not be a court of the Church, but we have a contribution to make. We have been proactive in stepping forward when we have identified a need, such as developing a loan facility with security provided by the Presbytery from its investments in the Presbyterian Investment Fund. Our desire to serve the Church runs through all of this and remains strong.

Strategy Day

If last year saw the introduction of the Trustees' first logo in our 136-year history, this year has seen the introduction of the Trustees' first mission statement. It is "Building up the Presbyterian Church for God's Mission." It has a literal sense in that the Trustees deal with buildings and a metaphorical sense in that we help build up the Church in mission through the different roles we have.

The mission statement builds on the work undertaken by the Trustees' strategy work over the last two years, culminating in this year's Strategy Day. This was, of necessity, held online using our Zoom platform. It took place on Thursday, 10 March 2022 with an overflow onto Friday, 11 March 2022. We have developed a comprehensive strategic plan that aligns committee strategy and goals with the Trustees' high-level strategy and goals and this allows us to monitor the workload and set priorities. This is especially important for enabling the Trustees to manage the large workload that inevitably falls upon the staff of the CPT Office. It has instilled a greater sense of self-awareness and of the interconnectedness of the Trustees' divergent roles. The Trustees' new mission statement helps to tie these together.

General Assembly Report

With the interruptions of COVID-19, the Trustees' report was tabled at the 2021 General Assembly but not considered until the 2022 Special Assembly.

The Trustees' report, like previous General Assembly reports, gave an overview of the work of the Trustees since the previous Assembly. This report was distinguished from previous reports however, by two aspects. It covered a three-year period instead of the customary two-year period, and it included recommendations for decision by the Assembly.

Drawing on the insights and knowledge of the Trustees, the report included a bold call to action to address the state of our stock of church properties, including manses. It called for the creation of a strategic property plan at Presbytery level to ensure our buildings are safe, well maintained, and support mission. It challenged the Trustees, the Synod of Otago and Southland and its Property Work Group, and presbyteries to work closely together.

The Trustees' report was presented to the Special Assembly by Andrew Souness (convener of the Property Committee) and Ron Mills (chairperson of Trustees). The following motions received the overwhelming support of the General Assembly.

That, in the light of the Trustees' call to action, the General Assembly:

- a. invite presbyteries to work together with the Church Property Trustees and the Synod of Otago and Southland, and its joint Property Work Group, to develop a plan and to enable over time fit for purpose buildings to be located in appropriate places in New Zealand, and that 'fit for purpose' include attention to the energy and waste efficiency of buildings with the aim of reducing environmental impacts as much as possible.
- b. invite the Trustees to report to the 2023 General Assembly with the plan and an assessment of what it will take to achieve this; and
- c. invite the Trustees to report to the 2023 General Assembly on compliance with the amended Earthquake Policy timetable.

The Trustees have begun to progress this work with urgency, hosting a successful property gathering with the presbyteries on Thursday, 16 June 2022 in Wellington. Each presbytery was represented, as was the Synod of Otago and Southland and the Assembly Office.

The agenda for the gathering was driven by the Assembly decision inviting the CPT to work with presbyteries to develop 'fit for purpose buildings.' There was good engagement throughout the day, and broad agreement from the start about the challenges being faced and the need to do things differently. Many problems were quickly identified, e.g., increased building compliance responsibilities but diminishing capacity in congregations. Finding appropriate solutions proved to be more difficult.

A tentative five-step action plan to address the state of our church buildings was agreed at the gathering. As a start, the CPT is tasked with defining what 'fit for purpose' means from a technical building perspective and how this might be measured. The presbyteries are tasked with focusing on the functional aspects for a building to be fit for the operation of 'a church'.

Other Highlights of the Year

The responsibilities and activities of the Trustees are varied and broad. These are managed by several committees, dedicated to different facets of the Trustees' work. Their extensive work is covered in the committee reports, and I commend these to you. They represent many hours of service to the Church by members of these committees.

As an entrée to these reports, I would like to highlight a further four particular achievements to encourage you to read in more detail:

- In March 2022, a fully revised edition of the *Property Handbook* was published with expanded guidance and some new topics.
- Distribution by the Trustees of nearly \$550,000 from trusts we administer to congregations, presbyteries and community groups, and the transfer of \$1.45m to the Mission Enterprise Fund (from property sales).
- A regular, informative stream of communication with the Church through CPT newsletters, PIF newsletters, and newsletters to members of the Beneficiary Fund.
- An expansion of the capacity of the PIF to lend money by offering loans secured against a Presbytery's PIF balance.

Some Challenges

Some areas of the Trustees' work have proved particularly challenging in the 2021/2022 year. This is certainly the case for the Investment Committee, which has responsibility for the PIF, and the Board of PBFTL, which has responsibility for the Church's Beneficiary Fund.

The second half of this year has been marked by volatile money markets unsettled by factors such as rising inflation, increased global tensions and supply chain uncertainty. Through this the Trustees have been unwavering in their commitment to giving weight to environmental, social and

governance factors in making investments (ESG), rejecting 'quick fixes' such as re-investing in fossil fuels.

Trustee Movements

The long gap between General Assemblies from 2018 to 2021 meant a delay in appointing new trustees. Consequently, the Assembly in 2021 saw the appointment of four associate trustees to full trustees: Brian Dangerfield, Lyn Murray, Andrew Souness and Winston Timaloa. These four had already made significant contributions to the Trustees before their appointment, and Andrew has the distinction of being appointed as both a trustee and the Deputy Chair of the Trustees within a few weeks.

We were also pleased to oversee the appointment of two new trustees at the General Assembly: Helen Carter and Rosanne Luxford. Helen and Rose each bring qualities and skills that will enable them to make a significant contribution in the time they serve as trustees. The four appointed from associate trustee status, and Helen and Rose, have the distinction of being the first people to be appointed as trustees in a virtual online meeting of the General Assembly.

As the qualities and skills required by the Trustees expand, so does our need to rely also on people who can serve on our committees as Associate Specialists. This is particularly so with our farms, our investments and the Beneficiary Fund. We are pleased to have welcomed Ruth Rainey onto the Farms Committee in this capacity.

We were sad to learn in June that Ian Russon, who has served as a trustee and more recently as a director on Presbyterian Beneficiary Fund Trustee Limited, would be stepping down at the end of August 2022. We give thanks for Ian's selfless contribution over many years.

Executive

The work of the Trustees between meetings continues to be overseen by the Executive. Much of this work is undertaken by the Committees, whose reports you have, ably assisted by the CPT Office.

The Executive for the 2021/2022 year has been:

- Members: Ron Mills (Convenor), Marie Burgess (Private Trusts, Farms), Brian Dangerfield (Audit & Risk, Investment) Margaret Galt (PBFTL), and Andrew Souness (Property, Insurance).
- Associates: Russell Garrett (Executive Officer), John White (Property and Administration Manager), Tracy Setters (Office Manager), and Robyn Taylor (Accountant).

Staff Movements

In December 2021, we farewelled Marion Blair from the CPT Office following her relocation to Blenheim, and welcomed Robyn Taylor as our new part-time accountant. Robyn's arrival was preceded by an office rearrangement to make space for four staff members. We are grateful to Marion for her years of service and for her flexibility in ensuring that we could provide Robyn with an adequate handover.

Thanks to Staff

Robyn's arrival has ensured that the CPT Office can operate at full strength, COVID-19 permitting! Robyn joins our Executive Officer, Russell Garrett, our Property and Administration Manager, John White, and our Office Manager, Tracy Setters.

The Trustees are indeed fortunate with the calibre of the staff in the CPT Office in Wellington. Our thanks go to John, Tracy, Robyn, and especially to Russell, for the expertise and input into the work of the Trustees as a whole, and to the work of the Committees. Each brings to their roles the required skills and qualities, a desire to serve, and an ability to adapt when lockdowns and other untimely events occur.

We are grateful for their dedication and their contribution to the work of the Trustees. They continue to provide outstanding service to the Church, and they give the very best of professional and personal support to the chairperson and to committee convenors.

Support Services

The Trustees are also well served by our advisors and others who manage various aspects of our work. In this age of increased compliance, we depend upon them for their specialist skills without which the work of the Trustees would be much more difficult.

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 for the Beneficiary Fund and PIF; Harbour Asset Management, Fund Manager for the PIF; Trustees Executors, Custodian for the PIF; Steve Walsham of Crombie Lockwood, insurance broker; Aidan Bichan and Ed Harrison, Farms' Advisors; James & Stephanie Carter, Operations and Accommodation Managers at Glen Innis, Keith & Jo Dennis, Sharemilkers at Flaxburn; Michelle Turfrey and Brett Wooffindin, Farm Accountants; Succeed Legal, Farms' legal adviser; Stuart Mutch and Dave Borrie, Audit Partners from Ernst & Young.

We appreciate all the people who willingly offer their help and guidance to the Trustees.

Conclusion

It has been a challenging and enjoyable first year as chairperson of the Trustees. Covid-19 has kept us on our toes, or perhaps glued to our screens, but through it all it has been a time marked by friendships made and collegiality strengthened as we have worked towards the common goal of building up the Presbyterian Church for mission.

I thank the Trustees, Associate Specialists and directors for your commitment, your contribution and your support during this past year. We have not been untouched by COVID-19, but we have not allowed this to detract from our contribution to the wider Church.

I give a special thanks to the Trustees Executive, to our Deputy Chair, Andrew Souness, and to our Committee convenors. You have been a source of encouragement and knowledge for me as Chair.

