

2020

ANNUAL REPORT



**THE PRESBYTERIAN
CHURCH PROPERTY
TRUSTEES**

November 2020

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Cover picture: Praying for rain at Glen Innis – S. Carter

DIRECTORY

Trustees

Committees

Chris Elliot (Chair)	Executive, Council of Assembly Associate
Roger Gyles (Deputy Chair)	Executive, Investment (Convenor), Farms (Convenor), PBST (Chair), PBFTL, PIFLL
Margaret Galt (Deputy Chair)	Executive, PBFTL (Chair), Property
Ron Mills	Property, Private Trusts, Audit
Ray Coster	Executive, Private Trusts (Convenor), Communication
Harriet Enright	Executive, Communication (Convenor), PBST
John Harvey	Farms
Marie Burgess	Farms, PBST
Paul Barber	Investment, Private Trusts
Alan Jamieson	Investment, PBFTL
Hao Hoang	Property

Associates

Brian Dangerfield	Audit (Convenor), Investment, PBFTL, PIFLL
Andrew Souness	Executive, Property (Convenor), Audit, PBST
Winston Timaloa	Private Trusts, Communication
Lyn Murray	Farms, Synod of Otago and Southland Representative
Richard McLean	Council of Assembly Representative
Wayne Matheson	Assembly Executive Officer

Associate Specialists

Susan Finlayson	Farms
Doug Crombie	Farms
Warren Potter	Investment, PBFTL, PIFLL
Ian Russon	PBFTL (Licensed Independent Trustee)
Rose Luxford	PBFTL

Staff

Russell Garrett	Executive Officer, PBFTL, PIFLL
John White	Property and Administration Manager
Marion Blair	Administrator

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	Farm Manager	McNutt Trust (Glen Innis)
Stephanie Carter	Accommodation Manager	McNutt Trust (Glen Innis)
Keith and Jo Dennis	Sharemilkers	CA Clark Trust (Flaxburn)
Findex	Accountant	McNutt Trust (Glen Innis)
Lawson Avery	Accountant	CA Clark Trust (Flaxburn)
BakerAg	Advisor	McNutt Trust (Glen Innis)
Aidan Bichan	Advisor	CA Clark Trust (Flaxburn)
Crombie Lockwood	Broker	Insurance
Roger Fulford	Advisor	Insurance
Succeed Legal	Legal Advisor	Farms
DLA Piper	Legal Advisor	General
Ernst & Young	Auditor	General

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
PIFL	Presbyterian Investment Fund Lending Limited

2019 – 2020 : BY THE NUMBERS

Trustees

- 11 Trustees, 6 Associate Trustees, and 5 Associate Specialists
- 50 Trustee and Committee meetings

Property

- 52 property applications processed totalling \$37,722,403
- 6 major building projects under development totalling \$28,250,000
- 1 special Covid-19 capital withdrawal for \$16,060
- 1 successful court case

Insurance

- 343 parishes covered for assets totalling \$1,101,461,554
- 38 claims totalling \$606,134
- \$105,585 paid in Liability premiums (for indemnity cover and the like)

Investments

- \$183,517,717 of investment assets in the Presbyterian Investment Fund
- \$4,539,846 paid in interest
- \$27,709,761 invested in the new Long Term Fund
- 1 parish loan of \$1,850,000

Private Trusts

- 31 Estate distributions totalling \$678,937
- 9 new Ministers' Loans totalling \$66,570
- 43 Trust distributions totalling \$185,499

Beneficiary Fund

- \$51,803,392 held on behalf of 508 Ministers and partners
- \$4,538,721 in benefits withdrawn by members
- \$636,542 paid to the Presbyterian Benevolent Fund

Farms

- \$350,000 paid to the PCANZ from the Christina A. Clark Estate (Flaxburn dairy farm)
- \$153,305 spent on the Holiday Homes at Glen Innis Station
- 103 guests staying 721 nights at the Glen Innis Holiday Homes

CHAIRPERSON'S REPORT

Trustees

The 2019/2020 year was a year of major change in personnel for the Church Property Trustees (PCPT). Not only were there two new staff members, in Russell Garrett and John White, but there was change in individual Trustees circumstances. Ian Russon, who served both as a Trustee (for PCPT) and as the Licensed Independent Trustee (LIT) for the Presbyterian Beneficiary Fund Trustee Limited (PBFTL), ended his time as a full Trustee. We have been grateful that Ian's experience and skills haven't been lost, as he has remained as the LIT for PBFTL. Work commitments also meant that Warren Potter needed to decrease time given to the Trustees. While no longer a full Trustee he continues to be a committee member of the Investment Committee and a director of PBFTL. We value the specialist input of people who are able to give time as committee members. This has enabled us to further develop the model established by the Farms' Committee, that of enabling people with appropriate skills, but not able to be full Trustees, to contribute in specific areas.

Lyn Murray (Synod of Otago Southland Representative) agreed to also become a full Trustee, along with Winston Timaloa, Clerk of the Pacific Island Presbytery. We look forward to the 2021 General Assembly confirming the 4 Associate Trustees.

In early November 2019 we were profoundly shocked by the Rev. Perema Leasi's sudden death. We give thanks for his contribution since 2004. Perema brought a particular approach and perspective to the work of the Trustees.

As indicated in the 2018-2019 report, the Trustees continue to seek new members with appropriate skill sets in the areas of business, property management, technical, legal and governance expertise, in order to carry out the complex and demanding work demanded of the Trustees. During the year a Skills Matrix has been developed to enable PCPT to both tailor the committees to include the necessary balance of skills and experience, but also to enable a greater skills/experience focus when new Trustees are sought.

As the PCANZ responded to the effects of the Covid-19 pandemic, Trustee Ron Mills was able to make a major contribution to the Council of Assembly, Covid-19 Financial Crisis Workgroup.

Executive

The work of the Trustees between meetings is ably overseen by the Executive.

Members: Chris Elliot (Convener), Roger Gyles, Margaret Galt, Ray Coster, Harriet Enright, and Andrew Souness

Associates: Russell Garrett (Executive Officer)

Covid and the Trustees

Like the rest of the country, the Covid pandemic and lockdown provided us with some new challenges. The Executive and various Committees immediately met to consider the implications, assess risks, and put plans in place.

Russell, John and Marion also made fast decisions and plans to enable the PCPT Office to operate as normally as possible. We were delighted in the way in which our office smoothly transitioned to working from home and as a result, we were able to carry on the Trustees' work regardless. The same applied to our external service providers, aided by the designation of financial services providers and farms as essential services, although we did need to close the Glen Innis Holiday Homes for the lockdown period.

Like others, we also had to change our meeting patterns, making much more use of Zoom than in the past. We expect to continue to use a mix of Zoom and in-person meetings. Most committees found Boardable easy to use after some workshops, likewise Zoom. Such technology has enabled the Trustees and the Staff to continue to operate in the most efficient way possible.

The Council of Assembly asked the Trustees to consider allowing access to capital held on behalf of parishes in the PIF. We were pleased to be able to support this initiative. In a short space of time our Property Committee established an application process to allow parishes to replace up to 75% of income for a period of three months. We were a little surprised that only one parish applied (successfully), but it would seem that parish incomes did not fall by as much as some feared and many have other reserves to draw on.

Staffing

Staff changes went smoothly following the appointment of Russell and John. Russell began in his role on 1 July 2019 and John in his role as Property Manager and Administrator on 30 September. Kos and Pat remained to assist in the orientation period. While very ably served by the 'Kos and Pat' team, the Trustees also looked forward to some different ways of operation as Russell and John brought their particular skills and backgrounds to the work of the PCPT Office. Marion played an important role as Russell and John settled in. We thank all three for their support, expertise and input into the Trustees as a whole and to the committees. We are fortunate in the calibre of our Wellington office staff who work in this climate of increased reporting, audit, and regulatory requirements and deadlines. Property continues to be a major focus, recognised in the designation given to John's position. The completion of the property database for the use of PCPT and the Church, has been a significant goal. Updating and fine tuning of technology, and the purposing of the software tool Boardable have added new dimensions to everyday work, enabling the cost of paper, binding and postage for meetings to be largely eliminated. The setting up of the long term Presbyterian Investment Fund, as well as the capacity to borrow from the PIF, have been two other areas of development led by the staff.

