

2023

ANNUAL REPORT



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Cover picture: Westmere Memorial Church, Whanganui

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 (leave of absence from January 2023)

Farms, Synod of Otago and Southland Representative

Property, PBST

PBFTL, Private Trusts

Representatives

Colin Marshall

Wayne Matheson

Council of Assembly

Assembly Executive Officer

Associate Specialists

Ruth Rainey

Doug Crombie

Warren Potter

Farms

Farms

Investment, PBFTL (Licensed Independent Trustee), PIFLL

Staff

Russell Garrett

John White

Tracy Setters

Robyn Taylor

Executive Officer, PBFTL, PIFLL

Property and Administration Manager

Office Manager

Accountant

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 Wooffindin)	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 (Lloyd Davies)	Legal Advisor	Farms
DLA Piper	Legal Advisor	General
Ernst & Young	Auditor	Presbyterian Investment Fund
Crowe	Reviewer	CA Clark Trust (Flaxburn)
BDO	Auditor	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

2022 - 2023 : BY THE NUMBERS

Trustees

- 14 Trustees, and 3 Associate Specialists
- 54 Trustee and Committee meetings (56 meetings last year)
- 139 Polls (decisions between meetings) (127 polls last year)

Property

- 949 buildings on 646 properties held on behalf of 242 congregations
- 84 property applications processed totalling \$37,336,506 (73 last year for \$94,723,296)
- 4 major building projects under development totalling \$21,061,000 (6 for \$27,635,000)
- \$1,361,256 collected for the Mission Enterprise Fund (\$1,442,464 in 2022)

Insurance

- 333 parishes covered for assets totalling \$1,400,949,575 (337 parishes \$1,270,457,941)
- 70 claims totalling \$3,977,008 in the year to 31 July 2023 (60 claims last year for \$352,945)
- \$2,710,646 in property premiums and levies paid (\$2,470,343 last year)

Presbyterian Investment Fund

- \$185,095,859 of investment assets (\$189,256,345 last year)
- \$5,563,546 paid in interest with capital gains of \$711,535 (\$3,174,013 interest paid last year and capital loss of -\$4,362,560)
- \$44,714,462 invested in the Long-Term Fund (\$43,521,270)
- 5 parish/trust loans advanced totalling \$6,689,594 (2 loans totalling \$2,500,000)

Private Trusts

- 14 Estate distributions totalling \$306,892 (16 for \$203,963 last year)
- 43 Trust distributions totalling \$284,368 (48 for \$417,158)
- 5 new Burnett Loans totalling \$43,806 (7 for \$59,600)

Presbyterian Beneficiary Fund

- \$47,591,849 held on behalf of 478 Ministers and partners (\$47,859,169 for 489 members)
- Contributions of \$969,730 received for 201 members (\$1,000,037 for 205 members)
- \$4,085,135 in benefits withdrawn by members (\$3,505,410 last year)
- A return of +6.7% after tax and fees on the Balanced Fund (-8.6% last year)

Farms

- \$250,000 paid to the PCANZ from the Christina A. Clark Estate Trust (Flaxburn dairy farm) (\$200,000 last year)
- \$98,060 spent on the Holiday Homes at Glen Innis Station (\$91,136 last year)
- 134 guests staying 832 nights at the Holiday Homes (175 guests for 851 nights)
- \$10,000 given to the Children of New Zealand from the McNutt Trust (\$10,000 last year)

CHAIRPERSON'S REPORT

Introduction

We give thanks as Trustees. For the first time since 2019, we have been able to carry out our trustee responsibilities largely unaffected by COVID-19. It has been good to be able to meet in-person for meetings of the full Trustees, but it is something we can no longer take for granted given our experience in 2020-2022.

The contents of this Annual Report outline for the Church the many ways in which the Trustees undertake their mission, "Building up the Presbyterian Church for God's mission." I encourage you to take time to read this Annual Report in the interests of building better understanding across the Church.

Strategy Day 2023

The Trustees were finally able to hold an in-person Strategy Day in 2023, after having to be satisfied with meeting online for the Strategy Days in 2021 and 2022. It was held at St John's in the City on Thursday, 16 March 2023, and it was followed on the Friday by the first full Trustees' meeting for 2023.

We broke some new ground at this year's Strategy Day with a session given over to beginning to explore the significance of Treaty relationships and being Maori in Aotearoa New Zealand today. We invited the Rev. Wayne Matheson to interview the Rev. Ryhan Prasad and bring out Ryhan's exploration of his Maori roots. We are grateful to Wayne and especially to Ryhan for their willingness to participate. We are currently exploring with the Moderator and Clerk of Te Aka Puaho the possibility of holding next year's Strategy Day and first Trustee meeting of 2024 on the marae at Ohope.

We also spent time during our Strategy Day on the following:

1. Developing a Trustees' Dashboard and aligning committee goals and priorities with the Trustees' goals and priorities;
2. Discussing the Trustees' Skills Matrix and the Trustees' 2022 Board Performance Survey; and
3. Upskilling trustees on the new Boardable board management software.

General Assembly 2023

The Trustees were well represented at this year's General Assembly in Auckland at the end of September 2023. The Chair and Deputy Chair of the Trustees attended as Associates, and the Executive Officer as an Observer.

In addition to the standard General Assembly report from the Trustees giving a general overview of the responsibilities exercised by the Trustees, the Trustees also presented two special reports flowing from last year's report received by the Special Assembly (referred from the 2021 General Assembly). These were:

1. Fit for Purpose Property Report, and
2. Earthquake Prone Buildings Report.

Copies of these reports are available from the Trustees.

Highlights of the Year

As usual, the year has had its share of highlights, including the following.

- Work on the Fit for Purpose Property project has been a real highlight. We have been delighted with the extent to which presbyteries have engaged with us and the project. We are at our strongest when we have strong relationships.
- The development of Trustee and Committee dashboards to help maintain focus on governance and improve communication within the Trustees and externally, including with the Council of Assembly.

- A record number of property transactions (84) considered in the year to 30 June 2023 (with only two applications declined).
- The completion of some exciting property projects, including two that won national architectural/construction awards. Congratulations to Rotorua District Presbyterian Church (St Johns) and Kaikoura Presbyterian Church.
- Updates to the Property Handbook and Earthquake Prone Buildings Policy, and the publication of Facilities Hire Templates.
- A lift in the Presbyterian Investment Fund (PIF) On Call interest rate from 1.75% at the start of the year to 5.0% at 30 June 2023. Long Term Fund returns for the period were also much better at an effective rate of 4.75% for the year.
- Presbyterian Investment Fund property development support for parishes with the loan portfolio growing to \$6.8m at year end. These loans also provide good returns to PIF account holders.
- Another major McNutt Trust capital transaction. The Trust sold a farming block it purchased in 2021, using the proceeds to purchase another nearby, but superior, sheep and beef property.
- The purchase by the Clark Estate Trust of a neighbouring dairy farm that had been leased by the Trust since 2016 – and the construction of a new house at Flaxburn for the sharemilker.
- The distribution and closure of another fund, with a payment of \$94,000 from the Mary D Stewart bequest to Presbyterian Support Central.
- The Te Whaiti-Nui-A-Toi Trust scholarship scheme celebrated its 50th year in 2023.

Lowlights of the Year

We need to balance these highlights with the inevitable lowlights to give a complete picture.

- An incredibly tough period for the Glen Innis farming operation. Two consecutive drought years were followed immediately by a very wet period, which in turn was followed by Cyclone Gabrielle. The farm suffered from several slips which caused the loss of fences, tracks, culverts and stock. The weather and ground conditions also had an adverse impact on stock conditions, which, along with falling prices, resulted in a loss on the farm. It will take some time, and lot of effort, for the property to recover.
- Insurance claims approaching \$4m from 70 congregations over the year to 31 July 2023. The major weather events were not only disastrous for the Glen Innis farm, but they badly affected a number of parishes. Add in another major fire and earthquake claim, and this was one of our worst years for claims for some time.
- Our office was affected by a ransomware attack on our IT provider in late November 2022. This resulted in the encryption of all our files for a period of around three months. Fortunately, our data was not exfiltrated, but the process caused the need for plenty of rework, attending to privacy breach concerns, and getting systems back into working order. We are now back operating at full speed, thanks largely to the commitment of our staff.

Future Challenges

Future challenges for the Trustees are set out under each area of our work later in the report. Challenges at an overall Trustee level include:

- Finding the right people to continue the work of the Trustees, both as Trustees and Associate Specialists. The Trustees work requires governors with expertise in a wide variety of areas, from farming to investments, from property to trust law, from insurance to superannuation. We need to invest more time and energy in securing strong governance succession.
- We have commenced a stakeholder review project across all areas of the Trustees' activities. The aim is to help the Trustees ensure our activities are effective and identify areas where we might be

able to make improvements. The review will include user surveys, conversations with key stakeholders, and external reviews as appropriate.

