



# Understanding the Property Portfolio held by The Presbyterian Church Of Aotearoa New Zealand

*This report has been prepared by the Church Property Trustees as a resource for the wider Church*

June 2018

## The purpose of this report

1. This report has been compiled by the Presbyterian Church Property Trustees to inform the strategic thinking around the Church's property assets. It is accompanied by a paper listing the key issues around our property holdings from a strategic mission perspective.
2. The report has drawn mainly on three different datasets: the June 2015 to 2017 parish statistics collected by the National Office; the property database of the Trustees; and the information held by Crombie Lockwood for the combined insurance policy of the Church. We acknowledge that each of these databases has strengths and weaknesses, and, where applicable, we have noted the limitations of our data in the notes to the tables. However, the Trustees believe that, in combination, these databases paint a picture of the property holdings of the church that is sufficiently accurate for making strategic decisions.

## An overview of the property held by the church

### The number of buildings and their type

3. In total the PCANZ has insured 1,082 buildings through the collective insurance policy. The major building types/uses are:

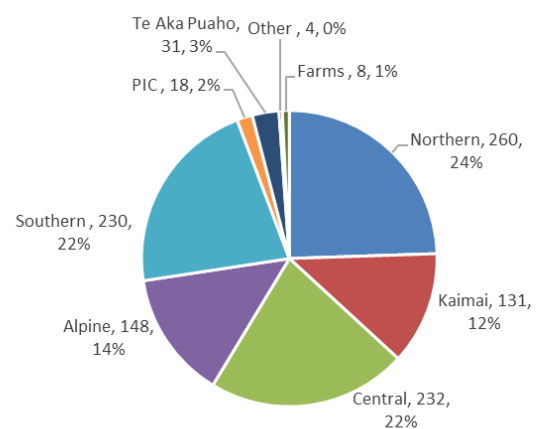
- 286 churches
- 106 complexes that combine a church and a hall
- 155 halls
- 267 manses, of which 24 have tenants in them.
- 29 community centres
- 39 separate buildings with offices or meeting rooms
- 64 buildings on campsites
- 1 Marae with 4 buildings
- 22 childcare centres/preschools
- 6 commercial buildings
- 23 "other" buildings
- 2 farms with 8 buildings

4. Some buildings are not insured through the collective policy. In a few cases parishes have chosen to insure separately, but there are also uninsured buildings, in some cases because the building is uninsurable. (This issue is covered further below.) However, comparing the insured list with the Trustees database for properties north of the Waitaki suggests that the number of uninsured buildings is small.

5. About a quarter of the insured buildings are in the Northern Presbytery, and a fifth in each of the Southern and Central Presbytery. Alpine and Kaimai have a smaller proportion of the property portfolio. Both the PIC and Te Aka Puaho have relatively few buildings. (We have included a breakdown of building types in each Presbytery in Appendix 1.)

### Distribution of buildings by Presbytery

*Presbytery, Number of insured buildings, percentage of total*



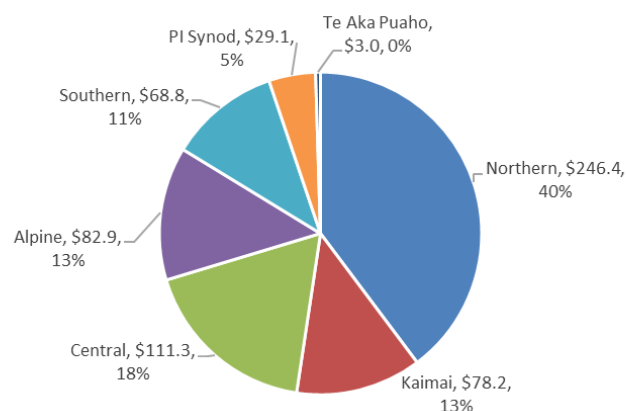
Source: Presbyterian insurance scheme.

Limitations: This does not include a small number of buildings not insured through the scheme

## ***The monetary value of our land and buildings***

6. According to the 2017 June Statistics return, 368 parishes had a total value of land and buildings of \$550 million. When we compared this value with the rateable values in the Trustees database we found that the numbers were similar, which suggests parishes have largely used the rateable value of their property in their accounts. Rateable values tend to be lower than market values, but they have the advantage that they split the value between land and improvements (largely the buildings).
7. Over the whole country, land is about 60% of the rateable value of the property we hold, and the improvements are about 40% of the value. The value of land is higher in the main urban centres (so Northern and the PI synod have over two-thirds of their value in land) and lower in the rural areas (so Kaimai and Te Aka Puaho have only one-third of their value in land). We can infer then that the rateable value of our land is about \$330 million (i.e., 60% of \$550 million). The market value of this land is likely to be a bit higher, say \$400-\$500 million, since rateable values tend to be lower than the market value.
8. We also know the insured value of our buildings. The insurance value of our buildings is about \$1,000 million. However, the insured value will overstate the market value of our buildings, as it is the amount the insurer would have to pay to replace the building if it was lost to fire. Because many of our buildings are currently partly through their life-cycle, they would not be worth replacement value if they were sold on the market today. We might have to discount this value by approximately 20-25% to arrive at market value.
9. Overall, we think a reasonable estimate of the value of the property in PCANZ probably lies somewhere between \$1,100 to \$1,300 million – so, for planning purposes say \$1,200 million – and this is divided in between \$400 to \$500 million of land, and \$700 to \$800 million of buildings.
10. Because of the high price of land in and around Auckland, Northern Presbytery has a significantly higher proportion of the value of the total property portfolio. While only a quarter of buildings are in Northern Presbytery, 40% of the value of property is in that Presbytery.