No report on staffing and operations would be complete without mention of the very happy occasion in late September (2019), to mark the retirement of Kos and Pat. Dinner with some witty speech making, along with presentations, made for a memorable evening. Thanks to both Kos and Pat for their contribution to the Trustees and to the PCANZ.

Highlights of the year

The Trustees brief is a wide one, covering multiple activities, which we manage by way of a number of Committees, each dedicated to different areas. Their extensive work is covered in the Committee reports that follow and I commend these to you. However, I would like to highlight some of the things the Trustees have achieved over the last year.

- The Board undertook a self-assessment at our Strategy Day to ensure we continue to work well together as a unit.
- The Board has completed a Skills Matrix to identify gaps and help the appointment process. We will be able to target people with the skills we need.
- We introduced an online Board management tool to distribute meeting agendas and minutes, pass resolutions between meetings, facilitate discussions, and manage the allocation and monitoring of tasks. It has taken a little getting used to, but is now part of daily life – and means we are not printing reams of paper each meeting.
- We have also instituted Dashboard reporting from Committees to improve meeting efficiency and ensure we focus on key matters. This has been very useful as we moved meetings from in-person to Zoom during and post lockdown.

- The Presbyterian Investment Fund (PIF) introduced a new Long Term Fund (to complement the existing On-Call Fund). The Long Term Fund expects to pay a higher rate of interest and inflation-proof funds, but needs to take more investment risk to do so.
- The PIF also introduced lending to provide lower-cost loans to parishes while at the same time generating market returns for the PIF. A single loan was made just prior to year-end.
- The Beneficiary Fund investment options successfully navigated volatility in the investment markets arising from the Covid. The Board increased the frequency of member communications and was pleased to note that there were no knee-jerk reactions from members over the period.
- Following pay-outs to the last members of the old Defined Benefit section, the Beneficiary Fund also paid an additional \$640,000 to the Presbyterian Benevolent Fund from the surplus arising from the wind-up of the DB section. To date a total of \$11.2m has been paid to the Benevolent Fund from the Beneficiary Fund (with very little, if any, further payments expected).
- Despite a lull over the lockdown period, our Property Committee received nearly the same number of property applications as last year. Seismic strengthening activities continue apace along with a number of exciting new build projects.
- We were pleased to finally settle a property sale that commenced in 2014. This transaction endured a number of challenges, including action in the High Court, before the appellant withdrew its case and the parish received settlement.
- The Property Committee has also worked hard to establish a Property Database that we expect to roll-out to Presbyteries in the coming year. This will give Presbyteries access to a vast array of details regarding property in their region.
- Work on upgrading the Glen Innis Holiday Homes, undertaken over the last few years, was completed this year with a new driveway.
- The Flaxburn dairy farm in the South Wairarapa generated a record distribution of \$350,000 to the PCANZ this year. The farm was gifted to the Trustees by Christina Clark, with 75% of proceeds going to Global Mission and 25% to National Mission.
- Following a lot of work, a Farms' Distribution Policy has been developed.
- The annual re-insurance process is running smoothly without the difficulties of the past. There have been smaller increases in premiums, assisted by a good claims history of recent years. However, Wellington congregations find themselves disadvantaged in regard to earthquake insurance.
- Applications for grants from the Benevolent Fund and for Burnett Loans have been received and processed. It is worth noting that applications for grants have been fewer than anticipated; perhaps due to the payout Beneficiary Fund Members received at the wind-up of the old scheme. Future needs and need through longevity will potentially change that.
- The Communications Committee has drafted new *Induction* material for prospective Trustees enabling initial information (and orientation), regarding the scope of the work of the Trustees, the legal and regulatory environment the PCPT operates in, and the time commitment.

Support Services

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

We also thank Aidan Bichan and Ed Harrison, Farms' Advisors; James & Stephanie Carter, Farm and Accommodation Managers at Glen Innis, Keith & Jo Dennis, Sharemilkers at Flaxburn; Denis Hames and Brett Wooffindin, Farm Accountants. Thank you also to all who willingly offer their help and guidance to the Trustees. A special mention of Denis Hames, Farm Accountant for Glen Innis, who has been involved with Glen Innis for 43 years. Our best wishes to him for his retirement.

Conclusion

It has been an interesting two years as Chairperson of the Trustees. Working with such a diverse and skilled group of people has been a particular highlight. Thank you all for your contribution, commitment and support during this year: one that has had particular challenges for us, for parishes, and the Church generally.

Special thanks to the Executive, to our skilled deputy Chairs, Margaret Galt and Roger Gyles, who bring their collective wisdom and experience as Trustees. Thank you, also, to Wayne Matheson, AES; to Richard McLean, COA Representative; and to Lyn Murray (representative of the Synod of Otago Southland, as well as an Associate Trustee), for keeping us in touch with the issues and concerns the wider Church faces. We welcome any opportunity to work together for our mutual benefit.

Chris Elliot

Chairperson



AUDIT COMMITTEE

Membership

Brian Dangerfield (Associate Trustee, Convenor), Rev Dr Ron Mills (Trustee), Andrew Souness (Associate Trustee), Marion Blair (Accountant, PCPT), Russell Garrett (Executive Officer, PCPT) and John White (Property & Administration Manager, PCPT).

It is my pleasure to report on behalf of the Audit Committee for FY 2020 (year ended 30th June 2020).

Personnel

Ernst and Young (EY) were reappointed to undertake the audit for this financial year. EY were also reappointed by PCANZ, which provides synergy and consistency across related entities and will likely benefit future consolidation activities.

EY was also retained to undertake the audit of the Presbyterian Church of Aotearoa New Zealand Beneficiary Fund financial statements (by Presbyterian Beneficiary Fund Trustee Limited).

Our contacts at EY remained consistent, with Stuart Mutch reappointed as our Audit Partner and Casey Webster returning as the Senior Manager overseeing the audit. David Borrie joined them, once again, as Partner for the Beneficiary Fund audit. The Committee was pleased with Stuart and his team's professionalism and efficiency during this year audit process given the challenges and delays caused by Covid.

Financial Statements

The Committee has received the reports of the Auditor following the completion of their audit of the 2020 financial statements for:

- Presbyterian Investment Fund (PIF)
- Presbyterian Benevolent Fund (PBF)
- Presbyterian Church Insurance Collective (PCIC)
- Presbyterian Bureau Services Trust (PBST)

The Committee also reviewed the PCPT Operational accounts and, although these accounts were not audited by EY, notes that these accounts were consolidated as part of the accounts of the PCANZ, which were subject to review by EY.

The accounts and associated audit process of the Beneficiary Fund were managed by the Committee and passed directly to the directors of Presbyterian Beneficiary Fund Trustee Limited for review and signoff.

Unqualified Reports

I would like to pass on our appreciation and thanks to Russell and his team for preparing the various sets of financial statements. I would also like to thank the rest of the Committee for their direct engagement, open dialogue and effective decision-making during our audit planning and close out meetings.

EY raised no material issues when the accounts were finalised and discussed during the close out meeting and their audit reports reflect the high quality of financial support information provided and strong internal controls evident.

I am pleased to report that EY has provided an unqualified audit report for these four entities (PIF, PBF, PCIC and PBST).

EY has carried out the audit competently and professionally for which we acknowledge them.

The Committee is therefore pleased to recommend that the Trustees approve all of the audited financial statements for adoption at the 2020 AGM.

The 2020 PCPT Operational financial statements will be available for viewing on the Church website post the AGM.

Brian Dangerfield

Convenor



The shearing shed at Glen Innis

COMMUNICATIONS COMMITTEE

Membership

Harriet Enright (convenor), Ron Mills, Ray Coster, Winston Tamaloa

Associated: Russell Garret (Executive Officer), John White (Property and Administration Manager)

Communications strategy:

1. Our communications strategy is to ensure that information the Trustees obtain from third parties and decisions the trustees make is communicated effectively to Presbyteries, parishes, ministers and those the information or decisions impact on.
2. We are grateful for the work of our office staff in facilitating the work of the Committee, including the production and distribution of the quarterly newsletters.

Committee activities

3. Orientation

We have prepared an orientation programme for new trustees. This includes written material and in person training.

