

## 32/98 Review of Parish Ministry and Property Costs Recovery Formula

(A report from the Standing Committee)

### Introduction

1. On 19 October 1998 the Synod of the Diocese of Sydney resolved as follows (resolution 32/98(1)) -  
"Synod asks Standing Committee to review the formula in the 1999 Synod Appropriations Ordinance to take into account the possible extra burden borne by multiple church units with extra clergy that have small to moderate incomes."
2. On 20 October 1998, the Synod resolved as follows (resolution 32/98(2)) -  
"Synod asks that the Standing Committee appoint a committee of interested Synod members to consider appropriate method(s) by which Parish ministry and property costs may be recovered under triennial funding arrangements, with a view to reporting to Synod in 1999 and also refers motions 4(8), 4(9), 4(10) and 4(19) on today's business paper to this committee for their consideration and other relevant matters."
3. The text of motions 4(8), 4(9), 4(10) and 4(19) referred to in resolution 32/98(2), is set out in annexure 1 to this report.
4. In 1998, the Synod also passed the Assessment Authorisation Ordinance 1975 Amendment Ordinance 1998. That ordinance requires that the Standing Committee bring to the 1st session of the 45th Synod an ordinance to provide for the recovery of parish ministry and property costs in 2000, 2001 and 2002.
5. The Standing Committee set up a committee (Mr Rodney Dredge, Mr Ian Miller, Canon Peter Tasker) to consider and make recommendations to the Standing Committee about the matters raised in resolutions 32/98(1) and 32/98(2), in particular, the method by which parish ministry and property costs should be recovered in 2000, 2001 and 2002.
6. This report summarises the work of the committee and its proposals, which the Standing Committee has adopted. In undertaking its work, the committee sought and received considerable assistance from the Secretariat Budget Task Force. The Standing Committee greatly appreciates the work of the committee.

### Process

#### *Submissions requested*

7. The committee sought submissions from Synod members. 14 submissions were received from 13 members -

<i>Parish/Organisation</i>	<i>Member</i>
Baulkham Hills	Ken Bowden
Bowral	Tom Romberg
Centennial Park	John Pascoe
Chatswood	Richard Lambert
Chester Hill with Sefton	John Bunyan
Dundas	Graeme Begbie et al
Ingleburn with Denham Court	Brian Baker
Lidcombe/Berala	Malcolm Purvis
Narellan	Michael Blake
Richmond	Noel Pilcher
Riverwood	Bruce Southwell
St Andrew's Cathedral School	Colin Lees
St Ives	Mark Robinson

#### *Conference of interested persons*

8. The members making submissions, and other interested members, were invited to a conference on 20 March 1999. There Mr Dredge, the chairman of the committee, presented draft proposals and obtained feedback in a full and frank discussion. 16 persons attended the conference.

*Development of process*

9. From the submissions, and discussion at the conference, it is apparent that there are perceived to be problems with the process adopted in recent years for the recovery of ministry and property costs. In annexure 2 to this report, a summary of the method of assessment/recovery of ministry and property costs since 1991 is provided. In response, the committee developed a series of hypotheses about the reasons for such problems. It then considered each of the costs which in recent years has been taken to be a ministry and property cost to determine if they should properly be recovered from parochial units. Finally, the committee assessed a range of methods for recovering ministry and property costs.

*Discussion of key concepts*

10. After key concepts had been determined, they were debated by the Standing Committee which gave guidance to the committee as it finalised its deliberations.

*Conclusions*

11. With the Standing Committee giving guidance on the key concepts the committee finalised its deliberations and reported its conclusions to the Standing Committee.

**Submissions**

*Provisional Parishes and "Poorer" Parochial Units*

12. The following issues were raised -

- (a) "Poorer" parochial units, being those which are newly formed, in decline, or have a small population base, should get some form of subsidy. A parochial unit in which there are future ministry possibilities should also receive a subsidy.
- (b) There is an anomaly where "wealthy" provisional parishes pay relatively less in cost recoveries charges than "poor" parishes.
- (c) There are a large number of parishes seeking provisional parish status, and there is no requirement for a status review at regular intervals.

