

## Parochial Cost Recoveries Ordinance 2005

### Explanatory Report

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### 1. Overview

#### Purposes of the proposed ordinance

- 1.1 The purposes of the proposed ordinance are -
- (a) to determine the estimated ministry and property costs for 2006 which are to be paid for, or on behalf of, parochial units in the Diocese, and
  - (b) to specify the formula that will apply for 2006, 2007 and 2008 to calculate the cost recoveries charges payable by each parochial unit to recover those costs, and
  - (c) to authorise the Standing Committee to apply the cost recovery charges towards the ministry and property costs incurred on behalf of parochial units.
- 1.2 This report focuses on the policies and principles underlying the proposed ordinance. The attachment lists the parochial units with the estimate of their cost recovery charges for 2006.

### 2. Ministry and Property Costs

#### Components

- 2.1 The proposed ministry and property costs for 2006 comprise 2 components -
- (a) the minister and assistant minister costs, and
  - (b) other ministry and property costs.

**Minister and assistant minister costs**

*Introduction*

2.2 Each parochial unit is to pay, for its minister and each assistant minister, the costs of superannuation, long service leave, stipend continuance insurance and sickness and accident fund contributions. For 2006 these costs are estimated to be \$10,148 for each minister or assistant minister with 7 or more years service, and \$9,319 for each other assistant minister.

	<i>2005 actual Minister and Assistant Minister 7+ years \$</i>	<i>2005 actual Assistant Minister 1-6 years \$</i>	<i>2006 proposed Minister and Assistant Minister 7+ years \$</i>	<i>2006 proposed Assistant Minister 1-6 years \$</i>
Superannuation	7,443	6,698	7,805	7,025
Long Service Leave	1,015	1,015	1,093	1,093
Sickness/Accident Fund	174	174	240	240
Stipend Continuance Plan	925	925	1,010	961
Estimated Total Charge	9,557	8,812	10,148	9,319
Increase over previous year	4.6%	4.5%	6.1%	5.7%

*Superannuation contributions*

2.3 The amount of the superannuation contribution is a specified proportion (17%) of the minimum stipend. The estimated superannuation contributions for 2006 are based on an estimated 5% increase in minimum stipends in 2006.

*Long Service Leave*

2.4 The contribution for long service leave is to fund the Sydney Long Service Leave Fund which, in turn, pays contributions to the General Synod Long Service Leave Fund. The estimated contribution reflects changes in charges estimated for 2006, and a recovery of an undercharge for long service leave in 2005 because the rate of increase in contributions to the General Synod Fund (6.8%) was materially greater than that estimated when cost recoveries charge for 2005 was determined.

*Sickness/Accident Fund*

2.5 The Sickness/Accident Fund is a self funded fund to provide assistance to parishes when their minister or assistant minister suffers a short term incapacity. The proposed contribution represents the amount needed to ensure that the Fund can meet claims and

accumulate adequate reserves for those years when claims are higher than usual. In 2003, the charge was \$250 per member of the clergy, and in 2004 the charge was \$234 per head. The 2005 amount (\$174 per head) was lower, but this has an effect on reserves. It is intended to increase the amount to \$240 per head to ensure that normal claims are met and adequate reserves are maintained.

#### *Stipend Continuance Plan*

2.6 The Stipend Continuance Plan provides income benefits to clergy in the event of long term sickness or incapacity. There is an insurance policy which provides benefits. The proposed increase in stipend continuance charges reflects 3 matters -

- (a) The amounts charged for insurance premiums in 2005. were less than the premiums paid. The charge for 2006, in part, reflects the recovery of that under charge.
- (b) Different charges are now made between ministers and assistant ministers with 7 years service, on the one hand, and other assistant ministers, on the other.
- (c) The projected increase in stipends and other benefits for 2006.

#### *Reduction of charge*

2.7 The minister and assistant minister charges applicable to a parochial unit will be reduced by a pro rata rebate for any part of the year for which the contributions, costs and charges for the minister or assistant minister are paid by another parochial unit or body, or do not apply to the minister or assistant minister.

### **Other ministry and property costs**

#### *Introduction*

2.8 The other ministry and property costs comprise -

- (a) the costs of the parish insurance program, and
- (b) a contribution of the costs of the Professional Standards Unit, and
- (c) a provision for relief or remission.

#### *Parish insurance program*

2.9 The parish insurance program provides insurance cover for property and contents, public liability and other risks. The estimated cost of that program in 2006 is \$2.70 million, which is 3.6% higher than in 2005. The main cost of this program is insurance premiums on the policies. Our brokers expect that the premium rate for most policies will not increase. However, the overall cost of our building insurances is likely to increase by about 9% because of an increase

in insurance values in accordance with the advice of our quantity surveyor.

