



# The Presbyterian Church Property Trustees

Building up the Presbyterian Church for God's Mission

DECEMBER  
2024

## NEWSLETTER



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### PIF On Call Interest Rates falling

The Interest Rate for the Presbyterian Investment Fund **On Call Fund** reduced from **5.25% p.a. to 5.0% p.a.** on 1 December 2024. The On Call rate will reduce again from 1 February 2025 to 4.50%.

In our June newsletter we noted that, *it is expected that the RBNZ will hold the Official Cash Rate at its current level for most, if not all, of 2024 – at least until it is confident that inflation has settled back down closer to 2% p.a.* Economic forecasts, like weather forecasts, aren't always accurate. It's now the end of the year and the Reserve Bank has already cut the OCR three times, by a total of 1.25%.

As an On Call fund, with congregations able to withdraw money on a same day basis (with a few days' notice required for large withdrawals), the PIF On Call interest rate is closely linked to the OCR and short-term interest rates. We expect the PIF On Call rate will continue to follow the OCR down. No one knows where the bottom of this cycle is, but the market is picking somewhere around 3.0% - 3.5%. But, as we've just said, market forecasts aren't always correct.

The **Long Term Fund** continues to pay regular interest of **3% p.a. plus inflation**. Inflation for the year to 30 September 2024 was 2.2%, so this has been added to balances, along with an extra 7.5% by way of reserve interest income. All this adds up to a very healthy return for Long Term accounts for the 12 months to 30 September 2024 of over 13%. Long Term Fund investment returns for the final quarter of 2024 have been steady.

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You can get in touch with us via email at [trustees@presbyterian.org.nz](mailto:trustees@presbyterian.org.nz) or by calling 04 381 8296.

For Beneficiary Fund enquiries, please contact Melville Jessup Weaver (MJW), the Fund's Administrator, via email at [presbyterian@mjw.co.nz](mailto:presbyterian@mjw.co.nz), or calling **0800 266 787**.

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## GST on property transactions

As from 1 November 2024 congregations or presbyteries will be responsible for GST returns and payments in respect of property transactions. Congregation's or presbyteries' GST numbers will be used in sale and purchase agreements (instead of the Property Trustees' GST number).

GST treatment of property transactions can be complex, and determining whether GST applies to the sale of a property can depend on several factors. It might be that GST is payable on some or all of the sale, that the sale is zero-rated, or that it is exempt from GST. A congregation or presbytery needs to be able to determine the relevant GST position and understand the implications prior to a Sale and Purchase application being made to the Trustees.

If GST is applicable, it will have a direct impact on the proceeds from the sale, i.e., the amount of the proceeds will be reduced by the amount of GST due, and if not planned for, the congregation or presbytery will have an unforeseen GST liability.

It is recommended that a tax specialist is engaged to assist with the process when a congregation or presbytery is GST registered or is planning on being so.

### How will this work?

- Congregations (or presbyteries) will be responsible for GST returns and payments in respect of property transactions.
- If registered, the congregation's (or presbytery's) GST number must be noted in Schedule 1 of the Purchase and Sale Agreement.
- The Trustees will continue to approve and sign purchase and sale agreements.
- The time, effort and cost of accounting and paying for GST is the responsibility of the congregation (or presbytery).
- The Trustees office will continue to receive all property capital (deposits and settlements).
- Congregations (or presbyteries) will need to advise the Trustees if the deposit will be held with the agent or solicitor until final settlement.
- The Trustees will communicate with congregations or presbyteries confirming timing of deposits and settlements.
- Congregations need to request access to property capital funds to meet GST payments.
- The Trustees encourage congregations and presbyteries to seek advice.



### Why is this happening now?

We revisited earlier advice stating that the Trustees act as an agent for congregations in respect of property transactions and that it would be best if congregations (or presbyteries) used their GST number. The new process will not change whether GST is payable or not, or who bears the cost. It will prevent the Trustees from being 'stuck in the middle'. We are in the process of updating the Property Handbook to provide more detail and support for congregations and presbyteries.

# Trustees' Annual Report 2024

The Trustees' Annual Report and operational financial statements for the year to 30 June 2024 are now available on the PCANZ website [here](#).

The report details the activities and outcomes across all the areas of the Trustees work – and helps ensure the Trustees remain accountable for their work.

Not everyone will get a chance to read the report, so here are some key metrics (compared with last year).

