



The Presbyterian Church **Property Trustees**

Building up the Presbyterian Church for God's Mission

**NOV
2023**

NEWSLETTER



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PIF Interest Rate continues to rise

The Interest Rate for the Presbyterian Investment Fund On Call Fund rose to 5.25% p.a. on 1 September 2023 and will rise again to 5.50% p.a. from 1 January 2024. This will be the 11th increase since the interest rate started to rise again at the beginning of 2022.

Where the rate goes from there will depend on what the Reserve Bank of NZ does with the Official Cash Rate (OCR). It is expected that the RBNZ will hold the OCR at its current level for some time, to ensure that inflation falls to below 3% p.a. Many suggest this will not be until late in 2024.

The Long Term Fund continues to pay regular interest of 3% p.a. plus inflation. Inflation for the year to 30 September 2023 was 5.6%, so this has been added to balances in the Long Term Fund. At the same time, the Long Term Fund did not earn enough to cover regular interest plus inflation, so a capital loss of -5% was recorded against the Long Term accounts.

Long Term Fund investors will be waiting patiently for investment markets to recover and earn sufficient to make-up for past losses. Now that interest rates seemed to have peaked, we hope this signals a turning point for investment markets, which have really struggled as interest rates have risen. Of course, there is always a risk that economies slow too much, which would not be good either.

You can get in touch with us via email at trustees@presbyterian.org.nz or by calling 04 381 8290.

For Beneficiary Fund enquiries, please contact Melville Jessup Weaver (MJW), the Fund's Administrator, via email at presbyterian@mjw.co.nz, or calling 0800 266 787.

Earthquake Policy Under Review

General Assembly 2023 carried a motion from Northern Presbytery inviting the Trustees to align the Earthquake Prone Buildings Policy requirements with those of the Building (Earthquake-prone Buildings) Amendment Act 2016 and the relevant local authorities.

The Trustees are currently considering this request and hope to let you know the outcome early in 2024.

In the interim, Church Councils are asked to ensure they know the seismic status of their buildings and to ensure that any property activity takes seismic status into account.

Church Councils are also encouraged to ensure they understand their obligations under the Building (Earthquake-prone Buildings) Amendment Act 2016 and the Health and Safety at Work Act 2015. Under the Amendment Act, territorial authorities (or local councils) are responsible for determining the seismic status of buildings within their city, district or region. But this does not mean that Church Councils should ignore the seismic status of their buildings while they wait for their local council to get in touch. Nor can they put off dealing with any building declared earthquake-prone, even if the strengthening deadline is several years away.



Trustees Annual Report

Did you know that:

- The Trustees held 54 meetings and 139 online polls in the year to 30 June 2023?
- Or that we distributed \$250,000 from the Flaxburn dairy farm to the National Church for global and national mission?
- And that this was in addition to the \$600,000 distributed to the Church and related entities over the year from bequests and trusts.
- Or that ministers withdrew over \$4m from the Beneficiary Fund in benefits?
- Or that the Presbyterian Investment Fund provided over \$5.5m in interest?
- Or that the Trustees processed 84 property applications in the year?

You can find out more about the activities of the Trustees and the trusts that we administer from the Trustees 2023 Annual Report, which is now available online at:

<https://www.presbyterian.org.nz/for-parishes/church-property-trustees>.

Holiday Close

The Trustees' Office will finish the year at 4pm on Thursday 21 December and re-open at 9am on Monday 8 January 2024. We wish you all a wonderful Christmas and re-creational holiday. We would also like to thank you for your support over 2023. We enjoy our interactions with congregations - and others. Please remember we are only a phone call or email away if you ever have any questions.

New obligations under the Charities Act

As of 5 October 2023 many of the amendments arising under the new Charities Amendment Act 2023 are now in force. The Charities Act 2005 was amended with the intention to improve transparency and accountability in the charities sector. In summary, registered charities (including congregations, whether or not they file an annual return) are now required to:

- Conduct regular governance reviews – all registered charities must review their governance procedures and rules at least once every three years. The review must consider whether its governance procedures: are fit for purpose; assist it achieve its charitable purpose; and assist it to comply with the Act. Some useful guidance from Charities Services can be found [here](#).
- Have qualified Officers – charities will need to certify that their "Officers", i.e., all those captured by the new definition, are qualified (or not disqualified). Changes to Officers must also be notified to the Charities Register. At least one Officer must be 18 years of age or older.

The Department of Internal Affairs has recently completed consultation on a proposed change to the form of charity annual returns, including some additional reporting requirements required under the new regime.

This is in addition to **new reporting standards for Tier 3 and 4 charities** still filing an Annual Report, including a Performance Report. The [new standards](#) come into force for reporting periods beginning 1 April 2024, although charities may choose to adopt the new standards earlier.

Accumulated Funds

A charity's financial performance reports over time show how much the charity is spending on achieving its charitable purpose and how much it is accumulating surpluses. A charity may or may not have good reason for accumulating funds. However, there is an expectation that charities are using their funds for their charitable purpose rather than accumulating funds.

To test this, the new Annual Return form will include a question about the accumulation of funds. This is a non-legislative change announced by the previous Minister arising from the Charities Act review. In the words of Charities Services, this is an opportunity for the charity to tell its story and explain why funds are being accumulated.

A draft of the question took the following form:

How do you plan to use your charity's accumulated funds in the future? You need to consider:

- *How accumulating funds will help to achieve your charity's goal of advancing your charitable purpose.*
- *Specific reasons for accumulating funds (i.e., planning for future generations and the sustainability of your charity or upcoming significant projects or planned capital expenditure (e.g., buildings).*



It is obvious that it will become less acceptable for a charity simply to accumulate funds for a rainy day. A charity will need to be a lot clearer on the purpose for accumulating surpluses and how this will ultimately contribute to its charitable purpose.

This matter will require attention from the councils of the Church at its different levels.

\$250,000 of Property Funds to be used for Mission

The Trustees were recently delighted to approve the use of up to \$250,000 (over three years) in property funds held for a congregation for a new congregational mission project.

The congregation has multiple sites and would like to build on a growing presence in one of those sites by developing a new ministry and mission there. The plan is to develop a drop-in-type community space that contains art, craft, creative opportunities, coffee, books, and comfortable seating. This will be facilitated by a dedicated presence each day from a team led by an ordained minister. Property funds will be used as seed capital to underwrite the project, with additional funding from the parish and support from the presbytery.

We receive surprisingly few applications from congregations to use property funds for mission. In fact, we have only received three such applications in the last five years. Please let us know if you might be thinking about a new mission project that could do with some help from property funds held on your behalf. We'd love to help.



Redeveloping Rangiora

We were also delighted to approve a redevelopment project for John Knox congregation in Rangiora.

The church building in Rangiora was demolished following the Christchurch earthquakes, leaving the congregation to get by in the remaining facilities. It has been a long time coming, but the congregation has been considered in its plans for redevelopment.

The congregation is now ready to erect a new multipurpose community facility incorporating the existing buildings. The aim is to establish a more significant presence in the Rangiora community by taking advantage of its location in the centre of the town. The new building will consist of an auditorium that can seat up to 240 people, with lounge space for 110 people, a foyer with space for 80 people, plus a couple of small meeting rooms.

The congregation had to be prudent and 'cut its cloth' to fit available funds, which have been sourced from earthquake funding, parish funds and a grant from presbytery. Community grants are being explored to bridge a modest shortfall.

We look forward to seeing the finished building and hearing how it transforms parish life.