4. Communications survey

We had intended to perform a communications survey alongside PCANZ. PCANZ have held their communications survey. We have a draft survey to issue to our interest parties when it is an appropriate time to do so.

5. Newsletters

We have prepared and distributed regular newsletters to communicate relevant issues. The newsletters are also uploaded to the CPT page of the PCANZ website.

6. PCANZ's website www.presbyterian.org.nz continues to be an important source of information on Trustees' activities and the Committee monitors and updates the Trustees' section. This year we obtained statistics on the website's popularity and ease of use. This information has been fed back into improving the use of the website.

7. After the AGM, I am stepping down as convenor and resigning as a Trustee. Thank you for the opportunity to be involved with the PCPT.

Harriet Enright

Convenor

FARMS COMMITTEE

Membership

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

Associates: Russell Garrett (Executive Officer)

Glenn Innis: James Carter (Farm Manager), Stephanie Carter (Accommodation Manager), Ed Harrison (BakerAg, Farm Advisor), and Denis Hames and Michelle Turfrey (Findex, Accountants)

Flaxburn: Keith and Jo Dennis (Sharemilkers), Aidan Bichan (Farm Advisor), and Brett Wooffindin (Lawson Avery, Accountant)

The name of the former Farms Advisory Committee was changed to the Farms Committee in September 2019 following consideration by the Trustees of an independent report from an agri-expert, Barry Brook. The report reviewed, with recommendations, the work of the FC and its and the Trustees' role in the governance of the farms operations. It also reviewed, given the terms of the gifts of both farms, the criteria for their measured expansion to ensure sustainable distributions to the beneficiaries into the future.

The Trustees agreed the following objectives for the Farms Committee:

1. To deliver maximum sustainable distributions over the long term for the named beneficiaries of the respective Trusts
2. To protect and improve the assets to ensure their ability to meet the first objective, and
3. To ensure that everything about the farm operation is carried out within the law (this includes health and safety, environmental issues, financial management) and in pursuit of best possible farming practice.

The Martha and Samuel McNutt Trust Trading as Glen Innis

Despite the effects of the drought and Covid-19 during the year, the Farm Manager, with the support of the Farm Advisor, enabled Glen Innis farm to record its second-highest gross income result. This achievement was the result of the skilful implementation and application of the stock trading policy introduced a few years ago and was helped by high lamb and beef prices. Huge credit must go to James for his management and the skill that he brought to bear to achieve this result. However, the effects of the drought, particularly in respect of soil moisture/grass growth, may detrimentally flow into the results for the 2020/21 season, especially if the drought has not broken in early spring.

The Committee is pleased to report that the accumulated deferred maintenance on the Holiday Homes was largely completed by the end of the year. We are very appreciative of the efforts of the Accommodation Manager who has been instrumental in bringing the Homes up to a very high standard of presentation over the last few years. The major project this year has been to replace the driveway, which has now been completed. The final catch-up project, repainting the Maud Hooper House, is scheduled in the 2020/21 year.

Despite the Homes being closed for three months because of Covid-19 there were some 26 bookings covering an estimated 720 guest nights. Unfortunately, in excess of 160 guest nights booked for the June quarter had to be cancelled.

Trustees are very fortunate to have James and Stephanie Carter as Farm Manager and Accommodation Manager respectively and they have again successfully applied their skills, experience and passion to bear for the benefit of the beneficiaries of the Trust.

During the year the Farms Committee set up a separate Beneficiary Account funded by a monthly Distribution Expense charge against the Farm Operating Account. All expenses incurred for the Holiday Home operation are paid from the new Beneficiary Account. It is forecast that once the final holiday home deferred maintenance is completed this year, distributions to the second beneficiary, Children of New Zealand, will commence funded from the surpluses in the new Beneficiary Account.

During the year, for reasons beyond the control of Trustees, attempts to purchase two farm lots were unsuccessful.

Highlights

- The distribution to the first income beneficiary of the Trust (Holiday Home operation) for the year increased because of the ongoing work on deferred maintenance and improvements.
- The bookings for the holiday homes have, after allowance for the Covid-19 lockdown period continued at a good level despite short periods of unavailability because of maintenance work.
- It is pleasing that high levels of satisfaction are being reported from Ministers and their families who have guests been during the year.
- The Farm Health and Safety regime is fully imbedded in the operations of the farm. No major incidents have been reported during the year.

Table 1: McNutt Trust Financial Highlights

	2020	2019
Distribution to (Cost of) Holiday home as a beneficiary	\$153,305	\$101,423
Surplus in the Beneficiary Account	\$9,907	N/A
Gross surplus from Sheep Trading (including Wool Account)	\$526,992	\$541,047
Gross surplus from Beef Cattle Trading	\$176,044	\$136,176
Other Farm Income	\$20,259	\$24,229
Expenses	(\$658,854)	(\$441,307)
Net Operating Surplus	\$64,441	\$260,145
Net Surplus after Other income, Finance/Rent charges and Stock value adjustments	\$159,352	\$273,207
Farm Operating Cash Balance - 30 June	\$119,980	\$26,882
Borrowings and Hire Purchase	\$203,065	\$250,125

Christina A. Clark Trust Trading as Flaxburn

Sharemilkers, Keith and Jo Dennis have again achieved excellent results in yet another trying year. It is very encouraging to discern the positive changes resulting from a recent change in the sharemilkers' business operations with the significant impact in the running of the farm. There is a high commitment to operating at a high level of best practice and opportunities are taken to improve the environmental sustainability footprint of the farm.

Highlights

- Financially the 2019/20 year was a very good year despite the challenges for the sharemilker of a dry summer and autumn and to a lesser extent the effects of Covid-19. At the beginning of the season it was intended, primarily for manpower management purposes, to split the stock into a once-a-day milking herd with the rest to be milked twice a day. However, with the advent of Covid-19, for staff security and wellbeing, all the herd was switched to being milked once a day.
- The price paid by Fonterra for milk solids was higher than allowed in the annual budget and this offset the 2.75% decline in production.
- In my Convenor's report last year, I advised that there were no further mandatory requirements for capital expenditure as a result of leasing the Farrier block. However, the Committee has identified that replacement of the Homestead, a long-signalled project, has now become urgent. Reserve funds have been built up over the last ten or more years, so apart from top-ups over each of the next two or three years there should be only a small impact on the availability of earnings for distributions.
- The interim distributions made to the Church (PCANZ) from the 2019/20 year's earnings were \$150,300 and as forecast, because all the commitments around the leasing of the Farrier block have been met, a further distribution of \$200,000 can be made. This has been provided for in the annual accounts.
- The farm has been compliant with the Greater Wellington Regional Council's resource consents for both effluent disposal and irrigation.
- The Sharemilkers operate a comprehensive Health and Safety Plan. No major incidents have been reported during the year.
- Replacement of the dairy platform has, following engineering advice and maintenance, been deferred for two to three years.
- An ongoing project will be the evaluation of the possible purchase of the leased Farrier land should it become available before May 2021.

Table 2: Christina A Clark Trust Financial Highlights

	2020	2019
Distribution to beneficiaries (Interim for 2019/20)	\$150,300	\$125,300
Provision for final distribution for 2019/20	\$125,000	\$25,000
Milk solids production (kgs)	264,329	271,809
Average Milk Solids price per kg	\$6.85	\$6.35
Income (after sharemilkers' portion)	\$1,039,177	\$884,410
Expenses	\$609,882	\$556,284
Net Income	\$429,295	\$328,126

Capital Expenditure	\$40,017	\$22,685
Cash balance - 30 June	\$704,584	\$543,280

General

The Committee late last year presented a strategic directions paper to Trustees and obtained their approval of the criteria to be used for the evaluation of any expansion opportunities, either by purchase or lease, that will maintain long-term sustainable farm businesses which will fulfil the income distribution requirements of the respective bequests from the two farm operations.

The Farms Committee is truly appreciative of the excellent professional farm advisory advice from Ed Harrison (Glen Innis) and Aidan Bichan (Flaxburn), the financial services advice provided by Denis Hames (Glen Innis) and Brett Wooffindin (Flaxburn), and the legal advice from Matt Hay at Succeed Legal. Their commitment continues to ensure that the Committee is kept well informed and can carry out its governance role and make decisions based on sound, reliable advice. The extra work they have been asked to commit to this last year has been carried out expertly and without hesitation.