Distribution of the *rateable* value of land and buildings by Presbytery (\$m)



Source: Presbyterian Trustees database.













Limitations: The Southern number is estimated from the 2017 June Statistics

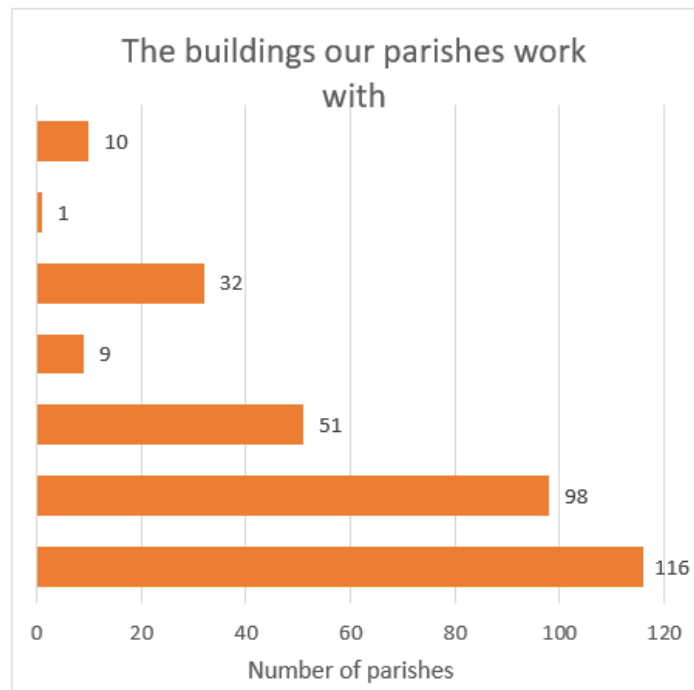
## **The mix of property in the average parish**

11. The breakdown of the assets insured through the Presbyterian Insurance scheme shows that about 80% of the value of parish property is in the church, hall, or church complex of the parish plant. The remaining assets are split between manses (about 15%) and other assets (about 3%).
12. Most people envisage that the standard parish would have a church for worship, a hall for activities, and a manse for housing the minister. While this is still the most common configuration

of buildings, only one-third of the 317 parishes insured through the scheme have all three of these buildings. (In the case of some union parishes, this will be because the other buildings are owned by the other partner church and insured through them.)

13. The most common building to be missing is the manse and almost 40 percent of our parishes no longer have a manse to offer to a minister. Less commonly the hall is missing (though some of these may have been small parishes that never had a hall in the first place or a union parish where the hall is owned by the partner church). If a parish has only one building, it is usually the church.

Church	Hall	Manse
		
		
		
		
		
		
		



Source: Presbyterian insurance scheme.

Limitations: A few buildings are not insured through the scheme. However, the more important limitation is that this will not capture buildings in Uniting parishes that are insured by the other denominations.

### The value of parish property relative to the number of people at worship

14. Using the June statistics valuations, we find most parishes have less than \$40,000 of land and building asset for each person at worship, with the largest concentration being between \$10,000 and \$20,000 per person at worship. Most congregations seem to have effective buildings for mission with this level of assets per worshipper.
15. A small group of parishes have a very high value of land and buildings per person at worship. There are eight parishes where the value is higher than \$100,000 per person and three parishes have more than \$200,000 per person at worship. This small group of parishes seems to be severely over-resourced for their mission, and in all cases, this is because they are small congregations (the average is 44 at worship) in valuable, usually central city, properties (on average the value was \$4.7 million).
16. The value of land and buildings per person at worship is fairly constant across the different Presbyteries, though it is a little higher in the PI Synod. (The value for Te Aka Puaho is unknown as too many of their parishes do not return their statistics.) Further details can be found in Appendix 1.

Land and Buildings per person at worship	Number of parishes	Land and Buildings per person at worship	Number of parishes
\$ thousands		\$ thousands	
<\$10	49	\$70<\$80	5
\$10<\$20	71	\$80<\$90	0
\$20<\$30	52	\$90-\$100	5
\$30<\$40	52	\$100<\$200	5
\$40<\$50	24	Over \$200	3
\$50<\$60	13		
\$60<\$70	10	Unknown	83

