

2021

ANNUAL REPORT



THE PRESBYTERIAN
CHURCH PROPERTY
TRUSTEES

2021

Contents

DIRECTORY	2
GLOSSARY	3
2020-2021 : BY THE NUMBERS	4
CHAIRPERSON'S REPORT	5
AUDIT AND RISK COMMITTEE	8
FARMS COMMITTEE	10
INVESTMENT COMMITTEE.....	14
PRESBYTERIAN INVESTMENT FUND – ANNUAL REPORT	17
PRESBYTERIAN BENEFICIARY FUND TRUSTEE LIMITED.....	23
PRESBYTERIAN BUREAU SERVICES TRUST	25
PRESBYTERIAN CHURCH INSURANCE COLLECTIVE STATISTICS	27
PRIVATE TRUSTS COMMITTEE	28
PRIVATE TRUSTS BEQUEST SCHEDULE : 2020-21	30
PROPERTY COMMITTEE	32
LIST OF FINANCIAL STATEMENTS	35

Cover picture: Glen Innis Station – S. Carter

DIRECTORY

Trustees

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

Committees

Associates

Brian Dangerfield	Audit & Risk (Convenor), Investment (Convenor), Executive, PIFLL
Andrew Souness	Executive, Property (Convenor), Audit & Risk, PBST, Private Trusts
Winston Timaloa	Private Trusts
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 (Licensed Independent Trustee), PIFLL
Ian Russon	PBFTL
Rose Luxford	PBFTL

Staff

Russell Garrett	Executive Officer, PBFTL, PIFLL
John White	Property and Administration Manager
Marion Blair	Administrator
Tracy Setters	Office Manager (from July 2021)

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 (Michelle Turfrey)	Accountant	McNutt Trust (Glen Innis)
Lawson Avery (Brett Woofindin)	Accountant	CA Clark Trust (Flaxburn)
BakerAg (Ed Harrison)	Advisor	McNutt Trust (Glen Innis)
Aidan Bichan	Advisor	CA Clark Trust (Flaxburn)
Crombie Lockwood	Broker	Insurance
Roger Fulford	Advisor	Insurance
Succeed Legal	Legal Advisor	Farms
DLA Piper	Legal Advisor	General
Ernst & Young	Auditor	General
Crowe	Reviewer	CA Clark Trust (Flaxburn)

GLOSSARY

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

2020-2021 : BY THE NUMBERS

Trustees

- 9 Trustees, 4 Associate Trustees, and 5 Associate Specialists
- 54 Trustee and Committee meetings (51 meetings last year)
- 108 Polls (decisions between meetings) (74 from August 2019 to 30 June 2020)

Property

- 955 buildings on 668 properties held on behalf of 275 congregations
- 61 property applications processed totalling \$49,834,004 (52 last year for \$37,722,403)
- 11 major building projects under development totalling \$33,550,000 (6 for \$28,250,000)

Insurance

- 340 parishes covered for assets totalling \$1,139,828,196 (343 parishes \$1,101,461,554)
- 34 claims totalling \$2,550,077 (38 claims last year totalling \$606,134)
- \$108,224 paid in Liability premiums (for public indemnity cover) (\$105,585)

Presbyterian Investment Fund

- \$188,225,448 of investment assets (\$183,517,717 last year)
- \$6,575,830 paid in interest (\$3,924,781)
- \$38,432,134 invested in the new Long Term Fund (\$27,709,761)
- No parish loans outstanding (one loan for \$1,850,000)

Private Trusts

- 30 Estate distributions totalling \$367,859 (31 for \$678,937 last year)
- 10 new Ministers' Loans totalling \$80,400 (10 for \$66,570)
- 38 Trust distributions totalling \$117,995 (33 for \$118,929)

Presbyterian Beneficiary Fund

- \$54,899,757 held on behalf of 500 Ministers and partners (\$50,260,570 for 508 members)
- \$4,080,625 in benefits withdrawn by members (\$4,535,583)
- A return of 14.9% after tax and fees on the Balanced Fund (4.2% last year)
- Four members used their savings to buy their first home (one member last year)

Farms

- \$200,000 paid to the PCANZ from the Christina A. Clark Estate (Flaxburn dairy farm) (\$350,000 last year)
- \$76,627 spent on the Holiday Homes at Glen Innis Station (\$153,305)
- 196 guests staying 1,154 nights at the Glen Innis Holiday Homes (103 guests for 721)
- \$10,000 given to the Children of New Zealand from the McNutt Trust (none last year)

CHAIRPERSON'S REPORT

Introduction

The 2020/2021 year continued to be affected by the Covid-19 pandemic. During the past financial year Auckland bore the brunt of restrictions. However, the emergence of the Delta variant led to a nationwide lockdown in August 2021. While not an easy environment, the PCPT Office has operated as normally as possible during restrictions, with the work of the Trustees continuing. The same can be said for our service providers. We are grateful that we have been able to hone the way we structure Zoom meetings. Some meetings have been held in person in the year under review, including the successful February Strategy Day and Trustees' meeting. Committees have largely met virtually as appropriate.

Russell has led the change to meeting structure and agendas, encouraging more effective use of available time. Boardable has continued to be an invaluable tool in the Trustees' work and decision-making. The PCPT Office has been understaffed during the year, with Marion dropping her hours as she continued to recuperate. This necessarily resulted in slower than hoped for progress in some areas, including the new Property Database roll out. However, essential work has been completed in a timely manner.

A general increase in workload in this climate of increased reporting, audit and regulatory requirements and deadlines, along with more complex property matters, resulted in the decision to establish a new position, that of Office Manager. Tracy Setters was welcomed to the team early in the 2021-2022 financial year. Since Marion's indication that she would be moving to Blenheim, Russell has worked with McLaren Associates to recruit a new accountant.

Because of the change in their circumstances, Ray Coster and Harriet Enright resigned as Trustees, with effect from the 2020 Annual Meeting. They were farewelled at the Trustees Annual Dinner. We are grateful for the skills and experience they brought to the table over a number of years. Susan Finlayson resigned more recently. Susan has been an Associate Specialist having joined the Farms Committee in 2012. We thank her for her service in this valuable role.

We continue to seek new Trustees, with appropriate skills and experience. In order to carry out the complex and demanding work now asked of the Trustees, this includes skills in business, property management, farming, legal and governance. We are mindful that the time commitment required means a number of people have been unable to accept nomination as full Trustees. This has resulted in a proactive search for Associate Specialists, people with appropriate skills, who can contribute in specific areas (while not being full Trustees).

Executive

The work of the Trustees between meetings continues to be overseen by the Executive.

Members: Chris Elliot (Convener), Roger Gyles, Ron Mills, Margaret Galt, Marie Burgess, Brian Dangerfield and Andrew Souness. Changes to committee conveners/chairs has brought new people onto the Executive.

Associates: Russell Garrett (Executive Officer), John White (Property Manager and Administrator), from July 2021 Tracy Setters (Office Manager).