This year's set of Glen Innis Annual Accounts is the last to be produced by Denis Hames before he retires later this year. Denis, who has been our Farm Accountant since 1977, and has provided outstanding service with skill and expertise. He has shared his corporate knowledge of Glen Innis affairs unhesitatingly and with enthusiasm for the benefit of the beneficiaries and the farm operation itself. We wish him well for the future.

As Convenor, I am once again very grateful for the skills, experience and valuable contributions that the Farms Committee members bring to our work. It has been a tough year, project-wise, and a lot of extra time and expertise has been contributed by the Committee. I thank them all for their support and valued input.

The 2020 Financial Reports for both farming operations are attached.

Roger Gyles

Convenor

INVESTMENT COMMITTEE

Membership & Responsibilities

Members (30 June 2020): Roger Gyles (Convenor), Paul Barber, Alan Jamieson, Warren Potter and Brian Dangerfield.

Brian joined during the year as an Associate Trustee. Ian Russon, having been a member earlier in the year, left the Committee midway through the year when he finished as a Trustee. Warren remains a member of the Committee, although he also finished as a Trustee.

Associates: Russell Garrett (Executive Officer)

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

Presbyterian Investment Fund

The PIF was established in 1957 (as the Amalgamated Investment Fund), to aggregate various trusts for investment purposes. The net proceeds of parish property sales (less the Mission Enterprise Fund share) must be held in the PIF unless the Trustees approve an alternative property use. The PIF also accepts general and trust funds, as long as the investing body is part of the “Presbyterian family” and is tax exempt. Various Trusts under the control of the Trustees invest in the PIF.

The PIF provides a relatively attractive interest rate (given the ‘on-call’ nature of funds) while maintaining a high level of security and depositors’ ready access to funds. 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.

Performance

Interest rates continued at record lows for the year under review, with the Official Cash Rate (OCR) starting the year at 1.50% p.a. and finishing at 0.25% p.a. Given the fact that PIF monies are available ‘on call’, the OCR acts as an anchor for the returns available from the PIF. With this in mind, the Trustees were pleased to be able to maintain the PIF interest rate at a reasonable margin over the OCR, with rates of 3.5% p.a. at 1 July 2019 and 1.75% at year end.

The following tables provide details of the Fund’s performance and account mix.

Table 1: Fund Performance Summary:

	2018	2019	2020
Administration & Other Expenses	695,807	705,556	677,146
Interest credited to accounts	5,406,561	5,844,029	4,539,846
Transferred to reserves	(329,995)	(184,306)	382,706
Reserves at start of year	9,093,677	8,763,682	8,579,376
Reserves at end of Year	8,763,682	8,579,376	8,962,082
Closing Reserve as a % of Deposits	5.3%	5.1%	5.2%

Table 2: Fund Deposits Summary:

	2018	2019	2020
General Assembly Funds	15,252,193	19,292,183	21,283,633
Parishes and Others	148,742,644	150,668,888	151,128,807
Totals	163,994,837	167,555,668	172,412,440
On-Call Fund	163,994,837	167,555,668	144,702,679
Long-Term Fund			27,709,761

Service Providers

The Trustees have outsourced the provision of various PIF services to a range of specialist organisations. There has been no change in the providers during the year.

As reported last year, Harbour Asset Management (HAM) has managed the PIF's investment assets since July 2016 under a 'segregated mandate', which is tailored to our specific requirement that a high level of security and liquidity in the PIF's assets be maintained (along with our responsible investment requirement).

Trustees Executors Limited acts as custodian for the PIF, holding the investment assets in safekeeping. Booster provides account administration and online access for parishes and other depositors. DLA Piper provides legal advice as and when required.

Long-Term Fund Option

It was reported last year that the new Long-Term Fund had received its first funds from a limited number of investors in July 2019. As at 30 June the balance of funds in this fund option had grown to \$27.7 million. Those investors who invested in the first half of the year experienced considerable volatility in the returns, particularly during the March 2020 quarter. All investors held to their Long-Term investment horizon, accepting the investment risk to achieve a higher rate of return. Their stance was rewarded as the market rebounded, with fund values recovering into positive territory by the end of the year. This fund's objective is to provide a higher rate of return, while also providing growth to maintain the real (inflation-adjusted) value of the invested capital. The Long-Term Fund invests in the Mercer Socially Responsible Investment Balanced Fund. Mercer also manages the investment assets of the Beneficiary Fund.

PIF members should note that the Long-Term Fund is only suitable for those who have free uncommitted funds that will not be required for the short to medium term and can be invested with a long-term investment horizon. As experienced this year there is a risk of short-term capital loss.

Lending

During the year the Trustees developed a lending facility within the PIF, which enables entities eligible to join the PIF the ability, within set criteria, to borrow from the PIF for a period of up to 15 years at a favourable rate. This is not only beneficial to the borrowing entity, but improves the PIF's earning rate. The loan is secured by first mortgage over the property (with a maximum loan up to 50% of the property value). At 30 June 2020 the PIF had entered into one loan.

Thanks

As Convenor, I am very grateful to my fellow Committee members for their valuable contribution to this Committee's work. A special thank you is due to Ian Russon for his very valuable and insightful contribution to this part of the Trustees' work. Ian played a significant role in the establishment of the Long-term Fund and latterly the PIF Lending Section.

Thanks also to all our service providers, including Russell, John and Marion, who have provided all the guidance and administration required to ensure the Committee and its work continues at the high standard it does. In particular, Russell's thoughtful work in conceiving and establishing of both the Long-Term Fund and the PIF Lending Section has been huge and must be recognised with grateful thanks.

Roger Gyles

Convenor



The historic Church at Matawhero, Gisborne Presbyterian Parish

PRESBYTERIAN INVESTMENT FUND

Together we can grow our funds

Annual Report

Year ended 30 June 2020

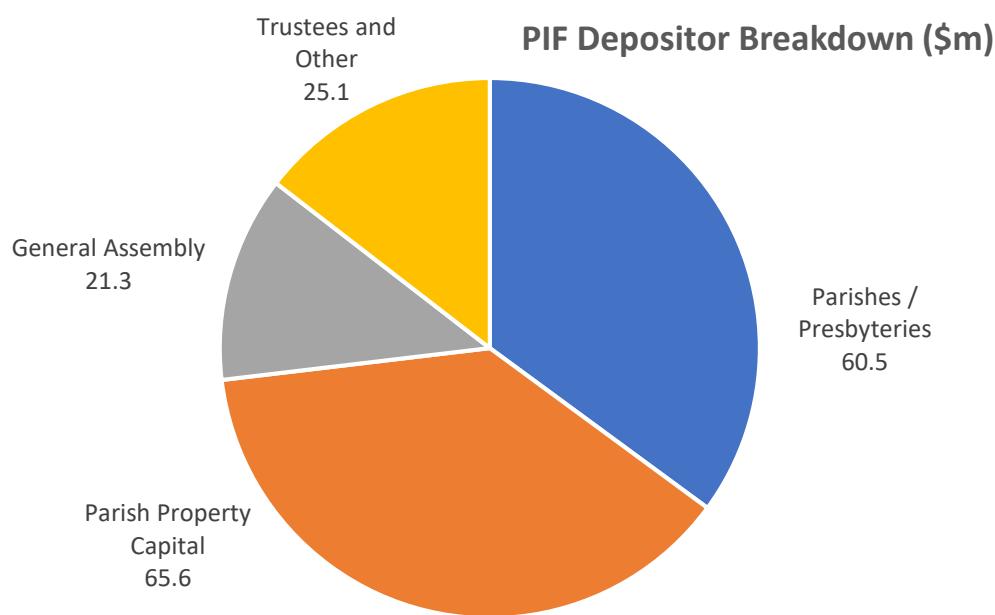
Highlights of the 2019 / 2020 year

- \$4.5 million in interest
 - New Long Term Fund
 - Now able to lend to parishes
 - Fund growth to over \$180m
 - Reserves of \$9.0 million
-
- ✓ Together we benefit from investing in bulk
 - ✓ Two investment options
 - ✓ Online access to funds without notice
 - ✓ Attractive ‘on call’ interest rates
 - ✓ Low operating expenses – only 0.30% of funds under management

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. Chart 1 below provides a breakdown of the various groups that hold funds in the PIF. It shows that \$60.5m of general funds is held on behalf of parishes and Presbyteries and a further \$65.6m of parish property capital is held.

