

The Presbyterian Church

Property Trustees



Issue 5

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Earthquake: what it means for all parishes

When we think "Christchurch", we immediately go "what can we do to help". The Christchurch earthquake, however, is likely to impact on all of us, wherever we are, through higher insurance premiums and tighter building standards, particularly for historic buildings. Christchurch's experience may highlight, for presbyteries in particular, a need to undertake advance planning to ensure they are able manage their role in the aftermath of a major natural disaster.

Higher premiums

One result of the Christchurch earthquakes is that insurance premiums for church properties are expected to rise significantly. This might raise the issue of whether a property is worth insuring.

As a rule, all church property is insured for full replacement value - and this approach is showing its worth now in Christchurch. If, however, a parish and their presbytery consider that a property will not be repaired or replaced in the event of structural damage, then the parish may apply to the Church Property Trustees for approval to move to indemnity and site clearance insurance. This is a very serious step as indemnity insurance will never be enough to replace a building. Such insurance also has complications if only partial damage is sus-

tained. Indemnity insurance should not be sought just because the parish is finding the premium for full replacement value too high.

Tighter building codes

Many historic buildings, including Presbyterian churches, collapsed in Christchurch. City and regional councils across the country are now expected to tighten their seismic standards for strengthening existing buildings. It may mean earlier implementation of existing requirements, or it may go further and raise the standards to a higher (and more costly) level. Parishes may wish to keep an eye on what their local councils are doing.

The Christchurch earthquakes have highlighted the importance for presbyteries in the aftermath of any disaster. Pres-

byteries, and the Church Property Trustees, must approve all property expenditure over \$20,000. This means that, after a major disaster, the presbytery has a key decision-making role in determining the shape of the recovery.

Future planning

Christchurch Presbytery has set up an Earthquake Steering Committee, co-convened by Revs Martin Stewart and Dugald Wilson, which is liaising with the Church's insurance broker, valuers and project managers. Their experience will provide a valuable guide to other presbyteries as to what preparation could help in handling a situation of this nature.

Historic Places Act under review

AllChurches Bureau, representing the majority of the Christian Churches in New Zealand, has made a submission to the Minister for Arts, Culture and Heritage on the Review of the Historic Places Act 1993.

The submission notes that the Churches, which are the largest group with ownership of properties listed under the Historic Places Act, are facing increasing difficulties regarding their management of such properties. A number of parishes have found that being registered under the Historic Places Act can seriously limit their options for change. This impacts on the life of their church communities culturally, emotionally and financially.

Amongst other matters, the submission seeks recognition of the evolving nature of church buildings, compensation to offset the detriments of listing, assistance with heritage buildings deemed earthquake risks, and assistance with earthquake insurance.

Recording property assets

It is timely to remind Boards of Mangers that parish land and buildings should be included as assets in the parish's annual accounts. The Treasurers' Manual gives details of how to do this.

The Church Property Trustees (and the Otago Foundation Trust Board) do not include parish properties in their financial statements, so there is no double counting.

Trustee retirement

After 8 years' service to the Church Property Trustees, Virginia Wilson, of Invercargill, has relinquished her role as a trustee. The Trustees now number 19. The maximum is 20.

who to contact

Presbyterian Investment Fund, property matters and general Trustees' enquiries:
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P.I.F.

interest rates

The interest rate paid on deposits in the Presbyterian Investment Fund remains at

5.25 %

The Trustees review this rate each month, and the current rate is advertised in the Church Property Trustees section of www.presbyterian.org.nz

Interest is credited to accounts quarterly.

Funds are available on call, though advance notice is required for withdrawals over \$250,000.

The PIF is open to parishes and other Presbyterian entities, but not to individual depositors.