Some highlights of the year

The Trustees' brief is a wide one, covering multiple activities, which are managed by a number of committees, dedicated to different areas. Their extensive work is covered in the committee reports and I commend these to you. However, I would like to highlight some of the achievements over the last year as follows (not in any particular order):

- The Strategy Day led to the appointment of a Task Group to carry forward the strategy work that commenced on the day.
- The ongoing upskilling in the use of Zoom for meetings, and increasing confidence in use of Boardable for meetings, documents, facilitating discussions, and resolutions between meetings.
- The introduction of the Trustees' first logo in our 136-year history.
- Managing through a challenging period while the team in the office was under-staffed.
- The decision to increase the office staff by appointing a *generalist* Office Manager.
- The growth of the PIF Long Term Fund, which finished the year approaching \$40m in size, rewarding account holders with a return of 14.5%.
- Interest from a small number of parishes in the new PIF lending facility. While we end the year without any loans in place, two parishes have loans approved, ready to draw-down when the funds are required.
- Strong returns for members of the Beneficiary Fund, ranging from 5.0% for the Conservative Fund to 20.7% for the Growth Fund. Members are well-served, resulting in a number of appreciative communications.
- Nearly \$120,000 provided to ministers in the way of Burnett loans or Benevolent Fund grants.
- The purchase of more farmland near Glen Innis for the McNutt Trust (which finally settled in July 2021), to augment the capacity of Glen Innis.
- Update of the Earthquake Policy, recognising the effects the Covid-19 pandemic and other factors are having on parishes meeting deadlines.
- Approval for some major new building projects – Mahurangi, Hope Rolleston – and strengthening/renovations at St Andrew's New Plymouth, St John's Mt Roskill, Auckland Chinese Presbyterian Church.
- Some major property sales, including Auckland Chinese Presbyterian Church (Vincent St) and St David's Khyber Pass.
- Preparation of a future-facing General Assembly report, with potentially far reaching recommendations regarding the PCANZ Property Portfolio.
- Executive Officer, Russell has been strengthening relationships with the wider church. He visited Southern Presbytery to present at a retirement seminar for ministers, Northern Presbytery, along with PCPT Property Committee representation, for an Auckland property tour. Russell also attended the happy occasion of the re-dedication of the organ at St Andrew's on the Terrace Wellington.

Thanks to Staff

As already indicated, Marion Blair has relocated to Blenheim. Our thanks go to Marion for the 9 years she has spent with PCPT, for her professional expertise and support of other office staff – and for her willingness to continue to assist us until a replacement is found. We wish Marion and Malcolm all the very best for their new home and work place, along with renewed energy and good health for Marion. We will miss her.

At the same time, the Trustees welcome new staff into the office team, hoping they will find fulfilment and enjoyment in their time with the PCPT Office.

Our thanks to John, and especially to Russell, for their expertise and input into the work of the Trustees as a whole, and to the work of committees. They are providing outstanding service to the Church, and giving the very best of professional and personal support to committee conveners/chairs. We are blessed by the calibre of our Wellington office staff.

Support Services

Not only have the Trustees been well served by our office staff, Russell, John and Marion, but also by our advisors and others 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 for the Beneficiary Fund and PIF; Harbour Asset Management, Fund Manager for the PIF; Trustees Executors, Custodian for the PIF; Succeed Legal, Farms' legal adviser; Stuart Mutch and Dave Borrie, Audit Partners from Ernst & Young.

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; Michelle Turfrey (who replaced Denis Hames following his retirement) and Brett Wooffindin, Farm Accountants. We appreciate all the people who willingly offer their help and guidance to the Trustees.

Conclusion

In my 2020 report, I said *that it had been an interesting two years as Chairperson of the Trustees*. It is now three years! People frequently comment on the privilege it is to serve others, in this case, the Church. And it is. However, the friendships made and the collegiality, through working for a common goal, lifts working with the Trustees to another level.

Thank you all - Trustees, Associates and Associate Specialists - for your commitment, your contribution and support during this past year: one that has continued to have challenges for our work, for parishes and for the wider church. Some members have had particular personal challenges, through bereavement, or health issues. My thanks to you for your commitment through difficult times.

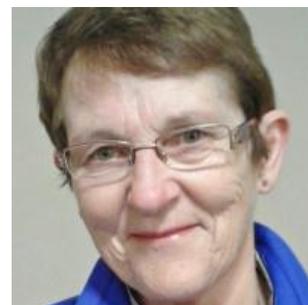
A special thanks to the Executive, to our deputy Chairs, Roger Gyles and Ron Mills, who bring a wealth of wisdom and experience. Thank you also, to Wayne Matheson, AES; and to Richard McLean, CoA Representative. We wish Richard well as he finishes his time with PCPT. Lyn Murray, who has ably represented the Synod of Otago Southland, will now be a full Trustee. We have appreciated our representation on the Council of Assembly and the Resource sub-Committee. These are relationships that keep us in touch with the wider church and its issues and concerns.

As I finish my term as Chairperson of the Church Property Trustees (and retire from the Trustees), I wish Ron well as he takes up the role of Chair. My very best wishes to you all in the years ahead.

Ngā Mihi

Chris Elliot

Chairperson



AUDIT AND RISK COMMITTEE

Membership

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

It is my pleasure to report on behalf of the Audit & Risk Committee for FY 2021 (year ended 30 June 2021).

Responsibilities

The Trustees' Audit and Risk Committee is responsible for overseeing the generation of financial statements on behalf of multiple entities and trusts managed by the Trustees, and audit of a selected number of these annually.

The Committee is also responsible for monitoring the manner in which the Trustees are assessing, managing and monitoring risks as set out in the Trustees' Risk Framework and Register.

Service Partners

Ernst and Young (EY) has continued to provide professional audit services to the Trustees for the period under review and 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).

DLA Piper provides legal advice to the Trustees.

Financial Statements

The Committee has received the reports of the Auditor following the completion of their audit of the 2021 financial statements for:

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

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

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 (PBFTL) for review and signoff.

With the expansion of farm operations, a review for the Christina Clark Trust (Flaxburn) financial statements was undertaken by Crowe in accordance with charities rules.

The Trustees elected not to submit the Presbyterian Benevolent Fund financial statements for audit this year now that the Fund is established. The Fund's assets are wholly invested in the PIF (which is audited) and are operations of the Trust form part of the PCANZ consolidated financial statements. The cost saving means more available for the purposes of the Fund.

Unqualified Reports

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

I am pleased to report that EY has provided unqualified audit reports for the entities under review (PIF, PBST and PBFTL). A clean review report for the Clark Trust was received from Crowe.

We acknowledge the competency and efficiency evident by EY during their audit work.

The Committee is, therefore, pleased to recommend that the Trustees approve all the audited financial statements for adoption at the 2021 AGM.

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

The 2021 PCPT operational financial statements will be available for viewing on the Church website post the Annual Meeting.

Brian Dangerfield

Convenor



FARMS COMMITTEE

Membership

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

Associates: Russell Garrett (Executive Officer)

Glen Innis: James Carter (Farm Operations Manager), Stephanie Carter (Accommodation Manager),

Ed Harrison (BakerAg) and Michelle Turfrey (Findex, Accountants).

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

It is my pleasure, on behalf of the Farms Committee, to report on the results and activities for year ended 30 June 2021.

Responsibilities

The Trustees Farms Committee oversees the management of two farming Trusts: the McNutt Trust and Christina Clark Trust.

The Martha and Samuel McNutt Trust Trading as Glen Innis

The Trustees have a beneficial interest in Glen Innis, a sheep and beef farm of 617ha situated near Waipukurau, Hawkes Bay. The farm was left to the Trustees under the Will of the late James McNutt, dated 18 November 1953. The primary purpose of the Trust is to provide a place of rest and recreation for Ministers of the Church, with a secondary purpose being the support of the young people of Aotearoa New Zealand.

The Trust employs an Operations Manager (James Carter) to manage the farm and an Accommodation Manager (Stephanie Carter) to manage the two holiday homes located on the property. Farming advice is provided by Ed Harrison from BakerAg, and Michelle Turfrey, from Findex, provides accounting services to the Trust.

The Committee is pleased to report full compliance with all regulatory environmental and resource requirements. A comprehensive health and safety plan is regularly monitored, and no major health and safety issues have occurred during the year.