Chart 1: PIF Depositor Breakdown (as at 30 June 2020)



Three quarters of the PIF is held for parishes and Presbyteries, half of which is Property Capital

Interest from the PIF is credited to accounts each quarter (calculated on daily balances). Reserves are used to smooth returns over time and insulate the PIF from extreme market events. Table 1 below provides some key comparative metrics for this year (and last year).

Table 1: Key Figures from the Financial Statements

	30 June 2019	30 June 2020
Gross investment income	\$6.37m	\$4.98m
Interest paid	\$5.84m	\$4.54m
Deposit Accounts held	\$167.56m	\$172.41m
On Call Fund	\$167.56m	\$144.70m
Long Term Fund		\$27.71m
Reserves	\$8.58m	\$8.96m

New Long Term Fund

A new investment option, the Long Term Fund, was introduced in July 2019.

The new Long Term Fund invests in the Mercer Socially Responsible Investment Balanced Fund. This Fund invests in a globally diversified mix of shares, property, infrastructure, bonds and cash. The target asset allocation mix was 55% in growth assets (shares, property and infrastructure) and 45% in defensive assets (bonds and cash). From 1 September 2020, the target mix changed

to 60% in growth assets and 40% in defensive assets. Mercer also manages the investment assets of the Beneficiary Fund.

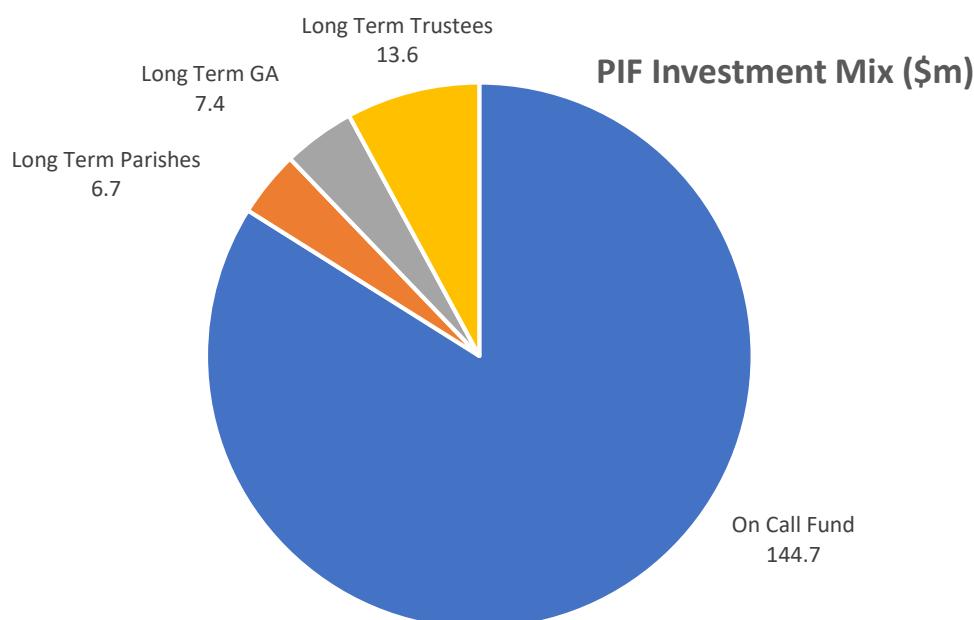
The Long Term Fund pays a higher rate of interest than the On Call Fund, plus inflation. Inflation income is allocated separately to allow parishes to maintain the spending-power value of their capital. If capital is not maintained in line with inflation, income will fall each year in real (inflation-adjusted) terms. The Long Term Fund ended the year paying 3.0% p.a. plus inflation of 1.5% p.a., compared to the On Call rate of 1.75% p.a.

However, it is worth noting that the Long Term Fund will not be suitable for all PIF users. There is a risk of short-term capital loss, so only investors that can tolerate possible losses are suitable for the Long Term Fund. The Long Term Fund will most suit those who intend to hold their capital in the PIF for the long term (say 10 years) and only draw down on the income.

As it happened, the Long Term Fund did suffer from investment market losses during the year with share prices falling sharply as Covid-19 took hold. Markets have since recovered and it is expected that the Long Term Fund will record a capital gain before December 2020.

As at 30 June 2020, a small number of parishes had taken advantage of the new investment option, along with some of the money under the auspices of the General Assembly and the Church Property Trustees, as illustrated in Chart 2 below.

Chart 2: PIF Investment Mix (as at 30 June 2020)



The vast majority of the PIF remains invested in the On Call Fund

PIF Loans

The PIF is now able to lend to parishes for major capital projects. Applications are considered by the Investment Committee, with security taken over church property. Interest is charged on a floating rate basis, set for each loan according to risk, but hopefully at a rate that enhances returns for the PIF and reduces borrowing costs for the parish. One loan was made during the year.

Interest rates feel the impact of Covid

The PIF On Call rate started the year at 3.50% p.a. and ended the year at 1.75%, following falls in the Official Cash Rate. Interest Rates, which have been low ever since the Global Financial Crisis, fell even further as the Reserve Bank of New Zealand tried to encourage investors to move

their money from the relative safety of banks to more risky investments that contribute to economic growth. As at 30 June 2020, the OCR sat at 0.25% p.a., its lowest ever rate.

The PIF Long Term interest rate started at 4.0% p.a. (plus inflation), but also drifted lower over the course of the year, finishing at 3.0% p.a. (plus inflation). Inflation income is paid quarterly, based on Statistics New Zealand's Consumer Price Index.

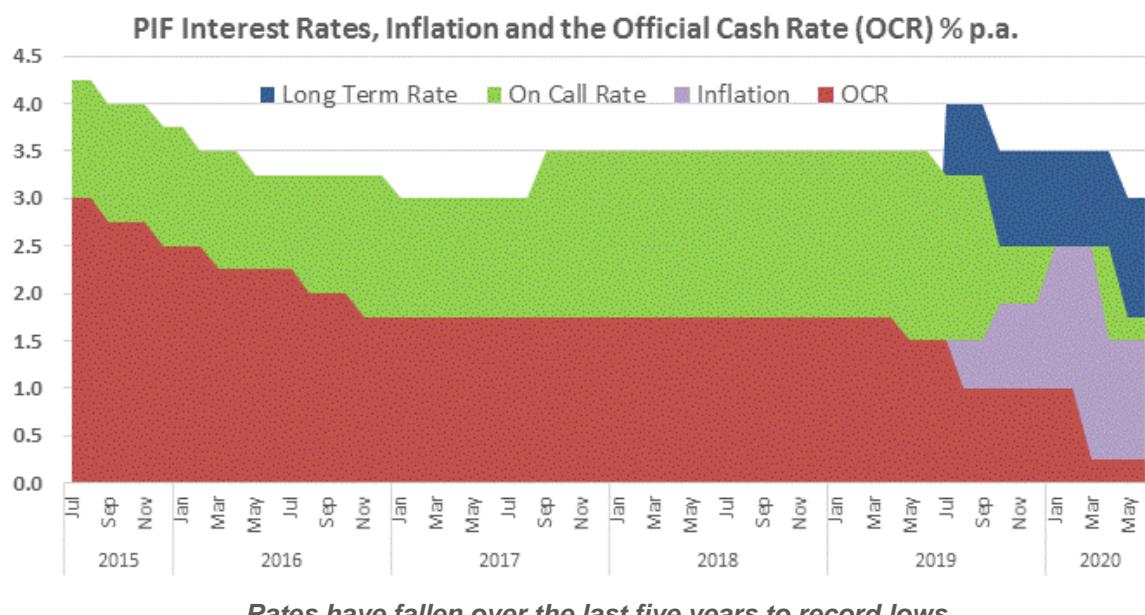
Table 2 below details the changes in rates over the course of the year. It highlights the way interest rates for both PIF Funds fell, the variable nature of quarterly inflation, and the capital loss for the Long Term Fund. The Long Term Fund capital loss reflects Covid's adverse impact on share prices earlier in 2020.