13. It was also suggested that figures need to be shown separately for that part of the cost recoveries charge paid by a parish which is its share of ministry and property costs, and that part which is paid to support or subsidise needy parochial units. Further, the method of cost recovery should not penalise parishes for growing. Where parishes amalgamate a subsidy should be given for a few years if the cost recovery charge is substantial.

*Cost Recovery Formula*

14. Each item in the formula by which cost recoveries charges are calculated must be logical and not arbitrary. Thresholds, such as the net receipts threshold of \$73,000 in the cost recoveries formula which applies in 1999, are an example of items which are regarded as arbitrary.

15. In other submissions it was suggested that if the net receipts threshold was to be retained in the formula by which cost recoveries charges are determined, it should be increased by \$50,000 for each additional minister and church combination. This would address, in part, the concerns about multi-church parishes.

16. A philosophical question was raised - should parish ministry and property costs be recovered in total from parochial units, or should part of those costs be paid from central diocesan funds?

17. It was suggested that instead of calculating the cost recoveries charge payable by a parochial unit by reference to its net receipts, the charge should be calculated by reference to the number of adults attending church (the smaller churches paying a smaller charge). Others saw this method of recovering charges as possibly supporting ineffective ministries.

*Ability to Pay*

18. The following concerns were raised -

- (a) the formula by which cost recoveries charges are calculated should take into account the ability of a parochial unit to pay, and not just the size of the parochial unit,
- (b) the formula needs to take into account the income of a parochial unit from property and investments, and the number of staff of the parochial unit.

19. Some considered that there have been considerable increases in cost recoveries charges for the smaller and less wealthy parochial units in recent years and that the charges paid by the larger and more wealthy parishes are now lower in comparison. One submission considered this issue in great detail, and also drew attention to perceived inequalities between regions. This submission concluded that the cost recovery charge burden has been the main cause which has inhibited the pastoral effectiveness of smaller

parochial units, and that a more equitable cost recoveries formula must be adopted if the pastoral effectiveness of those parochial units is to be improved. It was submitted that an equitable formula would be one where the cost recoveries charge is calculated as a fixed percentage of a parochial unit's net receipts, with no minimum charge. It was also suggested that this model would allow the possibility of considering later a higher percentage to raise additional funds that could be applied to the wider outreach of the Gospel in the Diocese or overseas.

#### *Multi-Church Parishes*

20. Parishes with more than one church can pay more under the cost recoveries formula which has operated in recent years than would be paid in total if each church was in a separate parish.

#### *Insurance Costs*

21. The inclusion of a fixed charge for insurance in the minimum cost recoveries charge was questioned. It was submitted that parochial units need to know the actual insurance costs for their buildings and, where the cost recoveries charge paid by a parochial unit does not cover those costs, the actual subsidy being provided. The issue of high costs on heritage buildings was raised, especially for small congregations now using those buildings, as was the issue of parishes without properties paying for property insurance.

#### *Biblical and Cultural Issues*

22. Paul's concern for 'equality' as expressed in 2 Corinthians 8:1-14 came out of a Christian culture of being 'commission driven' (Matthew 28:19) and a natural expression of love and obedience to God (John 13:34-35). In Mark 12:41-44 and Luke 21:1-4 the widow gave 'out of her poverty', as our 'poorer' parishes do, and should not out of fairness and justice be expected to give more. Attention was drawn to James 2:15-17 where we are exhorted to do something positive about the situation of the poor. We are all part of the 'body of Christ'. We should be consciously seeking not to use worldly business accounting methods, but rather clear Biblical principles and so become 'observably God's people'.

#### *Other Submissions*

23. There were several other issues raised in submissions. For example, it was submitted that the Regional Bishops should report to the Synod about the effectiveness of ministry strategies in the region, key ministry opportunities, and future ministry needs and challenges. A number of issues were raised concerning deductions and exclusions from "gross receipts" in the Assessment and Charges Ordinance.