- The Trustees are reviewing our office arrangements, particularly our location and IT services. We are working with the PCANZ Assembly Office on both.

Trustee Movements

We have been fortunate in that trustee numbers have been stable at 14 trustees for the last year. We did extend leave of absence, however, to two of our trustees: to Winston Timaloa in December 2022 for two years to allow him to focus on his ministry internship; to the Rev. Rose Luxford in July 2023 until the end of October 2025 while she prepares for and serves as Moderator of the General Assembly. We wish Rose well.

We are under notice that two of our current trustees intend to retire from the Trustees at the end of 2024, so the search for new trustees will be a critical activity in the next year. We are also on the lookout for people with the right skills and qualities to serve on our committees as Associate Specialists.

Executive

The work of the Trustees between meetings continues to be undertaken by the committees, PBST and PBFTL, whose reports you have, ably assisted by the CPT Office and under the oversight of the Trustees' Executive.

The Executive for the 2022/2023 year has been:

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

The Executive has introduced at meetings of the Trustees in 2023 a 'deep dive' into the work of one or more of the committees to give trustees a better understanding of the work each committee does and to build up their confidence in the work of that committee. The following reports have been given to date:

- March 2023: Property Committee and Insurance (PBST)
- June 2023: Farms Committee
- August 2023: *rescheduled*

CPT Office

I am pleased to report that the staffing situation in the CPT Office has been stable for the last year. We remain grateful to our Executive Officer, Russell Garrett, our Property and Administration Manager, John White, our Office Manager, Tracy Setters, and Robyn Taylor, our Accountant, for the workload they have shouldered in this past year. They have portrayed a 'business-as-usual' attitude that has not only stood them in good stead as they have dealt with the major disruption of a cyber-attack on the Trustees' IT provider in late 2022 but has also prepared them to work through the uncertainties of a potential office relocation and the challenges of re-evaluating the provision of IT support.

It is a mark of the skills and qualities each of our staff members possesses that the CPT Office continues to evolve in the service it provides to the Trustees. Our thanks go to John, Tracy, Robyn, and particularly Russell, for their expertise and input into the work of the Trustees as a whole and to the work of the committees, PBST and PBFTL. Your dedication and willingness to serve is reflected in the achievements of the Trustees narrated in this Annual Report. To your credit, you continue to provide outstanding service to the Church.

Support Services

The Trustees are also grateful for the advice and contribution made by our advisers and support staff who manage aspects of the Trustees' varied work. In this era of increased regulation and compliance, we

depend upon them for their specialist skills without which the task of the Trustees would be significantly more onerous.

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 Long-Term Fund; Harbour Asset Management, Fund Manager for the PIF On-Call Fund; 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; Lloyd Davies of Succeed Legal, Farms' legal adviser; Stuart Mutch and Dave Borrie, Audit Partners, and Casey Webster, Associate Director, from Ernst & Young; Les Foy from Crowe, reviewer of the Clark Estate Trust; and Glenn Fan-Robertson from BDO, auditor of the McNutt Trust financial statements.

Conclusion

As my term as chairperson of the Trustees draws to a close, I look over what we have achieved together these last two years with much satisfaction. From farm acquisitions, through our focus on fit for purpose buildings, and in many other ways, 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. It has been a change to be able to plan and hold face-to-face meetings without looking over our shoulders for signs of COVID-19.

I am grateful to the Trustees' Executive, our Deputy Chair, Andrew Souness, and Russell Garrett, our Executive Officer, for your encouragement and support during my term as chairperson.

Thank you to the Rev. Wayne Matheson, Assembly Executive Secretary, and to the Rev. Dr Colin Marshall, Council of Assembly representative, for showing an interest in the work of the Trustees. We have also appreciated our representation on the Council of Assembly and the Resource Subcommittee. Finally, I wish Andrew Souness well as he assumes the role of chairperson after the Trustees' Annual Meeting and encourage you to support him as you have supported me.



Ngā mihi

Ron Mills

Chairperson

AUDIT AND RISK COMMITTEE

Membership

Members: Brian Dangerfield (Trustee, Convenor), Rev Dr Ron Mills (Trustee Chair), Andrew Souness (Trustee)

Associates: 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 FY23 (year ended 30 June 2023).

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 & Young (EY) have been reappointed by the Trustees to undertake the audit of the Presbyterian Investment Fund (PIF) financial statements for the period under review. These financial statements were prepared by Trustees Executors, in accordance with Tier 2 standards (including, for the first time, a statement of service performance) in their capacity as custodian and accountant for the PIF.

EY were also retained by Presbyterian Beneficiary Fund Trustee Limited to undertake the audit of the Presbyterian Church of Aotearoa New Zealand Beneficiary Fund (Beneficiary Fund) financial statements. These financial statements were prepared by Melville Jessup Weaver, in accordance with financial markets standards, in their capacity as scheme administrator.

With the expansion of farm operations, the financial statements of the McNutt Trust (Glen Innis) required an audit by a qualified auditor for FY23 and BDO completed this work. The McNutt Trust financial statements were prepared by Findex in their capacity as farm accountant.

An audit review of the Christina Clark Estate Trust (Flaxburn) financial statements was again undertaken by Crowe. These financial statements were prepared by Lawson Avery in their capacity as farm accountant. Both sets of farm trust accounts were prepared in accordance with Tier 3 standards.

Financial Statements

The Committee also reviewed the PCPT Operational accounts and financial statements for the various registered charitable trusts governed by the Trustees. These financial statements are prepared by the Trustees' office in accordance with Tier 3 standards. Although these accounts are not subject to audit, we note that the activities of these entities are consolidated as part of the financial statements of the Presbyterian Church of Aotearoa New Zealand, 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

The Committee received the reports from the auditors/reviewers following the completion of their audit and review work of the FY23 financial statements.

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

I am pleased to report that EY has provided unqualified audit reports for both the PIF and the Beneficiary Fund. Likewise, a clean audit report was also received from BDO for the McNutt Trust, and a clean audit review report received from Crowe for the Clark Estate 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 accounting and 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 FY23 PCPT operational financial statements will be available for viewing on the Church's website post the Trustees' Annual Meeting on 23 November 2023.

Brian Dangerfield
Convenor



Howick Presbyterian

FARMS COMMITTEE

Membership

Members: Marie Burgess (Convenor), Andrew Souness (Deputy Convenor) Doug Crombie, Roger Gyles, John Harvey, Lyn Murray, Ruth Rainey

Associates: 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 Wooffindin (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. On-site farm inspection visits and meetings were held in December 2022 with an overnight stay at Glen Innis (for the McNutt Trust) followed the next day by a visit at Flaxburn (for the Clark Estate Trust). Two other meetings were held, one via zoom in March 2023, and the other in person at Masterton in May 2023.

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 a new house build, 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.

THE MARTHA AND SAMUEL MCNUTT TRUST TRADING AS GLEN INNIS

Located near Waipukurau, Glen Innis is a 617ha 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, is the children of New Zealand.

The last year has proved very challenging, with very wet weather, including cyclone Gabrielle, which resulted in serious damage to pastures, tracks, and fences. These conditions had an adverse impact on stock conditions, which when combined with lower stock prices, resulted in a disappointing financial result. It will take some time and a lot of effort to recover.

Expansion

As reported last year, the Woodhill Block was sold and another more impressive farm, Kokomoko (554ha), purchased. Both transactions were settled on the 30 June 2023. These transactions added to an already busy workload for our Staff and Advisors. As Kokomoko is tenanted, with a lease expiring on the 30 June 2024, the farming operation was downsized in the run up to 30 June 2023 so as to operate on the original Glen Innis site. The farming operation will then have to be upsized after 30 June 2024 when we are able to operate on the new property.

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.

A distribution of \$10,000 was paid to the second beneficiary, being the children of New Zealand. Funds were paid to the Presbyterian Church of Aotearoa New Zealand Children and Families Ministry for the benefit of the children in the Hawkes Bay/East Coast area, impacted by Cyclone Gabrielle.

Holiday Home Use

Nationally ordained ministers are able to holiday in two houses located on the farm at no cost, with a travel subsidy available for ministers located in the South Island. Unfortunately, both Covid and Cyclone Gabrielle have prevented full use of the homes over the last two years.

Use of the holiday homes over the last two years is shown below:

In the year to:	Guests	Nights
30 June 2022	175	851
30 June 2023	134	832

Challenges

Two consecutive drought years were followed immediately by a very wet period. Just when it was thought that the weather could do no worse, Cyclone Gabrielle inflicted substantial damage on the property. The farm suffered from a number of slips which caused the loss of fences, tracks, culverts and stock. The weather and ground conditions also had an adverse impact on stock conditions, which, along with falling prices, resulted in a loss on the farm. It will take some time, and lot of effort, for the property to recover.