Expansion

During the year, for reasons beyond the control of Trustees, attempts to purchase two farm lots were unsuccessful. However, I am delighted to report that in July 2021, the Trustees successfully settled on the purchase of two neighbouring lots, totalling 699ha. The purchase was financed in part through the sale of a small block of land (not part of Glen Innis station) and by mortgage. The new property is located 10 minutes from Glen Innis and will provide a greater balance of breeding country (which will help mitigate the risk of drought) and allow the farming operation to achieve better economies of scale.

Holiday Home Use

Nationally ordained ministers are able to holiday in two houses located on the farm at no cost, with a travel subsidy available for ministers located in the South Island. The Committee has been pleased with the use of the homes, despite the hiatus due to Covid-19.

Bookings to use the holiday homes increased from 26 in the 2019/20 year to 49 (and 1,154 guest nights) for the year under review. A significant effort has gone into carrying out deferred

maintenance and upgrade of the homes over the last three years and it is the Trustees' hope and expectation that this work will attract increased usage of the homes.

Table 1: McNutt Trust Financial Highlights

	2021	2020
Distribution to Beneficiary Account	\$102,750	\$162,760
Spend on the Holiday Homes	\$76,627	\$153,305
Surplus in the Beneficiary Account	\$38,911	\$9,907
Distribution to Children of New Zealand	\$10,000	-
<hr/>		
Gross surplus from Sheep Trading (including Wool Account)	\$577,323	\$526,992
Gross surplus from Beef Cattle Trading	\$82,704	\$176,044
Other Farm Income	\$19,096	\$20,259
Expenses	(\$829,689)	(\$658,854)
Net Operating Surplus	(\$150,566)	\$64,441
Net Surplus after Other income, Finance/Rent charges and Stock value adjustments	(\$894,698)	\$159,352
<hr/>		
Farm Operating Cash Balance - 30 June	\$388,437	\$119,980
Borrowings and Hire Purchase	(\$1,171,241)	(\$203,065)

Highlights of the year

- The purchase of a 700ha block (settled in July 2021), close to the existing farm, to mitigate the risks arising from drought and climate variability, and improve economies of scale so the operation can remain profitable.
- Further refinement of the successful implementation of a new stocking policy, started three years ago, designed to reduce the volatility of the farm income. This should provide more certainty of funding for the two groups of beneficiaries.
- Continuation of the good returns of recent years reflecting improved market prices and the flow on effect of the change in the stocking policy.
- The completion of the catch up of the deferred maintenance on the holiday homes and driveway, which was funded by the increase in income from the farm over the last three years. Further, surplus funds in the Beneficiary account will allow distributions to commence to the second-tier beneficiary, being the Children of New Zealand, starting with \$10,000 for the year ended 30 June 2021.

Future challenges include

- Managing droughts and climate variability. The purchase of further land should allow the farming operation to better weather the challenges of climate change.
- Improving the attractiveness of the holiday homes and exploring the broadening of the categories of ministers that can use the homes.

- Navigating policy changes associated with land use and climate change. The Trustees have approved a tree-planting project to reduce net carbon emissions from the farm and better utilise poor quality farmland.

Christina A. Clark Trust Trading as Flaxburn

The Trustees own a dairy farm, Flaxburn, near Featherston in South Wairarapa, left to the Trustees under the Will of the late Christina A Clark, dated 19 July 1957. Flaxburn comprises 246ha, with an additional 114ha leased on a rolling three-year basis from an adjacent neighbour. In addition to some small annuities, the proceeds from the farming operation benefit the Church's global mission (75%) and national mission (25%).

The farm is operated under a 50/50 sharemilking agreement with sharemilkers, Keith and Jo Dennis, with advice from Farm Advisor, Aidan Bichan. The sharemilking arrangement reduces the risks associated with owning livestock and operational equipment, and staff management. Brett Wooffinden, from Lawson Avery, provides accounting services to the Trust.

Distributions

The Trust is managed for the benefit of the Church. Distributions to the Church over the last three years is shown below:

Table 1: Distribution Totals:

	Global Mission	National Mission
30 June 2019	\$112,500	\$37,500
30 June 2020	\$262,500	\$87,500
30 June 2021	\$150,000	\$50,000

Table 2: Christina A Clark Trust Financial Highlights

	2021	2020
Interim distribution to beneficiaries	\$150,300	\$150,300
Provision for final distribution for 2019/20	\$50,000	\$125,000
Milk solids production (kgs)	273,520	264,329
Average Milk Solids price per kg	\$7.25	\$6.85
Income (after sharemilkers' portion)	\$1,023,227	\$1,039,177
Expenses	\$607,437	\$610,982
Net Income	\$415,790	\$428,195
Capital Expenditure	\$95,837	\$40,017
Cash balance - 30 June	\$783,748	\$704,584

Highlights of the year

- The successful integration of the leased land into the farm operations over the last four seasons has allowed, partially in response to the Covid-19 pandemic, a change in the milking policy to once a day for staff health and safety reasons as well as for animal wellbeing.

- Following the completion of the mandatory purchase over the previous three years of additional Fonterra shares (required because of the increase in the volume of milk production flowing from the leasing of extra land), distributions to the Church's global and national missions have increased from \$100,000 for the year to 30 June 2017 to \$350,000 for the year to 30 June 2020.
- Improvements in the farm's environmental footprint and sustainability. The farm is a past winner in the Farm Environment Dairy Awards. Nitrogen surplus is nearly 30% below the average and there are further gains to be made.
- Improvement in the Trust's cash reserves position to provide for the replacement of the very old homestead within the next year.

Future challenges include

- Navigating policy changes associated with land use and climate change. While we have made good progress in respect of our environmental impact, more work will be undertaken. The farm is developing a plan that covers environmental, climate change and water health segments. In conjunction with the sharemilker, we expect some improvement in production, while at the same time reducing stock numbers. This will reduce greenhouse gas emissions. The farm is also using technology to improve water use.
- Managing variability in global milk prices. The Trustees are developing a reserving policy in an effort to smooth the impact of price volatility on distributions.
- Positioning the Trust to purchase the leased land when and if it is put up for sale in the face of increases in land values caused by urbanisation demand.

Appreciation

This last year has resulted in a considerable increase in the workload of the Committee and I am once again grateful for the skills, experience and valuable contributions that the Farms Committee members, advisors and staff/sharemilkers bring to our work. A particular thank you to Susan Finlayson, who (post year-end) resigned from the Committee after nine years' service. Susan's dairy farming experience was invaluable to the Trustees.

Thank you all for your support and valued input.

Roger Gyles

Convenor



INVESTMENT COMMITTEE

Membership & Responsibilities

Members: (30 June 2021): Brian Dangerfield (Convenor), Roger Gyles, Paul Barber, Alan Jamieson, and Warren Potter.

Associates: Russell Garrett (Executive Officer), John White (Property and Administration Manager).

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

Service Providers

The Trustees outsource the provision of various PIF services to a range of specialist organisations. There has been no change in the provider partners during the year.

Trustees Executors Limited continue to act 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.

Account Breakdown

Total account balances in the PIF have increased from \$172.4m (30 June 2020) to \$178.6m (30 June 2021) during the period under review. Reserves as at 30 June 2021 stand at \$8.6m (\$9.0m 30 June 2020). A breakdown of the PIF account balances and year-on-year comparisons follow:

Table 1: Account Balances Breakdown as at 30 June 2021

Accounts	On Call Fund \$	Long Term Fund \$	Total \$
Parish Property	55,090,365	10,213,436	65,303,801
Parish Other	36,312,521	1,611,154	37,923,675
Presbyteries/Synods	24,471,257	2,058,419	26,529,676
General Assembly	14,146,123	8,442,729	22,588,852
Other	960,695	-	960,695
Trusts held by the Trustees	9,138,677	16,104,700	25,243,377
Total Account Balances	140,119,638	38,430,438	178,550,076

Table 2: PIF Balances over time

	\$ 2019	\$ 2020	\$ 2021
On-Call Fund	167,555,668	144,702,679	140,119,638
Long-Term Fund	-	27,709,761	38,430,438
Total Accounts Balances	167,555,668	172,412,440	178,550,076
Reserves	8,579,376	8,962,082	8,620,016
Total Assets	177,450,441	183,517,717	188,225,448
Reserves / Account Balances	5.1%	5.2%	4.8%

Fund Performance Summary

The following table provides details of the Fund's performance. It shows that the administration expenses are reducing marginally as the Fund grows. It also illustrates the positive impact the Long Term Fund is having on overall returns, despite the record low interest rate payable on the On Call Fund.