Thank you also to Wayne Matheson, Assembly Executive Secretary, to Phil King during his time as Acting AES, and to Colin Marshall, Council of Assembly representative (and Richard McLean before him). We have also appreciated our representation on the Council of Assembly and the Resource Sub-committee. These relationships keep us in touch with the wider Church we serve.

I look forward to your support in the year ahead.

Ngā mihi
Ron Mills
Chairperson



AUDIT AND RISK COMMITTEE

Membership

Brian Dangerfield (Trustee, Convenor), Rev Dr Ron Mills (Trustee Chair), Andrew Souness (Trustee), Russell Garrett (Executive Officer), Tracy Setters (Office Manager), Robyn Taylor (Accountant) and John White (Property & Administration Manager, PCPT).

It is my pleasure to report on behalf of the Audit & Risk Committee for FY22 (year ended 30 June 2022).

Responsibilities

The Trustees' Audit and Risk Committee is responsible for providing oversight of the key risks and the financial reporting process of the accounts of multiple entities and trusts under management of PCPT, including the audit process, the systems and internal controls, and compliance with laws and regulations. A small number of entities are formally audited annually with others subject to review.

The Committee is also responsible for monitoring the manner in which the Trustees are assessing, managing and monitoring risks as set out in the Trustees' Risk Framework and Register and use good governance skills to gain assurance that the risks have been identified and where possible have been mitigated.

Service Partners

Ernst and Young (EY) have been reappointed to provide professional audit services to the Trustees for the period under review and are also retained to undertake the audit of the Presbyterian Church of Aotearoa New Zealand Beneficiary Fund financial statements (by Presbyterian Beneficiary Fund Trustee Limited).

Financial Statements

The Committee has received the reports of the Auditor following the completion of their audit of the FY22 financial statements for:

- Presbyterian Investment Fund (PIF)
- Presbyterian Bureau Services Trust (PBST) incorporating the operations of the Presbyterian Church Insurance Collective (PCIC) consolidated

With the expansion of farm operations, the McNutt Trust (Glen Innis) also required a review by a qualified auditor for FY22 and BDO was selected to undertake this work. An audit review of the Christina Clark Estate Trust (Flaxburn) financial statements is again being undertaken by Crowe.

The Committee also reviewed the PCPT Operational accounts and financial statements for the various registered charitable trusts governed by the Trustees. Although these accounts were not audited by EY, we note that they were consolidated as part of the accounts of the PCANZ, which are subject to audit by EY.

Risk Management Assessment

As part of the overall risk management assessment, EY carries out an assessment of general entity controls at a high level to ensure they are well managed and controlled. Any components of the risk framework that are linked to financial risk is commented on in the financial statements.

Unqualified Reports

No material issues were raised during the close out meeting with EY, reflecting ongoing strong internal controls and processes, together with the provision of thorough financial support information.

I am pleased to report that EY has provided unqualified audit reports for the entities under review (PIF, PBST and Beneficiary Fund). Clean audit review reports were also received from Crowe for the Clark Estate Trust and BDO for the McNutt Trust.

The Committee is pleased to recommend that the Trustees approve all the financial statements reviewed by the Committee, whether audited, reviewed or otherwise.

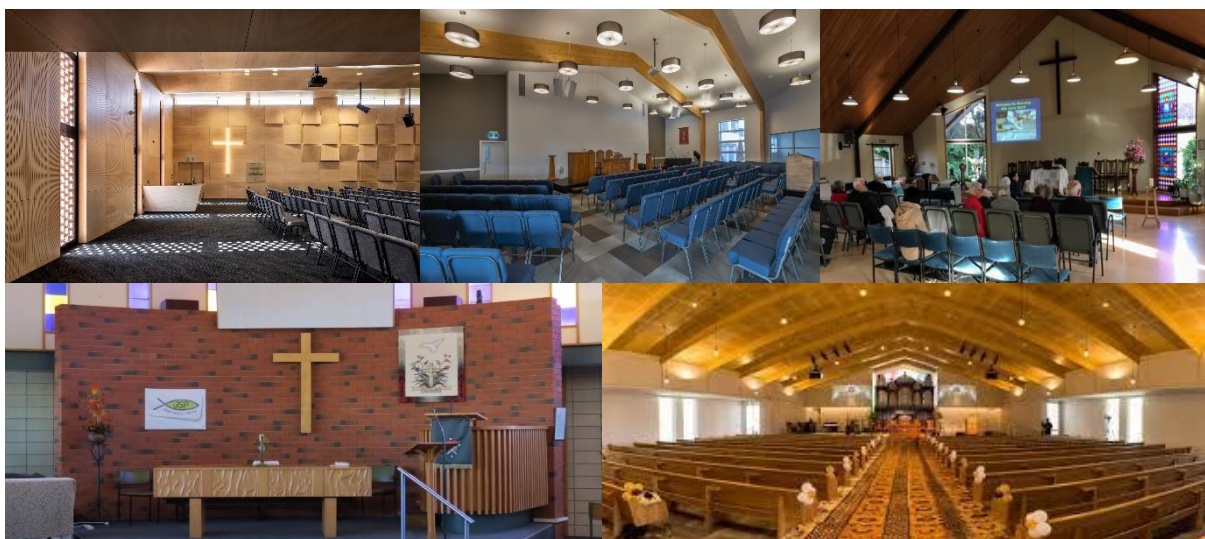
Thanks

We acknowledge the efficiency and professionalism evident by all our audit providers.

I would like to pass on our appreciation and thanks to Russell, Robyn and the office team for their thoroughness with preparing the financial statements and supporting information. I would also like to thank Ron and Andrew for their ongoing support, dialogue and effective decision-making during our audit and risk discussions, planning, and audit close-out meetings.

The FY22 PCPT operational financial statements will be available for viewing on the Church website post the Annual Meeting.

Brian Dangerfield
Convenor



FARMS COMMITTEE

Membership

Members: Marie Burgess (Convenor), Doug Crombie, Susan Finlayson, Roger Gyles, John Harvey, Lyn Murray, Ruth Rainey

Susan Finlayson resigned from the Committee early in the year. We thank her for her commitment to the farms over her nine years as a member of the Committee. This leaves us without dairy industry skills at governance level which we are endeavouring to address.

However, we were pleased to welcome Ruth Rainey, Mangaweka, at our November 2021 meeting. Ruth has significant governance and sheep and beef farming experience

Associates: PCPT office staff Russell Garrett (Executive Officer), John White (Property and Administration Manager), Tracy Setters (Office Manager)

Clark Estate Trust - Flaxburn: Keith and Jo Dennis (Sharemilkers), Aidan Bichan (Farm Consultant), Brett Wolfendin (Accountant, Lawson Avery)

McNutt Trust - Glen Innis: James Carter (Farm Operations Manager), Stephanie Carter (Accommodation Manager), Ed Harrison (Farm Consultant – Baker Ag), Michelle Turfrey (Accountant - Findex)

Responsibilities

The Farms Committee has responsibility on behalf of the Trustees, for the governance oversight of two farming trusts. Both farms, one a dairy farm and the other a sheep and beef farm, are in the lower North Island.

Four meetings were held during the year, although not all at their originally scheduled dates or places due to Covid-19 restrictions and unseasonal weather events. On site farm inspection visits and meetings were held (for the McNutt Trust) at Glen Innis in August 2021 and at Flaxburn (for the Clark Trust) in November 2021. Two other meetings were held, one via zoom in March 2022, and the other in person at Masterton in June 2022. In addition, two special meetings were held via zoom for the McNutt Trust in May 2022.

A long-anticipated visit to the farms by the full trustees was planned for late October 2021, but in the end was cancelled because of Covid-19 concerns. It is hoped to facilitate this next year.

The Martha and Samuel McNutt Trust Trading as Glen Innis

Located near Waipukurau, Glen Innis is a 617 sheep and beef farm left to the Trustees by the late James McNutt in 1953. The primary beneficiaries of the Trust are the ministers of the church as Glen Innis provides accommodation in two well equipped holiday homes for a free one-week holiday once a year for ministers and their families. The second beneficiary, when funds allow, are the children of New Zealand. Additional farmland, purchased early in the year under review, added another 700hectares, bringing the total to 1,329 hectares under the Glen Innis operation.

Our managers, James and Stephanie Carter, and staff, supported by Baker Ag consultant Ed Harrison, have had a particularly challenging and stressful farming year at Glen Innis. While there have been many positives achieved, there can be no denying the impact of adverse weather events (including significant periods the wet weather) on ground conditions, at times making it difficult to access parts of the farm. Poor grass growth at key times of year, reduced lambing percentages, stock losses, and the need to sell stock earlier than anticipated - to which can be added rising farm costs, supply chain difficulties and the failure of our first effort of pine tree planting in a 6ha block at Glen Innis – have all had their impact on the bottom line. Into the mix

this year has been the adaptation to and management of a new farm, slightly bigger than Glen Innis, and the planning for a new house build to be located at the new farm. With the background of such a year the positive achievements of our team are a particular cause for acknowledgement.

Expansion

On 1 July 2021 the Trust settled the purchase of a new land in Farm Road, only a short distance from Glen Innis: 700 hectares of sheep and beef land which we named the Woodhill Block. A major part of the year involved adjusting to farming the additional land, integrating it with the Glen Innis farm, and employment of a new block manager.