Table 2: PIF Rate Changes Over the year

	On Call Fund p.a.	Official Cash Rate p.a.	Long Term Fund p.a.	Quarterly Inflation	Capital Gain/Loss
As at 30 June 2019	3.50%	1.50%			
July 2019	3.25%	1.50%	4.00%		
August 2019		1.00%			
September 2019				0.70%	
October 2019	2.50%		3.50%		
December 2019				0.50%	
March 2020		0.25%		0.80%	
May 2020	1.75%		3.00%		
June 2020				-0.50%	-3.25%
As at 30 June 2020	1.75%	0.25%	3.00%		

Chart 3 below tracks the PIF On Call Interest Rate with the Official Cash Rate (OCR) over the last five years. It also shows PIF Long Term rate and the rate of inflation (the Consumer Price Index). It highlights how the On Call Fund return is now barely ahead of inflation.

Chart 3: Annual PIF Interest Rates versus the Official Cash Rate and Inflation



Where to from here for interest rates?

The Reserve Bank has indicated that it expects negative interest rates in 2021 as it attempts to boost economic activity. While negative rates might only apply to financial institutions, it is likely to mean that term deposit rates available to parishes will continue to fall.

The PIF On Call Fund interest rate is inextricably linked to short-term interest rates. While the Fund invests in a mix of assets in an effort to provide a reasonable return, it is likely that the PIF On Call interest rate will fall also. Whereas the PIF has been able to hold its rate as term deposit rates have fallen (as at October 2020, most term deposit rates now sit around 1.0% p.a.) it is unrealistic to expect that the PIF will be able to maintain the current rate if the OCR moves into negative territory.

The Long Term interest rate has also fallen as interest rates have come down, although not by as much. Lower interest rates mean lower returns from the bonds that make up about 40% of the Long Term Fund. They also mean that Long Term returns from shares will come down, despite the short-term boost to share prices as investors chase higher returns. That said, we do not expect to lower the Long Term Fund interest rate, even if the OCR moves into negative territory.

Lower returns mean less income for parishes that rely on PIF returns to support their mission. However, the Trustees are not keen to chase higher returns by taking more risk – which is the only way to secure higher returns.

The Trustees are focused on ensuring that all On Call funds will be available whenever parishes need them. As a result, the Trustees are prudent in the risks they are prepared to take with the Fund's investments. They could seek higher returns by locking up the funds for longer periods, but this would compromise the ability of parishes to withdraw funds without notice. They could also seek a higher return by reducing the quality of the investments, but this might result in capital losses.

The Long Term Fund is available for those parishes that want to keep their capital as a source of income-generation and want to earn a higher rate of return. However, as we witnessed during the early days of the Covid pandemic, this Fund is not immune from market volatility.

Service Providers

The Trustees have outsourced the provision of various PIF services to a range of specialist organisations. **Harbour Asset Management** (HAM) has managed the PIF's On Call Fund investment assets since July 2016 under a 'segregated mandate', which is tailored to our specific requirement that a high level of security and liquidity in the PIF's assets be maintained (along with our responsible investment requirement). Assets in the Long Term Fund are 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 depositors from the Presbyterian family.

Enquiries to:

Russell Garrett, Executive Officer
The Presbyterian Church Property Trustees
PO Box 9049 Wellington
(04) 381 8296

trustees@presbyterian.org.nz

Full accounts are available at:

The Presbyterian Church Property Trustees: www.presbyterian.org.nz

PRESBYTERIAN BENEFICIARY FUND TRUSTEE LIMITED

Membership & Responsibilities

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

Directors (at 30 June 2020) Margaret Galt (Chair), Ian Russon (Licensed Independent Trustee), Roger Gyles, Warren Potter, Alan Jamieson, Brian Dangerfield, Rose Luxford, and Russell Garrett (as Executive Director).

During the year, Margaret Galt replaced Ian Russon as Chair of the Board of the trustee company. Ian stepped in as Chair again following Russell Garrett’s resignation as a director as at 30 June 2019. Following his appointment as the Executive Officer of The Presbyterian Church Property Trustees on 1 July 2019, Russell was subsequently re-appointed as a director. Margaret has been a director of the PBFTL since its inception, and prior to that a Trustee of the Beneficiary Fund. She works as an economist for the New Zealand Treasury. We also welcomed Rev. Rose Luxford as a member director. We look forward to the insights Rose has to offer as a member of the Fund.

The Fund does not have its own independent supervisor as the Financial Markets Authority supervises all restricted workplace savings schemes, including our Fund.

About the Fund

The 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.

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

2019 / 2020 – a most unusual year

It would be an understatement to say that the 2019/20 year was a game of two halves. For the first eight months, we had finally put the wind-up of the defined benefit section almost totally behind us, and the Board was focused on the normal administration of the Fund. Then Covid-19 hit and with it, turbulent times in the financial markets and considerable worry for some of our members.

There were two bright spots in what has otherwise been a rather stressful time. The first has been the performance of our Investment Options. Despite a significant fall in the market when Covid-19 hit, we have ended the year with positive, if modest, returns for all four Investment Options. The Cash Option returned 1.1% for the year, the Conservative Option returned 4.2%, the Balanced Option 4.2%, and the Growth Option 4.0% (after investment management and administration fees).

The good returns were also helped by the competitive fees the Fund has been able to operate under. This is helped in no small part by the annual \$150,000 fee subsidy provided from the surplus left over after the wind-up of the defined benefit section. This subsidy is set to last for two more years. That said, the Directors were also pleased to secure a reduction in investment fees from Mercer during the year.

The second bright spot was the fact that our members did not react in haste and switch their Investment Options during the markets’ fall in March of this year. Other funds have seen members hastily move out of balanced and growth funds when the market dropped. All that did was lock in

the losses. We did not have a single member of our Fund do this, so that when the markets rebounded all our members' balances rebounded accordingly.

Looking ahead, it is more difficult than ever to know what the next year will bring. Covid-19 is far from over, and the fall out is likely to persist. As it has for the past year, the Board will be focused on ensuring the Fund performs as well as it can and address all the issues as they arise.

Fund Information

Table 1: Changes to membership for the year to 30 June 2020:

	Contributing members	Non- Contributing members	Total
Membership at 1 July 2019	207	308	515
New members	+9	0	+9
Member switches	-13	+13	
Member exits	-2	-14	-16
Membership at 30 June 2020	201	307	508

Table 2: Members' balances at the start and end of the year ending 30 June 2020:

Members' accumulations	30 June 2019	30 June 2020
New Benefits section	\$49,642,379	\$47,746,372
Complying Fund section	\$3,191,221	\$3,679,923
Total Balances	\$52,833,600	\$51,426,294

Service Providers

The Board has outsourced the provision of various Beneficiary Fund services to a range of specialist organisations: Melville Jessup Weaver (MJW) provides member administration services, including preparation of the annual report and accounts: Gregg Dell (Dell Consulting) assists the Board with its compliance obligations (among other things): Mercer manages the Fund's investments and assists with investment advice; and DLA Piper provides legal advice as and when required.

During lockdown, the Directors had additional meetings with these providers to ensure we were satisfied that they were able to continue to operate and manage any new risks arising from the lockdown (and, more generally, from the pandemic).

Defined Benefit Section Wind-up

The wind-up to the old Defined Benefit section is now almost complete. We are on the last step, which is to remove references to the closed defined benefit section from the Trust Deed. The new Presbyterian Benevolent Fund has now received \$11.1 million from the wind-up surplus. \$80,000 remains in the Beneficiary Fund to cover the costs of the very last stage, along with \$400,000 for the fee subsidy for the next 2-3 years.

The operation of the Fund has revealed a few unintended rigidities around the issue of membership, particularly for ministers in short-term positions. The Council of Assembly has established a Workgroup to work out solutions to these minor difficulties.

Compliance

The Fund is a managed investment scheme operating as a restricted workplace savings scheme under the Financial Markets Conduct Act 2013. The Act makes a number of compliance demands on the company as Trustee and Manager of the Fund, including ongoing disclosure and monitoring requirements. The Board operates under a framework that ensures all these obligations are met.

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 this most unusual year. Covid-19 not only disrupted the markets, it also disrupted people's work and their lives. The Board is grateful to the staff and management of our providers and our own office for their efforts to ensure that our Fund not only continued to operate as normal, but performed well in this difficult time.