Table 3: Fund Performance Summary:

	2019	2020	2021
Administration Expenses	\$705,556	\$712,244	\$705,899
Admin Expenses / Total Average Assets	0.40%	0.39%	0.38%
Interest credited to accounts	\$5,844,029	\$3,924,781	\$6,575,830
Interest / Average Deposits	3.5%	2.3%	3.7%
Transferred to reserves	(\$184,306)	\$382,706	(\$342,066)

PIF On Call Fund

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

Interest rates continued at record lows for the year under review, with the Official Cash Rate (OCR) spending the whole year 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 On Call PIF interest rate 1.75% up until 1 April 2021, when the rate dropped to 1.0%.

Lending

The PIF is able to lend to entities eligible to join the PIF, within set criteria, 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 2021 there were no loans. The one loan in place at the start of the year was repaid in full during the period.

Long-Term Fund Option

A new Long Term Fund option was introduced during 2019 and has since grown to \$38.4m. As at 30 June 2021, 13 parishes have invested in the Long Term Fund, alongside the Trustees, the General Assembly, and one Presbytery.

The Fund's objective is to provide a higher rate of return, whilst also providing growth to maintain the real inflation-adjusted value of the invested capital. The Fund is designed for those parishes

and other investors with free uncommitted funds for investment with a long-term investment horizon (at least five years).

As at 30 June 2021, the Long Term Fund is paying 3.0% p.a. interest plus inflation. The Fund is invested in a mix of assets that generate a volatile return (principally as share prices rise and fall). The Fund pays additional reserve interest when the Fund's investments generate a higher return than expected. However, in the event that the investment returns are lower than expected, the reserve interest could be negative (i.e. a loss). For the year ending 30 June 2021, the Fund paid reserve interest of 7.75% (including interest allocated in July for the second quarter of 2021), giving an effective total interest rate for the year of 14.5%.

Responsible Investment

The Long Term fund invests in the Mercer Socially Responsible Investment Balanced Fund. The Fund incorporates exclusions to those sectors considered unethical by the Church. In addition, the Fund seeks to invest in companies with a positive impact on society and the environment – and actively engages with directors and management to drive good outcomes. Some of the underlying fund managers (the Fund uses specialist managers) align their investments with the United Nation's Sustainable Development Goals. As at 31 March 2021, four of the top five largest holdings included a wind turbine manufacturer, an energy efficiency company, a renewable energy company, and a water hygiene company. The carbon footprint of the Fund's global share portfolio was 51% of the average market fund.

Thanks

As the new Convenor, I am very grateful to my predecessor, Roger Gyles, for making the transition seamless and his continued support and guidance as a valued Committee member. I have also very much appreciated the valued contribution, expertise and wisdom afforded to the Investment Committee throughout the year from Paul, Alan, Warren and Russell.

Thanks also to all our service providers, including John and Marion, under the skilful leadership of Russell, who have provided all the guidance and administration necessary to ensure the Committee continues to deliver at the highest standard.

Brian Dangerfield

Convenor





Presbyterian Investment Fund

Together we can grow our funds

Annual Report

Year ended 30 June 2021

Highlights of the 2020 / 2021 year

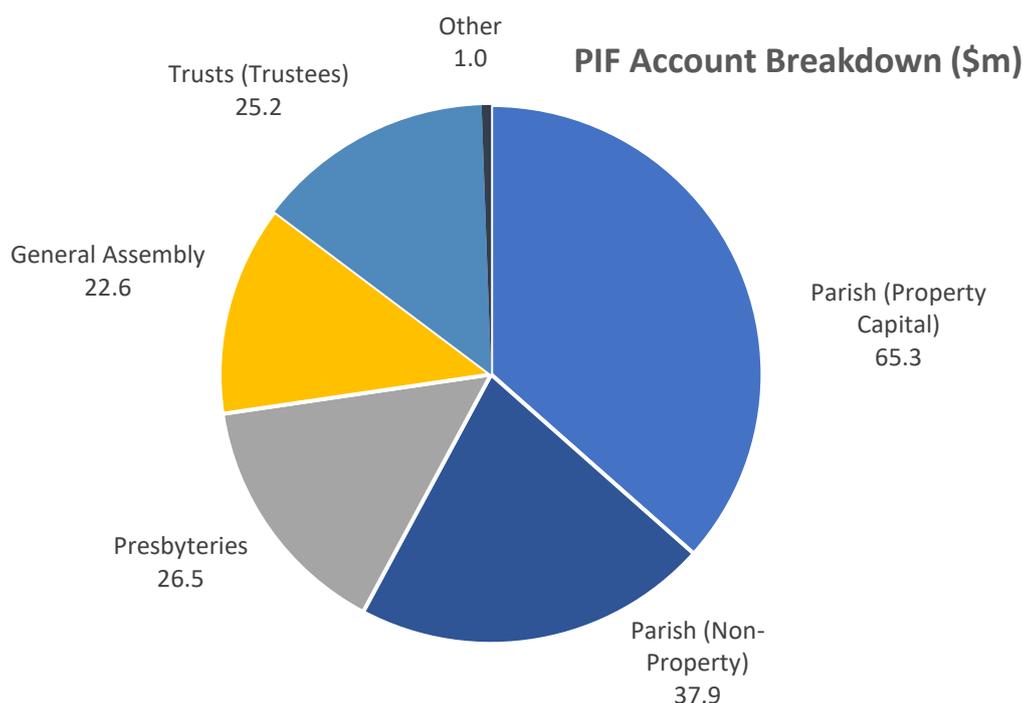
- \$6.6m million in interest
 - Average interest paid of 3.7%
 - Fund growth to over \$188 million
 - Nearly \$40 million in the new Long Term Fund
 - Reserves of \$8.6 million
-
- ✓ Together we benefit from investing in bulk
 - ✓ Two investment options
 - ✓ Online access to funds without notice
 - ✓ Attractive 'on call' interest rates
 - ✓ Low operating expenses – less than 0.40% of funds

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 \$65.3m is Property Capital (generated from the sales of properties) held on behalf of parishes. Parishes hold a further \$37.9m in the PIF, Presbyteries hold \$26.5m, and the General Assembly \$22.6m. The Trustees hold \$25.2m on behalf of the various trusts they administer.

Chart 1: PIF Account Breakdown (as at 30 June 2021)



Over a third of the PIF represents Property Capital

Interest from the PIF is credited to accounts each quarter (calculated on daily balances). Reserves (which are invested in the On Call Fund) 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 2020	30 June 2021
Gross investment income	\$5.02m	\$6.94m
Interest paid	\$3.92m	\$6.58m
Deposit Accounts held	\$172.41m	\$178.55m
On Call Fund	\$144.70m	\$140.12m
Long Term Fund	\$27.71m	\$38.43m
Reserves	\$8.96m	\$8.62m

Interest paid to account holders was substantially higher this year

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 is 60% in growth assets (shares, property and infrastructure) and 40% in defensive assets (bonds and cash). Mercer also manages the investment assets of the Beneficiary Fund.

