



An Introduction to Church Property Trustees

Overview

Church Property Trustees [CPT] is a unique organisation within the Anglican Church in Aotearoa, New Zealand and Polynesia, in that it is a separate legal entity created to “*hold and administer*” the assets of the Diocese – as opposed to assets being held and administered directly by the Diocese as is usual.

CPT acts as a trustee and holds no assets in its own right, other than liquidity to fund its operations.

This paper is designed to help new [and old] members of parish Vestries to understand how CPT came about, what it does, how it operates and how the relationship with the Diocese and Synod works.

In this document we will give a brief outline of –

- A brief history of CPT
- The Act of Parliament under which it is constituted
- What the ‘Estates’ are
- How CPT holds and administers property
- How CPT holds and administers investments
- The CPT Earthquake Recovery Programme
- CPT & Diocesan requirements - Statutes, Regulations & Guidelines

The structure of the Diocese is one where the assets of the Diocese are held in trust by Church Property Trustees. Trustees are elected by and have accountabilities to Synod. This is not only defined in legislation but is also the most effective way to ensure the Diocesan assets are managed in a cohesive and organised manner.

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Creating an Anglican Settlement

The Canterbury Association, founded by Royal Charter in 1849, was created with the sole object of “*Founding the Settlement of Canterbury in New Zealand*”. The plan was to charge a high price for land [£3 per acre] with a third of the purchase price to provide for immigration of the “*labouring classes*” and a third “*for the Establishment and endowment of Ecclesiastical and Educational Institutions*”, in connection, exclusively, with the Church of England.

The promoters of the scheme estimated that they would sell at least 200,000 acres in the first few years of the settlement – sufficient for the Ecclesiastical & Education Fund [E&E] to build 20 churches, 20 parsonages, 20 schools and to fund the stipends and wages of a Bishop, Archdeacon, 20 clergymen and 20 schoolmasters.

Unfortunately, when the Association ceased, and its activities were transferred to the Canterbury Provincial Council [1853] only 37,425 acres had been sold. At the same time the Provincial Council reduced the price of land for settlers to £2 per acre – by ceasing contributions to the E&E Fund. The E&E Fund therefore was left with insufficient funds to achieve its aims.

Creating a Bishopric

In making provision for a Bishop in their plans for the settlement, the promoters had in mind the creation of a new Bishopric. New Zealand at the time was one Diocese [including Melanesia] under Bishop Selwyn.

When approached about the formation of a Canterbury Diocese, the Colonial Office peremptorily declined to create such a small one [i.e., the ‘*Canterbury Block*’]. They insisted that it must include the whole of the South Island, including the settlements of Nelson and Otago, as well as all the unoccupied territories to the west and south. This enlarged the Diocese from the size of a large English county to something near that of England itself, the Association of course agreed, though not very willingly. Queen Victoria created the Diocese in 1856 – two years after CPT had been formed.

In addition, the Imperial Government would only consent to the foundation of a Bishopric on condition that £10,000 was lodged with the Colonial Bishops’ Trustees - £9,000 came from the E&E Fund and £1,000 from the Society for the Propagation of the Gospel in Foreign Parts.

The new Diocese of Christchurch was later split –

- In 1858 the Diocese of Nelson was formed north of a line from Greymouth to Kaikōura.
- In 1869 the Diocese of Dunedin was formed, incorporating the Provinces of Otago and Southland.

A Brief History of CPT

In 1854 the Provincial Council passed several Ordinances creating the Church Property Trust and the Christ’s College Endowment.

At the time of its creation only £15,000 remained of the E&E Fund. The Provincial Council did not hand over cash but gave the Trust the option of debentures issued by the Council or the purchase of ‘*waste land*’ – it took that latter option. Of that land around 1,500 acres was set aside for the Christ’s

College Endowment and 1,000 acres for a Cathedral Endowment – what became the Dean & Chapter Estate.

The grand plans had come to very little. Bishop Harper later described the situation – “*An injury was thus inflicted on the Church of this Diocese at the outset of its career, for which no subsequent increase in the value of this estate could possibly compensate.*”

A new Ordinance was passed in 1867 which, amongst other things, created the Board [CPT] as we know today – the Bishop plus 8 members of the Church elected by Synod. This Ordinance also subordinated CPT to the direction of Synod.

Following the abolition of the provinces in 1876 the General Assembly passed the *Church Property Trust (Canterbury) Act 1879* which kept the provisions of the 1867 Ordinance.

The CPT Act

The legislation under which CPT operates today is the *Anglican (Diocese of Christchurch) Church Property Trust Act 2003* [the Act]. The Act identifies how CPT is to operate and clarifies the basis on which the assets of the Diocese are held.

The Act’s different parts cover –

- The functions, powers and operation of CPT
- The trusts administered by CPT – Bishopric Estate, Dean & Chapter Estate and Local Endowments
- Funds administration and investment
- Cemeteries

The function of CPT is to “*hold and administer trust property in accordance with this Act*” [s6(1)]. In the exercise of its powers, it is “*subject to any authorisations that this Act requires to be given by the Synod or other body or person.*” [s7(2)]. This subjugation is important to understand when the Diocesan Handbook is discussed below.