## Trustees

- 14 Trustees, and 5 Specialist Associates
- 57 Trustee and Committee meetings (54 meetings last year)
- 130 Polls (decisions between meetings) (139 polls last year)

## Property

- 929 buildings on 629 properties held on behalf of 237 congregations
- 66 property applications processed totalling \$56,145,654 (84 last year for \$37,336,506)
- 7 major building projects under development totalling \$41,213,720 (4 for \$21,061,000)
- \$439,411 collected for the Mission Enterprise Fund (\$1,361,256 in 2023)

## Insurance

- 332 parishes covered for assets totalling \$1,506,600,876 (333 parishes \$1,400,949,575)
- 37 claims totalling \$407,562 in the year to 31 July 2024 (70 claims last year for \$3,977,008)
- \$3,660,102 in property premiums and levies paid (\$2,710,646 last year)

## Presbyterian Investment Fund

- \$196,812,072 of investment assets (\$185,095,859 last year)
- \$8,550,933 paid in interest with capital gains of \$2,978,986 (\$5,563,546 interest paid last year and capital gains of \$711,535)
- \$49,422,738 invested in the Long-Term Fund (\$44,714,462)
- 5 parish/trust loans advanced totalling \$6,237,837 (5 loans totalling \$6,702,605)

## Private Trusts

- 9 Estate distributions totalling \$138,726 (14 for \$306,892 last year)
- 40 Trust distributions totalling \$286,059 (43 for \$284,368)
- 5 new Burnett Loans totalling \$39,700 (5 for \$43,806)

## Presbyterian Beneficiary Fund

- \$48,811,500 held on behalf of 467 Ministers and partners (\$47,591,849 for 478 members)
- Contributions of \$1,035,167 received for 185 members (\$969,730 for 201 members)



- \$4,085,135 in benefits withdrawn by members (\$4,085,135 last year)
- A return of +8.9% after tax and fees on the Balanced Fund (+6.7% last year)



### Farms

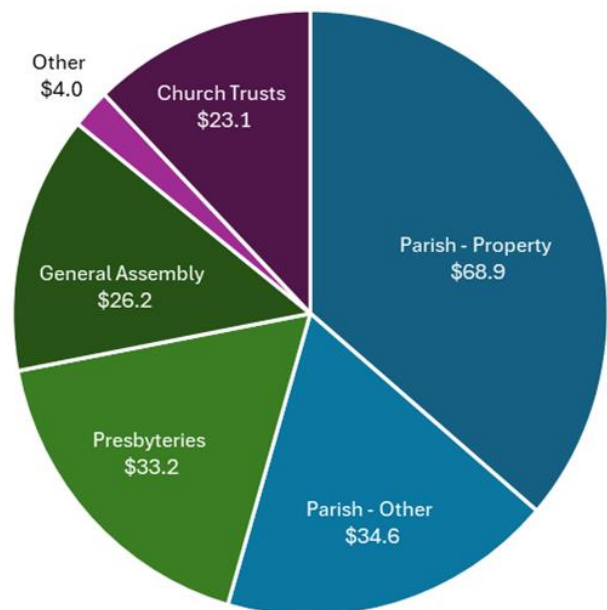
- \$202,000 paid to the PCANZ from the Christina A. Clark Estate Trust (Flaxburn dairy farm) (\$250,000 last year)
- \$76,895 spent on the Holiday Homes at Glen Innis Station (\$98,060 last year)
- 141 guests staying 846 nights at the Holiday Homes (134 guests for 832 nights)
- \$10,000 given to the children of New Zealand from the McNutt Trust (\$10,000 last year)

## Presbyterian Investment Fund Annual Newsletter

The annual PIF newsletter is also available on the PCANZ website [here](#).

Key points for the year to 30 June 2024 follow:

- Account balances of \$186 million
- \$7.2m paid in On Call interest
- Average On Call interest rate for the year of 5.4%
- On Call rate as at 1 July 2024 of 5.5%
- Long Term Interest for the year of 3.0% (\$1.4m paid)
- Long Term Inflation Interest for the year of 3.3% (\$1.8m inflation-proofing)
- Long Term Reserve Interest for the year of +2.2% (\$1.2m unrealised gains)
- \$6.4m lent to congregations and trusts as at year end
- The Reserves are gradually being rebuilt



PIF Balances as at 30 June 2024 by entity

## Christmas Greetings (and Office Close)

We wish everyone hope, peace, love and joy this Christmas season.

The Trustees' office will close at 4pm on Friday 20 December 2024 and re-open again at 9am on Monday 6 January 2025. In case of emergency, please text Russell Garrett on 022 548 4903.