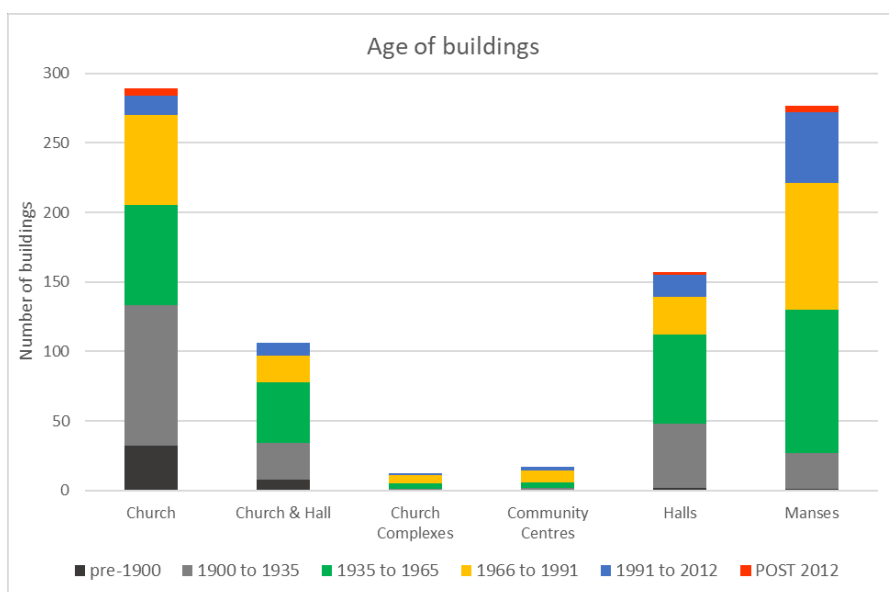
Source: 2017 June Statistics

Limitations: The property values underestimate the market value. (see text)

### The age of our buildings

17. The median year of construction of our buildings is 1963; this means that half of our buildings were built after 1963 and half before. Stand-alone church buildings are, on average, older than halls or complexes, and manses are noticeably younger than the other building types.

18. Prior to 1935 buildings were constructed under very little regulation and with very little knowledge of how to build for earthquake resilience. While only some of these buildings will be earthquake prone, they are more likely to be than post-1935 buildings. While only 10% of our manses were built before 1935, over 45% of our churches and 30% of our halls were. The proportion of pre-1935 buildings is higher in the Central, Southern and Te Aka Puaho Presbyteries/Synods. The proportion is notably lower in the Alpine Presbytery because of the impact of the Christchurch earthquake.



Source: Presbyterian insurance scheme.

Limitations: This does not include a small number of buildings not insured through the scheme

### Caring for our buildings

#### *Protecting from loss by insurance*

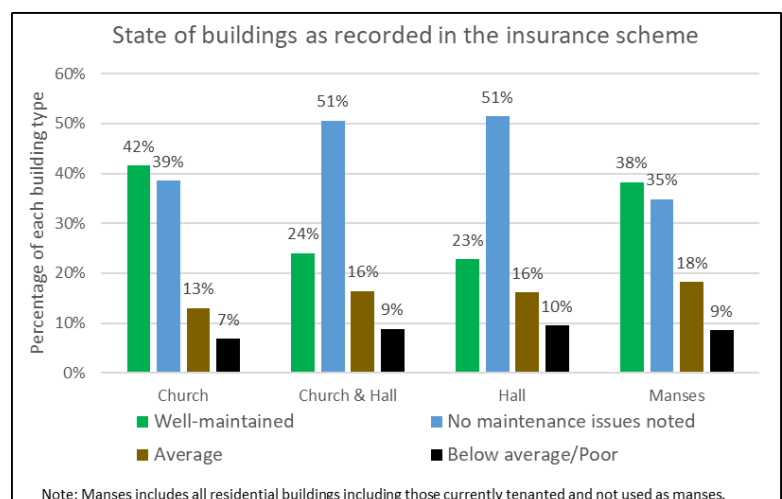
19. In the collective insurance scheme, very few buildings appear to be uninsured for material damage and the total value of property insured for material damage is \$944 million. (Material Damage insurance covers things like fire, burglary etc.) However, the level of Natural Disaster insurance is

much lower, and the total sum insured for natural disaster is \$623 million or about 66% of the Materials Damage insurance. (Natural Disaster insurance covers natural hazards such as earthquakes, floods, tsunamis and volcanic eruptions).

20. As all our manses are insured fully for natural hazards, the discrepancy is in the church and hall buildings. Of these, 80% by value are insured for the same amount for both natural hazards and material damage. The 20% of buildings that are not fully insured for natural hazard risks are older than the average; 48 of them were constructed before 1935, 52 between 1936 and 1976, and 8 after 1977. It may be that some of the buildings are below the level of NBS (new building standards) earthquake risk standard where they can get cover for natural hazards.
21. Of the 20% of buildings that are fully not insured for natural hazard risks, less than 1% of the buildings have no cover for natural hazards. Most have some, though the amount is lower than the value for material damage. The breakdown shows that:
  - 1% have no natural hazards cover at all
  - 3% are insured for less than 25% of the material damage value
  - 9% are insured for between 26% and 50% of the material damage value
  - 6% are insured for between 51% and 75% of the material damage value, and
  - 1% are insured for between 76% and 99% of the material damage value.

### ***Maintaining our buildings***

22. The Book of Order requires that parishes maintain their properties to an acceptable standard, and the Presbytery is responsible for reviewing that this is happening as part of their five-yearly reviews of parishes. Maintenance expenditure below \$50,000 does not need the approval of Trustees. As a result, the Trustees do not have any direct responsibility for, or oversight over, the level of routine maintenance of the building stock.
23. The best information available to Trustees are the comments by the assessors of the collective insurance scheme on the state of the buildings they are insuring. These are a few sentences recorded by the insurance assessor after viewing the building of the key things that are important for the insurer to be aware of. Often they included a few words summarising the overall state of the buildings, though they do not inevitably do so. Because having the building in a poor state would be of interest to the insurer, we assume that the lack of the comment means that the assessor was not concerned about the state of the building (i.e. it was at least of an average condition). There are also about 200 buildings that do not have any comments from assessors.