### **Committee's Response**

#### *Provisional Parishes and "Poorer" Parishes*

24. In the cost recoveries formula which applies in 1999, the minimum charge payable by provisional parish is 50% of the minimum charge payable by a parish. This 50% reduction in the minimum charge is a subsidy of provisional parishes by parishes, because the discount requires that parishes pay a higher minimum charge. While such subsidies need to be maintained, they need to be more "transparent" and there needs to be accountability associated with receipt of a subsidy.

#### *Cost Recoveries Formula*

25. A number of concepts were considered. Each of the cost recovery items was examined to establish clear principles by which each should be considered.

#### *Multi-Church Parishes*

26. The difficulties that affect some multi church parishes were less severe if the net receipts threshold was removed from the cost recoveries formula.

#### *Insurance*

27. This is a key issue and is addressed later in this report.

#### *Biblical and Cultural Issues*

28. The following were noted -

- Money is not the 'key' to gospel ministry!  
Matthew 6:19-24. It is very important to have our priorities right concerning money in our lives personally and as the Body of Christ.
- Scripture gives many warnings concerning money.  
Ephesians 5:5 and 1 Timothy 6. Greed, wrong attitudes to money, cause many to stumble not only outside the Body of Christ but also within. Money can not only draw us away from the Lord, but also wreak havoc on our personal relationships within our families, the church, and all we come in contact with.
- We have responsibility to support gospel ministry.

Romans 13:1-7, 1 Corinthians 9:3-15 and Galatians 6:1ff. Individually and as the church, we have a responsibility to support those who minister the gospel to us. The things needed to facilitate this ministry should also be supported.

- We are called to be generous.

Philippians 4:14ff, 2 Corinthians 9 and Galatians 6:6f. We are to be generous in sharing our resources with others 'in partnership in the gospel' not only near us but in the world at large. Our generosity is to be shaped by the sacrificial love of Christ.

We need to be keen to see our money, individually and collectively, used for the sake of the gospel.

#### *Other Submissions*

29. Some of the submissions referred to matters other than the recovery of ministry and property costs. There was insufficient time available to adequately address those matters.

#### **What are Ministry and Property Costs?**

30. Under clause 10(2) of the Assessment and Charges Ordinance 1975 the term "ministry and property costs" means all costs, expenses, charges or contributions which, in the opinion of the Standing Committee, have been incurred or will be incurred on behalf of or in relation to a parochial unit or any member of the clergy licensed to a parochial unit. The clause then specifically identifies certain costs and contributions as being "ministry and property costs" –

- (a) the costs of effecting insurances under the Church Insurances Ordinance 1981 for parochial units and officers or employees of parochial units,
- (b) superannuation contributions for members of the clergy licensed to parochial units,
- (c) costs and expenses of, or incidental to, the maintenance of stipend continuance insurance for members of the clergy licensed to parochial units,
- (d) contributions to the fund established by the Sydney Diocesan Sickness and Accident Fund Ordinance 1969,
- (e) contributions for long service leave for members of the clergy licensed to parochial units, and
- (f) the costs of maintaining and operating the Property Trust's title registry.

#### *Superannuation contributions*

31. The superannuation contribution for a minister is the percentage last determined by the Synod or the Standing Committee of the minimum stipend applying on the first day of the relevant year. Currently, for a minister, the amount of the superannuation contribution is approximately 17% of the minimum stipend on the first day of that year. In recent years, the minimum charge paid by a parish has included the amount of the superannuation contribution for a minister. Therefore, the parish pays the actual cost of the superannuation contribution for the minister.

#### *Long service leave, Stipend Continuance plan, and Sickness and Accident fund*

32. The costs, expenses and contributions are as follows -

- (a) the contribution to the General Synod Long Service Leave Fund of the amount determined by the General Synod Long Service Leave Board,
- (b) the premium payable for insurance for the minister under the Stipend Continuance Plan,
- (c) the contribution paid for the minister to the Sickness and Accident Fund.

