



The Presbyterian Church **Property Trustees**

Building up the Presbyterian Church for God's Mission

NEWSLETTER



**MARCH
2024**

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PIF Interest Rates steady

The Interest Rate for the Presbyterian Investment Fund On Call Fund remains at 5.50% p.a.

Where the rate goes from here 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 most of 2024 – at least until it is confident that inflation has settled back down closer to 2% p.a. This will likely require the economy to continue to slow. At which point the RBNZ will reduce interest rates to encourage the economy to grow again.

The Long Term Fund continues to pay regular interest of 3% p.a. plus inflation. Inflation for the year to 31 December 2023 was 4.7%, so this has been added to balances. Fortunately for Long Term Fund account-holders, after a tough third quarter of 2023, which resulted in a capital loss of -5%, markets then rebounded and made up for the earlier losses. As a result, a capital gain of +5% was posted to accounts (by way of reserve interest) for the final quarter of 2023.

Investment returns for 2024 have been positive. We will need to wait until inflation for the quarter to March 2024 has been announced before we can determine whether they have been strong enough to generate another capital gain.

You can get in touch with us via email at trustees@presbyterian.org.nz or by calling 04 381 8296.

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.

Changes to Mission Enterprise Fund Deductions

In July 2023, the Church was advised that Trustees were awaiting the outcome of legal advice on the extent to which the General Assembly could authorise deductions from the net proceeds of sale of property for the Mission Enterprise Fund (MEF).

Deductions lawfully made

We are pleased to let you know that, based on the advice received, all historic deductions, with one exception (which was remedied in 2018), were lawfully made.

Statute takes priority

The advice reaffirmed the priority of the Presbyterian Church Property Act 1885 over decisions of the General Assembly, and confirmed that the Act provides congregations, presbyteries and the Trustees with certain rights and obligations when it comes to the sale of property. Decisions of General Assembly cannot undermine those statutory rights and powers.

Express approval will now be required

While the Trustees have determined that the historic deductions were lawful in accordance with the advice received (on the basis of implied approval), we have also determined that, in accordance with that advice, a new regime will now apply in respect of MEF deductions. This means that, in most cases, the Trustees will require **express approval** from the congregation and/or presbytery before making a deduction for the MEF. The Council of Assembly has asked the Book of Order Advisory Committee to revise the current supplementary provision (Clause 4.5 of the Supplementary Provisions to Chapter 16 of the Book of Order).



New MEF regime

Under the new MEF regime, at the discretion of the Trustees, deductions for the MEF will usually be made as follows:

- (a) In congregational sales (excluding for replacing or improving a worship centre or manse):
 - i. only where the congregation and the relevant presbytery specifically request the Trustees to make the deduction for the MEF from the proceeds of sale; or
 - ii. where triggered by a successful request by the congregation and the relevant presbytery to use some or all of the proceeds of sale for other church purposes, e.g., for a mission project; or
 - iii. where it is determined that the congregation will not require the proceeds for property purposes, e.g., where a congregation is likely to be dissolved.
- (b) In sales of property by a presbytery where the presbytery is the beneficial owner, e.g., a campsite. No express approval from the presbytery is required in this situation.
- (c) In sales of the property of a dissolved congregation by a presbytery pursuant to section 39 of the 1885 Act, only where the presbytery expressly agrees to the deduction for the MEF.

The new MEF regime will commence on 1 April 2024 and will include all transactions then still in progress for which a MEF calculation has not been finalised. The Trustees will be working with Presbyteries to clarify treatment under the new regime.

Future of the Fund

In July 2023, Council of Assembly advised distributions from the Mission Enterprise Fund would be suspended until further notice (and at this time, this remains in place). The Council note that these are major changes for the Mission Enterprise Fund and propose to consult widely and review the Fund and will determine if any recommendations are required to come to General Assembly in 2025.

Other Property Changes

Right of First Refusal - Guidelines

The 2022 Special Assembly carried a motion that those bodies responsible for the sale of Church-owned land and/or buildings offer these assets for purchase to relevant Māori entities before the asset goes on to the open market. This has been given effect by Supplementary Provision (to the Book of Order) 16.4.5A (1 October 2023) which states that:

Property that is to be sold on the open market must, subject to the Trustees' overriding discretion, first be offered to relevant Māori entities for purchase in accordance with the relevant guidelines issued by the Council of Assembly. For the avoidance of doubt, this obligation is not binding in respect of the sale of property that is:

- (a) Held by the Synod of Otago and Southland;*
- (b) Subject to a private trust;*
- (c) Held by partner church property trustees;*
- (d) Being sold by a presbytery under section 39 of the Presbyterian Church Property Act 1885; or*
- (e) Is otherwise subject to conflicting contractual, fiduciary or legal obligations.*



The Trustees are currently working with the Book of Order Advisory Committee on the guidelines referred to in the Supplementary Provision. We know that there are sales pending the publication of the guidelines and hope to have this work completed in the near future.