The Woodhill Block incorporates an 18ha standing block of 10-year pine forest with the potential for planting on a further 120ha, either for permanent carbon farming or production forestry. However, before decisions could be made around this potential, an unsolicited offer to buy the Woodhill Block at a substantially higher price was received. This coincided with a nearby well-established 550ha sheep and beef farm coming onto the market. By May 2022, the Committee was considering selling Woodhill in order to buy the new farm in Blackhead Road. Soon thereafter, a successful tender offer was made on the Blackhead Road farm subject to the satisfactory sale of the Woodhill Block. Since 30 June 2022, the Trustees have secured the unconditional sale of the Woodhill Block at a price that has allowed us to confirm the unconditional purchase of the Blackhead Road farm. The transactions are due to settle 30 June 2023. The purpose of the acquisition of additional farmland is to secure the sustainability of Glen Innis and the ongoing generation of distributions for the beneficiaries.

Distributions

Since the main purpose of the farms is to provide for the beneficiaries, distributions are budgeted for in farm accounts, and paid to a separate beneficiary account. The Holiday Homes manager draws on this for operation of the accommodation and facilities for ministers. Any surplus goes to the second beneficiary. Now that deferred maintenance has been addressed and the standard of the homes and their furnishings improved, \$10,000 from the 2020-21 surplus was paid to Epic Ministries, St Andrews Waipukurau Youth Group, and the Presbyterian Support Services East Coast for the benefit of children in the region. This was the first in many years to be allocated to the second beneficiary. The Trustees have yet to consider whether the Trust is in a position to make a further distribution from the 2022 year surplus.

Holiday Home Use

The ongoing Covid-19 pandemic had its impact on ministers' ability and willingness to travel and as a consequence, some months of the year were entirely without guests in either home. The manager implemented Covid-19 policies with contactless arrival and departures to keep people safe. Bookings and use of the homes picked up again over the summer months. The upgrade and ongoing maintenance of the homes and grounds (which includes a swimming pool and tennis court) are provided for from a separate budget managed by the manager, Stephanie Carter, although securing the necessary staff and contractors has, at various times, been a challenge.

Table 1: McNutt Trust Financial Highlights

	2022	2021
Distribution to Beneficiary Account	\$102,750	\$102,750
Spend on the Holiday Homes	\$91,136	\$76,627
Surplus in the Beneficiary Account (after Distribution)	\$40,300	\$28,911
Distribution to Children of New Zealand	\$tbc	\$10,000
Farm Income	\$1,451,934	\$1,126,653
Expenses	(\$1,429,607)	(\$1,248,206)
Net Operating Surplus/(Deficit)	\$22,327	(\$121,553)
Net Surplus /(Deficit) after Stock value adjustments	(\$391,941)	(\$865,694)

Cash Balance - 30 June	(\$78,372)	\$431,406
Loans – 30 June	(\$6,500,202)	(\$1,171,240)

Highlights of the year

- Integration of a new farm (Woodhill) into the one farming operation with Glen Innis
- Employment of a block manager for the Woodhill Block
- Preparation of house site and bringing in power to the site (and to the woolshed)
- Contracting of a new relocatable home (from Manorbuild in New Plymouth) due for completion and placement at Woodhill in the new financial year.
- Completion of a farm environment plan for Woodhill

Future challenges include

- Satisfactory settlement of the sale of Woodhill Block and purchase of the Blackhead Road farm – under contract at the end of the 2021-22 financial year.
- Managing the transition process out of the Woodhill Block to another new farm
- Adapting farming practices to recurring weather events and global risks
- Implementing environmental plans and meeting compliance requirements

Christina A. Clark Estate Trust Trading as Flaxburn

Flaxburn is a 246 hectare dairy farm near Featherston, of which 145ha was originally left to the Trustees by the late Christina Clark in 1957. Flaxburn also has another 114ha currently leased from a neighbour. The total dairy operation provides significant distributions for the major beneficiary (PCANZ) for global and national mission, as well as some small annuities.

The year has had its challenges for the farm and those on the land, with adverse weather events affecting milk production both at Flaxburn and throughout the region. However, global milk prices have been high which has helped offset the steep rise in many on-farm costs. With our sharemilkers, Keith and Jo Dennis, in their 20th season at Flaxburn, ably supported by Aidan Bichan, Flaxburn continues to be a success story. The financial achievements are only part of the story, as they continue to enhance the environment of the farm, maintain animal welfare standards, meet health and safety requirements for staff, and comply with the increasing regulatory reporting requirements. And this year has had the added challenge of the building a replacement for the old homestead.

Distributions

The ongoing successful operation of the Flaxburn dairy farm in a 50:50 share milking arrangement has resulted in the Committee having confidence to make regular monthly interim distributions to the national church. Based on a carefully thought through Distributions Policy, it means the PCANZ (global and national mission beneficiaries) can rely on regular income from the farm with a final distribution likely when year-end financial results are finalised. It has been particularly gratifying to see this policy implemented so that the distributions can be put to prompt use. The small number of fixed bequests under the will of Christina A. Clark are made once a year.

Table 1: Distribution Totals:

	Global Mission	National Mission
30 June 2020	\$262,500	\$87,500
30 June 2021	\$150,000	\$50,000
30 June 2022	\$150,000	\$50,000

Table 2: Christina A Clark Trust Financial Highlights

	2022	2021
Interim distribution to beneficiaries	\$150,300	\$150,300
Final distribution	\$50,000	\$50,000
Milk solids production (kgs)	249,086	273,520
Average Milk Solids price per kg	\$9.10	\$7.25
Income	\$1,241,706	\$1,045,369
Expenses	\$637,638	\$615,641
Net Income	\$604,068	\$429,728
Capital Expenditure	\$115,606	\$95,837
Bank and Cash balance - 30 June	\$945,230	\$783,748

Expansion

It has been our understanding, since taking on the 84ha lease of the neighbouring dairy farm some years ago, that we would be offered the property when it was ready to be sold. This opportunity arrived a little sooner than we expected, having just renewed the lease in May 2022. However, the additional land has been working well for our dairy operation, and this development was part of a long-term strategy to ensure the sustainability of the dairy farm and its distributions for beneficiaries into the future. At our June 2022 meeting we authorised obtaining valuations and preparation of sale and purchase agreements. In due course, we will move to recommend to the Trustees that we purchase the 84ha of land we have been leasing, while selling to that same neighbour our 52ha Greytown dairy run off block. We are in a strong position to borrow the shortfall required to complete the transaction. There will be a number of lease back agreements for a period of time in this arrangement.

Highlights of the year

- Regular distributions maintained for the mission work of the church
- Building a new homestead started on site in March 2022 (completion due in November)
- Funding of the new homestead from reserves put aside for this purpose
- Installation of a generator for the farm as backup during power outages
- Improvements in the farm irrigation system
- Compliance with regulatory health, safety and environmental requirements

Future Challenges

- The satisfactory completion of sale and purchase agreements and lease arrangements
- The safe removal of the old homestead from the Flaxburn site

- Continuing implementation of environmental plans and mitigation of climate change risks
- Meeting increasing regulatory compliance requirements

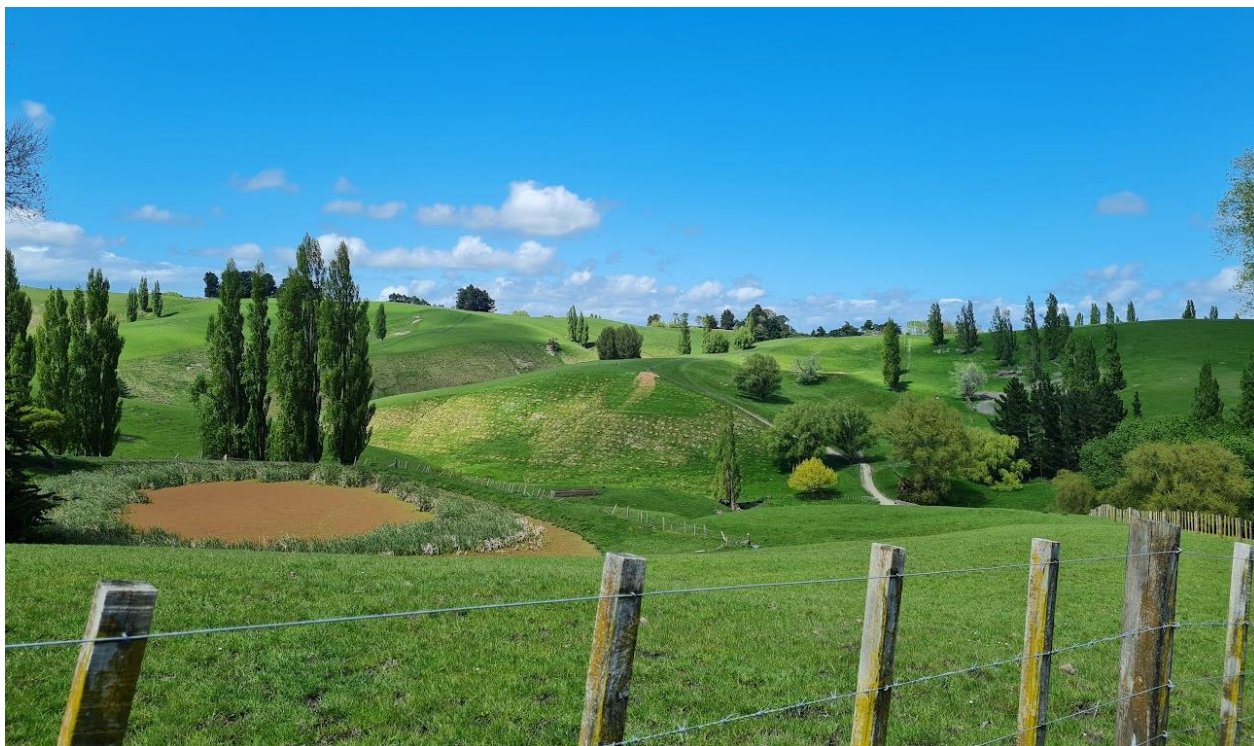
Summary

In what has been a challenging year for both farms, with adverse weather events and other issues affecting production, it is pleasing that sustained good prices for milk and red meat at sale points have helped offset rising farm operating costs. The coming together of new house builds, along with the opportunity to purchase additional farmland, has made this year somewhat extraordinary in the history of the Trustees' ownership of the properties. It is a credit to all involved with both farms that through such a year, distributions have been maintained for the beneficiaries.