Source: Presbyterian insurance scheme.

Limitations: This does not include a small number of buildings not insured through the scheme

24. The 340 buildings that have comments show that only about 8% of our property portfolio is described as in “below average” or “poor” condition. Halls are very slightly more likely to be in this condition than churches. On the other hand, 76% of the buildings are described as well-maintained or their maintenance drew no comment from the assessor. The 16% where the description was “average” was often accompanied by the word “tired” which suggests the issue was that redecoration is required rather than any indication that major repair work was required. This was particularly with respect to manses where the assessors seemed to also be expecting a higher standard of décor than for halls.
25. The other source of information available is the amount parishes record as spending under the heading of “property expenses” in the annual June statistics. Because maintenance can be irregular, we have taken the average of the three years 2015 to 2017. (The statistics are only available for the 334 parishes that included financials in their June statistics return.)
26. Property expenses will include running costs (like heating and lighting) and insurance as well as maintenance. On average over these three years, parishes spent \$11.25 million per year on property expenses, and we know insurance has averaged approximately \$2.4 million of this. The remaining \$8.85 million would have covered the spending on maintenance and on running costs. It is not known what the split is between these two, but we would expect that maintenance would be a high proportion of the expenditure.
27. Overseas analyses of church expenditure suggest two metrics that may indicate whether sufficient money is being spent to maintain the property of the church. Both metrics are rules of thumb but neither suggests that on average, our property portfolio is being neglected.
- The first is that approximately 15% of all expenditure should be on property (including running costs and insurance). The PCANZ average for the years 2015-17 was 20%, which may reflect the fact that insurance is more expensive in our shaky isles than overseas.
  - The second is that about 1 to 1.5% of the asset value should be spent on maintenance. We cannot differentiate between maintenance and operational expenses, but in total the Church has been spending about 2% of the value of the property in the last three years.

Average for 2015 to 2017	Proportion of expenditure on property expenses	Expenses compared to property value
Northern	20%	1.71%
Kaimai	20%	2.04%
Central	20%	2.25%
Alpine	19%	2.34%
Southern	20%	2.48%
PI Synod	23%	1.03%

Source: June Statistics returns.

Limitations: Only the 334 parishes that included financials have been included.

28. Expenditure on maintenance as a proportion of asset value is significantly lower in the PI Synod, even though they spend a higher proportion of their total expenditure on property issues. This may suggest that the properties in the Synod are not being maintained to the standard elsewhere,

despite their efforts to do so. (As a rule, the PI Synod statistics have been close to those of Northern Presbytery because their property portfolio is weighted towards Auckland.)

### ***Major changes to our property***

29. Approvals must be sought for any significant changes to the parish property from the Church Property Trustees for property north of the Waitaki river and the Synod of Otago and Southland for property south of the Waitaki River. This means these two groups track the sale, purchase, significant alterations and new builds, demolition of property and major upgrading projects (over \$50,000) that incorporate more than just maintenance.

### ***Worship facilities and halls***

30. The table below summarises the number of approvals that have been given in the last five years for improvements to worship and community facing facilities – church buildings, halls, and complexes. The categories are the primary purpose of the approval sought – but many earthquake strengthening projects include major alterations and maintenance, and many alterations also address maintenance issues.

<b>Number of approvals by Trustees and the Synod since 1 July 2012 that have <i>improved</i> our property holdings</b>				
	Church	Hall	Complex	Total
Purchase of land/New Plant built	14	2	13	29
Purchase of new buildings	1	0	1	2
Earthquake strengthening	22	8	5	35
Major alterations	9	6	6	21
Major maintenance projects	18	5	4	27
<b>TOTAL</b>	<b>64</b>	<b>21</b>	<b>29</b>	<b>114</b>

Source: Church Property Trustees and Synod of Otago and Southland records.

31. In total, since 1 July 2012, there have been 114 projects where our congregational property has been enhanced. Many of these, particularly the new plant and the major alterations projects, are significant projects that involve over \$1 million in funding. The Canterbury earthquake increased the number of large building projects in that region, but only 12 percent of all the improvement projects were from Alpine Presbytery and the remaining 88 percent are due our parishes requiring new or better facilities.

<b>Number of approvals by Trustees and the Synod since 1 July 2012 that have <i>reduced</i> our property holdings</b>				
	Church	Hall	Complex	Total
Demolition	8	1	1	10
Sale of buildings	47	3	13	63
<b>TOTAL</b>	<b>55</b>	<b>4</b>	<b>14</b>	<b>73</b>

Source: Church Property Trustees and Synod of Otago and Southland records

32. On the other hand, there have been over 70 transactions that have diminished our worship and community facing property portfolio, either through sale or the demolition of buildings. There has been a noticeable increase in the number of buildings being demolished or sold because parishes are faced with high costs for earthquake strengthening.

## Manses

33. In net terms, we have reduced the value of manse property over the last five years. The number of new manses purchased or built less the number of manses sold has reduced the total stock of manses by 31. There has been a pattern that as the congregation dwindles in number, they try to keep their church building for as long as possible, by selling first the manse and later the hall. Trustees find it difficult to assess whether selling a manse is appropriate because the role of a manse in the operation of a parish is unclear.