Earthquake Prone Buildings Policy

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 have been considering the implications of changes to the Earthquake-prone Buildings Policy, including seeking advice about responsibilities under the Building (Earthquake-prone Buildings) Amendment Act 2016. We also hope to complete this work shortly and thank everyone for their patience.

Keeping Insurance Costs Down

There are two primary things we can do to keep insurance costs down.

1. **Only insure what we need to insure.** Congregations are now able to select the most appropriate insurance for each building. Please keep an eye out for more on insurance options soon.
2. **Avoid claims.** Every time we make a claim, we look riskier to our insurer. The riskier we look, the more they want to charge us.



Key to avoiding claims is making sure we keep our buildings well-

maintained. This includes ensuring that Church Councils arrange for the completion of all **Building Warrant of Fitness** in a timely fashion. A Building Warrant of Fitness is a statement confirming that all specified systems in the building have been inspected and maintained for the previous 12 months. Specified systems include things like: fire and smoke control systems like sprinklers, alarms and fire separations; automatic doors and windows; emergency power and lighting; and lifts. A Building WoF requires inspection by an independent qualified person. Not all Church buildings will require a Building WoF.

Other simple steps that can help avoid claims include ensuring that gutters are regularly cleared (to minimise the risk of water ingress) and rubbish bins are kept clear from buildings (to minimise the risk of fires in bins spreading to buildings).

New Office Phone Numbers

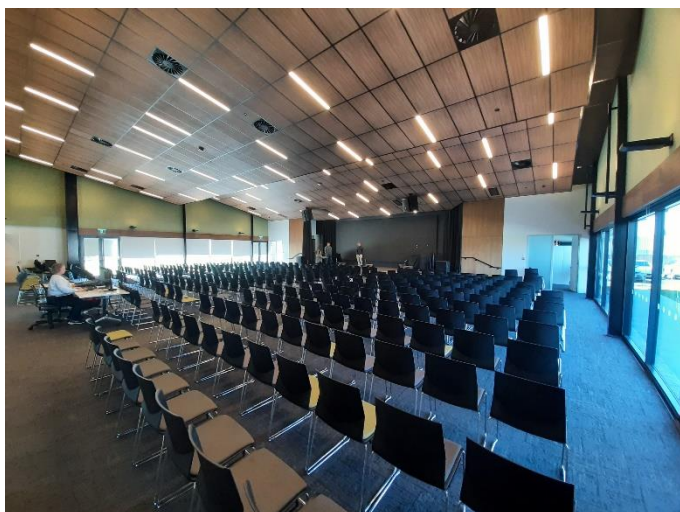
The team at The Presbyterian Church Property Trustees have changed from landline to mobile phones. This will help make sure that you can get in touch with us whether we're working in the office, from home, or out and about.

You can now get in touch with us at:

Who	Phone Number	Email
Office	(04) 381 8296	trustees@presbyterian.org.nz
Russell Garrett - Executive Officer	022 548 4903 (unchanged)	russell@presbyterian.org.nz
John White - Property & Administration Manager	027 3616 773	johnw@presbyterian.org.nz
Tracy Setters - Office Manager	027 386 5708	tracy@presbyterian.org.nz
Robyn Taylor – Accountant (Mon, Tues and Wed to midday)	027 313 4249	robyn@presbyterian.org.nz

A beacon of Hope in Rolleston

The Hope Rolleston congregation was established in 2011 when the population of the town was 8,500. The congregation met in a local school hall. A dedicated team was involved each week in bringing all the required equipment, setting up and then packing down and loading the trailer after the service. Following the Christchurch earthquakes, the area experienced significant population growth: there are now over 29,000 people living in the area. As the town grew, so did the congregation and there was a realisation that they couldn't keep meeting in the school hall for ever. Towards the end, they were struggling to fit into the hall.



A vision of a new church was planted. Some land was purchased about 10 years ago, followed by a lot of work in planning and design until ground was broken in July 2022. The building was completed in November 2023, coming in on budget at a cost of \$6.8m.

Funding was sourced from donations, pledges and interest-free loans from the Hope Presbyterian congregations at Hornby, Rolleston, West Melton and Halkett. The congregation also sold a residential property owned by the church and received a generous contribution from Alpine

Presbytery. A bridging loan from the Presbyterian Investment Fund was used to fund construction costs. This was drawn down in August 2023 and repaid in December 2023 when the proceeds of the house sale were received.

The congregation now has a place to call home. It gives them a base of operations and means they can invite people to programmes during the week - and no longer need to meet at local cafes, the Rolleston Community Centre and the like. Since opening the church, only a few weeks ago, they have had to move to two Sunday morning services to accommodate the numbers attending. They can only fit 400 at a time! They are fortunate to have an arrangement with the Rolleston Christian School, which is next-door, to use classrooms for Sunday morning programmes for young people and children.

The land was once the site of a radio beacon, which was used to guide aircraft coming in on approach to land at Christchurch



airport. The congregation seeks to provide a beacon of hope in our community as we serve them in many ways, showing the love of God and proclaiming the good news of Jesus in the power of the Holy Spirit.