What are the Estates?

CPT administers three ‘estates’ per the Act.

General Trust Estate [GTE]

Supports the central operations of the Diocese - The income from GTE investments is used to assist with the funding of Diocesan wide activities through an annual grant to the Diocese and the Anglican Diocesan Ministry Support Centre [ADMSC – created in 2019 to take over the administrative tasks of the Diocese (Standing Committee)]. The Diocese [& ADMSC] is funded through Parish Quotas [approx. \$800k pa], the GTE Grant [approx. \$500k pa] and an annual Grant from the St John’s College Trust Board [approx. \$300k pa].

As well as providing central administrative services such as accounting and payroll, ADMSC provides training and education, Children, Youth & Family Ministry, hospital and university Chaplaincy support, grants and projects support and other Ministry support services.

Initially the GTE was only available to parishes within the 'Canterbury Block' as the funds that created it were from the sale of land to settlers. For many years the Diocesan Synod debated the extension of the use of CPT's funds, particularly the GTE, outside the original Canterbury Block.

Originally the GTE's main support to parishes was given by way of grants towards vicar's stipends. Its application was extended beyond the Canterbury Block by Synod in 1874 to cover parishes and mission districts throughout the rest of the Canterbury Province [Nelson & Dunedin had been carved out of the Diocese by then]. Benefits were extended to Westland in 1906 and finally the Chatham Islands in 1928.

As has been explained, the Diocese was, from the outset, underfunded. CPT, working with Standing Committee/ADMSC, has investigated ways to recapitalise the Estates to ensure they can meet the expectations of the legislation and the needs of the Diocese. These efforts have met with limited success.

Bishopric Estate

Supports the Office of the Bishop - The Act specifies the primary and secondary purposes of this Estate. The primary purpose is to provide a residence for the Bishop [currently there is no Bishop's residence], pay the Bishop's stipend, provide a suitable car and pay the expenses appropriate to the office of a Bishop.

Currently there is insufficient capital in the Estate to fully meet these obligations.

Dean & Chapter Estate

Supports the Office of the Dean - The Act specifies the primary and secondary purposes of this Estate. The primary purpose is to provide a Deanery [currently Chapter does not own a Dean's residence] and pay the Dean's stipend.

Currently there is insufficient capital in the Estate to fully meet these obligations.

Local Endowments

This refers to property, including Glebes, held in trust [real estate and investments] for parishes and are administered for their benefit. It is not contemplated by the Act that parishes will own their own assets. The Act [and the original Ordinances] intends that CPT will hold all assets of the Diocese. This is also reflected in the Financial Regulations of the Diocese of Christchurch 2018 [Diocesan Handbook section C] – "*All church property shall be held in the name of Church Property Trustees*" [s7.1]

For this reason, CPT is the legal owner of all Diocesan property. It holds the property however as a trustee. As trustee, CPT is obliged to administer funds on the same Trusts and on the same basis that they were gifted by way of endowment by the donor(s).

Property

The CPT Property Team have oversight of the real estate portfolio. This portfolio includes –

- Approx. 105 Churches [2010 – 133]
- Approx. 100 Halls & ancillary buildings
- Approx. 60 Residential properties [including vicarages]

The team's role includes –

- Managing insurances for the Diocese
- Sale & Purchase of properties
- Administration of leases
- Assisting parishes with major repair, maintenance or building projects

Increasingly the team are involved in compliance issues and this aspect of their work will continue to have impacts on parishes. Major areas where compliance requirements are increasing include –

- Health & Safety as it relates to buildings and property.
- Residential Tenancies – tenancy law continues to evolve. CPT produces a Vicarage Handbook to assist parishes who tenant out residential properties. Please contact CPT for a copy or refer to the website. This now includes Healthy Homes regulations.
- Building compliance schedules & Building Warrants of Fitness – these are a statutory requirement for many Diocesan buildings.
- Earthquake Prone Buildings – this is a long-term project. Where buildings are deemed by local territorial authorities to be earthquake prone, CPT will work with parishes to address the problem, including the issue of funding of any required strengthening work.
- Heritage – CPT is one of the largest private owners of heritage listed buildings in New Zealand. These impose additional requirements on parishes when undertaking maintenance, improvements, ground works etc. Particular care needs to be taken with pre-1900 sites as additional heritage [archaeological] issues arise with these buildings/sites.