<b>Number of approvals by Trustees and the Synod since 1 July 2012 that have to do with manses</b>	
Positive changes	
New building	9
Purchase (not a replacement)	3
Alterations	10
Major maintenance	5
<b>Total positive changes</b>	<b>27</b>
Neutral changes	
Sale and purchase (i.e. changing manses)	7
Negative changes	
Leased	15
Sold	43
<b>Total negative changes</b>	<b>58</b>

Source: Church Property Trustees and Synod of Otago and Southland records

## The role of other denominational property in Union parishes

34. Union parishes hold, in aggregate, a little over 20% of the property (by value) being used in the Church's mission. All property in a union parish is available for the mission of that parish regardless of its denomination of origin. For this reason, we have tried to include all the property of the union and co-operating parishes (though this is limited by the fact that some will not be insured through our insurance scheme.) However, if a parish should cease to exist, or choose to "de-union" then the property is shared on whatever basis that was agreed at the beginning of each parish.
35. The paper trail for some of these agreements has proved difficult to trace, and the amalgamation of some of the parishes has complicated this task. There is also a variety of agreed ways in which the property is to be divided; sometimes the denomination takes the properties that are in their name, but in many cases the assets are to be shared based on ratios agreed at the beginning of the union. These ratios vary significantly from 100% Presbyterian to 0% Presbyterian.
36. Acknowledging there are significant issues with the information available, our best estimate is that the Presbyterian and Methodist churches have rights over about the same total value of union parish property, with each having rights to something between 40 and 45% of the value of the property. The balance of the property is owned by several denominations, with the Anglicans holding more than any other denomination – probably between 5 and 10% by value, and the remaining denominations having only small amounts of property (and there are only a few parishes where they are a significant proportion of the property ratio).

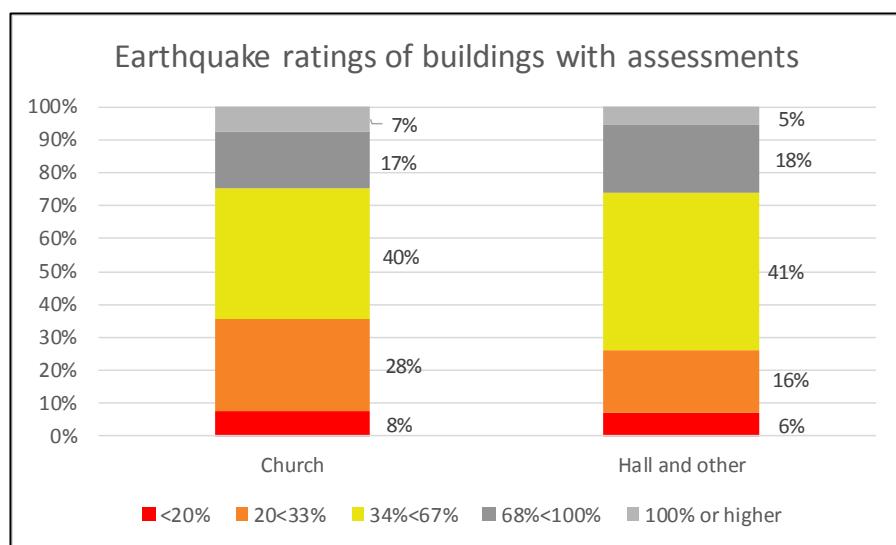
## The Mission Enterprise Fund

37. The 2014 General Assembly decided that, with a few exceptions, 10 percent of the net sale of property proceeds are released to the Mission Enterprise Fund (MEF) for funding mission initiatives. Since then the MEF fund has received \$1.55 million from the sale of 32 properties (so an average of just under \$50,000 from each one). The PressGo committee, which administers this fund, has given \$0.5 million of grants to mission projects from this fund.
38. The General Assembly indicated that the focus of the fund was to pilot or introduce new missional ventures, redevelopment of existing congregations or turnaround programmes, and new congregational or missional plants. The focus is not on property and property projects are only considered when construction is the key to the implementation of new missional ventures or plants.

## Earthquake strengthening

39. The Presbyterian Church has adopted a policy that buildings should be strengthened to a minimum of 67%. At this level the building should survive an earthquake in a condition that enables it to be used in the short run and repaired in the long run. This is higher than the local body requirement of 34% at which level it is expected that the occupants of a building will survive, but that the building will not be able to be repaired. The Methodist church has the same policy which means that union parishes generally have the same requirement regardless of the origin of their property.
40. Parishes have been asked to get their buildings assessed on a timetable that is faster for buildings in areas of high earthquake risk, and where the building is older or built of hard materials. In the recent update of the earthquake policy, parishes were also asked to accelerate the assessment of parapets and other similar external building features that pose a risk to people if they come off in an earthquake.

41. This phasing means that only about 70% of our building stock is required to have an assessment by now. The Trustees have asked for these assessments to be reported to them, and the graph shows those we have received (which is less than the 70% that should have been done.)



