



# Presbyterian Church of Aotearoa New Zealand

## FINANCE NEWSLETTER 135

**TO:** Parish and Presbytery Treasurers

**FROM:** Brendan Sweeney, Manager, Financial Services

**DATE:** 24 August 2011

1.	<b>2011 – 12 Insurance Premiums</b>
2.	<b>Charities Commission and Parish Accounts</b>
3.	<b>Church Property and Local Authority Rates</b>

### 1. 2011 – 12 Insurance Premiums

By now you will have the insurance renewal for the 2011-12 year. I am aware that the increase in charges over last year is substantial, in some cases greater than the 60% - 70% I noted in the June newsletter, and I appreciate the impact this increase will have on many parishes who already find it difficult to fund operating expenses including ministry costs and assembly assessment.

Please note that premiums are not set by this office, but by the Presbyterian Insurance Group (which has the unfortunate acronym PIG). PCANZ has representation on the PIG but other Churches and groups such as Presbyterian Schools and Presbyterian Support are also represented. Margaret Fawcett and I provide administrative support for the PIG, but are not involved in decision making on insurance policy and premiums. We can convey your concerns to the PIG but not influence policy or pricing.

Also please note that it is the opinion of the PIG that the rates we get from ANSVAR are the best that may be obtained in the market at this time, and they are working with ANSVAR and brokers AON to minimize parish costs by providing insurers with information on the seismic strengthening of pre 1935 buildings. Your assistance in the provision of this information is appreciated.

Margaret and I have been fielding many calls and emails expressing concern at cost of insurance. Please note that while we endeavour to respond to all calls as soon as is possible, but may not have been able to immediately respond, so we appreciate your patience.

### 2. Charities Commission and Parish Accounts

This is a reminder for parishes to comply with Charities Commission requirements in order to maintain charitable status and exemption from income tax and the ability to issue tax receipts to donors. Please note:

- Section 4 of the Treasurers Manual states Parish finance reports may, but do not have to be audited. If they are not audited they should be independently reviewed by a capable person (not necessarily a CA) appointed by the Board of managers and removed from the day to day cash management of the parish.

- On completion of the review, parishes should have accounts signed off by session.
- Parish membership and finance statistics should be sent to this office by 30 October of each year. The finance form P4 is simply a summary of the Profit and Loss statement. (It recommended, although not a requirement that the financial year end on 30 June)
- The Charities Commission requires Parishes to send a copy of the annual accounts, and the completed review certificate (which is included with the parish statistics package) to this office and these documents should be included with the statistics return. That is all Parishes are required to do, although the Ministry of Economic Development are currently reviewing reporting requirements of not-for-profit enterprises. This may mean that in the next couple of years some bigger parishes may have to get accounts audited and filed with the Charities commission. I will keep you if and when requirements change.
- The Charities Commission may check with this office to ensure Parishes have filed accounts. They reserve the right to remove Charitable status for individual non-compliant parishes.

### **3. Church Property and Local Authority Rates**

I have received a communication from the Inter Church Working Party on Taxation regarding the status of Churches with regard to local authority rates. As you are aware as a Church, parishes are generally exempt from rates. However there are some circumstances that status should be reviewed.

The ICWPT report refers to the Local Government (Rating) Act 2002, and its key points include:

1. In order to fully non-rateable: Parish land is used solely or principally
  - a) as a place of religious worship
  - b) for a Sunday or Sabbath school or other form of religious education and not used for private pecuniary profit

The test is:

Is the land (including buildings on the land) solely or principally, i.e. more than 50% used for religious worship and or religious education (which includes a Sunday school)?

2. Definitions of "Land used or occupied by"
3. Definition of what is "rated"
4. ICWP opinion of the use of Church property for charge or donation.

This report replaces any earlier communications on Church rates requirements issued by ICWPT and is available from this office on request.