Both Covid and Cyclone Gabrielle had an adverse impact on the ability of ministers to visit and stay at the Glen Innis Holiday Homes.



Conditions at Glen Innis during winter 2022 and after Cyclone Gabrielle

Future challenges

We are looking forward to Incorporating the new farm into the Glen Innis operations. We are also exploring increasing use of the Holiday Homes by other categories of ministers (likely at a small cost). Progress on this has been hampered, first by Covid, and then by Cyclone Gabrielle.

Financial Highlights

Table 1 below provides a summary of the financial performance of the trust for periods to 30 June.

Table 1: McNutt Trust Financial Highlights

	2022	2023
Distribution to Beneficiary Account	\$102,750	\$102,750
Spend on the Holiday Homes	(\$92,411)	(\$98,060)
Distribution to Children of New Zealand	(\$10,000)	(\$10,000)
Surplus in the Beneficiary Account (after Distribution)	\$39,026	\$34,247
Farm Income	\$1,451,934	\$2,182,973
Expenses	(\$1,239,603)	(\$2,772,858)
Net Operating Surplus/(Deficit)	\$212,331	(\$526,708)
Cash Balance - 30 June	(\$78,372)	\$806,782
Loans – 30 June	(\$6,500,202)	(\$5,735,345)

CHRISTINA A. CLARK ESTATE TRUST TRADING AS FLAXBURN

Flaxburn is a dairy farm near Featherston, of which 145 hectares was originally left to the Trustees by the late Christina Clark in 1957. Over the years other land has been added including this year when a neighbouring farm was purchased. This land had been leased by the Trust for several years. The total dairy operation provides significant distributions for the major beneficiary (PCANZ) for global and national mission, as well as some small annuities.

Challenging Farming Conditions

This year weather events provided an ongoing challenge for our share milkers and staff. Thankfully Cyclone Gabrielle did not significantly impact the farm and the high rainfall over summer resulted in little irrigation being required. However, there followed a third consecutive wet winter which affected dairy production in the region, including Flaxburn. Added to this, increasing production costs and lower than budgeted milk price returns meant that the overall results for this financial year were down on last year.

Land Purchase

On a more positive note, Flaxburn wintered 820 cows, including 40 milked right through, and over the winter the milking plant was upgraded with new pulsators. The 2022-23 year was also marked by two very significant events for the Clark Estate. Firstly, new land was purchased with satisfactory settlements achieved in early 2023 for the Farrier land of 84ha which we had previously leased. This was funded through the sale of our existing 52 ha Greytown block and a \$2.5 million loan from the Presbyterian Investment Fund. There were also a number of lease back agreements involved with this sale and purchase of land.

New Homestead

The other major event this year in the life of Flaxburn was the completion of a new homestead, built on-site next to the old one. Replacement of the old homestead has been some years in the planning and was finally completed within budget, funded from reserves accumulated for this purpose. Keith and Jo Denis were able to move into the new home on 1 January 2023. We are particularly grateful to Aidan Bichan for his work in managing both the land transactions and house build projects for the Trust.

Following a Committee meeting in March 2023, we held a formal blessing service at the new house, led by our PCPT chair, Rev Dr Ron Mills. We were pleased a representative from the PCANZ, the major beneficiary

of the Trust, was able to attend. As well as attending the service, Committee meeting and house inspection, Rev Phil King, Global Mission Director and at the time, acting Assembly executive Secretary, was able to visit the rotary dairy platform and talk with Keith and Aidan about the dairy farm operation.

Distributions

The 50:50 share milking arrangement at the Flaxburn dairy farm continues to work well for the trustees and the share milkers. As a result, the Committee has been able to maintain its practice of making regular monthly interim distributions to the national church for the work of global and local mission as set down in the terms of the late Christina Clark's will. In addition, and allowing for the payment of a small number of fixed bequests, the Committee was also in a position to make a final distribution to PCANZ.

Future Challenges

We have some follow-on work from recent projects. These include the sale and removal of the old homestead from the Flaxburn site, and undertaking minor capital works on the recently purchased property, including some fencing and tree planting. The new property also has some houses which are not required for the dairy farming operation. These will be sold in due course, although not likely in the next year or so, with sale proceeds used to reduce debt.

We also acknowledge Fonterra's forecast milk price is considerably reduced to what we have been used to over the last two to three years. We therefore expect income will be down in the coming year, although this will be buffered somewhat by a one-off payment from Fonterra following the sale of overseas businesses. The position for 2024-25 does not look so promising.

Finally, we now have valuable information on the farm's environmental performance courtesy of Fonterra's Farm Insights report. We will be using this report to improve environmental performance.

Table 1: Christina A Clark Estate Trust Distributions (excluding annuities) for the year ended

	Global Mission	National Mission
30 June 2021	\$150,000	\$50,000
30 June 2022	\$150,000	\$50,000
30 June 2023	\$187,500	\$62,500

Table 2: Christina A Clark Trust Financial Highlights

	2022	2023
Interim distribution to beneficiaries	\$150,300	\$200,300
Final distribution	\$50,000	\$50,000
Milk solids production (kgs)	249,086	246,352
Average Milk Solids price per kg	\$9.10	\$8.30
Income	\$1,241,706	\$1,049,850
Expenses	\$637,638	\$782,803
Net Income	\$604,068	\$339,271
Bank and Cash balance - 30 June	\$945,230	\$162,083
Loans – 30 June	-	\$2,500,000

THANKS

Achieving the outcomes for our beneficiaries that we have this year through our farming operations, would not have been possible without the hard work and commitment of our share milkers, managers, consultants and accountants, along with CPT staff. As well as the usual business of farming in all weathers, this year has involved the sale and purchase of land and leasing arrangements for both trusts as well as a new homestead built at Flaxburn, and the impact of a cyclone at Glen Innis.

We acknowledge with appreciation: CA Clark Estate Trust - Keith and Jo Denis, Aidan Bichan, and Brett Wooffindin (Lawson Avery); McNutt Trust - James and Stephanie Carter and staff, Ed Harrison (BakerAg), and Michelle Turfrey (Findex); and CPT office staff - Russell Garrett, Tracy Setters, John White, and Robyn Taylor. Thanks must also go to members of the Farms Committee for their continued faithful service and in particular, Andrew Souness, for picking up the role of Deputy Convenor this year.

Marie Burgess
Convenor

Andrew Souness
Deputy Convenor



Flooding at Glen Innis after Cyclone Gabrielle

INVESTMENT COMMITTEE

Membership & Responsibilities

Members: 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, but are also available for new mission projects.

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.

Highlights over the last two years include:

- Despite the tough return environment, the PIF provided \$6.9m interest to account-holders over the two years to 30 June 2023, plus inflation-proofing Long Term Fund account-holder capital balances.
- Over \$3.0m of PIF Reserves were used to support interest paid to account-holders over the two years to 30 June 2023, a period of particularly low interest rates and poor investment returns.
- The PIF has supported property development with \$8.5m in loans to three congregations and one trust over the last two years. These loans also provide good returns to PIF account holders.

Lowlights over the last two years include:

- Returns on the On Call Fund were unusually low over the last two years, reflecting record low interest rates. The On Call interest rate commenced the period at just 1.0% p.a., but has risen steadily since early 2022 and finished the period at 5.0% p.a.
- Poor returns for the Long Term Fund for the year to 30 June 2022 (-5.2% p.a.) following an unusually tough period for investment assets. Markets rebounded and the Fund returned a total effective interest rate of +4.75% in the 2023 financial year.

Account Breakdown

Total account balances in the PIF have decreased from \$185.4m (30 June 2022) to \$179.6m (30 June 2023) during the period under review. Reserves as at 30 June 2023 stand at \$5.6mm (\$3.9m 30 June 2022). Table 1 below shows that balances have fluctuated over time, with reserves used to support returns to account holders. Table 2 provides an account breakdown.