Source: Church Property Trustees and Synod of Otago and Southland records

42. The results look alarming, but this is in part because the buildings most likely to fail were required to be assessed first. We would expect a far higher proportion of the buildings that are yet to be assessed to be above 67% of NBS. However, even allowing for this, it is very clear that earthquake strengthening is going to be a major cost for many parishes in our network.
43. Many parishes are beginning to address the issue. So far, nine of the buildings with very low earthquake ratings have been demolished or sold. In addition, Trustees and Synod have approved

35 projects to strengthen earthquake prone buildings, and the pace of approvals has quickened in the last year as parishes determine the best way to deal with the issue. These suggest that the cost of earthquake strengthening is not always large, as the median expenditure (where half the parishes cost more, and half were cost less) was about \$80,000. However, some projects are very expensive (particularly where the parish has decided to totally replace their current buildings) and these expensive projects pull up the average amount to just under \$200,000.

<b>Applications to Trustees and Synod to earthquake strengthen buildings</b>			
	No of parishes	Total spent	Average cost
Less than \$20,000	2	\$31,515	\$15,758
\$20,000<\$50,000	9	\$306,277	\$34,031
\$50,000<\$100,000	9	\$629,259	\$69,918
\$100,000<\$200,000	5	\$727,827	\$145,565
\$200,000<\$500,000	7	\$2,448,360	\$349,766
\$500,000<\$1 million	2	\$1,487,700	\$743,850
Over \$1 million	1	\$1,291,000	\$1,291,000
<b>Total</b>	<b>35</b>	<b>\$6,921,938</b>	<b>\$197,770</b>

Source: Church Property Trustees and Synod of Otago and Southland records

44. People tend to assume that our oldest buildings are the ones that will be the most difficult to earthquake strengthen but because many of these are wooden, that is not necessarily the case. The Trustees have found that the buildings that are proving to be most difficult, and the most expensive, to strengthen are those built of hard materials (concrete, brick or stone). This includes buildings from the 1950's to 1970's, including some of the A-shaped church buildings of that period. In some cases, the issue is not just the expense of strengthening, but the fact that they are impossible to strengthen at any cost. This situation is particularly problematic when the building has a heritage rating, and/or there is community pressure to keep the building regardless of the practicality or cost of doing so.

### Heritage issues

45. In recent years the Trustees have noted an increased focus by the community in the heritage status of our buildings. This seems to be a general phenomenon, not one specifically targeting church buildings. This sentiment played out strongly in the discussion about the Christchurch Cathedral, but it is worth noting that it has wide support. For example, the Southland Express reported a recent survey in Invercargill found that that 81% of the respondents felt that the public had a right to have a say about what happened with heritage buildings, particularly about alterations and demolition. This expectation has not however, been accompanied by an equal expectation that the wider community will contribute to the costs they are imposing on others.
46. The issue of the unfairness of imposing the cost of maintaining a public amenity on the owners of the property has become more apparent with the earthquake strengthening and the Health and Safety legislation. In many cases, even when strengthening costs are exorbitant or strengthening is technically impossible, heritage building owners are being refused demolition consents for buildings that are

"While the public enjoys the benefits of a pleasant urban environment featuring many older buildings, those buildings' owners are left to bear the cost of owning listed buildings."

*Deadly Heritage, NZ Initiative*

extremely dangerous. However, the local body that denies the consent does not have to bear the Health and Safety risk of continuing to own a dangerous building.

47. Heritage comes in two forms: a heritage listing under Heritage New Zealand and a building being listed as heritage under a local body district plan. Both types of listing restrict what a parish can do with its property, and both can impose costs on doing the building up or reduce the value of the building should the church wish to sell the building and use the proceeds for mission elsewhere.
48. Heritage New Zealand (which used to be called the Historic Places Trust) is the Government's agency charged under the *Heritage New Zealand Pouhere Taonga Act 2014* with preserving the most important heritage buildings in the country. It does this by listing the historic places as either category 1 (the most important) or category 2. Councils are required to consider these listings when considering applications for changes to buildings such as alterations or demolitions.
49. The List currently contains about 5,700 items but not all of these are buildings. Some are monuments (like war memorials) and some are earthworks (like Wahi Tapu). Of the 5,400 buildings on the list, 481 are churches or former churches. The Church with the highest burden of listed historic buildings is the Anglican Church, but the Presbyterian (61) and Union (16) Churches are the second highest group, closely followed by the Catholic Church. Most (though not all) of the parish buildings that are listed are churches, and this means that approximately 20% of our worship spaces have a Heritage New Zealand listing and 18 (or about 5% of Presbyterian/Union worship spaces) are category 1 where the restrictions are the highest.

	Historic Place Category 1	Historic Place Category 2	Total
<b>Anglican</b>	69	180	249
<b>Baptist</b>	1	1	2
<b>Catholic</b>	23	36	59
<b>Former churches</b>	4	45	49
<b>Methodist</b>	3	23	26
<b>Other denominations</b>	5	14	19
<b>Presbyterian</b>	15	46	61
<b>Union</b>	3	13	16
<b>Total Churches</b>	123	358	481
<b>All category 1 and 2 buildings</b>	1015	4400	5415
<b>% churches</b>	12%	8%	9%

Source: Heritage New Zealand database

50. In addition to Heritage New Zealand listing, local Councils can list buildings as heritage in their district plans. If a building is listed in the plan, then the Council is likely to resist major changes to the building, particularly if it is likely to change the external character of the building. While Heritage New Zealand sets a high bar for its listing, the criteria for being "historic" in a district plan is, in our experience, elastic and varies from Council to Council.
51. There is no central list of heritage listing under district plans, and while the Trustees attempt to keep track of new listings we are far from sure that we have a complete database. What is clear is

that far more of our buildings are listed under district plans than under Heritage New Zealand. For instance, in the Auckland Council region we have 11 Heritage New Zealand buildings but 24 on the District plan.