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

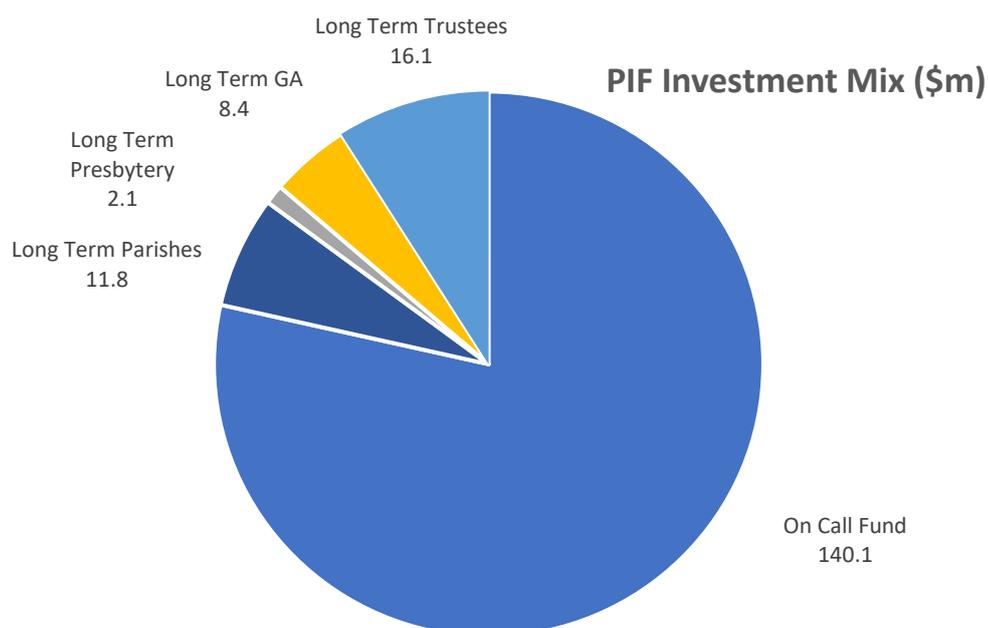
The Long Term Fund pays a higher rate of interest than the On Call Fund, plus inflation. Inflation interest is allocated separately to allow parishes to maintain the spending-power value of their capital. If capital is not maintained in line with inflation, income will fall each year in real (inflation-adjusted) terms. The Long Term Fund ended the year paying 3.0% p.a. plus inflation interest of 3.3% p.a., compared to the (average) On Call rate of 1.55% 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.

Whereas, the Long Term Fund suffered from investment market losses last year (as share prices falling sharply as Covid-19 took hold), the Fund benefited from strong investment returns in the current year. In fact, the Long Term Fund paid bonus Reserve Interest (the name was changed from Capital Adjustment) in three of the four quarters over the period.

As at 30 June 2021, a growing number of Presbyteries and 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.

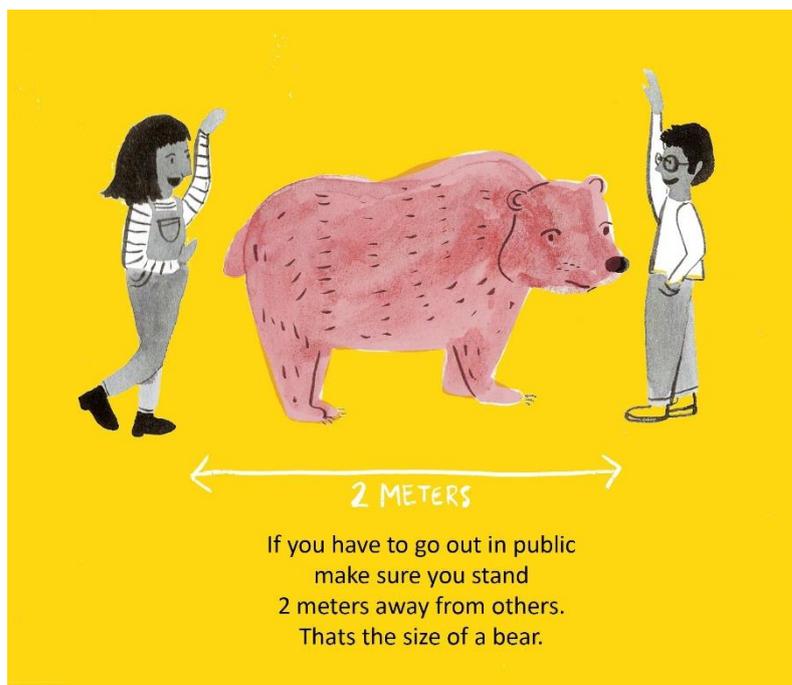
Chart 2: PIF Investment Mix (as at 30 June 2021)



The Long Term Fund now represents nearly a quarter of the PIF

Interest rates feel the ongoing impact of Covid

The PIF On Call rate started at 1.75% p.a. and ended the year at 1.00%, reflecting the record low Official Cash Rate, which remained at 0.25% for the whole year. Interest Rates, which have been low ever since the Global Financial Crisis, were anchored at their lowest rate ever as the Reserve Bank of New Zealand tried to stimulate economic growth in the face of Covid-19 challenges. That said, it's worth noting that the RBNZ was expecting negative interest rates over the period. Better than expected economic growth, despite Covid-19, meant this was not necessary.



The PIF Long Term interest rate started and finished the year at 3.0% p.a. (plus inflation). Inflation income is paid quarterly, based on Statistics New Zealand's Consumer Price Index. Despite Covid-19, and in some cases, because of it, inflation rose 3.3%, boosted by the household construction boom and global supply bottlenecks.

The strong economic growth and rising share prices helped produce a strong return for the Long Term Fund. As a result, the Long Term Fund was able to provide extra Reserve Interest payments in three quarters in the year. By the time we compound the standard Long Term interest rate of 3.0% with the Inflation Interest of 3.3% and the Reserve Interest of 7.75%, the Long Term Fund generated a return of 14.5% for account holders over the year.

Table 2 below details the changes in rates over the course of the year. It highlights the relatively stable interest rates for both PIF Funds, the building inflationary pressure of the year, and the strong excess returns for the Long Term Fund (shown as Reserve Interest).