Margaret Galt

Chair



Match point at Glen Innis

PRESBYTERIAN BUREAU SERVICES TRUST

Presbyterian Bureau Services Trust

The Presbyterian Bureau Services Trust (PBST) acts as manager of the Presbyterian Church Insurance Collective (PCIC). PBST holds PCIC funds and oversees the provision of services by the PCIC broker, Crombie Lockwood. PBST trustees are appointed by The Presbyterian Church Property Trustees (PCPT) and PBST is accountable, in the first instance, to PCPT.

PBST is responsible for matters relating to the insurances required by the Trustees.

Membership

Members: Roger Gyles (Convenor), Harriet Enright, Marie Burgess and Andrew Souness

Associates: Russell Garrett (Executive Officer), Marion Blair (Administrator)

Following the review of the interactions of various committees involved in insurance matters, it was agreed the Trustees' Property Committee would be represented on the Board. To this end Andrew Souness, Chair of the Property Committee, joined the Board and already has contributed meaningfully to our deliberations.

Presbyterian Insurance Advisory Group

The task of the Presbyterian Insurance Advisory Group (IAG) is to make recommendations on the scope of insurance services required by the Presbyterian Church Insurance Collective.

The IAG is made up of representatives nominated by those participating in the Presbyterian Insurance Collective: namely the PCPT, Council of Assembly (on behalf of the PCANZ) and the Synod of Otago and Southland.

Membership

Members: Martin Stewart (Convenor), Cunny Aitchison, Fergus Sime, Wayne Matheson, Andrew Nicol, Roger Gyles, and Marie Burgess

Geoff Foster, former IAG, finished his term during the year and was thanked for his substantial contribution to the work of the PCIC. Andrew Nicol was appointed to replace Geoff.

Associates: Harriet Enright, Andrew Souness, Russell Garrett, Marion Blair

The Trustees' role in insurance matters

As reported last year, the Trustees have a role in considering the insurances arranged by parishes and making recommendations as to the granting or withholding of approval for alternative insurance arrangements.

The Board and the IAG meet with the broker both pre and post annual renewal (1 August) as well as at least one other time when a general review of the church's requirements, broker performance, local and global market conditions etc. is undertaken. It was pleasing that for both the 2019/20 and 2020/21 renewals, Concordia, the major property insurer, was able to hold its increases to a minimum and in some classes, drop its premiums compared with the other major insurers operating in New Zealand. As was the case last year, New Zealand insurers are limiting the amount of natural disaster cover they provide. Unfortunately, congregations in the Wellington area have again experienced increases in premiums for earthquake cover.

The broker worked hard to ensure the insurer recognised the good claims history of the collective over the last few years despite a modest increase during the 2019/20 year in the amount of claims made both in number and amount paid. This reflects one of the benefits of a “family” collective.

Another benefit of being in a collective comes to the fore when a larger or major claim has to be made. To this end, we are reviewing the claims assessor’s role to ensure suitably experienced and knowledgeable assessor(s) can quickly be retained.

Congregations are making use of the Modal Valuation system offered by Crombie Lockwood as one way to ensure they have adequate insurance cover. The Property Database, which is being regularly updated with insurance information and additional information relating to individual properties, is becoming a most useful source of data.

Congregations who independently arrange their own insurances, rather than through the family collective, could have a significant impact on the effectiveness of a group approach.

Thanks

We are thankful for all who contribute to the work of the Insurance Advisory Committee and to the PBST. In particular, PBST and the IAG are very appreciative of the independent monitoring and valuable advice given by Rodger Fulford on all insurance matters relevant to all the Church’s insurance covers.

Crombie Lockwood, as broker, has performed well this year and continues to work well looking after the interests of the Church.

Kos van Lier retired from the role of Executive officer of PCPT at the beginning of the year under review. Kos made a significant contribution to the work of the various Insurance Committees especially at the time restructuring some five years ago. His work on behalf of the Committees is much appreciated.

The Committee is very much indebted to Russell Garrett, the new PCPT Executive Officer, and Marion Blair for their work on insurance issues, administration and the property database over the year. We particularly thank Marion for her professional contribution to the successful ongoing work of the Insurance Committees as Russell, in his new role, has successfully managed to become familiar with all the intricacies of the insurance work along with all the other Trustee work.

A table of PCIC statistics follows this report.

Roger Gyles

Convenor

PRESBYTERIAN CHURCH INSURANCE COLLECTIVE STATISTICS

Table 1: Presbyterian Church Insurance Collective Statistics 2018 - 2020

	2018 / 19	2019 / 20
Cover		
No. participants	349	343
Peril sum insured	\$1,072,299,034	\$1,104,461,554
Natural Disaster sum insured (net of EQC)	\$704,834,740	\$709,843,048
Premiums		
Total Premium/Levies (Property)	\$1,991,203	\$2,096,195
Self retention fund	\$351,365	\$350,000
Total Premium/Levies (Liability)	\$103,320	\$105,585
PBST levy/fee	\$253,020	\$273,097
Policy		
Any major changes to cover	Property • No major changes Liability • No major changes	Property • Inclusion of Asbestos exclusion • Increase in EQC levy to \$300 from \$200 for buildings Liability • Realignment of policies and limits to maximise premium benefit
Claims		
No. claims	31	42
No. claims withdrawn	8	4
No. claims > \$20k	4	4
No. claims > \$100k	0	1
Major claims summary	One sizeable flood damage claim and one sizeable impact damage claim	One major claim for fire damage to St David's Gisborne and one sizeable water damage claim
Claim summary commentary	Over 50% of claims related to water damage/gradual damage losses	Over 30% of claims related to water damage/gradual damage losses
Total paid out	\$228,580	\$121,651
Amount claimed but pending at year end	Nil	\$484,483

PRIVATE TRUSTS COMMITTEE

Membership

Members: Ray Coster (Convener), Paul Barber, Ron Mills, Winston Timaloa

Associates: Russell Garrett (Executive Officer), Marion Blair (Administrator)

All meetings have been held on Zoom and excellent use has been made of Boardable to enable us to fulfil our regular functions.

Personal

It is with sadness that we record the death during the year of one of our members, the Rev Perema Leasi. We give thanks for his service and wisdom; his humility and faith, and honour his memory.

Warren Potter completed his tenure as a member of the committee.

We welcome a new member, Winston Timaloa.

Purpose and Tasks of the Private Trusts Committee

This Committee is responsible for:

1. Overseeing the formulation of Trusts' Policy and Strategy in line with recommendations to, and decisions of, the full Church Property Trustees.
2. Receiving and processing applications for grants from the Benevolent Fund under delegated authority from the Trustees; similarly applications for Burnett loans; and to ensure 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 Committee has delegated responsibility for the following Trust funds:

- Elsie Mary Steele
- James McKay Drummond
- Nellie Inglis
- Olive May Burnett
- Presbyterian Benevolent Fund
- Social Services Fund
- Te Whaiti Nui-O-Toi Scholarship
- Thornton Blair International Travelling Scholarship.

Beneficiary requests for distribution of moneys from the various Trusts continued to be received and processed.

The Trustees also receive and pass on bequests and distributions from Estates for the Church as directed by the benefactors.

Grants approved

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

Table 1: Private Trust Grants for the year ended 30 June 2020 (and 2019)

Trust/Fund	Purpose	2018/19		2019/20	
		No.	Value	No.	Value
Elsie Mary Steele	For the residence and use of infirm, old or needy people (as near as practicable)	1	\$ 10,000	7	\$ 64,390
James McKay Drummond	For deserving St Andrew's College pupils	0	\$ -	0	\$ -
Nellie Inglis	To assist theological students in a programme of continuing education	2	\$ 6,067	0	\$ -
Olive May Burnett	To provide financial assistance by way of loans to Ministers	9	\$ 72,500	10	\$ 66,570
Presbyterian Benevolent Fund	To provide financial support for Ministers	8	\$ 31,572	5	\$ 23,750
Social Service Fund	For Presbyterian Support throughout New Zealand	7	\$ 11,183	7	\$ 6,288
Te Whaiti Scholarship Fund	Provide funds and support to further the education of young Maori, in particular, students of Lindisfarne College	15	\$ 32,875	14	\$ 24,501
Thornton Blair International Travelling Scholarship	Grants to assist graduate students in service or training pursue post-graduate studies overseas in the fields of Christian education and social science.	1	\$ 2,000	0	\$ -
		43	\$ 166,197	43	\$ 185,499

Burnett Loan

The Committee recommended to the Trustees (and it was approved) that the maximum loan be increased (from \$10,000) to \$12,000, retaining the existing repayment timetable (of at least 2% / month).