Thanks

Our grateful thanks to our farm consultants, sharemilkers, managers and staff for achieving, in spite of the weather, Covid-19 and many other challenges, another year of positive results for the beneficiaries of the Clark and McNutt Trusts. Appreciation is also due to the CPT office staff for facilitating the extra meetings and work required around contracts for new houses plus the sale and purchase of land for both Trusts. And finally, I express my gratitude to all members of the Farms Committee for their continued voluntary commitment to the governance of the farms.

Marie Burgess
Convenor



Glen Innis: Steph Carter

INVESTMENT COMMITTEE

Membership & Responsibilities

Members (30 June 2022): Brian Dangerfield (Trustee, Convenor), Roger Gyles (Trustee), Paul Barber (Trustee), Alan Jamieson (Trustee), and Warren Potter (Associate Specialist).

Associates: Russell Garrett (Executive Officer), Tracy Setters (Office Manager).

The Investment Committee is responsible for the management of the Presbyterian Investment Fund (PIF) and the investment of various Trusts.

Who makes up the PIF?

The Presbyterian Investment Fund (PIF) holds funds on behalf of parishes, Presbyteries, the General Assembly, The Presbyterian Church Property Trustees, and other entities associated with the Presbyterian Church of Aotearoa New Zealand. Property funds held on behalf of parishes are primarily held for property-related use.

The PIF offers account-holders a choice of two investment options: an On Call Fund and Long Term Fund. Reserves are maintained in order to enhance security and to allow 'smoothing' of returns to depositors over time. Interest payable is calculated on the daily balance of each account and is credited at the end of each calendar quarter.

Account Breakdown

Total account balances in the PIF have increased from \$178.6m (30 June 2021) to \$185.4m (30 June 2022) during the period under review. Reserves as at 30 June 2022 stand at \$3.9m (\$8.6m 30 June 2021). Table 1 below shows that balances continue to increase over time, but reserves have been used to support returns to account holders. Table 2 provides an account breakdown.

Table 1: PIF Balances over time

	\$ 2020	\$ 2021	\$ 2022
On-Call Fund	144,702,679	140,119,638	141,884,044
Long-Term Fund	27,709,761	38,430,438	43,521,270
Total Accounts Balances	172,412,440	178,550,076	185,405,314
Reserves	8,962,082	8,620,016	3,851,031
Total Net Assets	181,374,522	187,170,092	189,256,345
Reserves / Account Balances	5.2%	4.8%	2.0%

Table 2: Account Balances Breakdown as at 30 June 2022

Accounts	On Call Fund \$	Long Term Fund \$	Total \$
Parish Property	54,449,207	15,136,109	69,585,316
Parish Other	33,283,736	1,316,160	34,599,896
Presbyteries/Synods	26,669,043	3,390,110	30,059,153
General Assembly	16,052,143	7,902,582	23,954,725
Other	6,489,898	-	6,489,898
Trusts held by the Trustees	4,940,016	15,776,310	20,716,326
Total Account Balances	141,884,044	43,521,270	185,405,314

Chart 1: PIF Account Breakdown as at 30 June 2022

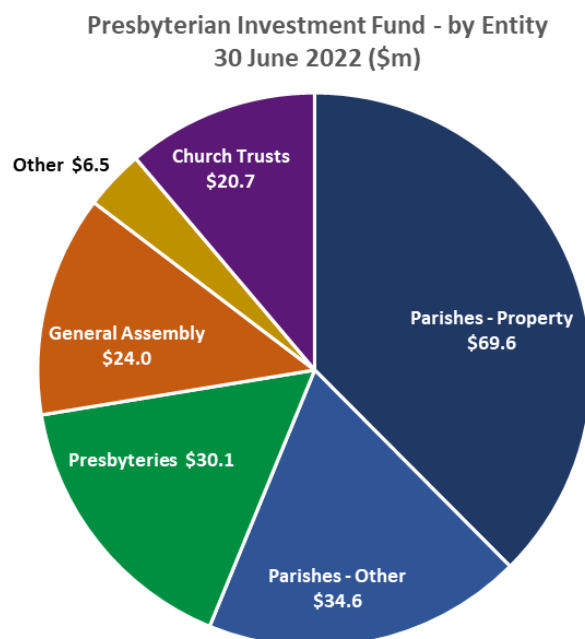
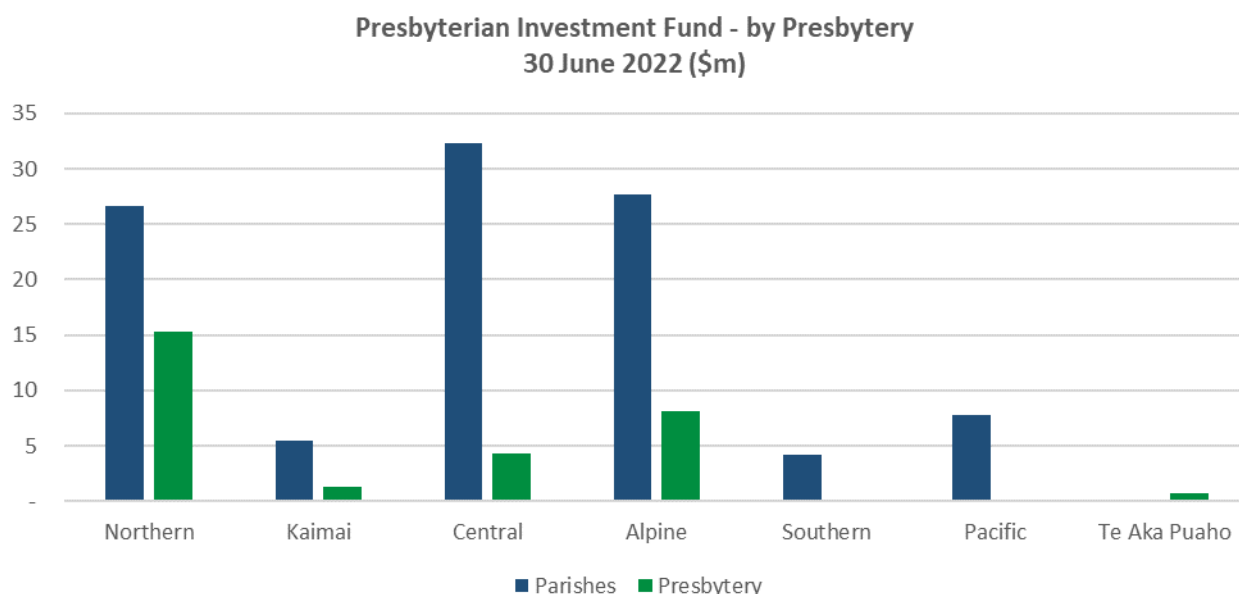


Table 2 and Chart 1 show that the largest component in the PIF is Parish Property Capital (generated from the sales of properties) at \$69.6m (up by around \$4m over a year earlier). Parishes hold a further \$34.6m in the PIF, Presbyteries hold \$30.1m, and the General Assembly \$24.0m. The Trustees hold \$20.7m on behalf of the various trusts they administer, with a further \$6.5m held for other Church-related entities.

Chart 2 below provides a breakdown of account balances by presbytery, showing parish and presbytery balances.

Chart 2: PIF Presbytery Breakdown as at 30 June 2022



Fund Performance Summary

The following table provides details of the Fund's performance. It shows that the expenses, both in dollar and percentage terms, have continued to fall. It also shows that On Call interest has also fallen, as interest rates fell to record lows in response to Covid-19.

In contrast, Long Term Fund interest has risen as more parishes have transferred monies into the Long-Term Fund. Inflation interest increased markedly in 2022, reflecting the sharp rise in the Consumer Price Index. Finally, the table illustrates the volatility in Long Term Fund Reserve Interest, reflecting the ups and downs in investment markets.