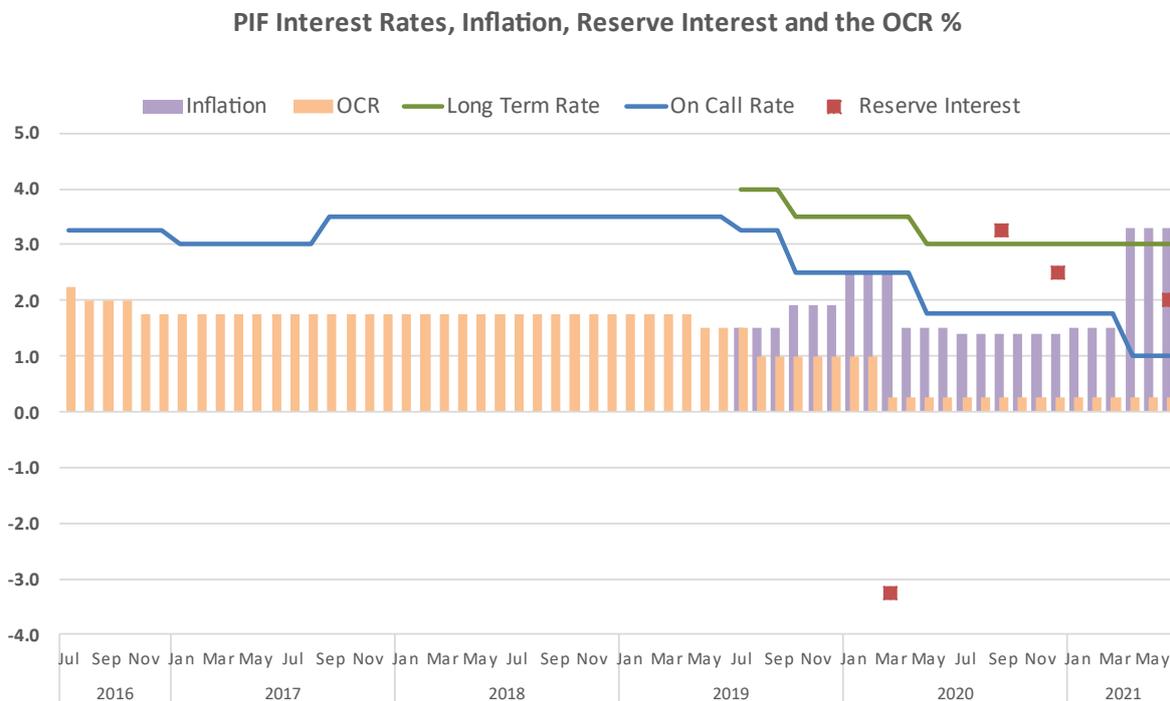
Table 2: PIF Rate Changes Over the year

	On Call Fund p.a.	Official Cash Rate p.a.	Long Term Fund p.a.	Quarterly Inflation	Reserve Interest
As at 30 June 2020	1.75%	0.25%	3.00%		
September 2020				0.67%	3.25%
December 2020				0.47%	2.50%
March 2021				0.85%	
April 2021	1.00%				
June 2021				1.31%	2.00%
As at 30 June 2021	1.00%	0.25%	3.00%	3.34%	7.75%

*PIF interest rates were relatively stable over the year
– although the Long Term Fund Inflation and Reserve Interest rates varied*

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, the rate of inflation (the Consumer Price Index) and the Reserve Interest amounts. It highlights how the On Call Fund return is now below inflation.

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



Cash rates are at record lows while inflation has surged

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 parish 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. There was one parish loan in place at the beginning of the year, which was repaid in full during the year. There were no loans in place as at 30 June 2021, although two parishes had received approval to take-out loans and these are expected to be drawn down in the coming year.

Where to from here for interest rates?

It would seem that interest rates are on the way back up. The RBNZ lifted the Official Cash Rate from 0.25% to 0.50% in October 2021 and the market expects rates to continue to climb above 1% in 2022 and above 2% in 2023.

Significant uncertainties remain - mostly relating to Covid-19. The exact path of interest rates will depend on inflation. Right now, inflation is rising sharply, but it is not clear if current price rises are transitory or more embedded in the economy. It seems unlikely that many global economies will return to lockdowns, but another Covid shock could slow things down again. On the other hand, if prices continue to go up, interest rates could rise even more quickly.

The PIF On Call Fund interest rate is inextricably linked to short-term interest rates. It is, therefore, likely that the PIF On Call interest rate will follow cash rates up, albeit with a lag (in the same way that the PIF rate dropped much later than the OCR).

The Long Term interest rate is not expected to move around anywhere near as much as the On Call rate. This is because, in part, the rate is set based on long-term return expectations, and in part because the Reserve Interest facility provides a mechanism to deliver better than expected (or worse than expected) returns to account holders.

As a result, the Long Term rate will likely remain at 3% plus inflation. However, as noted, the inflation interest rate could be higher than the expected 2% p.a. On the one hand, this means a higher return for Long Term Fund account holders. On the other hand, if inflation continues to outstrip expectations, Long Term Fund returns may struggle to keep up. If this were to happen, there may need to be negative Reserve Interest adjustments (to partially offset higher inflation).

One thing is for sure: we do not expect the Long Term Fund to provide a total compound return of 14.5% again this coming year. In fact, as the average total return over the long term is expected to be 5% p.a. (3% interest plus 2% inflation), the high return over the past year increases the prospects of a lower-than-average return at some point in the future.

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 account holders from the Presbyterian family. Ernst and Young are the Fund's auditors.

Thank you to all the account holders and our service providers for another successful year for the Presbyterian Investment Fund.

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.

The directors (at 30 June 2021) are Margaret Galt (Chair), Warren Potter (Licensed Independent Trustee), Ian Russon, Roger Gyles, Alan Jamieson, Brian Dangerfield, Rose Luxford, and Russell Garrett (as Executive Director).

The Beneficiary Fund is supervised by the Financial Markets Authority, which performs this role for all restricted workplace savings schemes, including our Fund. The Fund is required to have a Licenced Independent Trustee and during 2021 Warren Potter replaced Ian Russon as the Licensed Independent Trustee. Ian remains a director.

Advisers and Service Providers

The Board is assisted, particularly with its compliance obligations under the Financial Markets Conduct Act, by Gregg Dell (Dell Consulting). DLA Piper provides legal advice as and when required.

Melville Jessup Weaver (MJW) provides member administration services, including preparation of the annual report and accounts. Members receive regular statements and a quarterly newsletter, which keeps them up to date with the Fund’s performance. Mercer (NZ) Limited is our investment consultant and fund manager, and EY the Fund’s auditor.

Beneficiary Fund Membership

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

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

The operation of the Fund has revealed a few unintended rigidities in respect of membership, particularly for Ministers in short-term positions. The Council of Assembly has established a Workgroup to consider solutions to these minor difficulties.

Membership Changes

Table 1: Changes to membership for the year to 30 June 2021:

	Contributing members	Non- Contributing members	Total
Membership at 1 July 2020	201	307	508
New members	+8	-	8
Member switches	(13)	13	0
Member exits	(2)	(14)	(16)
Membership at 30 June 2021	194	306	500

Account Balances

The Fund consists of two sections with slightly different rules. The New Benefits section includes those balances that Ministers chose to roll over to the Fund from the previous Defined Benefit scheme, which was wound up in 2017. The Complying Fund Section is aligned with Kiwisaver regulations, so those under the age of 65 can receive the Government's contribution.

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.

Table 2: Members' balances at the start and end of the year ending 30 June 2021:

Members' accumulations	30 June 2020	30 June 2021
New Benefits section	\$47,746,372	\$50,260,570
Complying Fund section	\$3,679,923	\$4,354,890
Total Balances	\$51,426,294	\$54,615,460

Investments

Each of the investment options available to Ministers draw off the portfolio of Socially Responsible Investment funds operated by Mercer. Mercer goes further than just excluding the traditional "sin" stocks (alcohol, tobacco, gambling, and armaments) and proactively seeks to invest in companies with a positive impact on society and the environment. They also actively engage with directors and management to drive good outcomes. Some of the underlying fund managers (the Fund uses specialist managers) align their investments with the United Nation's Sustainable Development Goals. For instance, as at 31 March 2021, four of the top five largest holdings included a wind turbine manufacturer, an energy efficiency company, a renewable energy company, and a water hygiene company and the carbon footprint of its global share portfolio was 51% of the average market fund.

The returns to the funds have been impacted by the low interest rates prevailing in the market and (particularly in 2020) the uncertainties of the Covid-19 lockdowns. However, around the world share markets have been remarkably resilient, with the result that the returns to the funds have been strong.

Table 3: Investment Option returns (after tax and fees) for the year ending 30 June:

Investment	Cash	Conservative	Balanced	Growth
2021	0.7%	5.0%	14.9%	20.7%
2020	1.0%	4.2%	4.2%	4.0%

Thanks

I wish to formally thank my fellow Directors, all our professional advisors and service providers, and the Fund's Secretariat for the continued, very considerable, work that has allowed us to meet our responsibilities in these challenging times. Covid-19 not only disrupts investment markets, it also disrupts people's work and lives. The Board is grateful to the staff and management of our providers, and our own office, for their efforts to ensure that our Fund continues to perform well. A special thanks to Ian Russon, who has passed on the baton as our Licensed Independent Trustee, but continues to make a very valued contribution as a director.