Bequests

The Trustees also received bequests from estates during the year, some of which are one-off and some annual distributions. In the year to 30 June 2020 the Trustees received and passed on nearly \$680,000 in bequests for various church entities. A full list is attached as an appendix to this report.

2019 Trust Act

Along with all Trustees on CPT, we have been upskilling so as to be fully aware of our responsibilities under the new Trusts Act.

Ray Coster

Convenor

PRIVATE TRUSTS BEQUEST SCHEDULE : 2019 - 2020

Estate Name	Amount	Beneficiary	Purpose
H K Wilkinson	2,500.00	PCANZ	Youth ministry
Robert Malcolm	8,743.69	St Paul's Trinity Pacific	General purposes
W E S Boyd	564.36	St Paul's Trinity Pacific	Solely for the purpose of maintenance of the church building
J D McGruer	1,113.60	Presbyterian Support Southland	Assist the welfare of young people
J D McGruer	8,908.85	Presbyterian Support Otago	Ross Home / to assist the welfare of young people
J D McGruer	1,113.60	Presbyterian Support South Canterbury	Assist the welfare of young people
J D McGruer	1,113.60	Presbyterian Support Upper South Island	Assist the welfare of young people
J D McGruer	1,113.60	Presbyterian Support Central	Assist the welfare of young people
J D McGruer	1,113.60	Presbyterian Support East Coast	Assist the welfare of young people
J D McGruer	1,113.60	Presbyterian Support Northern	Assist the welfare of young people
Winifred J Smith	9,221.25	PCANZ	As General Assembly determines
Walter C Miller	2,000.00	St David's Gisborne	Religious and charitable purposes
H K Wilkinson	2,500.00	PCANZ	Youth ministry
Norma J	8,000.00	First Presbyterian Church Otago	General purposes
Robert Malcolm	8,828.56	St Paul's Trinity Pacific	General purposes
Robert Malcolm	1,970.42	St Paul's Trinity Pacific	General purposes
Robert T Dodds	449.72	Presbyterian Support Upper South Island	General purposes
Kathleen Plowman	50,000.00	PCANZ	General purposes
H K Wilkinson	2,500.00	PCANZ	Youth ministry
H K Wilkinson	7,000.00	PCANZ	Youth ministry
Harry F Denton	473,643.55	Cheviot Knox	Income is available for operations and capital for capital works
Kathleen Plowman	34,288.78	PCANZ	General purposes
H K Wilkinson	2,500.00	PCANZ	Youth ministry
W S MacGibbon	31,114.67	Presbyterian Support Upper South Island	Purposes consistent with the Trust
Margaret C Miller	500.00	St David's Gisborne	General purposes
W E S Boyd	696.28	St Paul's Trinity Pacific	Solely for the purpose of maintenance of the church building
Robert T Dodds	449.18	Presbyterian Support Upper South Island	General purposes
B N Wood	876.50	Social Services Fund	Social work among aged persons
Naomi Ida Howell	5,000.00	Onehunga Co-operating	General purposes
Naomi Ida Howell	5,000.00	St Andrew's Te Kuiti	General purposes
Naomi Ida Howell	5,000.00	Presbyterian Church of Vanuatu	General purposes
\$678,937.41			

PROPERTY COMMITTEE

Membership

Members: Margaret Galt (Acting Convenor, part year), Ron Mills, Hao Hoang, Andrew Souness (Convenor, part year).

Associates: Kos van Lier (Office Manager, part year), Pat Griffin (Administrative Secretary, part year), Russell Garrett (Executive officer), John White (Property & Administration Manager, part year).

Personnel - Committee

During the year, Margaret Galt handed over the convenorship to Andrew Souness. We wish to acknowledge the contribution Margaret made as convenor of this Committee.

Personnel – Administration

Kos van Lier and Pat Griffin retired from their positions during the year and we acknowledge their skill and insight in property matters and thank them for their contribution to this committee's work.

Russell Garrett and John White joined the team and we thank them for their hard work and contribution during the trying times caused by Covid 19.

Property Applications

The committee was busy for the first 6 months of the year, but the effects of Covid 19 and the ensuing lockdown reduced the number of applications received for the period March to June. The number of applications has steadily increased in the period since the lockdown was lifted. Applications during the year have included property sales and purchases, re-developments and new builds, earthquake strengthening, general upgrading and leases. Applications have become more complex and account for a significant percentage of the CPT office and trustees' workload.

In December 2019, we were pleased to settle a property transaction that commenced in 2014. The sale of this particular church property was beset with challenges, including earthquake prone status, heritage complications, a fire and subsequent demolition, an Environmental Court hearing, and a challenge in the High Court. The Trustees were called on to defend their position on behalf of the parish, and were pleased when the appellant ultimately withdrew their case and the parish finally received full settlement.

Earthquake Prone-Building Policy and Insurance

A number of projects relating to the strengthening of earthquake-prone buildings have been delayed due to Covid 19, and we expect these to recommence in the future. The committee has clarified the circumstances that would give rise to an exemption from the requirement for buildings to be strengthened to 67% of NBS.

The committee continues to work with the Insurance Advisory Group to consider ways of maintaining the replacement value of our older and more vulnerable buildings.

Heritage

As heritage listings can impact on the missional use of land and buildings, and alterations or earthquake strengthening, we are working to find a reasonable approach to ensure that the burden of heritage listing does not result in a prohibitive cost to our parishes.

Legislation

The Property Handbook is reviewed to ensure that it is kept up to date with legislation changes. Changes this last year have included Tenancy requirements for rental properties.

Taking a strategic view of our property

The trustees have continued our dialogue with the Presbyteries, discussing with their relevant committees what being “strategic” will look like in the future. We plan to continue this discussion in the future.

Technological innovations

The property database data is being reviewed and updated where necessary. Presbyteries will be asked to assist in this task. This database will allow Presbyteries and CPT to access information on their properties to assist in the management and strategic planning of their portfolio.

Much of the committee work continues to be done between meetings, and the use of the software product “Boardable” has allowed this to be done very efficiently. The use of Boardable for meeting administration has also meant our meetings are more efficient

Zoom technology has also helped with our monthly meetings, especially over the period of the Covid 19 lockdown.

Covid 19 Response

The Council of Assembly invited The Church Property Trustees to investigate possible ways of releasing capital funds to assist Parishes suffering hardship because of Covid-19.

It was agreed that where parishes had suffered a loss of income because of Covid-19, they could draw on their capital funds to assist in meeting general costs. A relatively simple formula using parish financial data was developed. Parishes were able to claim up to 75% of non-investment income for a 3-month period. We also permitted congregations to approve the application retrospectively.

The Trustees received and approved one application for \$16,060.

UCANZ and the property ratios

We are in contact with our partner churches and the UCANZ Executive officer to establish the proportions of assets held by each partner in uniting parishes. These ratios are required to assist in the consolidation of parish accounts into church-wide financial statements. In some cases these ratios have been lost as they had only been required when a parish was closed or a union was dissolved.

Andrew Souness

Convenor

LIST OF FINANCIAL STATEMENTS

Audited

- Presbyterian Benevolent Fund
- Presbyterian Bureau Services Trust
- Presbyterian Church Insurance Collective
- Presbyterian Church of Aotearoa New Zealand Beneficiary Fund
- Presbyterian Investment Fund

Unaudited

- Christina A Clark Estate (Flaxburn)
- Elsie Mary Steele Trust
- James Mackay Drummond Trust
- Martha and Samuel McNutt Trust (Glen Innis Station)
- Martha and Samuel McNutt Trust (Beneficiary Account)
- Nellie Inglis Memorial Scholarship Trust
- Olive May Burnett Trust
- Presbyterian Church Property Trustees Operational Accounts
- Te Whaiti-Nui-O-Toi Trust
- Thornton-Blair International Travelling Scholarship Fund