

## **Waiapu Board of Diocesan Trustees**

### **ANNUAL REPORT TO SYNOD 2012**

The primary role of this Board is to act as the investment arm of the Anglican Church in the Diocese of Waiapu. The capital to make these investments is mainly provided by the Diocese itself, parishes and other Anglican entities. The Board also holds all real property in the Diocese in trust for the Diocese.

In respect of investments the Trustees recommended to the Diocesan Trusts Board the following rates of interest for payment on deposits made with the Board for the year to the 31<sup>st</sup> March, 2012:

	<b><i>This Year</i></b>	<b><i>Last Year</i></b>
Income Fund	5.5%	5.5%
Permanent Fund	12.5c per Unit	12.5c per Unit

Income Fund income is still inhibited by low interest rates in the money markets with no upward pressure on interest rates in sight. Investors should be prepared to accept a small drop in the Income Fund interest rate for the year ending 31<sup>st</sup> March, 2013. However I believe that these returns compare very favourably with what is available through other investment avenues in the market place.

*[The Income Fund is still known canonically as the Call Fund. It is proposed to formally change the name on the next revision of Canon 17 as the word "Call" does not accurately describe the nature of the fund].*

The value of the Units in the Permanent Fund decreased from \$2.26 per Unit to \$2.14 per Unit as at the 31 March, 2012. The principal reason for this decline was the volatile state of the equities market.

As at 31<sup>st</sup> March 2012 the Board was managing \$17.3 million in the Income Fund and \$11.9 million in the Permanent Fund. It also manages, on behalf of the Diocese \$5.8 million of property investments in the Hawkes Bay Trust.

The year has been particularly difficult in the area of property insurance. The Anglican Insurance Board's primary insurer abruptly retired from the New Zealand insurance market giving the AIB little time to make alternative arrangements. A scheme was put in place with Lloyds of London which solved the immediate problem but which was unaffordable on a long term basis.

Fortunately by the commencement of the 2012/13 financial year the Anglican Insurance Board had been able to obtain much more competitive terms from QBE than were obtainable on the market at the start of January 2012.

Cost increases however, in the case of earthquake insurance, remain significant and we are currently working through a process with parishes who wish to take lesser cover than the previous comprehensive cover provided. These arrangements are being made on an individual basis and have been facilitated by the decision of the General Synod of the Anglican Church in Aotearoa New Zealand to remove the potential liability of trustees for under or non-insurance.

Board membership continues into 2012/13 with the same members as at 1<sup>st</sup> April 2011. This Board has proved to be a strong and versatile team with a wide range of knowledge of the various investment vehicles we use. I would like to thank my fellow Board members for their input and expertise over the past year.

**HILTON VERRY**  
**Chairman**

10<sup>th</sup> August, 2012