In recent years, the minimum charge paid by a parish has included the amount for these costs, expenses and contributions. Therefore the parish pays the actual costs of these items.

#### *Costs of Operating the Property Trust's titles registry*

33. The Synod has always borne part of the costs of operating the Property Trust's titles registry. From 1992 the proportion was determined from an absorption costing system based on time sheets as 20% of the actual operating costs of the Property Trust. From 1995 this proportion of such costs has been considered to be a ministry and property cost. A fixed charge for this cost has been included in the minimum charge payable by each parish.

#### *Insurances*

34. The insurances effected by the Property Trust under the Church Insurances Ordinance include property insurance and other insurances such as directors' and officers', professional indemnity, legal liability, fidelity guarantee, cash in transit and voluntary workers insurance.

35. The premium for property insurance is negotiated each year by the Property Trust and is based on declared valuations for our properties (which range from \$325,000 to \$20,164,000) and our claims history.

Parish investment properties are insured under the policy and represent less than 2% of the declared property value. Enquiries undertaken in 1998 show that reducing the level of cover will not reduce the premium to any significant degree.

36. In recent years the insurance premium has been recovered as a ministry and property cost in the following ways. First, a fixed amount has been included in the minimum charge. In 1999 this fixed amount was \$1,250, equating to the cost of \$1 million in property cover plus the cost of the other insurances. This recovers about one third of the total cost of property insurance. Secondly, the balance of the total cost is recovered from parochial units with net receipts in excess of a threshold (in 1999 - \$73,000) who pay an additional charge calculated as a percentage of the excess net receipts.

*Other Costs - Sexual Misconduct Protocol*

37. In recent years (but not in 1999) the recovery of these costs has been through a fixed charge per parochial unit or a charge against net receipts. For example, in 1998 the minimum charge for each parish included an amount of \$400 for these costs. No charge for the costs of administering the protocol was made in 1999.

**Framework for Change**

38. There are 5 key principles on which to base the change which were identified.

*Payment of the costs of the minister*

39. All parochial units should pay all costs of its minister, notwithstanding that many parochial units may need assistance to pay those costs. The principle that a parochial unit should pay all costs of its minister is reflected in the minimum cost recoveries charge adopted by the Synod in 1998 for 1999, except that provisional parishes only pay 50% of the minimum charge.

*Removal of thresholds or barriers*

40. Artificial thresholds cause major difficulties in a process which seeks to be fair and equitable. So far as possible, thresholds should be eliminated from any formula by which ministry and property costs are recovered. There are 3 major thresholds in the cost recoveries formula adopted by the Synod in 1998 -

- (a) the 50% discount of the minimum charge for provisional parishes,
- (b) the level at which the insurance charge was capped (in 1999 this was equal to an insurance cover of \$1 million and a charge of \$1,250), and
- (c) the income threshold of \$73,000 below which the charge against net income does not apply.

41. To the extent that the thresholds are visible (or invisible), they can be regarded as arbitrary, and to the extent to which they create different treatments for different parochial units, they are significant sources of frustration.

*Equitable recovery*

42. The cost recovery process must be justifiable, accurate and fair. It is believed that the vast majority of parochial units would accept a process which is transparent and fair.

*Recognition of the need for assistance*

43. Some parochial units should receive assistance to meet their obligations to pay the cost recoveries charge. A culture of local mission and generosity should also be encouraged and that assistance should not be limited to cost recovery matters, but should embrace ministry and parish development in all respects. As the flow of funds in any assistance process should be completely transparent, the regional councils are the most appropriate bodies to determine where assistance should be provided.

*Optimum support for the Diocesan mission*

44. The cost recovery process should improve the capacity to achieve the best outcome for the Diocesan mission.

**Proposal for Change**

45. Applying these 5 principles requires a number of changes to the cost recovery formula.

*Removal of thresholds*

46. The removal of the net receipts threshold which has applied in recent years means that the cost recoveries charge paid by each parochial unit will include an amount calculated as a percentage of its net receipts. However the removal of the threshold increases the net receipts "pool" and allows the actual percentage to decrease.