Table 1: PIF Balances over time

	\$ 2021	\$ 2022	\$ 2023
On-Call Fund	140,119,638	141,884,044	134,857,002
Long-Term Fund	38,430,438	43,521,270	44,714,462
Total Accounts Balances	178,550,076	185,405,314	179,571,464

Reserves	8,620,016	3,851,031	5,524,464
Total Net Assets	187,170,092	189,256,345	185,095,859
Reserves / Account Balances	4.8%	2.0%	3.1%

Chart 1: PIF Account Breakdown as at 30 June 2023

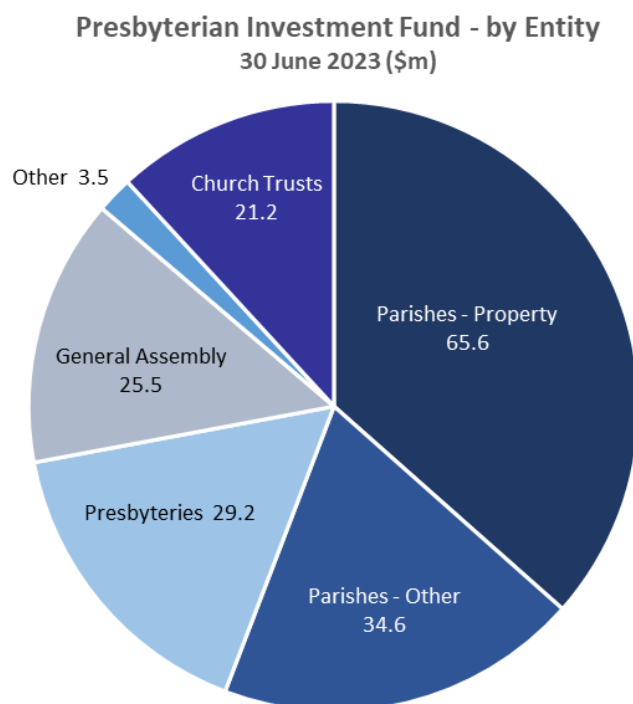


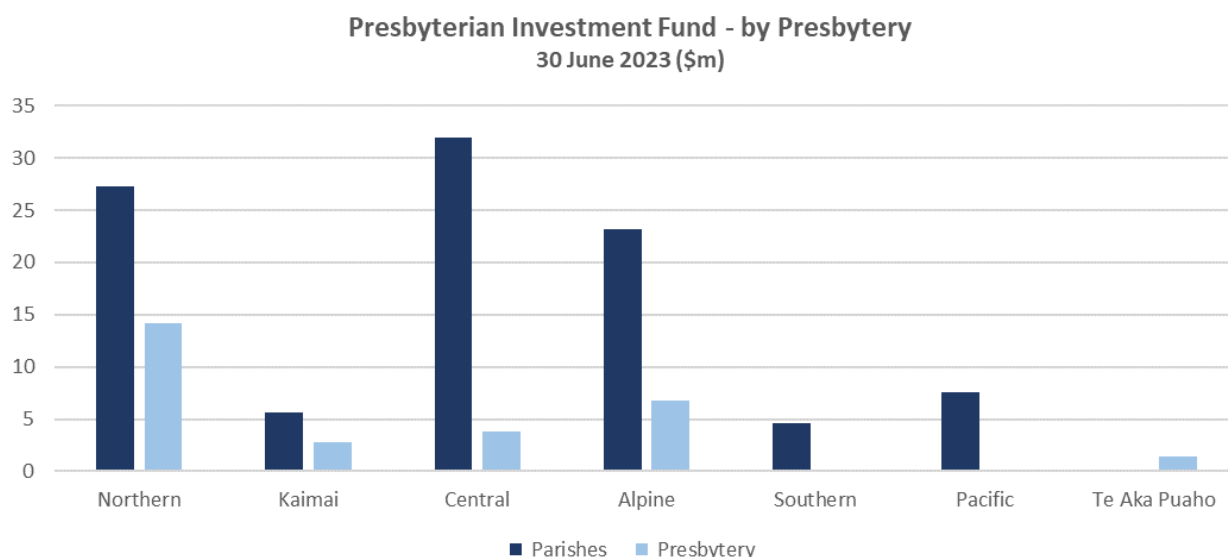
Table 2 and Chart 1 show that the largest component in the PIF is Parish Property Capital (generated from the sales of properties) at \$65.6m (down by around \$4m over a year earlier). Parishes hold a further \$34.6m in the PIF, Presbyteries hold \$29.2m, and the General Assembly \$25.5m. The Trustees hold \$21.2m on behalf of the various trusts they administer, with a further \$3.5m held for other Church-related entities.

Table 2: Account Balances Breakdown as at 30 June 2023

Accounts	On Call Fund \$	Long Term Fund \$	Total \$
Parish Property	49,877,032	15,744,115	65,621,147
Parish Other	33,139,413	1,457,872	34,597,286
Presbyteries	25,730,821	3,449,265	29,180,087
General Assembly	17,430,123	8,039,651	25,469,774
Other	3,458,247	-	3,458,247
Trusts held by the Trustees	5,221,363	16,023,560	21,244,923
Total Account Balances	134,857,002	44,714,462	179,571,464

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 2023



The PIF offers two options to account-holders: an On-Call Fund and a Long Term Fund.

PIF ON CALL FUND

The PIF On-Call Fund provides an on-call facility that is invested in high quality, short-duration securities, predominantly managed by Harbour Asset Management. PIF loans to parishes make up the rest of the On Call Fund assets.

As a short-duration fund, the interest rate earned by the PIF's assets, and passed on to account-holders, is strongly linked to the Official Cash Rate (OCR). Unfortunately, in response to the Covid pandemic, the OCR fell to an all-time low of 0.25% p.a. in March 2020 and did not lift until October 2021, before rising sharply to reach 5.5% p.a. by 30 June 2023.

The PIF On Call rate commenced the 2023 financial year at 1.75% p.a. and followed the OCR up, to finish at 5.0% p.a. as at 30 June 2023.

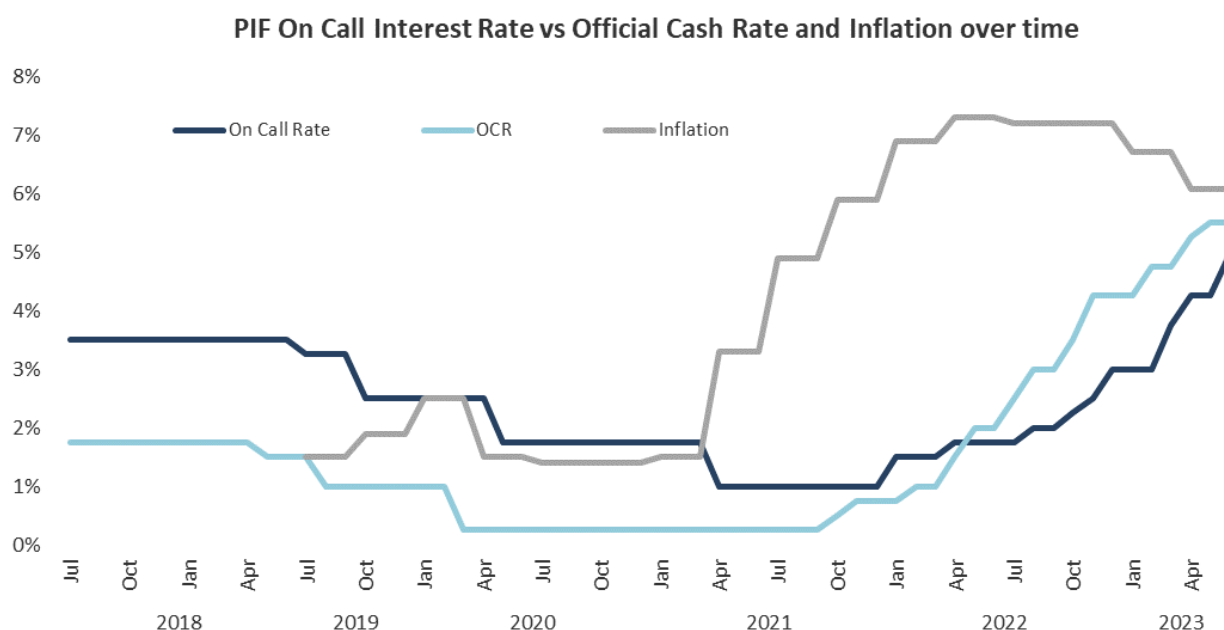
Table 3: On Call Fund Performance Summary:

	2021	2022	2023
Closing Interest Rate	1.00%	1.75%	5.00%
Average Interest rate	1.6%	1.3%	3.1%
Interest credited to accounts	\$2,218,577	\$1,825,445	\$4,259,831
Transferred to / (from) Reserves	(\$342,066)	(\$4,779,926)	\$1,673,433

While the Trustees expect to provide a return higher than the OCR (and more in line with 6-12 month term deposits) over the medium-term, the PIF rate might lag the OCR over short-term periods, particularly when the OCR rises sharply, as it did over 2022 and 2023. The Trustees elected to use some of the PIF's reserves to support the On Call rate when interest rates were at their lowest and as rates rose – and are now in the process of slowly replenishing reserves.

Chart 3 below illustrates how the On Call Fund interest rate did not fall as far as the Official Cash Rate. However, now that the OCR is climbing, the PIF rate, which lagged for a period, has just about caught up again.