Margaret Galt

Chair

PRESBYTERIAN BUREAU SERVICES TRUST

Membership

Roger Gyles, (Convenor), Marie Burgess and Andrew Souness. Harriet Enright resigned November 2020.

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

Personnel – Administration

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

Responsibilities

The Presbyterian Bureau Services Trust (PBST) is a registered charitable trust, whose trustees are appointed by the Presbyterian Church Property Trustees.

PBST is responsible for overseeing the provision of insurance cover to members of the Presbyterian Church Insurance Collective (Collective).

The Collective is made up of the PCANZ, the Synod of Otago and Southland, and The Presbyterian Church Property Trustees. Representatives from these entities form the Presbyterian Insurance Advisory Group, which advises PBST on the types of insurance cover required by the Collective.

PBST is also advised by Rodger Fulford, an experienced independent insurance consultant.

Presbyterian Insurance Advisory Group

As at 30 June 2021, the members of the Presbyterian Insurance Advisory Group were: Martin Stewart (Chair), Cunny Atchison, Fergus Syme, Wayne Matheson, Andrew Nicol, Roger Gyles and Marie Burgess.

Insurance Cover

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

In addition to arranging the insurance cover, Crombie Lockwood also handles claims on behalf of members of the Collective and provides a free online valuation tool for use by parishes in setting insurance valuations.

Highlights of the year

- A reduction in non-natural disaster property premiums following a period of low claims. Unfortunately, a large claim arising from a church fire will push future premium costs up again.
- Utilising the Collective's purchasing power to obtain natural disaster property insurance renewal rates below the average New Zealand market increases.

Future challenges include:

- Keeping the Collective together. Without the Collective, some of our parishes (especially those located in high-risk areas) would be unable to secure cover.

- Maintaining insurance cover for New Zealand churches remains problematic. There are no local insurers prepared to cover all our properties and the number of global insurers continues to shrink.
- Ensuring full property insurance cover. The Collective is very concerned at systemic under-insurance as a result of parishes not regularly updating the valuation of their buildings and contents.

In order to address this, the Insurance Advisory Group agreed to a compulsory 5% increase in asset values for those parishes that had not increased their valuations over the last three years. Both the Advisory Group and PBST appreciate that this increase will likely fall far short of the increase required to provide full cover, and believe that further steps will be required to ensure the PCANZ property portfolio can endure well into the future.

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. We also appreciate the work of the team at Crombie Lockwood, in particular Steve Walsham, Jac Heale, Lisa Adams, and Brendan Main.

Roger Gyles

Chair



View from the new Community Hall (under development) at Kaikoura

PRESBYTERIAN CHURCH INSURANCE COLLECTIVE STATISTICS

Table 1: Presbyterian Church Insurance Collective Statistics 2019 - 2021

	2019 / 20	2020 / 21
Cover		
No. participants	343	340
Peril sum insured	\$1,104,461,554	\$1,139,828,196
Natural Disaster sum insured (net of EQC)	\$709,843,048	\$783,909,753
Premiums		
Total Premium/Levies (Property)	\$2,096,195	\$2,137,472
Self-retention fund	\$350,000	\$350,000
Total Premium/Levies (Liability)	\$105,585	\$108,224
PBST levy/fee	\$273,097	\$257,622
Policy		
Any major changes to cover	<p style="text-align: center;">Property</p> <ul style="list-style-type: none"> • Inclusion of Asbestos exclusion • Increase in EQC levy to \$300 from \$200 for buildings <p style="text-align: center;">Liability</p> <ul style="list-style-type: none"> • Realignment of policies and limits to maximise premium benefit 	<p style="text-align: center;">Property</p> <ul style="list-style-type: none"> • Inclusion of Property Cyber and Data exclusion • Removal of the \$5m Natural Disaster excess maximum <p style="text-align: center;">Liability</p> <ul style="list-style-type: none"> • Social Engineering exclusion applied to the Crime Policy
Claims		
No. claims	39	34
No. claims > \$20k	6	6
No. claims > \$100k	2	1
Major claims summary	One major claim for fire damage to St David's Gisborne (\$294k) and one major claim for storm damage to Timaru (\$150k)	One major claim for fire damage to St Stephen's Ponsonby (current paid and reserve of \$2.237m)
Claim summary commentary	Over 30% of claims related to water damage/gradual damage losses	Over 40% of claims related to water damage/gradual damage losses
Total paid out	\$508,720	\$358,276
Amount claimed but pending at year end	\$243,145	\$2,191,801

PRIVATE TRUSTS COMMITTEE

Membership

Members: Marie Burgess (Convener), Paul Barber, Ron Mills, Winston Timaloa, Andrew Souness

Associates: Russell Garrett (Executive Officer), John White (Property and Administration Manager), Marion Blair (Administrator)

Two new members, Marie Burgess and Andrew Souness, joined the Committee this year. The previous convener, the Very Rev Ray Coster, resigned from the Trustees and so completed his tenure on the Private Trusts Committee during 2020. We thank him for his wisdom and leadership.

Purpose and Tasks of the Private Trusts Committee

This Committee is responsible for:

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

Trusts and Funds

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

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

The Trustees also receive and pass on bequests and distributions for the Church from Estates as directed by the benefactors. The Church received nearly \$380,000 in bequests over the year as per the attached schedule (compared with nearly \$680,000 last year).

Meetings

The Committee held two formal meetings: one a mix of some members present at CPT offices with others via Zoom, and the second entirely via Zoom. While we are grateful that modern technology enables us to continue the work during Covid-19 lock downs and restrictions, it does have some limitations. These along with changes in Committee membership and reduced staffing at the CPT office for a time, have meant we have not achieved as much as we hoped. The coming year looks more promising.

Grants approved

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

Table 1: Trust / Fund Grants for the year ended 30 June 2021 (and 2020)

Trust/Fund	Purpose	2019/20		2020/21	
		No.	Value	No.	Value
Presbyterian Benevolent Fund	To provide financial assistance by way of grants to Ministers	5	\$ 23,750	8	\$ 36,400
Olive May Burnett	To provide financial assistance by way of loans to Ministers	10	\$ 66,570	10	\$ 80,400
Elsie May Steele	For the residence and use of infirm, old or needy people (as near as applicable)	7	\$ 64,390	9	\$ 46,709
Te Whaiti-Nui-A-Toi Scholarship	To provide funds and support to further the education of young Maori, in particular, Lindisfame College students	14	\$ 24,501	14	\$ 26,002
Social Services Fund	For Presbyterian Support throughout New Zealand	7	\$ 6,288	7	\$ 8,884
Nellie Inglis Scholarship	To assist theological students in a programme of continuing education	0	\$ -	0	\$ -
James McKay Drummond	For deserving St Andrew's College pupils	0	\$ -	0	\$ -
Thornton-Blair International Travelling Fund	Grants to assist graduate students overseas in the fields of Christian education and social science	0	\$ -	0	\$ -
		43	\$ 185,499	48	\$ 198,395

Progress

Applications for use of funds have been dealt with regularly through the Boardable poll system during the year. These applications were primarily for Benevolent Fund grants and Burnett Fund loans to ministers. Progress has been made on reviewing and updating the Guidelines for the Benevolent Fund.

Work was also done on updating the Burnett Loan Fund Doubtful and Bad Debts Policy. Four loans have been written off. Three of these were long-standing doubtful loans transferred from the Ministers' Loan Fund (which was not administered by the Trustees) to the Burnett Loan Fund in 2018. The fourth was a deceased minister. Every reasonable effort had been made over the years to recover the loans, without success.