*Removal of subsidies*

47. Providing a fixed subsidy to all provisional parishes is invisible and undesirable, and too broad a policy

to serve a strategic purpose. The 50% reduction in the minimum cost recoveries charge paid by provisional parishes should be abolished. However, in conjunction with this, a parish assistance fund should be created to which all parochial units will contribute a percentage of their net receipts. The fund is to be for the development of parish ministry and would be distributed by regional councils which would determine which parochial units are to receive assistance and at what level. A phasing-in period of 2 years should be adopted as described later in this report.

*Costs of Operating the Property Trust's titles registry*

48. It is considered that these costs are not ministry and property costs and should be removed from the parochial cost recoveries process. These costs are relatively small, being \$59,000, in 1999.

*Property Insurances*

49. It is considered that we have a shared responsibility for insuring property. On one hand, all parochial units are collectively responsible to ensure that all property assets are preserved for future generations. On the other hand, a parochial unit has a local responsibility to maintain its assets in a form most appropriate for its immediate use.

50. The collective responsibility for insurance should be funded from the Diocesan Endowment as an item in the annual appropriation processes. The balance, the local responsibility, is a parish ministry and property cost which should be recovered from parochial units through the cost recoveries charge.

51. There is a wide range of property value and parish size combinations in the Diocese and only a few parishes have property profiles which genuinely reflect recent investment decisions. As a result, the local responsibility for insurance is considered to attach more to the collective of all parochial units rather than to each individual parochial unit. Accordingly, the local responsibility for property insurance costs should be recovered from parochial units as a charge against the net income of all parochial units.

52. In assessing the point at which the two responsibilities for property insurance costs should separate, there is a danger of introducing another arbitrary threshold. The most logical point for this separation is the property value above which the majority of properties are considered to be heritage properties for valuation purposes. Currently, this point is at a property value of \$4.1 million. Accordingly, for 2000, 2001 and 2002 the proportion of premiums attributable to parochial units with property values at or above \$4.1 million should be regarded as being the collective responsibility for insurance and should be funded from the Diocesan Endowment.

*Other Insurances and Other Costs*

53. In considering how "other" insurances and central Diocesan programs such as the sexual misconduct protocol should be funded, it is considered that "ability to pay" or "most probable rate of consumption of Diocesan services" is best reflected in a parochial unit's net receipts. There is no other measure which is easily understood, reasonably definable and capable of being audited. Accordingly, it is considered these costs should be recovered through a charge against the net receipts of all parochial units.

**The Proposed Cost Recovery Formula**

54. Applying the changes to the cost recovery formula which have been referred to, the following formula for the recovery of parish ministry and property costs is suggested.

55. All parochial units should pay -

	<b>Basis of Charge</b>	<b>Approx. amount/Charge</b>
Minister costs	Actual charges	\$7,279 for 2000
Assistant minister costs (where applicable)	Actual charges	\$7,279 for 2000 (senior) or \$6,688
Property insurance	That portion of premiums attributable to parishes with values in excess of the heritage threshold (\$4.1 million in 2000, 2001 and 2002)	Payable by the Diocesan Endowment.

	Basis of Charge	Approx. amount/Charge
	The balance of property insurance premiums	A percentage charge against the net income of all parochial units
Other insurances		
	Sexual Misconduct Protocol and other approved central programs	A percentage charge against the net income of all parochial units
Parish Assistance Fund		

**Approximate Dimensions**

56. Applying the suggested formula the following are the approximate dimensions, noting that not all 1998 annual returns are in and not all costs for the year 2000 can yet be determined –

Minister costs	\$7,279 in the year 2000
Senior Assistant minister costs	\$7,279 in the year 2000
Property insurance	The proportion payable from the Diocesan Endowment will be about \$194,000  The proportion payable by parochial units will be about \$741,000
Other insurances	The total of these charges is about \$130,000
Sexual misconduct Protocol And other central programs	Costs for 2000 are not yet known, but as a guide, \$185,000 will be required.
Parish Assistance Fund	A sum of about \$300,000 will need to be raised for this fund in order to satisfy the phasing-in provisions proposed.