Chart 3: PIF On Call Fund Interest vs the Official Cash Rate and Inflation up to 30 June 2023



PIF Lending

A lending facility was introduced within the PIF On Call Fund during the year ending 30 June 2020. This facility enables eligible PIF investors to also borrow from the PIF. The aim is to enhance returns to the PIF, while at the same time reducing the cost of borrowing for parishes and other church entities. Floating interest rates are set on a case-by-case basis. Loans must be secured by the first mortgage or a presbytery guarantee and fall within prudential limits set by the Trustees.

Table 4 provides a summary of loan activity over the last two years. As at 30 June 2023 there were 5 loans outstanding to three congregations and one loan to the Clark Estate Trust, totalling \$6.8m.

Table 4: PIF Lending Summary

PIF Lending	2022	2023
Number of loans		
New loans	2	3
Loans at close	2	5
Value of loans		
	\$	\$
New loans (principal)	2,500,000	4,215,000
Loans (principal) repaid	-	16,406
Loans at close (incl. interest)	2,522,491	6,769,534
Loan interest rate		
	%	%
Close	2.66	6.89

LONG-TERM FUND

The Long Term Fund's objective is to provide a higher rate of return, whilst also providing growth to maintain the real inflation-adjusted value of the invested capital. The Fund is designed for those congregations and other investors who possess capital that they expect to hold for a lengthy period (at least five years).

As at 30 June 2023, 19 congregations have invested in the Long Term Fund (7 more than two years ago), alongside the Trustees (on behalf of a number of trusts), the General Assembly (via a number of accounts), and one Presbytery.

The investments generate a volatile return (principally as share prices rise and fall). The Fund pays interest broken down into three components: Regular; Inflation; and Reserve. The Inflation component allows accountholders to inflation-proof their capital. The Regular interest component provides accountholders with a stable stream of income available for spending. The Reserve component fluctuates as investment market returns fluctuate. When market returns exceed Regular plus Inflation interest, Reserve interest will be positive. When market returns are not sufficient to match Regular plus Inflation Interest, Reserve interest will be negative.

Investment Market Performance

The Long Term fund invests in the Mercer Socially Responsible Investment Balanced Fund. This Fund has a target exposure to growth assets (shares, property and infrastructure) of 60%, with the remaining 40% in bonds and cash. The Fund incorporates exclusions to those sectors considered unethical by the Church. In addition, it seeks to invest in companies with a positive impact on society and the environment – and actively engages with directors and management to drive good outcomes. Mercer has committed to making its investment portfolios net zero carbon emissions by 2050 with material reductions in emissions by 2030. This approach cost the Fund somewhat in the year to June 2023 as it excluded well-performing oil and energy stocks.

After a strong performance in the year to 30 June 2021, when the Long Term Fund paid a total of 14.1%, the 2022 financial year was a different story. In addition to unusually high inflation, which increased the earning's hurdle for the Fund, investment markets suffered sharp losses. In a rare event, both shares and bonds fell in value, leading to a total loss in the Long Term Fund for the year to 30 June 2022 of -5.2%. Fortunately, as interest rates approached their peak and inflation started to moderate, investment markets generated reasonable returns through to 30 June 2023. The total Long Term return for the year to was 4.1%, although the effective rate was higher at 4.75%, as inflation interest is allocated on initial capital (that excludes the impact of negative reserve interest).

Table 5: Long Term Fund Performance Summary:

	2021	2022	2023
Closing Interest Rate	3.00%	3.00%	3.00%
Average Interest rate	3.03%	3.03%	3.03%
Long Term Fund Interest	\$939,183	\$1,348,568	\$1,303,715
Inflation Interest Rate	3.34%	7.30%	6.08%
Long Term Fund Inflation Interest	\$1,040,690	\$3,036,515	\$2,936,226
Reserve Interest Rate	7.75%	-15.50%	-5.00%
Long Term Fund Reserve Interest	2,377,400	(\$7,399,075)	(\$224,691)
Total Long Term Interest Rate	14.12%	-5.17%	4.11%

Despite the tough return environment, the Long Term Fund has helped account-holders inflation-proof their capital holdings by 17.5% over the last three years, while still providing income available for spending.

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.

The Trustees' Office also carries out day to day administration of the Fund and oversees the loan portfolio.

Table 6 below shows that costs rose slightly in 2023, but have remained relatively constant over time.

Table 6: Fund Performance Summary:

	2021	2022	2023
Administration Expenses	\$705,899	\$688,026	\$717,862
Admin Expenses / Total Average Assets	0.38%	0.37%	0.39%

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



Clockwise from top right: Auckland Chinese Presbyterian Church opening poster; Nelson Whakatu new building taking shape; St Margaret's Bishopdale nearly there; Hope Rolleston just starting

PRESBYTERIAN BENEFICIARY FUND TRUSTEE LIMITED

Membership & Responsibilities

Presbyterian Beneficiary Fund Trustee Limited (PBFTL) is the corporate trustee company responsible for the operation of the Presbyterian Church of Aotearoa New Zealand Beneficiary Fund. The Presbyterian Church Property Trustees appoints the directors and is the company's sole shareholder. The Beneficiary Fund is supervised by the Financial Markets Authority, which performs this role for all restricted workplace savings schemes.

As at 30 June 2023, the directors were: Margaret Galt (Chair), Roger Gyles, Alan Jamieson, Russell Garrett, Warren Potter, Rev Rose Luxford, and Rev Sharon Ross-Ensor (appointed Nov 2022).

The Board thanks Ian Russon, who resigned in August 2022, for his lengthy service to the Fund, including as the Licenced Independent Trustee (LIT). Warren Potter has replaced Ian as the LIT, a position required under our governing legislation. We were delighted to welcome Sharon Ross-Ensor to the Board during the year, particularly given the impending resignation of Rose Luxford ahead of her time as Moderator.

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.

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.

Membership is compulsory under the standard terms of call for all nationally ordained ministers, with new exemptions (introduced by the PCANZ in the last year) for retired ministers who take up stated supply positions, members of other similar church retirement funds, and in limited circumstances, ministers engaged under a contract of employment.

Membership is divided into two categories: contributing members, being those members in receipt of a stipend who must contribute to the Fund, and non-contributing members, being retired ministers or those currently not in receipt of a stipend. In line with declining numbers of ministers, the number of contributing members is also declining, as is the total number of members (with deaths and withdrawals outnumbering new members).

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 2023:

	Contributing members	Non- Contributing members	Total
Membership at 1 July 2022	187	302	489
New members	15	-	15
Member switches	(19)	19	-
Member exits	(3)	(23)	(26)
Membership at 30 June 2023	180	298	478

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 2: Members' balances at the start and end of the year ending 30 June 2023

Members' Balances	30 June 2022	30 June 2023
New Benefits section	\$43,507,218	\$42,699,865
Complying Fund section	\$4,387,957	\$4,891,984
Total Balances	\$47,859,169	\$47,591,849

Table 3 shows contributions received, and benefits paid during the year.

Table 3: Contributions and withdrawals for the year ending 30 June 2023

Movements	30 June 2022	30 June 2023
Contributions	\$1,000,037	\$969,730
Withdrawals	\$3,505,410	\$4,085,135

Investments

The Fund offers members a choice of four investment options across a range of risk / return profiles - Cash, Conservative, Balanced and Growth - and the ability to save in either a Kiwisaver lookalike section (which attracts the government Kiwisaver contribution but is also locked-in) and / or another slightly more flexible section. A new Moderate option will be introduced in October 2023. The funds are invested in the Mercer Socially Responsible Investment Funds.

Following very strong returns in the year to 30 June 2021, particularly for the more growth-oriented options, the returns to 30 June 2022 whipsawed into negative territory. Fortunately, and as is often the case, returns recovered somewhat over the last year, although it was far from smooth sailing. Investment markets, and consumers around the world continued to struggle with inflation, generated by the monetary and fiscal stimulus pumped into economies here and offshore to counter the impact of Covid. Returns improved but remained quite volatile. Positive returns one month were followed by losses the next. We expect these see-saw returns will continue until inflation is well and truly in the rear-view mirror.

The Cash Fund returned +4.0% for the year to 30 June 2023 (after all fees and costs) (last year +0.6%), the Conservative Fund +3.2% (last year -6.4%), the Balanced Fund +6.7% (last year -8.6%), and the Growth Fund +9.1% (last year -9.4%).

Table 4 below shows the returns received by each of the investment options.