Table 3: Fund Performance Summary:

	2020	2021	2022
Administration Expenses	\$712,244	\$705,899	\$688,026
Admin Expenses / Total Average Assets	0.39%	0.38%	0.37%
On Call Interest credited to accounts	\$3,860,101	\$2,218,577	\$1,825,445
Average On Call Fund Interest rate	2.5%	1.6%	1.3%
Long Term Fund Interest	\$679,745	\$939,183	\$1,348,568
Long Term Fund Inflation Interest	\$175,329	\$1,040,690	\$3,036,515
Long Term Fund Reserve Interest	(\$790,394)	\$2,377,400	(\$7,399,075)
Transferred to / (from) Reserves	\$382,706	(\$342,066)	(\$4,779,926)

PIF On Call Fund

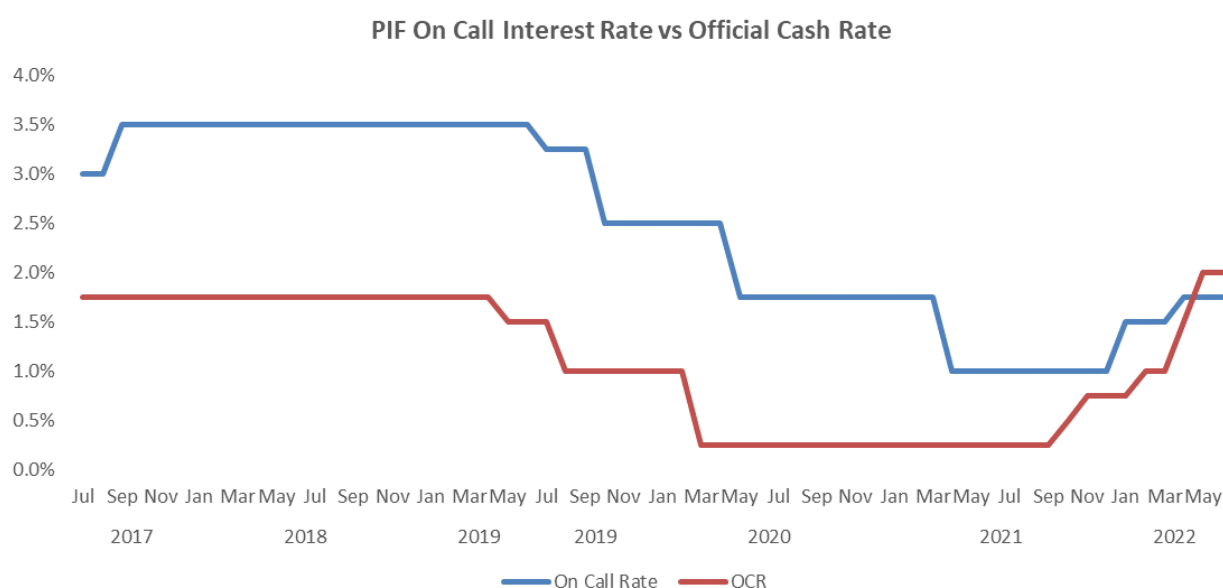
The PIF On-Call Fund provides an on-call facility that is invested in high quality, short-duration securities by Harbour Asset Management.

Interest rates continued at record lows for the year under review, with the Official Cash Rate (OCR) rising from 0.25% p.a. to 0.5% p.a. on 6th October 2021, to 0.75% p.a. on 24th November 2021, to 1.0% p.a. on 23rd February 2022 and to 1.5% p.a. on 12th April 2022.

The Trustees were able to maintain the On Call PIF interest rate at 1.75% and then 1.0% p.a. during the record low OCR periods. As the OCR started to rise again, the PIF rate increased to 1.5 % from 1st January 2022 and further increased to 1.75 % p.a. from 1st April 2022. A further On Call rate increase has been affected during the new financial year, but it is expected that there will be a period where the PIF Rate lags the OCR.

Chart 3 below illustrates how the On Call Fund interest rate did not fall as far as the Official Cash Rate, but now that the OCR is climbing, the PIF rate is lagging behind.

Chart 3: PIF On Call Fund Interest versus the Official Cash Rate for periods ending 30 June 2022



Long-Term Fund Option

The Long-Term Fund invests in the Mercer Socially Responsible Investment Balanced Fund. This Fund invests in a globally diversified mix of shares, property, infrastructure, bonds and cash. The target asset allocation mix is 60% in growth assets (shares, property and infrastructure) and 40% in defensive assets (bonds and cash). Mercer also manages the investment assets of the Beneficiary Fund.

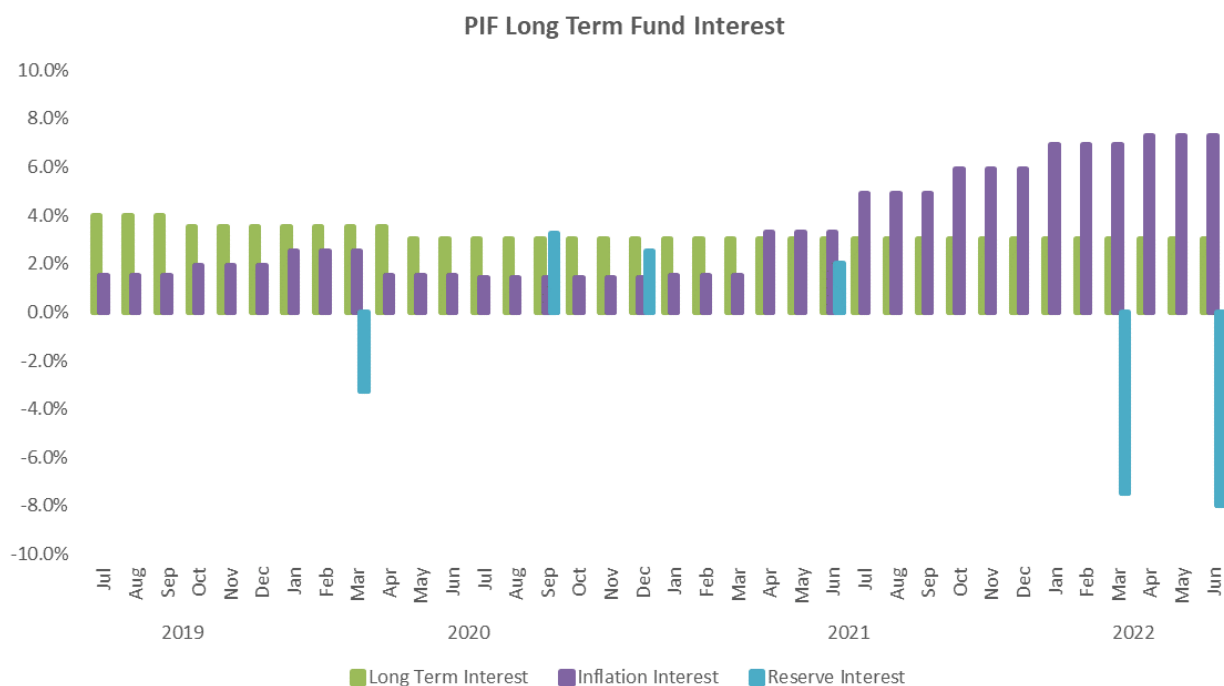
Mercer not only invests the money with the objective of providing good returns, but in accordance with the Trustees' expectations regarding environmental, social and governance practices. Climate change is now a particular point of focus. Mercer has recently committed to transitioning to a net zero carbon investment portfolio by 2050. In addition to excluding companies associated with fossil fuels, it also actively invests in a number of renewable energy companies.

Whereas the Long-Term Fund generated strong net investment returns last year of +14.5%, the Fund suffered from investment market losses in the current financial year driven by high inflation, rising interest rates and fears of a global recession. This has resulted ending the year paying 3.0% p.a. plus inflation interest of 7.3% and negative reserve interest of -15.5%, equating to a net pay-out return of -5.2%.

Each Long-Term Fund interest type has a particular purpose. Regular interest is for spending on mission. Inflation interest ensures that parishes can maintain the real (or inflation-adjusted) balance of their investment (inflation interest on property balances is not available for parishes to spend on mission, but can be spent on property). Reserve interest reflects movements in capital markets, both up and down. These are expected to even out over the long term (at least 7 years), hence the long term nature of the Fund. Parishes are encouraged to 'look through' these ups and downs, and treat them as if they are unrealised gains or losses.

Chart 4 illustrates how the regular interest payment has remained steady while inflation interest has increased significantly. It also shows how significant recent investment losses have been with negative reserve interest in both the March and June 2022 quarters.

Chart 4: PIF Long Term Fund Interest for periods ending 30 June 2022



PIF Lending

The PIF is able to lend to parishes for major capital projects either with security over Parish property or over Presbytery Funds held in PIF. The latter facility was introduced over the course of the year – thanks to a presbytery initiative - and it is hoped that this will facilitate smaller loans. Interest continues to be charged on a floating rate basis, set for each loan according to risk, but hopefully at a rate that enhances returns for the PIF and reduces borrowing costs for the parish.

There were two loans in place as at 30 June 2022 totalling \$ 2.5m with an average interest rate of 4.54 % p.a. One of the parishes is expected to draw down the remaining \$ 500k portion of their approved loan in the coming financial year.

Service Providers

The Trustees have outsourced the provision of various PIF services to a range of specialist organisations. Harbour Asset Management (HAM) continues to manage the PIF's On Call Fund investment assets and the Long-Term Fund assets continue to be managed by Mercer. Trustees Executors Limited acts as custodian for the PIF, holding the investment assets in safekeeping, and providing accounting services. Booster provides account administration and online access for parishes and other account holders from the Presbyterian family. Ernst and Young are the Fund's auditors and DLA Piper provides legal advice as and when required.