To satisfy all costs being funded from the net receipts, a charge of approximately 3.2% of each parochial unit's net income will be required.

**Benefits of the Proposal**

57. By removing arbitrary thresholds and changing the cost recoveries formula in the manner proposed, it is considered that a result is achieved that is fair, equitable, transparent, and largely in line with the capacity of all parochial units to pay. Further, through the parish assistance fund, assistance is directed towards those parochial units with greatest need, at a level that is appropriate, contributing to a more focused development of our parish ministry.

**Downsides of Proposal**

58. The changes in the cost recoveries formula will mean that parochial units, with lower net incomes, will pay a larger amount towards the recovery of ministry and property costs. However, this is balanced by the receipt of assistance from the parish assistance fund.

59. The drawing of funds from the Diocesan Endowment for property insurance costs moves against the policy adopted by Synod in recent years whereby all insurance costs were recovered from parochial units. Any funds so drawn will impact on the capacity of the Diocesan Endowment to fund other programs.

60. The proposed changes will mean that about 11 of our larger parishes will receive a reduction of \$5,000 or more in the amount they would otherwise have paid as a cost recoveries charge. However, those parishes will continue to contribute a significant proportion of the funds for the parish assistance fund. This proposal allows a larger parish to measure exactly how much it is contributing to the parish assistance fund and to the overall cost pool. It is hoped that this will help in promoting a sense of generosity, rather than the sense of frustration currently felt by some of these parishes.

### **Phasing-in of the Parish Assistance Fund**

61. For the first 2 years of the operation of the proposed cost recoveries formula (2000 and 2001 if the proposal is agreed at the 1999 session of Synod), no parochial unit should pay more as a cost recoveries charge than they would have paid had the principles on which the cost recoveries charges for 1999 approved by Synod in 1998 been applied in each of those years. This will be effected by tied grants from the parish assistance fund in 2000 and 2001.
62. The purpose of the phasing-in period is twofold -
- (a) the 2 year period can be used by all parochial units to work with their regional council to prepare and agree a development plan
  - (b) the regional council can use the period to research affected parishes and opportunities and develop its own views on where and how the mission should be supported.

### **Implementation**

63. The bill for the Parochial Cost Recoveries Ordinance 1999 is the bill which the Standing Committee is required to bring to the 1st session of the 45th Synod to provide for the recovery of parish ministry and property costs in 2000, 2001 and 2002. The cost recoveries formula in that bill reflects the proposals in this report.

### **Other Matters**

64. Motion 4(8) refers to funding for a TAFE chaplaincy. The Standing Committee considered that the question of funding for a TAFE chaplain was best referred to regional councils for a review of the funding of that ministry. The Diocesan Secretary wrote to each of the regional councils suggesting that if they wished to pursue the question of funding for a TAFE chaplain they do so in their application for funding under the Synod Appropriations Ordinance.
65. Motion 4(10) refers to hospital chaplaincies. As hospital chaplaincies are provided and funded by Anglicare, the Standing Committee considered it inappropriate to attempt to direct Anglicare about where hospital chaplaincies should be provided. However, because the issue was of concern to some members of the Synod, the question of extending hospital chaplaincies in large hospitals in the Diocese was referred to Anglicare for its consideration.
66. Motion 4(19) refers to a review of the Assessment Authorisation Ordinance 1975 (now the Assessment and Charges Ordinance 1975). In the time available, the committee was not able to consider a review of that Ordinance and referred the matter back to the Standing Committee for action.