52. A heritage listing can show that the community values our buildings, but it can also restrict what a parish can do to change the buildings to reflect changes in worship styles or the worshipping community's needs. In our experience, whether this is an issue or not depends upon the individual people making decisions at either Heritage New Zealand or the local Council. Some regard change as a natural development of the faith community over time; others want to keep the building pristine in its original state and have little interest in the needs of the faith community using it. Either way, there is no legal requirement for the heritage officers to place any weight at all on the wishes of the faith community that created the building in the first place and continues to use it.
53. Heritage status often increases the cost of maintaining the building with limited compensating funding from outside of the parish. While Heritage New Zealand gives grants to assist with heritage buildings, in the last three years the \$1.7 million had to be shared by the 5,400 listed buildings. This can be compared to the Presbyterian parishes which have a Heritage New Zealand listed building who spent \$3.3 million on property in the same three years. It is possible that these parishes are already spending more on their heritage listed buildings now than the total amounts of grants on offer from Heritage New Zealand for all listed buildings. The situation is not much better at local Council level. For instance, since 2016 the Wellington City Council has given out \$1.7 million to about 50 different organisations needing to strengthen heritage buildings. This must be shared by the many listed buildings in one of our major earthquake prone cities.

#### **Property's place in our portfolio of assets**

54. The 2017 June statistics show that land and buildings are about 75% of the total assets owned by the Presbyterian Church. This proportion has remained stable since we began collecting these statistics in 2009. Most of the remaining 25% is cash and investments, which, in 2017, was almost \$165 million. Between 2009 and 2017 both the value of the buildings and the holdings of cash/investments has risen by about 35%, which is well in advance of the inflation over the period (13%). The rise in land and buildings has largely been because of rising land prices, though, as discussed earlier, we have overall improved our building stock in this period.
55. The increase in investments may reflect two factors. Firstly, some of the insurance pay-out for the Canterbury earthquake damage was still being held as cash because some parishes had yet to finish rebuilding their property. Secondly, the ring-fencing of the proceeds of property sales by past General Assembly decisions, means that some of the proceeds from the sale of the 44 parish buildings and 32 manses will be held as investments.
56. Both investments and property provide income streams that assist us with our mission. In the three years 2015-17, investments provided an annual average income of nearly \$5.7 million (a 3.5% return) and property provided an income of almost \$8 million (a 1.4% return). This was 8.5% and 13% of the total income received by parishes.

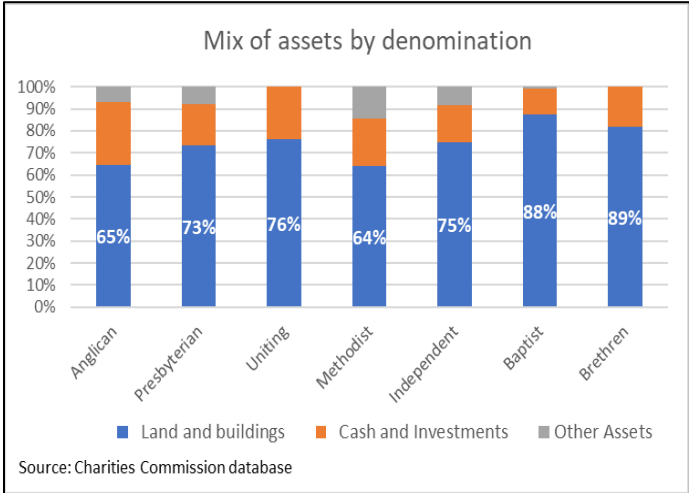
57. The financial information on the charities register suggests that we are not abnormal in the proportion of land and buildings. In fact, we are about average for the different denominations, though higher than the Anglicans and Methodists.

58. It is particularly worth noting the distribution of assets for the many independent churches. There is a common misconception that these churches are “property-lite” – meeting in property belonging to others, like school halls.

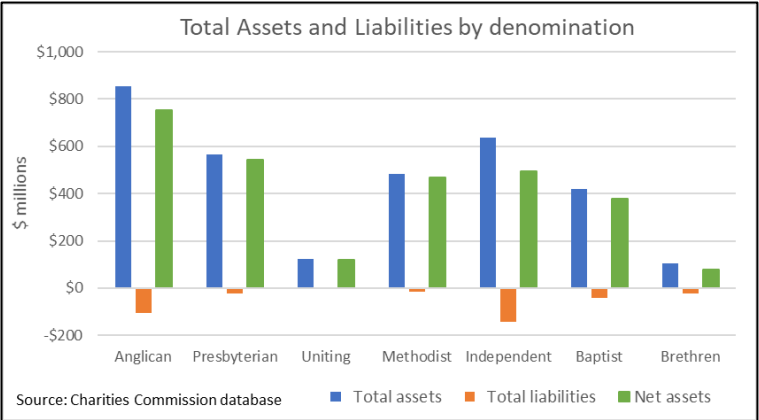
59. It is true that many of the small groups are doing this, but the larger groups have been investing heavily in large properties, especially in the last decade. These new church plants are often large and in expensive high profile central city locations, with the result that the highest value independent church properties dwarf our highest value properties. In total the independent churches not only now have a similar proportion of property to the Presbyterian church, but they also have a very similar net value of property. The main difference is that their recent expansion has left them with a much higher (though hardly high) level of debt than our parishes carry. (This pattern is also clear in the Baptists and Brethren Churches which have also been expanding in recent years.) The two denominations with lower proportions of property are the Anglican and Methodist Churches. However, this reflects a higher proportion of investments rather than a lack of property.