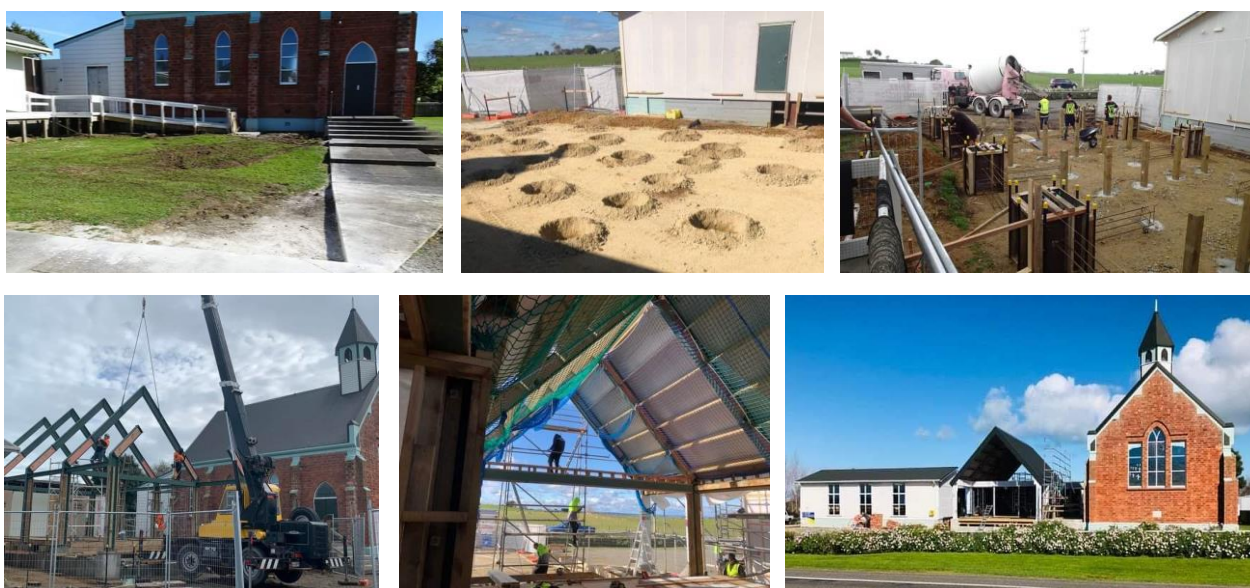
Annual Newsletter

The Annual PIF Newsletter is available on the PCANZ website and from the Trustees' office.

Thanks

The Trustees would like to pass on their thanks and appreciation to all the account holders and our service providers for their ongoing support during the financial year for the Presbyterian Investment Fund.

Brian Dangerfield
Convenor



Westmere Memorial Church, Whanganui: Blake Davison

PRESBYTERIAN BENEFICIARY FUND TRUSTEE LIMITED

Membership & Responsibilities

The Presbyterian Beneficiary Fund Trustee Limited ("PBFTL") is a company formed to assume the trustee responsibilities for the Beneficiary Fund ("Fund"). PBFTL is wholly-owned by The Presbyterian Church Property Trustees.

The directors (at 30 June 2022) are Margaret Galt (Chair), Warren Potter (Licensed Independent Trustee), Ian Russon, Roger Gyles, Alan Jamieson, Rose Luxford, and Russell Garrett (as Executive Director). The Board subsequently accepted, with regret, Ian Russon's resignation with effect from 31 August 2022. Ian has served the Fund for a long period of time, first as a trustee, then director, including a period as our Licensed Independent Trustee.

The Beneficiary Fund is supervised by the Financial Markets Authority, which performs this role for all restricted workplace savings schemes, including our Fund.

Advisers and Service Providers

The Board is assisted, particularly with its compliance obligations under the Financial Markets Conduct Act, by Gregg Dell (Dell Consulting). DLA Piper provides legal advice as and when required. Melville Jessup Weaver (MJW) provides member administration services, including preparation of the annual report and accounts. Members receive regular statements and a quarterly newsletter, which keeps them up to date with the Fund's performance. Mercer (NZ) Limited is our investment consultant and fund manager, and EY the Fund's auditor.

The Board conducted its biennial review of its key providers and remains confident they are serving the Fund well.

Beneficiary Fund Membership

The Beneficiary Fund was established by the Presbyterian Church of Aotearoa New Zealand with the charitable purpose of providing protection and life-long support to its ministers, primarily through a superannuation scheme.

Nationally Ordained Ministers are required to be members of the fund. In addition, retired members (and nominated spouses) may continue to hold their balances in the Fund and draw these down, either on a regular basis or via periodic lump sums, to provide income in their retirement.

The Council of Assembly has recently introduced some membership exemptions, particularly for retired Ministers providing stated supply services.

Membership Changes

We note that membership in the Fund continues to decline, as shown in Table 1 below.

Table 1: Changes to membership for the year to 30 June 2022:

	Contributing members	Non- Contributing members	Total
Membership at 1 July 2021	195	306	501
New members	+11	-	11
Member switches	(18)	18	0
Member exits	(1)	(22)	(23)
Membership at 30 June 2022	187	302	489

Account Balances

The Fund consists of two sections with slightly different rules. The New Benefits section includes those balances that Ministers chose to roll over to the Fund from the previous Defined Benefit scheme, which was wound up in 2017. The Complying Fund Section is aligned with Kiwisaver regulations, so those under the age of 65 can receive the Government's contribution. Table 2 below shows the breakdown of member balances across these two sections. Table 3 shows contributions received, and benefits paid during the year.

Table 2: Members' balances at the start and end of the year ending 30 June

Members' Balances	30 June 2021	30 June 2022
New Benefits section	\$50,296,961	\$43,507,218
Complying Fund section	\$4,358,043	\$4,387,951
Total Balances	\$54,644,004	\$47,859,169

Table 3: Contributions and withdrawals for the year ending 30 June

Movements	30 June 2021	30 June 2022
Contributions	\$1,002,931	\$1,000,037
Withdrawals	\$4,080,625	\$3,505,410

The Fund offers members a choice of four investment options - Cash, Conservative, Balanced and Growth - which in turn invest in the Mercer Socially Responsible Investment Funds.

Investments

Our funds are invested in the Socially Responsible Investment funds operated by Mercer. These go further than just excluding the traditional "sin" stocks (alcohol, tobacco, gambling, fossil fuels and armaments) and proactively seek to invest in companies with a positive impact on society and the environment. Exclusions for companies associated with fossil fuels were extended during the year and Mercer also committed to net-zero carbon emissions by 2050 within the portfolios they manage. They also actively engage with company directors and management to drive good outcomes. Some of the underlying fund managers (the Fund uses specialist managers) align their investments with the United Nation's Sustainable Development Goals.

The last few years have had their challenges for investors. First, with the uncertainty generated by Covid-19 and then more recently, further uncertainty arising from Russia's invasion of Ukraine, including the disruption to oil and gas markets. The combination of Covid-induced supply shortages, extra spending by governments (to help economies through the Covid uncertainty), low interest rates, and now higher oil prices has resulted in surging inflation.

In response, central banks around the world have lifted interest rates at record pace. This has led to the largest falls in bond prices for decades (as investors sell existing bonds in favour of new bonds paying much higher interest). Shares have not escaped the volatility either, with investors concerned about the impact of higher interest rates and the possibility of a recession.

The end result has been significant losses over the last 12 months for conservative and growth investors alike. Table 4 below shows just how investment performance has turned around over the last year.

Table 4: Investment Option returns (after tax and fees) for the year ending 30 June 2022

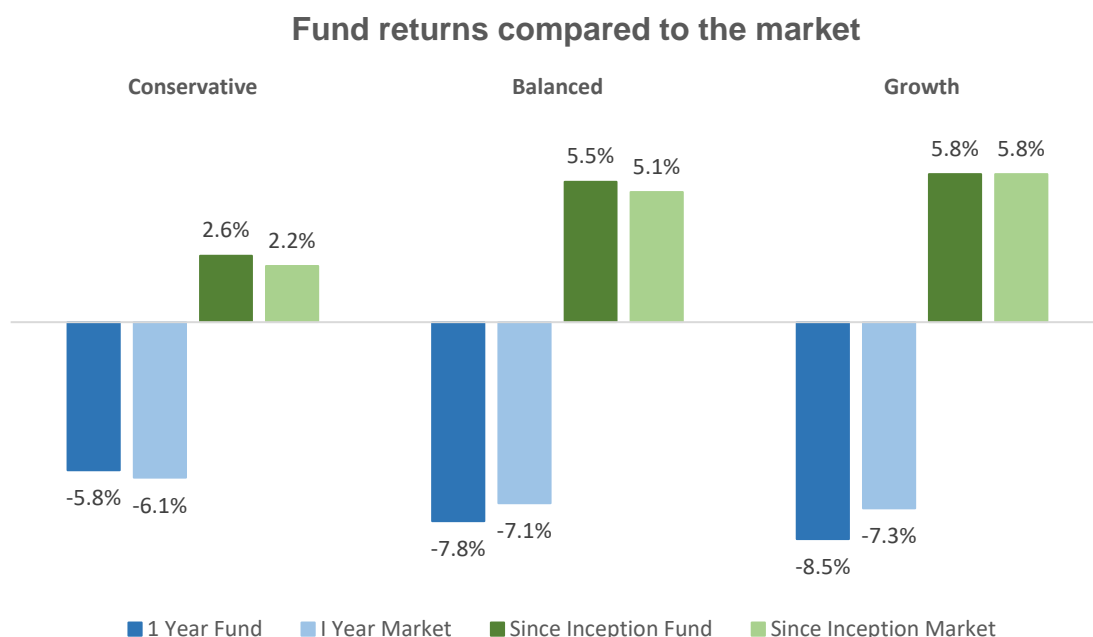
Investment	Cash	Conservative	Balanced	Growth
2022	0.6%	-6.4%	-8.6%	-9.4%
2021	0.7%	5.0%	14.9%	20.7%

In assessing the performance of our funds, we focus on how they perform relative to the overall market. On this basis, our performance is similar to, or slightly below, the overall market. While the overall market has benefited from very strong performance from energy companies (which have gone up while most other share prices have fallen), our Fund does not own these companies. As a result, our Balanced and Growth Options, which hold more global shares, have underperformed the broader market.

However, we are fortunate that most of the Beneficiary Fund members appreciate that saving for retirement is a long-term endeavour, even for many of those in retirement. Performance should be considered over the long term. In this context, returns since the new Fund structure was put in place in 2017 make for better reading, matching market returns.

Chart 1 below compares the performance of each investment option (before fees) against the broader market over the last year and since the Fund was restructured.