For and on behalf of the Standing Committee

ROD DREDGE  
PETER TASKER

1 July 1999

## **Annexure 1**

### **Funding for TAFE Chaplaincy (Motion 4(8))**

1. Synod, noting the way God has blessed this Diocese through the Ministry of University Chaplains over the years and the strategic opportunity presented by TAFE, requests that the Standing Committee include an allocation in the 1999 Synod Appropriations Ordinance for a fully funded diocesan TAFE chaplain, to be reviewed after 3 years.

(The Rev Stephen Semenchuk/Dr Kim Hawtrey)

### **Parish Charges (Motion 4(9))**

2. Synod -
- (a) asks that the Standing Committee re-examine, and that the Social Issues Committee examine as a priority, the report tabled at Synod in 1997 relating to motion 20/96 and the response to that report from the Standing Committee, specifically with reference to the relevant teachings of the major Hebrew prophets and of our Lord himself regarding riches and poverty, equity and justice,
  - (b) asks that both committees carry out that examination in the wider context of a study of the financial structures of the Diocese and of its ordinances in so far as they affect the relative positions of richer and poorer parishes and the future viability of our Church in areas of the Diocese where that viability is now in question,
  - (c) asks that both committees consider whether those structures and ordinances are in accordance with the same teaching as found in Scripture or whether they are in any serious way conformed



to this world through any endorsement of the "user pay" principle, "economic rationalism" and other elements of contemporary secular culture, and

- (d) asks that both committees consider in the light of their study whether there is any urgent need for reformation of structures and ordinances, and if so, to propose measures that may bring about such reformation, and to do with particular though not exclusive reference to -
- (i) the present system of assessments including the system of monthly payment,
  - (ii) the present inclusion of superannuation and insurance payments within the assessments,
  - (iii) the extent of parochial contributions to superannuation, and
  - (iv) the extent to which, following the pattern in secular society, the richer parishes have become richer under the new system and the poor parishes poorer.

(The Rev Dr John Bunyan)

#### **Hospital Chaplaincies (Motion 4(10))**

3. Synod, noting the high priority given by our Lord in the Gospel to ministering to the sick in mind and body, and believing that a similar priority is required today of his Church, asks that from the year 2000 the Synod Appropriations Ordinance restore funding from Synod to supplement that provided by Anglicare in order to extend full-time or part-time Anglican chaplaincy to large hospitals of the Diocese such as Bankstown-Lidcombe (chaplaincy having been formerly provided in the separate Bankstown and Lidcombe hospitals) and other hospitals where this Gospel ministry is not extended at present to many who are members of our Church.

(The Rev Dr John Bunyan)

#### **Review of the Assessment Authorisation Ordinance 1975 (Motion 4(19))**

4. Synod requests that the Standing Committee -
- (a) review the Assessment Authorisation Ordinance 1975, and
  - (b) bring to the first session of the 45th Synod amendments that would -
    - (i) clarify unclear and undefined terms in the ordinance, and
    - (ii) allow deductions for amounts paid to "missionary societies and other extra parochial bodies" that are overtly Christian and non-profit organisations but are not necessarily societies or bodies under the direct control of this or another Anglican Synod.

(Dr Laurie Scandrett/Mr John Pascoe)

## **Annexure 2**

### **Historical Perspective**

1. The years quoted below are application or payment years. The relevant Synod ordinance setting those rates or charges is the year prior.
2. 1991 -
  - Rate (applied to net receipts) - 11%.
  - Rebates - \$1,750 for parishes, \$4,000 for provisional parishes.
  - Minimum charge - \$300.
  - Parish contribution to clergy superannuation 5% (note: clergy paid 5%, the Diocese paid 5%).
  - Clergy salary sacrifice of 6% was introduced on 1/10/91 as being more tax effective with SDSF collecting 11% from the parish and the Diocese contributing 5%.
  - Under-recovery \$0.26 million.
3. 1992 -
  - Rate (applied to net receipts) - 11%.
  - Rebates - \$1,750 for parishes, \$4,000 for provisional parishes.
  - Minimum charge - \$300.
  - Clergy superannuation arrangements as for 1991 (post 1/10/91).
  - Over-recovery \$0.52 million.
4. 1993 -
  - Rate (applied to net receipts) - 11%.