60. This analysis suggests that the Presbyterian Church does not have an abnormally high level of property for a denomination of our size. In fact, the growth in property holding by the independent churches suggests that property becomes an asset that has missional value once a congregation has a certain level of size and persistency.

61. This raises the issue of whether the key issues about our property holdings are less about the total amount that we have but more about the location and characteristics of the property, and whether it is supporting the mission of the Church in the way that we think is appropriate.



Source: Charities Register, Dept of Internal Affairs  
 Limitations: The Charities website does not identify parishes separately from other religious groups. The identification and allocation to denomination determined by the Trustees. The Catholic church was not included because their schools could not be separated from their parishes.



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Appendix 1 – Extra tables providing the information by Presbytery.

**Building types**

Presbytery	Parishes insured	Churches	Churches & Halls	Halls	Meeting room & offices	Residential (including manses)	Camp assets	Community Centres	Improve -ments	Child care	Commercial Property	Other	Farm	Total
Northern	83	63	23	37	10	64	20	4	14	16	3	6		260
Kaimai	38	36	9	20	4	43	3	5	7	3		1		131
Central	78	62	18	36	6	55	13	11	20	1	3	7		232
Alpine	53	45	13	24	12	35	2	5	7			5		148
Southern	75	66	36	32	4	54	26	3	4	1		4		230
PI Synod	8	3	3	2	1	6		1	1	1		0		18
Te Aka Puaho	1	10	3	4	1	10			1			2		31
Other	2	1	1	0	1	0						1		4
Farms	1	0	0	0	0								8	8
Total	339	286	106	155	39	267	64	29	54	22	6	23	8	1062

Notes: The building is classified under its predominant use, so meeting rooms as part of a hall or church building are not listed separately. The improvements category is things like retaining walls that are separately insured.

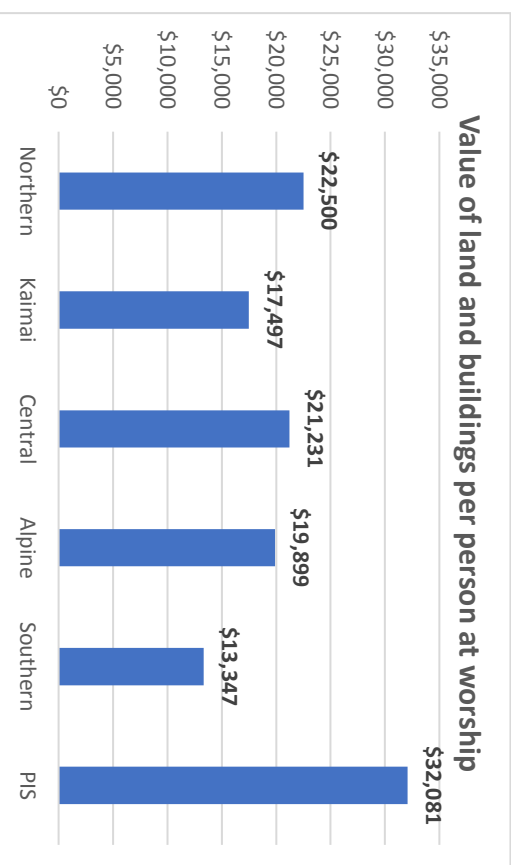
**Date built**

	Before 1900	1900 to 1935	1935 to 1965	1966 to 1991	1991 to 2012	Post 2012	Total	Percentage built pre-1935
Northern	7	50	81	74	43	7	262	22%
Kaimai	1	25	43	30	32	2	133	20%
Central	12	56	68	66	31	5	238	29%
Alpine	5	25	59	39	22	3	153	20%
Southern	18	50	90	45	23	6	232	29%
PI Synod	1	3	4	8	2	0	18	22%
Te Aka Puaho	1	8	12	4	6	0	31	29%
Total	46	218	360	271	162	23	1080	24%

## Value of land and improvements

	\$ millions			Percentages	
	Land	Improvements	Total Value	Land	Improvements
Northern	\$164.2	\$82.7	\$246.4	67%	34%
Kaimai	\$27.3	\$50.5	\$78.2	35%	65%
Central	\$53.7	\$62.2	\$111.3	48%	56%
Alpine	\$40.2	\$43.3	\$82.9	48%	52%
Southern**	\$34.40	\$34.40	\$68.8	50%	50%
PI Synod	\$19.9	\$9.1	\$29.1	68%	31%
Te Aka Puaho	\$1.0	\$2.0	\$3.0	33%	67%
<b>TOTAL</b>	<b>\$340.7</b>	<b>\$284.2</b>	<b>\$557.0</b>	<b>61%</b>	<b>51%</b>

Note: The total Southern value is from the 2017 June statistics. The split between land and improvements is an estimate.



Source: June 2017 statistics.