Chart 1: Fund returns versus market returns for periods ending 30 June 2022



We also are very aware that this money will be supporting people in their retirement, so we also monitor how the fund is performing against inflation, with a target of achieving inflation plus at least 1% (over 3 years) for the Conservative Option, 3% (over 7 years) for the Balanced Option, and 4% (over 8 years) for the Growth Option. The Fund has met these goals up until this year, when soaring inflation and falling returns have pushed Conservative Fund returns below the inflation plus target. The directors are very aware that rising inflation is making this target increasingly important.

Thanks

I wish to formally thank my fellow Directors, all our professional advisors and service providers, and the Fund's Secretariat for the continued, very considerable, work that has allowed us to meet our responsibilities in these challenging times. Covid-19 not only disrupts investment markets, it also disrupts people's work and lives. The Board is grateful to the staff and management of our providers, and our own office, for their efforts to ensure that our Fund continues to perform well.

Margaret Galt
Chair

PRESBYTERIAN BUREAU SERVICES TRUST

Membership

Andrew Souness (Convenor), Roger Gyles, Marie Burgess, Helen Carter (from November 2021).
Associates: Russell Garrett (Executive officer), John White (Property & Administration Manager), Tracy Setters (Office Manager).

Adviser

Thank you to Roger Fulford, our independent insurance consultant, for his contribution and advice during the year

Responsibilities

The Presbyterian Bureau Services Trust (PBST) is a registered charitable trust, whose trustees are appointed by the Presbyterian Church Property Trustees (PCPT). PBST is responsible for the provision of insurance cover to members of Presbyterian Church Insurance Collective (Collective). The Collective is made up of the PCANZ, the Synod of Otago and Southland, and PCPT. Representatives from these entities form the Presbyterian Insurance Advisory Group, which advises PBST on the insurance cover required by the Collective.

Presbyterian Insurance Advisory Group

The members of the Presbyterian Insurance Advisory Group are: Martin Stewart (Chair), Cunny Atchison, Fergus Sime, Wayne Matheson, Andrew Nicol (resigned December 2021), Roger Gyles (resigned November 2021), Marie Burgess, and Andrew Souness (appointed November 2021). We wish to acknowledge and thank Roger and Andrew for their contribution to this group.

Insurance Cover

The Collective requires Property and Liability insurance, which is placed by Crombie Lockwood, the insurance broker appointed by PBST. The property cover is underwritten by a syndicate of global insurers. The liability cover is provided by local insurers.

Crombie Lockwood also handles claims on behalf of the members of the Collective and has an online valuation tool available to parishes and presbyteries to assist in setting insurance valuations. An independent loss adjuster, Sedgwick, has been appointed to work with Crombie Lockwood on future losses.

Annual Review

The annual renewal resulted in a small increase in Property premiums, and again highlighted the benefit of the Collective by obtaining cover for all parishes regardless of their geographic location. The Collective is still concerned at the risk of under-insurance of property due to the lack of current valuations (coupled with the fast pace of increasing construction costs).

We note that the increase in costs and greater incidence of insurance events, e.g., storms, is pushing insurance premiums to levels that are out of reach for some congregations, particularly those with falling membership. If we cannot afford to insure all our buildings –noting that there may be buildings that we do not want to insure - then we need to change our insurance arrangements. This might require collective decision-making at regional if not presbytery level.

Thanks

Thanks to all those who contribute to the work of the Insurance Advisory Committee and the PBST, including Russell, John and Tracy in the office. We also appreciate the work of the team from Crombie Lockwood and thank them for their support.

Andrew Souness
Chair

PRESBYTERIAN CHURCH INSURANCE COLLECTIVE STATISTICS

Table 1: Presbyterian Church Insurance Collective Statistics 2021 - 2022

	2020 / 21	2021 / 22
Cover		
No. participants	340	342
Peril sum insured	\$1,139,828,196	\$1,257,324,383
Natural Disaster sum insured (net of EQC)	\$783,909,753	\$897,126,500
Premiums		
Total Premium/Levies (Property)	\$2,137,472	\$2,793,132
Self-retention fund	\$350,000	\$350,000
Total Premium/Levies (Liability)	\$160,100	\$150,358
PBST levy/fee	\$257,622	\$262,335
Policy		
Any major changes to cover	<p>Property</p> <ul style="list-style-type: none"> Inclusion of Property Cyber and Data exclusion Removal of the \$5m Natural Disaster excess maximum <p>Liability</p> <ul style="list-style-type: none"> Social Engineering exclusion applied to the Crime Policy 	<p>Property</p> <ul style="list-style-type: none"> Additional clauses related to Expediting Costs, Portable Electronic Equipment, Unspecified Locations, Transport Routes, Works of Art, and Communicable Disease Endorsement
Claims		
No. claims	34	47
No. claims > \$20k	6	4
No. claims > \$100k	1	-
Major claims summary	One major claim for fire damage to St Stephen's Ponsonby (current paid and reserve of \$2.237m)	There were no major claims (over \$100,000). The largest claim was for \$58,328, for water damage.
Claim summary commentary	Over 40% of claims related to water damage/gradual damage losses	23 claims related to losses arising from storm damage
Total paid out	\$358,276	\$176,197
Amount claimed but pending at year end	\$2,191,801	\$172,708

PRIVATE TRUSTS COMMITTEE

Membership

Members: Marie Burgess (Convenor), Paul Barber, Rose Luxford, Ron Mills, Andrew Souness, Winston Timaloa.

Rose Luxford, Moderator Designate of the PCANZ, joined the Trustees this year and we were pleased to welcome her to the Private Trusts Committee.

Associates: Russell Garrett (Executive Officer), John White (Property and Administration Manager), Tracy Setters (Office Manager)

Purpose and Tasks of the Private Trusts Committee

This committee is responsible for:

1. Overseeing the formulation of Trusts' Policy and Strategy in line with recommendations to, and decisions of, the full Church Property Trustees.
2. Receiving and processing applications for grants or loans from the various trusts and funds under the Trustees' supervision (as delegated to the Committee) – ensuring that the terms and conditions for grants/loans accurately reflect the intent of the will of the donor, or trust deed.

Trusts and Funds

The specific trusts/funds, all of which are registered as charitable trusts, for which the Committee has delegated responsibility are:

- Presbyterian Benevolent Fund
- Olive May Burnett Ministers' Loan Fund
- Te Whaiti-Nui-A-Toi Scholarship
- Elsie Mary Steele Trust
- Social Services Fund
- James McKay Drummond
- Nellie Inglis Scholarship
- Thornton-Blair International Travelling Scholarship

There was a significant increase this year in the number and total amount of grants made from the trusts (see Table 1). This was primarily due to the distribution of all funds held in the Nellie Inglis Memorial Scholarship Fund and Vera Wyatt Trust, along with an increase in grants from the Elsie Steele Trust.

On the other hand, there has been a trending decrease in the amount received from bequests and distributions for the Church from estates as directed by the benefactors. The Church received nearly \$204,000 in bequests (Table 2) compared to nearly \$380,000 last year and nearly \$680,000 the previous year. The Committee is considering ways of encouraging parishioners to remember the Church in their wills.

Meetings

With an increase in the office staff this year, the Committee has been able to hold more meetings to address the matters arising from its responsibilities. All five meetings were held via zoom except for one held in June 2022, which was a mix of some members present at CPT offices, with others on zoom. As a result of more regular meetings, along with the usual business, we have been able to set and achieve committee goals for the year and introduce a regular dashboard report for the Trustees in line with other Committees.

Progress

The Boardable poll system has been used regularly to process applications received during the year, particularly for Benevolent Fund grants and Burnett Fund loans to ministers. The review and update of the Guidelines for the Benevolent Fund were completed this year, as was the updating of the Doubtful and Bad Debts policy for the Burnett Loan Fund. Reported in the last annual report was the writing-off of four loans, completed in this financial year.

The Committee completed its work on the Nellie Inglis Memorial Scholarship Fund (which followed the dissolution of St David's, Khyber Pass, Auckland) and the final distribution of funds was shared between the Northern, Pacific and Te Aka Puaho Presbyteries to support ministry leadership training (Table 1). The charitable trust was deregistered in May 2022.

Also receiving consideration by the Committee on several occasions this year were the final distribution of funds held for the Vera A. Wyatt Trust and the Albert Anderson Bequest (Table 3). As a result of the latter, the Committee decided that in future the Trustees would prefer to delegate the grant-making role to other groups more equipped for the task (within the Church where this was consistent with purposes of the trust).

No grants were made this year from either the James Drummond Trust or the Thornton Blair Fund owing to the small size of the funds available. The Committee plans to review their future in the coming year.

The Committee was pleased to meet (via zoom) with representatives of Te Aka Puaho and Te Whaiti-Nui-A-Toi Scholarship Committee, and through this and other contact with them, are working toward additional members for the Scholarship Committee and extending the scholarships to young women.

We were also pleased to receive formal annual reports from the Management Committees of both the Elsie Steele Trust and Te Whaiti-Nui-A-Toi Scholarship Trust this year and record our ongoing appreciation of the work members do in considering applications for their respective trusts, which are then recommended to the Trustees for approval. It is worth noting that, following the dissolution of St James Auckland City, the granting process for the Elsie Steele Trust is now managed via Northern Presbytery.

Thanks

I am grateful to all members of the Committee for their continued diligence and commitment to the work of the Private Trusts over the year under review. We would not have achieved as much as we did, however, without the dedicated support of the CPT office staff so my grateful thanks also go to Russell Garrett, John White, and Tracy Setters.

Convenor

Marie Burgess

PRIVATE TRUSTS DISTRIBUTIONS AND BEQUESTS

Funds Distribution

The table below details the number and value of grants/loans approved over the last two years.