- Rebates - \$1,850 for parishes, \$4,250 for provisional parishes.
- Minimum charge - \$320.
- Clergy superannuation arrangements as for 1992.
- Over-recovery \$0.46 million.
- On 22 March 1993 -
  - "It was resolved that Standing Committee receives the attached report and -
  - (a) adopts in principle the replacement of parish assessments with lump sums paid by parishes and parish payment of all costs related to their clergy and employees, and
  - (b) refers the report to the Financial Priorities Committee for consideration in the context of the Diocesan Income and Expenditure Ordinance 1993."

The report came from the Finance Committee. The main reasons for the changes proposed were -

- to move away from the assessment system which was perceived by parishes as "taxation" and a major irritant,
- to reduce administration of the annual return,
- to introduce a more understandable system.

Standing Committee received a further report from the Finance Committee on 28 June 1993. This sought to modify the earlier proposals and proposed that a contribution towards insurances be met from the Synod's reserve.

5. 1994 - (a "transition" year between the old and new formulae)
  - Rate (applied to net receipts) - 8%.
  - Rebates - \$1,850 for parishes, \$4,250 for provisional parishes.
  - Minimum charge - \$4,000 for parishes, \$320 for provisional parishes.
  - Under-recovery \$0.72 million (met by Synod's reserve).
6. 1995 -
  - Rate (applied to net receipts) - 3.5%.
  - Rebates - \$2,400 for provisional parishes only.
  - Minimum charges - \$7,000 for parishes, \$3,500 for provisional parishes.
  - Under-recovery \$1.57 million (met by Synod's reserve).
  - To be met in 10 instalments from 1 March, preferably by direct debit (previously quarterly in arrears).
  - Government SGC legislation required all superannuation to be contributed monthly to SDSF. Parishes took over the Diocese's 5% contribution, effectively increasing the parish contributions from 5% to 10% and collected in the minimum charge for Rectors/CIC's.
7. 1996 -
  - Rate (applied to net receipts) - 3.5%.
  - Rebate - \$2,400 for provisional parishes only.
  - Minimum charge - \$8,300 for parishes, \$4,150 for provisional parishes.
  - Under-recovery of \$1.56 million (met by Synod's reserve).
  - A strategy of full cost recovery to be attained over the years to 2000 was disclosed to Synod. It was proposed to do this by increasing the minimum charge by a further \$2,160 to \$12,110. This alarmed some members of Synod giving rise to resolution 25/96 requesting Standing Committee to return to a formula based on ability to pay in recovering ministry costs.
8. 1997 -
  - Rate (applied to net receipts) - 4%.
  - Rebates - nil.
  - Minimum charges - \$9,950 for parishes, \$4,975 for provisional parishes.
  - Under-recovery \$0.8 million (met by Synod's reserve).
  - The Synod debated 25/96. Standing Committee put up 2 formulae ("A" and "B") for debate. A third ("C") was introduced from the floor, being a compromise. "A" continued the push towards a higher minimum charge (\$10,950) while "B" adopted a lower minimum charge of \$8,810 but a 4.3 % rate above a threshold of \$70,000. Formula "B" was a clear winner.

9. 1998 -
  - Rate (applied to net receipts) - 4.3% above a threshold of \$70,000.
  - Rebate - nil.
  - Minimum charges - \$8,810 for parishes, \$4,405 for provisional parishes.
  - The above formula and rates was the winning "B" formula from the 1997 Synod debate.
  - Under-recovery \$0.33 million.
  - Synod resolution 32/98 passed.
10. 1999 -
  - Rate (applied to net receipts) - 4.95% above a threshold of \$73,000.
  - Rebates - nil.
  - Minimum charge - \$8,535 for parishes, \$4,268 for provisional parishes.
  - Full cost recovery achieved.