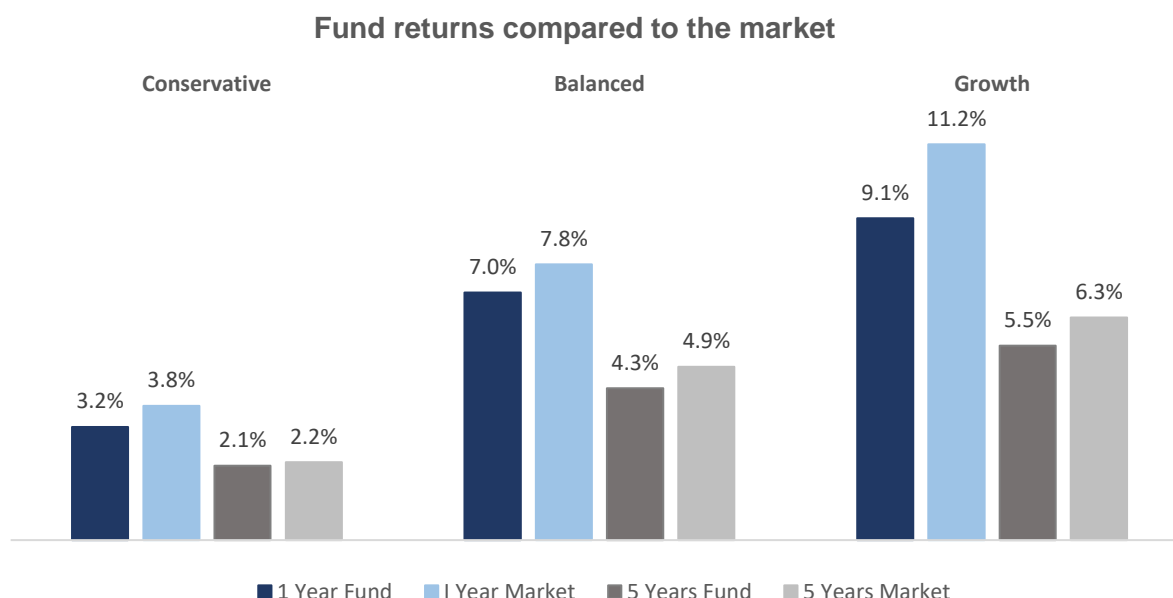
Table 4: Investment Option returns (after tax and fees) for the year ending 30 June 2023 and 2022

Investment	Cash	Conservative	Balanced	Growth
2023	4.0%	3.2%	6.7%	9.1%
2022	0.6%	-6.4%	-8.6%	-9.4%

The Fund continues to invest in a responsible and sustainable fashion. The Fund's investment policy excludes investment in a number of sectors, including companies involved in fossil fuels, as well as a tilt to those companies that generate a positive impact on communities and the environment. This approach is not expected to compromise returns over the long term, but might result in variations from broader market returns over shorter periods. This has certainly been the case over the last year or so, where the market has favoured oil and energy companies (which the Fund does not invest in) and has not favoured many of the positive impact companies the Fund invests in.

Chart 1 below compares the performance of each investment option (before fees) against the broader market over the last year and the last five years. The chart shows the impact that our investment approach has had on returns, not only over the last 12 months, but the longer term. That said, we note that our investment option returns are typically less volatile (less risky) than the market, which is a good thing.

Chart 1: Fund returns versus market returns for periods ending 30 June 2023



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 was ahead of these targets until the recent burst of high inflation. We hope that as inflation moderates, the investment returns will catch up again.

Highlights over the year include:

- The Board assisted the PCANZ to clarify membership rules providing for exemptions for ministers in certain situations.
- The Board has resolved to add a fourth diversified investment option to the mix available to members (in addition to a Cash option). A Moderate Fund, which will sit between the Conservative and Balanced Funds) will be added later in 2023.
- The final payment to the Presbyterian Benevolent Fund of \$65,000 from the proceeds of the 2017 wind up of the Defined Benefit Section.
- The decision by the Trustee of the Presbyterian Benevolent Fund to make a grant of \$150,000 p.a. for five years from 1 July 2023 to the Beneficiary Fund to subsidise member fees.

Lowlights over the last two years include:

- Returns for the year to 30 June 2022 suffered as investment markets struggled following the onset of high inflation. Sharply rising interest rates led to falling bond and share returns, which flowed through to the Fund's returns.

Future **challenges** include:

- Addressing the impact of declining membership. The Fund is viable provided the costs associated with operating a small scheme do not outweigh the benefit that arises from the special tax nature of the Fund. The new fee subsidy from the Presbyterian Benevolent Fund is critical in this regard.

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. 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



St Andrew's Palmerston North (who asked that we also share their thanks to the Trustees for their assistance throughout the strengthening project)

PRESBYTERIAN BUREAU SERVICES TRUST

Membership

Andrew Souness (Convenor), Roger Gyles, Marie Burgess, Helen Carter.

Associates: Russell Garrett (Executive officer), Robyn Taylor (Accountant), 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

As at 30 June 2023, the members of the Presbyterian Insurance Advisory Group were:

Martin Stewart (Chair), Cunny Atchison, and Naomi Lane (appointed December 2022)(PCANZ), Fergus Syme (Synod of Otago and Southland), Andrew Souness and Marie Burgess (PCPT).

Associates: Roger Gyles and Helen Carter (PCPT), Wayne Matheson (PCANZ).

Insurance Cover

The Collective requires two main types of cover: property insurance and liability insurance. This cover is placed by Crombie Lockwood, the insurance broker appointed by PBST. In addition to arranging the insurance cover, Crombie Lockwood also handles claims on behalf of members of the Collective and provides a free online valuation tool for use by parishes in setting insurance valuations. Property insurance is underwritten by a syndicate of global insurers. Liability insurance is provided by local insurers.

An independent loss adjuster, Sedgwick, has been appointed by PBST to work with Crombie Lockwood on claims.

In the last two years, the Collective's insurance cover and claims were as follows:

Table 1: Insurance cover and claims for the year to 31 July 2022 and 2023

In the year to:	Participants	Perils value (\$m)	Natural disaster value (\$m)	Number of Claims	\$ Claims
31 July 2022	337	\$1,270	\$908	60	\$352,945
31 July 2023	333	\$1,401	\$978	70	\$3,977,008

Highlights (or lowlights depending on your perspective) over the last year include:

- The Collective has received claims for nearly \$4m for the year to 31 July 2023 following significant weather events in the North Island early in 2023. We have seen an increasing number of claims over the last few years, with the year to 2023 representing the largest number of claims (70) we can recall. This represents a claim from one in five Collective participants.

- Payment of a small claim under our cyber cover following a ransomware attack that affected some members of the Collective.
- An increase in the self-insurance pool from \$350,000 to \$500,000 to keep premiums charged by the insurer as low as possible.
- The appointment of our own national loss adjuster to improve the claims process.

Annual Review

The 2023-24 annual renewal is underway with the background of record losses being claimed around the world. This will result in a significant increase in Property premiums, and once again highlights the benefit of the collective which obtains cover for all parishes regardless of their geographic location. The Collective is concerned at the risk of under-insurance of property due to the lack of current valuations and the affordability of insurance for many congregations.

Significant challenges ahead

The Presbyterian Insurance Advisory Group has been advised to expect an increase in premiums of at least 25% for the 1 August 2023 renewal. Some premiums may increase by as much as 50%, particularly for those congregations that have not kept their insurance valuations up to date (and we know there are some who have not revalued their buildings for at least 10 years).

We recognise that many congregations are already under financial pressure and that the Church simply cannot afford a material increase in insurance costs.

As a result, the Group has agreed to adopt a two-stage process. The first will be to provide congregations with more flexibility when it comes to selecting the type of cover for their buildings for the renewal beginning 1 August 2023. Congregations will no longer be required to insure for full replacement (the most expensive type of cover). This acknowledges the initial findings from the Fit for Purpose property exercise, whereby we know that we would not want to replace all our buildings and we would only want to replace a small minority exactly as they are.

There is a risk that many congregations will choose the cheapest option available to them (demolition only) and we place our capital base at risk. The Group was pleased to hear that congregations within the Synod of Otago and Southland, who have had this option available to them before now, have to date been prudent with their insurance choices.

However, as costs rise and congregations decline, we acknowledge the pressures will compound.

Stage 2 will involve the Group working with Presbyteries to devise a more enduring insurance arrangement that will apply from the next renewal. The forthcoming renewal may need to be extended to provide more time for this process (and to align our renewal periods with global underwriters).

We expect this will require some form of collective insurance and risk-management.

Thanks

Thanks to members and associates of the Insurance Advisory Committee and the PBST, and Roger Fulford, for their input to our insurance program. We also thank the team from Crombie Lockwood and Sedgewick's.