Table 1: Trust / Fund Grants/Loans for the year ended 30 June 2022 (and 2021)

Trust/Fund	Purpose	2020/21			2021/22		
		No.		Value	No.		Value
Elsie May Steele	For the residence and use of infirm, old or needy people (as near as applicable)	9	\$	46,709	11	\$	71,620
James McKay Drummond	For deserving St Andrew's College pupils	0	\$	0	0	\$	0
Nellie Inglis	To assist theological students in a programme of continuing education	0	\$	0	3	\$	200,595
Presbyterian Benevolent Fund	To provide financial assistance by way of grants to ministers and other qualifying persons	8	\$	36,400	10	\$	41,050
Social Services Fund	For Presbyterian Support throughout New Zealand	7	\$	8,884	7	\$	9,426
Te Whaiti-Nui-A-Toi Scholarship	To provide funds and support to further the education of young Māori, in particular, students of Lindisfarne College	14	\$	26,002	15	\$	28,126
Thornton Blair International Travelling Fund	Grants to assist graduate students overseas in the fields of Christian education and social science	0	\$	0	0	\$	0
V A Wyatt Trust	General purposes of the Presbyterian Church at Auckland	0	\$	0	2	\$	66,341
Total Grants		38	\$	117,995	48	\$	417,158
Olive May Burnett	To provide financial assistance by way of loans to Ministers	10	\$	80,400	7	\$	59,600

Table 2: Bequest Schedule for the year ended 30 June 2022 (and 2021)

Estate Name	Amount (\$)	Beneficiary	Purpose
H K Wilkinson	2,000.00	PCANZ	Youth Ministry
Robert Malcolm	7,820.29	St Paul's Trinity Pacific	General Purposes
A Weaver	3,000	PCANZ	Education of students for ministry with a wish that preference be given to students who intend to work among Māori
R A Anderson	41.15	PCPT	General Purposes

Harry F Denton	20,871.35	Kowai-Cheviot Presbyterian	A non-binding wish that income is available for operations and capital to be used for capital works
George Winder	100.00	Presbyterian Support Central	Assist the welfare of young people
H K Wilkinson	2,000.00	PCANZ	Youth Ministry
W G Johnson	131,809.82	Knox Presbyterian, Christchurch	General Purposes
Robert Malcolm	9,229.98	St Paul's Trinity Pacific	General Purposes
H K Wilkinson	2,000.00	PCANZ	Youth Ministry
D Riddell	20,565.37	PCANZ	Global Mission
R A Anderson	17.25	PCPT	General Purposes
H K Wilkinson	2,000.00	PCANZ	Youth Ministry
D Riddell	456.33	PCANZ	Global Mission
W E Boyd	456.33	St Paul's Trinity Pacific	Solely for the purpose of maintenance of the church building
Robert Malcolm	1,558.40	St Paul's Trinity Pacific	General Purposes
\$203,963.19			

The following estate was received by the Trustees – for general purposes - largely in the year ended 30 June 2021 and following consultation with the gifting family, was distributed to the following to work in the area of domestic violence:

Table 3: Bequests received in prior periods and distributed this year

Estate	Amount (\$)	Beneficiary	Distributed to
Albert Anderson Estate	\$130,843	Presbyterian Church Property Trustees	Northern Presbytery Pacific Presbytery PCANZ White Ribbon Programme Te Whare Atawhai (Hope House), Christchurch



PROPERTY COMMITTEE

Membership

Andrew Souness, (convenor), Margaret Galt, Ron Mills, Hao Hoang, Helen Carter (appointed November 2021).

Associates: Russell Garrett (Executive officer), John White (Property & Administration Manager), Tracy Setters (Office Manager).

Personnel – Administration

We thank Russell, John and Tracy for their hard work and their contribution during a busy year.

Property Applications

The committee received and processed 73 property applications during the year. Applications have included property sales and purchases, re-developments and new builds, earthquake strengthening, general upgrading, borrowing and leases. Property applications* for the last two years are detailed below.

Table 1: Property Applications for the year ended 30 June 2022 (and 2021)

Type	2021		2022	
	Number	\$ Value	Number	\$ Value
Sales	9	\$13,744,850	20	\$48,687,000
Purchases	-	-	5	\$2,303,500
New Builds	5	\$21,790,705	3	\$13,476,100
Renovations	19	\$5,183,361	19	\$11,036,337
Strengthening	11	\$7,837,627	8	\$10,208,540
Lotteries	1	\$20,000	2	\$950,000
Borrowing	1	\$650,000	9	\$7,709,219
Leases	8	\$486,380	5	\$262,600
Mission	-	-	-	-
Other	7	\$91,081	2	\$90,000
Covid	1	\$16,060	-	-
Total	62	\$49,850,064	73	\$94,723,296
MEF Contribution	-	-	10	\$1,442,464

* The table may include more than one application for the same project, for example, where there have been both concept and final applications, or revisions to earlier applications. Dollar values are those approved by the Trustees. Realised or actual values may differ.

Major Projects

A number of congregations completed major projects in the course of the year. Congratulations to Hope (West Melton), Rotorua District, Kaikoura, and St Andrew's New Plymouth for some wonderful new build and major renovation projects (at a total value of \$10m). A number of congregations have major projects underway – including Mahurangi, Whakatu, Bishopdale, Auckland Chinese, Pathways Palmerston North, Ponsonby, and Hope (Rolleston) (at a total value of \$28m) – with others in the planning stage. It is always exciting to see what congregations are doing to ensure their buildings remain fit for their mission purpose.

Earthquake Prone Status

In 2021 the Trustees revised the Seismic Policy and the timeline to complete the strengthening work required. As at the 30 June 2022 we have been advised that 75% of our buildings have been assessed for earthquake strength. Of those reported 50% have a rating of 67% (or higher) of the New Building Standards (NBS), 33% are between 34% and 66%, and 17% have a rating of 33% or lower. This would suggest that the Church has at least 100 buildings that are classified as earthquake prone (with a NBS rating of less than 33%). The Church's Earthquake Policy requires that these buildings are strengthened before they can be used (although the Trustees are now working on amendments to the Policy that will allow some use of these buildings following the publication of MBIE Guidelines).

We continue to work with Presbyteries to ensure every congregation and presbytery understand the earthquake risk associated with their buildings and plan for strengthening as appropriate. The revised timetable requires that all buildings built before 1991 and located in high-risk earthquake zones – along with all buildings with parapets and facades - must be strengthened before June 2023. The Special General Assembly has requested that we report to the next Assembly on progress made on meeting the new timeline.

Insurance

The Committee continues to work with the Insurance Advisory Group to consider ways of maintaining appropriate insurance on our buildings. The under insurance of our buildings continues to be of concern.

Property Handbook

A revised edition of the Property Handbook was issued during the year. The revised edition added some new provisions and made amendments to others. These included a new conditional pre-approval for purchases, augmenting the concept approval process, sharpening project contingency requirements (and the cost overrun threshold), requiring parishes to furnish a close-out report once major projects are complete, a major re-write of the section on leases, reference to the availability of PIF loans, clarifying the process that applies when a congregation is dissolved, and updating insurance contact details among other things.

Heritage

Heritage listings impact the missional use of land and buildings, as well as the scope and cost for alterations or earthquake strengthening. We are concerned about the effect that a heritage listing has on buildings and congregations.



Presbytery property day in Wellington – June 2022

Fit for purpose property

Following the General Assembly's request for Presbyteries to work together with the Church Property Trustees and the Synod of Otago and Southland, and their Property Work Group, the Trustees have continued our dialogue with the Presbyteries, discussing what "fit for purpose" buildings will look like in the future. A very successful Property Day was held in Wellington in June with representatives from every presbytery and the Synod in attendance. Attendees shared a number of common property challenges and the growing reliance on presbyteries to help congregations deal with their properties.

Technological innovations

As reported last year the property database data is being reviewed and updated where necessary. Presbyteries and Parishes have assisted by supplying information. This database will assist Presbyteries and the Trustees to identify the "fit for purpose" buildings as requested by the General Assembly.

As in previous years Zoom technology has also helped with our monthly meetings, especially over the period of the Covid-19 lockdown.

UCANZ and the property ratios

We are continuing to work with our partner churches and UCANZ to establish the proportions of assets held by each partner in uniting parishes.

Thanks

Thank you to the presbytery property convenors and their teams. The work they do is critical to the successful and smooth property transactions.

Finally, I would like to thank Ron, Margaret, Hao and Helen for their dedication and work on this Committee.

Andrew Souness
Convenor



Mahurangi Presbyterian new build progress

LIST OF FINANCIAL STATEMENTS

Audited

- Presbyterian Bureau Services Trust Board (incorporating the activities of the Presbyterian Church Insurance Collective)
- Presbyterian Church of Aotearoa New Zealand Beneficiary Fund
- Presbyterian Investment Fund

Reviewed

- Christina A Clark Estate Trust (Flaxburn)
- Martha and Samuel McNutt Trust (Glen Innis)

Other

- Elsie Mary Steele Trust
- James Mackay Drummond Trust
- Nellie Inglis Memorial Scholarship (wind-up accounts)
- Olive May Burnett Trust
- Presbyterian Benevolent Fund
- Presbyterian Church Property Trustees Operational Accounts
- Te Whaiti-Nui-A-Toi Trust
- Thornton-Blair International Travelling Scholarship

The Presbyterian Investment Fund, Beneficiary Fund, and Trustees' Operational financial statements are available online at www.presbyterian.org.nz

Other financial statements are available on request from the Trustees' office: email trustees@presbyterian.org.nz.