The *Ministry Units Statute 2021* devolves the day-to-day maintenance of property to Churchwardens “... the superintendence of the buildings, furniture and equipment required for the work of the parish, and to report to Vestry from time to time on their state and any need for repairs, replacement, improvement or insurance [s15(f)] plus responsibility of Vestries to “take responsibility for the maintenance and care of parish buildings.” [s14(e)]

Finance

The CPT Finance Team administer the financial investments of the Diocese. This includes the Estates, trusts and parish investments. The *Diocesan Parish Investment Policy* states that all parish funds must be deposited with either a Registered Trading Bank or with CPT. [Diocesan Handbook section I]

Investments are pooled and managed according to a Statement of Investment Policies & Objectives [SIPO] that is prepared jointly with CPT's external Investment Advisors and approved by the Committee for Audit, Risk & Finance [CARF] and the Board. CPT encourages parish investors to retain a portion of interest earned to inflation-proof the funds. CPT has a policy that Estates reinvest income sufficient to cover inflation [currently set at 5% at April 2022].

In undertaking investment activities CPT must adhere to outside regulations including Financial Markets Authority, Anti-money Laundering & Countering Financing of Terrorism Act 2009 and Financial Reporting Act 2015 requirements.

CPT operates three investment funds –

- Fixed Interest Fund [FIF s32]. The FIF is for medium term investments [1 – 5 years]. The fund is currently [February 2023] distributing interest on funds invested at 3.25% per annum distributed quarterly. The fund does not require deposits to be made for a fixed term and there are no deposit or withdrawal fees.
- Balanced Growth Fund [BGF]. This fund is for longer term investments. The BGF currently distributes 4% per annum.
- Term Deposit Fund [TDF]. This fund utilises bank term deposits and is designed for funds that are to be used in the short term.

The finance team are also responsible for the investment of the Reserve Fund and the Cathedral Maintenance & Insurance Fund.

Recovery

Following the 2010/11 Canterbury Earthquakes, CPT negotiated a cash settlement with its insurers. A team was put in place to undertake the repairs and rebuilds for damaged property – effectively taking over the responsibility of the insurer. The Earthquake Recovery Programme [ERP] consisted of 241 repair/rebuild projects. All repair projects have been completed. Work is continuing with project tail issues such as defects, missed damaged, and on-going asbestos issues.

The ERP was completed within the insurance cash settlement funds received. In 2022, \$8 million of surplus insurance proceeds funds were distributed pro rate to the parishes with earthquake insurance claims.

The Earthquake Recovery Team developed extensive knowledge, particularly with regard to the repair and strengthening of heritage listed buildings.

Cathedral Reinstatement

Synod 2013 resolved to instruct CPT to undertake the reinstatement of Christ Church Cathedral. This project is being undertaken by Christ Church Cathedral Reinstatement Limited [CCRL], a wholly owned subsidiary of CPT. The Bishop and one other Trustee are Directors of CCRL.

Following a blow-out in estimated costs to \$248 million [from the original \$105 million and increased estimate [2023] of \$165 million, Synod at its meeting of June 2024, agreed to continue the reinstatement project and to provide a further \$20 million, subject to a pathway to completion being established.

Following the decision of the government not to support the project further a pathway to completion is thought to be unlikely at this time. As a result CCRL, at its meeting of 19th August 2024, agreed to pause the project and to terminate the contract with the head contractor [Naylor Love].

Diocesan Handbook

As noted above, CPT must comply with instructions given to it by Synod [Standing Committee when Synod is out of session]. This means that, when dealing with property, CPT must comply with the Statutes and Regulations published in the Diocesan Handbook ['Blue Book']. The handbook is found online at <https://www.anglicanlife.org.nz/publications>

Trustees & Staff

The Board

Bishop Peter, Chair

TBA

Brendan Chase

Chris Wilson

John Shoaf

Peter Flannery

Simon Courtney

Steve Wakefield

Sue Sullivan

The Board meets a minimum of 11 times per year. Meetings are generally held on the first Thursday [after the first Wednesday] of the month. Board papers are distributed one week prior to the meeting. Requests from parishes requiring Board consideration should be with CPT staff by the middle of the month before the next meeting.

The Board's activities are supported by the Committee for Audit, Risk & Finance [CARF] which, amongst other things, reviews the Risk Management systems, Annual Accounts and oversees the SIPO. CARF meets twice yearly with the ADMSC Governance Board to discuss matters of mutual interest.

The Board maintains a number of policy & procedure documents to assist with the running of the organisation.

The Staff

Gavin Holley, General Manager

Ashley South, Finance Manager

Antony Fernando, Accounts Manager

Celia Quinnell, Property Manager

Ross Seagar, Office Manager

Staff operate under the Board Delegated Authorities and other operational policies & procedures.

Operational Funding

CPT's activities are funded through –

- Finance cost contribution via management fees & account fees on funds invested.
- Property management contribution calculated across the property portfolio based in the insured value of buildings.
- An annual contribution from the Diocese for the management and administration of the property portfolio [currently CPT is waiving this contribution].

Contact

Each year CPT presents its Annual Performance Report and Annual Report to Synod along with Special Purpose Financial Statements for Funds Held & Administered by Church Property Trustees and Estates & Trusts Administered by Church Property Trustees.

CPT Updates with topical information relating to Property and Finance are produced during the year and distributed by email to all Stipended Clergy, Churchwardens and Treasurers.

Please feel free to contact CPT at any time.

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