Andrew Souness

Chair

PRESBYTERIAN CHURCH INSURANCE COLLECTIVE STATISTICS

Table 1: Presbyterian Church Insurance Collective Statistics 2021-2023

	2021/22	2022 / 23
Cover		
No. participants	337	333
Peril sum insured	\$1,270,457,941	\$1,400,949,575
Natural Disaster sum insured (net of EQC)	\$908,107,492	\$977,842,980
Premiums		
Total Premium/Levies (Property)	\$2,470,343	\$2,710,646
Self-retention fund	\$350,000	\$400,000
Total Premium/Levies (Liability)	\$150,358	\$159,740
PBST levy/fee	\$262,335	\$258,190
Policy		
Any major changes to cover	Property Additional clauses related to Expediting Costs, Portable Electronic Equipment, Unspecified Locations, Transport Routes, Works of Art, and Communicable Disease Endorsement	Property The maximum natural disaster deductible for Wellington increased, with a new deductible for water-related damage.
Claims		
No. claims	60	70
No. claims > \$20k	3	18
No. claims > \$100k (incl. above)	-	7
Major claims summary	There were no major claims (over \$100,000). The largest claim was for \$61,969, for water damage.	The majority of the major claims followed the early 2023 flooding and Cyclone Gabrielle, plus one major fire and one claim for earthquake damage in Waikato.
Claim summary commentary	The largest category of claims related to losses arising from storm damage.	Storm or flood damage continued to be a claim theme, although there were a notable number of claims arising from burglaries/wilful damage.
Amount claimed	\$352,945	\$3,977,008

PRIVATE TRUSTS COMMITTEE

Membership

Members: Marie Burgess (Convenor), Paul Barber, Rose Luxford, Ron Mills, Winston Timaloa (until January 2023).

Somewhat unusually this year, two of our members were granted leave of absence from the Trustees for two years and as a result we lost their services to the Committee. Winston Timaloa completed his involvement with the Committee in January 2023 to take up further study. Rose Luxford took her leave of absence at the end of June 2023 and will return to Trustees after her term as Moderator of the General Assembly. New appointments to the Committee are expected in the coming year.

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 Trustees' 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) and 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
- Thornton-Blair International Travelling Scholarship

Distributions

There was a decrease this year in the number and total amount of grants made from the trusts (see Table 1), primarily due to the fact that all funds held in the Nellie Inglis Memorial Scholarship Fund and Vera Wyatt Trust were distributed in the prior year. We distributed \$284,000 in the year to 30 June 2023, compared to \$417,000 in the year to 30 June 2022.

Mary D Stewart Fund

However, we continued the process of looking to distribute funds where we could, resulting in the distribution of nearly \$94,000 to Presbyterian Support Services Central (PSSC) – Levin War Memorial Rest Home from the estate of Mary D Stewart. The funds were left to the Church for the purposes of establishing or maintaining a Rest Home in New Zealand for use by the Home Missioners connected with the church. The 2022 General Assembly approved the distribution of any remaining funds to PSSC at the point at which there were no surviving Home Missioners.

Bequests

The Church received just over \$307,000 in bequests (Table 2) compared to nearly \$204,000 last year and nearly \$380,000 the previous year. The Committee is considering ways of encouraging parishioners to remember the Church in their wills.

Meetings

The Committee made considerable progress in achieving its short and long term goals in the four two-hour meetings held this year. All meetings were conducted remotely via zoom. Where decisions were required between meetings, good use was made of online discussions and polls through the online Boardable system.

Burnett Loan and Benevolent Fund

Applications for Benevolent Fund grants and Burnett Fund loans to ministers have been dealt with regularly via Boardable polls throughout the year. Considerable time was spent considering the implications of a request from the Beneficiary Fund for a fee subsidy from the Benevolent Fund. A decision was finally made agreeing to a \$150,000 grant annually for five years for the purpose of a member fee subsidy. This will be implemented in the new financial year.

The Burnett Loan fund policy, application form and loan agreement were all reviewed, changes made and subsequently approved by the Trustees. Revisions were also made to the Benevolent Fund Guidelines this year with regard to the Special Needs Grant, which among other things increased the amount of grants which may be applied for.

Te Whaiti-Nui-A-Toi Trust

A record number of scholarship applications were received for the 2023 year by the Management Committee of the Te Whaiti-Nui-A-Toi Trust. Successful applicants attend Lindisfarne College. Discussions are continuing on extending the scholarships to young women and we hope to be able to report progress on this next year. Membership was increased to three in 2023 when the Private Trusts Committee was pleased to appoint Tania-Rose Tamati to the Committee, on the nomination of Council of Assembly and Te Aka Puaho. Our thanks to the Committee for its diligent service to the Trust and scholars. This scholarship scheme will be celebrating its 50th anniversary in the later part of 2023.

Elsie Steel Trust

The Committee, on behalf of the Trustees, was pleased to approve eight grants this year from the Elsie Steele Trust. These grants are for the benefit of aged, infirm or needy people in the Auckland area. We are thankful for the Management Committee, appointed by the Northern Presbytery, which assesses applications and makes recommendations to the Trustees.

Frustrated Trusts

Neither the James Drummond Trust nor the Thornton Blair Travelling Scholarship Fund have been in a position to make grants for some years. They have become in essence, 'frustrated' trusts, and the Committee has been exploring the processes involved in winding up such trusts in order that all of their funds (including capital) can be used and then closed. We hope to make some progress in the coming year, but it will be a slow process taking some years.

Thanks

My grateful thanks to the CPT office staff for all their work on Committee matters throughout the year, and I also acknowledge with appreciation committee members for their willingness to serve on the Private Trusts Committee.

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 2023 and 2022

Trust/Fund	Purpose	2021/22		2022/23	
		No.	Value (\$)	No.	Value (\$)
Elsie May Steele	For the residence and use of infirm, old or needy people (as near as applicable)	11	71,620	8	70,100
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	3	200,595		NA
Presbyterian Benevolent Fund	To provide financial assistance by way of grants to ministers and other qualifying persons	10	41,050	14	81,277
Social Services Fund	For Presbyterian Support throughout New Zealand	7	9,426	7	9,766
Te Whaiti-Nui-A-Toi Scholarship	To provide funds and support to further the education of young Māori, in particular, students of Lindisfarne College	15	28,126	13	29,500
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	2	66,341		NA
Mary D Stewart	Support for Home Missioners	0	0	1	93,725
Total Grants		48	417,158	43	284,368
Olive May Burnett	To provide financial assistance by way of loans to Ministers	7	59,600	5	43,806

Table 2: Bequest Schedule for the year ended 30 June 2023

Estate Name	Amount	Beneficiary	Purpose
H K Wilkinson	2,000.00	PCANZ	Youth Ministry
Robert Malcolm	8,235.60	St Paul's Trinity Pacific	General Purposes
E A Cutriss	150,031.38	Kapiti Uniting Parish	Bequest for Youth Ministry
A N Weaver	2,700.00	PCPT	Education of students for ministry (preference for those who work with Māori)
Robert Malcolm	3,145.03	St Paul's Trinity Pacific	General Purposes
H K Wilkinson	2,000.00	PCANZ	Youth Ministry
M G Patrick	106,320.26	PCANZ	General Purposes
M R Sheat	10,000.00	PCANZ	General Purposes
George Winder	100.00	Presbyterian Support Central	Assist with the welfare of young people
Robert Malcolm	10,050.44	St Paul's Trinity Pacific	General Purposes
H K Wilkinson	2,000.00	PCANZ	Youth Ministry
W E Boyd	1,050.88	St Paul's Trinity Pacific	Solely for the purpose of maintenance of the church building
Margaret Cleave	7,076.15	Kohimarama Presbyterian	General Purposes
Robert Malcolm	1,725.58	St Paul's Trinity Pacific	General Purposes
\$306,891.65			

*Auckland Taiwanese Church*

PROPERTY COMMITTEE

Membership

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

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 84 property applications during the year. Applications have included property sales and purchases, re-developments and new builds, earthquake strengthening (including applications for exemptions), general upgrading, borrowing and leases.

Table 1: Property Applications for the year ended 30 June 2023 (and 2022)

Type	2022		2023	
	Number	\$ Value	Number	\$ Value
Sales^	20	\$48,687,000	18	\$11,700,000
Purchases	5	\$2,303,500	4	\$1,845,000
New Builds	3	\$13,476,100	3	\$4,623,000
Renovations	19	\$11,036,337	15	\$10,191,502
Strengthening	8	\$10,208,540	10	\$3,059,490
Lotteries	2	\$950,000	3	\$456,964
Borrowing	9	\$7,709,219	6	\$1,015,000
Leases	5	\$262,600	6	\$143,350
Mission	-	-	2	\$205,200
Gifting	-	-	2	\$469,000
Earthquake Policy (exemptions)	-	-	10	\$0
Other	2	\$90,000	5	\$3,629,000
Total	73	\$94,723,296	84	\$37,336,506
MEF Contribution	10	\$1,442,464	10	\$1,361,256

* 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.