The Committee is also addressing the future of the Nellie Inglis Memorial Scholarship, following the final dissolution of St David's Khyber Pass, Auckland. Office-bearers from the congregation played a key role in the Management Committee for the Scholarship. This, at least in part, explains the lack of grants from this Scholarship over the last two years.

The lack of grants from both the James Drummond Trust and the Thornton Blair Fund reflects the small size of these trusts and the narrow scope of their purpose.

Thanks

My thanks to other Committee members, Paul Barber, Ron Mills, Andrew Souness and Winston Timaloa for their service. And we record our appreciation of the work done by our Committee Associates at the CPT office Russell Garrett, John White, and Marion Blair.

I would also like to record our thanks to the Management Committees of both the Te Whaiti-Nui-A-Toi Trust and the Elsie Steele Trust. These committees undertake the good work associated with seeking and considering grant applications for approval by the Trustees – and we thank them for their diligence and service.

Convenor

Marie Burgess



St Andrew's, Otahuhu – after their major renovations

PRIVATE TRUSTS BEQUEST SCHEDULE : 2020-21

Estate Name	Amount	Beneficiary	Purpose
A N Weaver	940.00	PCANZ	Education of students for ministry with a wish that preference be given to students who intend to work among Maori
H K Wilkinson	2,500	PCANZ	Youth Ministry
J D McGruer	1,104.55	Presbyterian Support Southland	Assist the welfare of young people
J D McGruer	8,836.40	Presbyterian Support Otago	Ross Home / to assist the welfare of young people
J D McGruer	1,104.55	Presbyterian Support South Canterbury	Assist the welfare of young people
J D McGruer	1,104.55	Presbyterian Support Upper South Island	Assist the welfare of young people
J D McGruer	1,104.55	Presbyterian Support Central	Assist the welfare of young people
J D McGruer	1,104.55	Presbyterian Support East Coast	Assist the welfare of young people
J D McGruer	1,104.55	Presbyterian Support Northern	Assist the welfare of young people
Robert Malcolm	2,838.26	St Paul's Trinity Pacific	General Purposes
George Winder	100.00	Presbyterian Support Central	General Purposes
J D McGruer	1,321.43	Presbyterian Support Southland	Assist the welfare of young people
J D McGruer	10,571.42	Presbyterian Support Otago	Ross Home / to assist the welfare of young people
J D McGruer	1,321.43	Presbyterian Support South Canterbury	General purposes
J D McGruer	1,321.43	Presbyterian Support Upper South Island	Assist the welfare of young people
J D McGruer	1,321.43	Presbyterian Support Central	Assist the welfare of young people
J D McGruer	1,321.43	Presbyterian Support East Coast	Assist the welfare of young people
J D McGruer	1,321.43	Presbyterian Support Northern	Assist the welfare of young people
D J Lancaster	1,000.00	Cashmere Hills Presbyterian	Music
Ruth Elizabeth Murray	146,793.21	St Ninian's Karori	General Purposes
Robert Malcolm	3,847.33	St Paul's Trinity Pacific	General Purposes
Robert Malcolm	758.49	St Paul's Trinity Pacific	General purposes
R A Anderson	120,000	PCPT	General Purposes
H K Wilkinson	2,500.00	PCANZ	Youth Ministry
Ruth Elizabeth Murray	1,782.41	St Ninian's Karori	General purposes
H K Wilkinson	2,000.00	PCANZ	Youth Ministry
Janis Marion Bell	10,000.00	Knox Church (PIC), Parnell	General Purposes
R A Anderson	14,669.08	PCPT	General purposes
James A Inseson	22,717.24	St Columba's Church Havelock North	General purposes
Robert Malcolm	1,449.69	St Paul's Trinity Pacific	General purposes
\$367,859.41			

PROPERTY COMMITTEE

Membership

Andrew Souness (Convenor), Margaret Galt, Ron Mills, Hao Hoang

Associates: Russell Garrett (Executive officer), John White (Property & Administration Manager)

Personnel – Administration

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

Property Applications

The Committee received and processed 61 property applications during the year and one special Covid application. Applications 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 PCPT office and Trustees' workload.

Property applications* for the last two years are detailed below.

Table 1: Property Applications for the year ended 30 June 2021 (and 2020)

Type	2020		2021	
	Number	\$ Value	Number	\$ Value
Sales	15	\$21,092,500	9	\$13,744,850
Purchases	1	\$803,000	-	-
New Builds	1	\$3,300,000	5	\$21,790,705
Renovations	12	\$4,757,536	19	\$5,183,361
Strengthening	13	\$5,433,444	11	\$7,837,627
Lotteries	3	\$480,680	1	\$20,000
Borrowing	-	-	1	\$650,000
Leases	4	\$1,835,243	8	\$486,380
Mission	-	-	-	-
Other	3	\$20,000	7	\$91,081
Covid	-	-	1	\$16,060
Total	52	\$37,722,403	62	\$49,850,064
MEF Contribution	2	\$41,064	-	-

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

Exciting projects

It is exciting to see parishes embarking on new build or renovation projects that will in time deliver impressive facilities for mission, ministry, and the community. We are conscious that a lot of our buildings are now old, earthquake-prone, expensive to maintain and not always fit for purpose.

Congratulations those parishes that completed major projects during the period, including: St John's in the City, Wellington; St Andrew's, Otahuhu; and Knox Christchurch. We wish the following parishes all the best as they continue with or embark on major projects: Mahurangi Presbyterian Church; St Andrew's, Te Awamutu; Rotorua District Presbyterian; Papakura East Presbyterian; Auckland Chinese Presbyterian Church; Whakatu Presbyterian, Nelson; St Paul's, Kaikoura; Hope Presbyterian Christchurch (for both its West Melton and Rolleston projects); St Andrew's New Plymouth; St Margaret's Bishopdale; Korean Presbyterian Church, Christchurch; St John's Mt Roskill; and New Church, Palmerston North.

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 and hope that the General Assembly will give favourable consideration to our recommendation that we work together to devise a plan for a national network of parishes with fit for purpose buildings.

Earthquake Prone-Building Policy and Insurance

As reported last year, projects relating to the strengthening of earthquake-prone buildings have been delayed due to Covid-19, changing engineering standards, and the availability of professional advisors and contractors.

The Trustees have now revised the Earthquake Prone Buildings Policy and the timeline to complete the work required. We will work with Parishes and Presbyteries to ensure compliance.

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.

Property Handbook and Application Forms Reviewed

We have reviewed some aspects of the Property Handbook to ensure that it is current and will soon publish some amendments in the following areas:

- Leases
- Property Sales by Presbyteries
- Borrowing sources

We have also reviewed Property Application forms and these will shortly be changed to allow for additional information to be supplied at the time of application.

Technological innovations

As reported last year, information held in the Trustees' Property Database is being reviewed and updated where necessary. The focus at this point is to ensure the Database contains up to date seismic information for all relevant buildings. Presbyteries are being asked to assist in this task. The database allows Presbyteries and PCPT to access information on their properties to assist in the management and strategic planning of their portfolio.

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

Maintenance of existing buildings

The Trustees are aware that several our buildings are not being maintained to a satisfactory standard and it is planned to follow up on this during the next year.

UCANZ and the property ratios

We are continuing to work with our partner churches and the UCANZ Executive Officer to establish the proportions of assets held by each partner in Co-operative Ventures. These ratios are required to assist in the consolidation of parish accounts into church-wide financial statements. They are also critical if and when a CV is dissolved.

Andrew Souness

Convenor



LIST OF FINANCIAL STATEMENTS

Audited

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

Reviewed

- Christina A Clark Trust (Flaxburn)

Other

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

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

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