^ The Trustees continue to remind those entities that have received a relevant approval to sell of the Special Assembly 2022 decision that, "Those bodies responsible for the sale of Church-owned land and/or buildings are to offer these assets to relevant Māori entities before the asset goes on to the open market." The Trustees have suggested to the Council of Assembly how this might be implemented, but we have also noted that the decision did not sufficiently address the different roles and responsibilities of those involved in property transactions to be effective.

Exciting Projects

There have been a number of exciting projects where congregations have sought to replace old buildings or plant new congregations in areas of successful mission. Sometimes this involves modest sums, in other cases, projects are worth several millions of dollars. In each case, the vision of the congregation and the strength of its mission have been major factors in bringing the project to life.

Congratulations to the following congregations that have completed major new builds or renovations over the last two years:

- Rotorua District Presbyterian
- Auckland Chinese Presbyterian
- St Paul's Kaikoura
- Hope (West Melton) Presbyterian Christchurch
- St Andrew's New Plymouth
- Whanganui Westmere Memorial
- Pathways Presbyterian Church (Palmerston North)

Award-winning projects

Particular congratulations to Rotorua and Kaikoura for their award-winning projects. Rotorua's new church complex was a 2022 ADNZ Commercial/Industrial Architectural Design National Award Winner and an NZIA Public Architecture Regional Award Winner. The Kaikoura restaurant and hall project was a Silver Award Winner in the 2023 New Zealand Commercial Project Awards, Built Tourism and Leisure.

New projects

We have noticed a slow-down in the number of large projects, possibly as we near the end of strengthening activity. In the last two years the Trustees have approved purchase, new build or renovation/strengthening projects in excess of \$1m each for the following congregations:

- Avondale Union
- Whakatu Presbyterian
- Hope (Rolleston) Presbyterian Christchurch
- St Stephen's Ponsonby

Funds approved for Mission

The Trustees also oversee capital proceeds from property sales, which make up nearly 40% of funds in the Presbyterian Investment Fund. Capital funds can also be used for new mission initiatives. The Trustees are pleased to report that they received and approved two applications to use property capital on new mission projects in the last year. These were the first applications received for quite some time.

Mission Enterprise Contributions

The Trustees are currently seeking advice regarding their role in the deduction of Mission Enterprise Fund contributions. Deductions are currently being held in suspense pending clarification.

Taking a strategic view of our property

The Special 2022 General Assembly's requested Presbyteries to work together with the Church Property Trustees and the Synod of Otago and Southland, and their 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.

We started this process by drawing on our own experience processing property applications. To complement this, we brought presbyteries and the Synod of Otago and Southland together (twice) and carried out a building fit for purpose survey. We also worked with presbyteries and congregations to sharpen the picture we have of the seismic status of our buildings. Finally, we considered observations from the Church Insurance Collective experience.

A copy of the full report is available from the Trustees' Office. The following are the conclusions from this work and will be reported to the 2023 Assembly.

The Church has some buildings that are fit for purpose, but many are not. The Church also has land and buildings that are no longer needed. Together, this presents the Church with opportunities to improve the number of fit for purpose buildings available for mission.

Improving the Church's use of its property and capital to create more fit for purpose buildings is not the only thing needed to strengthen the Presbyterian Church - but it could help contribute to renewal.

Locating fit for purpose buildings in appropriate places will take collective action, with presbyteries playing a pivotal role alongside congregations.

Earthquake Prone Status

The Trustees reviewed and updated the Church's Earthquake Prone Buildings Policy in both 2021 and 2022. Changes included extending deadlines for both assessments and strengthening, clarifying the grounds for an exemption, introducing life safety risk assessments, and noting the need for some buildings to be re-assessed following changes to the building standards. We also added a table of contents as the Policy is now quite involved.

The policy set a deadline for all seismic assessments to be completed by 30 June 2022.

The Special Assembly requested that we report to the 2023 Assembly the earthquake status of buildings and the compliance with our policy. A copy of the full report is available from the Trustees' Office.

As at 30 June 2023:

- 28% of our buildings have not been assessed (or we have not been advised)
- 13% have a New Building Standard (NBS) of under 34% and are classified as earthquake prone
- 21% have an NBS of between 34 and 66 %of NBS
- 38% have an NBS greater than 67%.

We continue to work with Presbyteries to collect the information on all buildings and to ensure earthquake remediation is carried out on all appropriate buildings.

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 and the increasing cost of insurance continues to be a challenge for us.

Facilities for Hire Template

In response to requests for assistance and guidance for documentation concerning the hire of Church facilities a suite of documents have been prepared to assist congregations that may wish to lease some of their premises. These includes a booking form, Hire Agreement, and a list of "things you need to know"

Property Handbook

The Trustees issued a 4th edition of the Property Handbook. The Property Handbook sets out the Trustees' policies in respect of property transactions. It also provides extensive guidance to assist congregations and presbyteries manage their property transactions.

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.

UCANZ and the property ratios

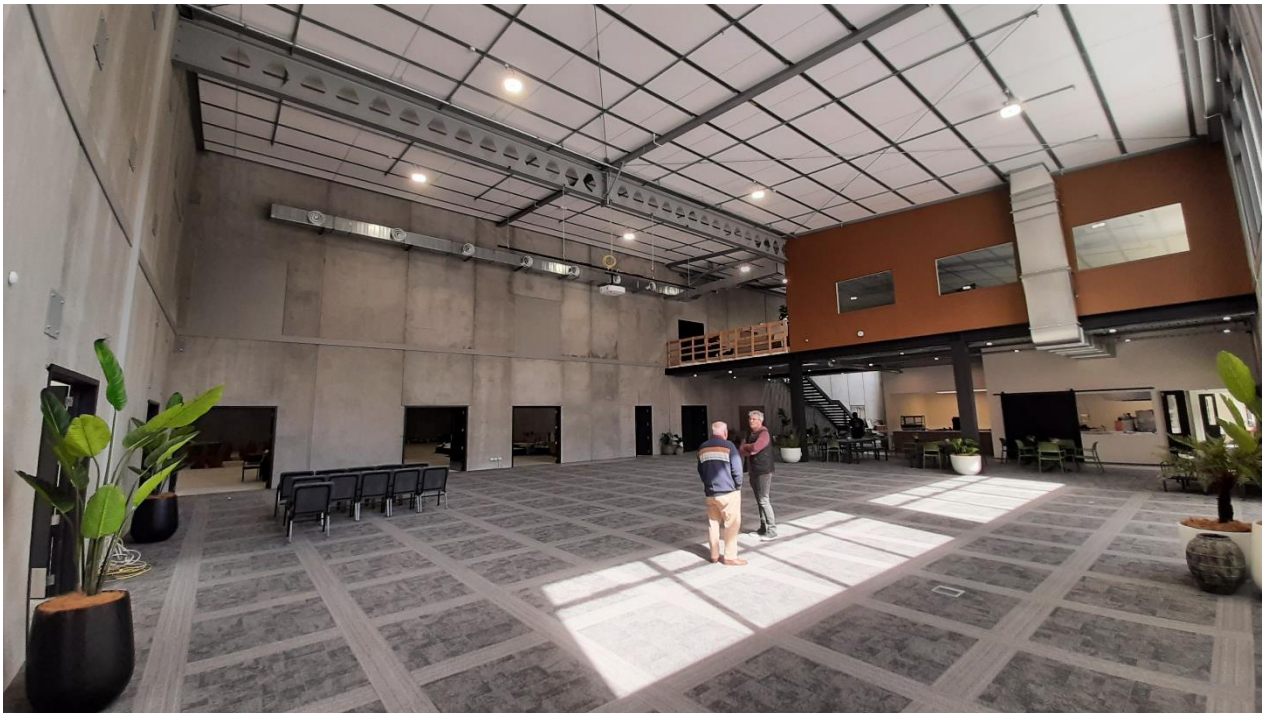
We are continuing to work with our partner churches and UCANZ to establish the proportions of assets held by each partner in uniting parishes.

Thanks

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

Andrew Souness

Convenor



The exciting new development at Mahurangi

LIST OF FINANCIAL STATEMENTS

Audited

- Presbyterian Church of Aotearoa New Zealand Beneficiary Fund
- Presbyterian Investment Fund
- Marth and Samuel McNutt Trust (Glen Innis)

Reviewed

- Christina A Clark Estate Trust (Flaxburn)

Other

- Elsie Mary Steele Trust
- James Mackay Drummond Trust
- Olive May Burnett Trust
- Presbyterian Benevolent Fund
- Presbyterian Bureau Services Trust Board
- 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.