*Professional Standards Unit*

2.10 It is proposed to include a new charge of \$320,000 being a two-thirds contribution to the costs of running the Professional Standards Unit (PSU). The PSU program consists of several elements (which are closely related and at times may be indistinguishable) involving work for the Synod, the Archbishop and parishes. The PSU is involved in investigating complaints against clergy and taking appropriate action, advising and informing parishes about screening and other local responsibilities under Child Protection legislation, and educating about *Faithfulness In Service*. It is considered that funding for the PSU should be provided on the basis of two-thirds from parishes through the cost recoveries system and one-third from the Appropriations Ordinance. The costs of the PSU in 2006 will be \$480,000. Accordingly, a charge of \$320,000 on parishes in 2006 is proposed.

*Relief or remission from cost recoveries charge*

2.11 Funding is also needed for a provision for relief or remission from the parochial cost recoveries charge for circumstances where Standing Committee declares by resolution that it is expedient to grant such relief or remission under clause 15 of the Assessment and Charges Ordinance 1975. It is considered that a provision of \$150,000 needs to be created for this purpose. \$50,000 was allocated in 2005 and it is proposed that a further \$50,000 be allocated in 2006, and a further \$50,000 in 2007.

*Variable charge*

2.12 With the total costs increasing from \$2.657 million to \$3.070 million, the variable charge as a percentage of net receipts will increase from 4.96% to 5.51% (based on the net receipts for 2004).

<b>Statement of other ministry and property costs</b>			
	<b>Approved in 2005</b>	<b>Recom- mended in 2006</b>	<b>Increase %</b>
	<b>\$000s</b>	<b>\$000s</b>	
Parish Insurance Program	2,607	2,700	3.6
Professional Standards Unit	-	320	-
Provision for relief or remission	50	50	0
<b>Total</b>	<b>2,657</b>	<b>3,070</b>	<b>15.5</b>
Variable charge (% Net Receipts)	4.96%	5.51%	11.1

### **3. Recovery of costs**

#### **Cost recovery formula for 2006, 2007 and 2008**

3.1 Applying the formula in the schedule to the proposed ordinance to the costs for 2006 gives -

- (a) minister and assistant minister with 7 or more years service charge estimated at \$10,148 and other assistant minister charge estimated at \$9,319, plus
- (b) the variable component calculated as 5.51% of each parochial unit's 2004 net receipts to cover the other ministry and property costs for 2006 consisting of -
  - (i) the property and liability insurance program of \$2.70 million, and
  - (ii) a contribution to the Professional Standards Unit of \$320,000, and
  - (iii) an increase in the provision for relief or remission of \$50,000.

#### **List of parochial units - estimated cost recovery charges 2006**

3.2 The estimated cost recoveries charge for each parochial unit for 2006 are shown in Attachment A.

3.3 The list of parochial units shows the application of the variable component of the parochial cost recoveries charge (based on 2004 net receipts in the case of 2006). The actual minister and assistant minister charges for each parochial unit for 2006 will be based on the Registrar's records of ministers and assistant ministers licensed to each parochial unit, less any adjustment for a rebate in accordance with paragraph 2.7 above. The estimate of the total charge payable in 2006 for each parochial unit is the sum of -

- (a) the appropriate minister and assistant minister and charge, and
- (b) the variable component charge shown in the list.

3.4 The estimated cost of the minister and assistant minister charge may vary if the actual costs of each of the components differ materially from the estimates. For example, the actual superannuation charge for 2006 cannot be calculated until the minimum stipends for 2006 are determined later in the year. If the rate of increase in stipends is not 5%, the amount of the superannuation contribution, and hence the minister and assistant minister charge, may have to be recalculated.

3.5 The estimated variable charge may vary if the actual Net Receipts for 2004 for those parishes that had not lodged their Annual Financial Return prior to 31 July 2005 differs significantly from the

estimate shown in this report. While the main impact of this change would impact those parishes for which estimates are used in the attachment, if in aggregate the changes are significant it may result in a small change to the variable charge percentage for all parishes.

#### **4. Recommendation**

##### **Recommendation**

4.1 The Standing Committee recommends that the Synod pass the proposed Parochial Cost Recoveries Ordinance 2005 as an ordinance.

For and on behalf of the Standing Committee

BISHOP PETER TASKER

12 August 2005

## Attachment A

<b>ESTIMATED PAROCHIAL COST RECOVERY CHARGES for 2006</b>			
(based on AFRs received prior to 31 July 2005)		(excluding GST)	
<b>MINISTER and ASSISTANT MINISTER COSTS</b>			
Fixed charge per Minister			<b>\$10,148</b>
Fixed charge per Assistant Minister with 7 or more years service			<b>\$10,148</b>
Fixed charge per other Assistant Minister			<b>\$9,319</b>
<b>VARIABLE CHARGE</b>			
Cost of parochial property and liability insurance program	2,700,000		
Cost of 2/3 <sup>rd</sup> of Professional Standards Unit	320,000		
Provision for relief or remission of cost recoveries charges	50,000		
		<u>3,070,000</u>	
Total Net Receipts for 2004	55,726,520		
<b>Variable charge percentage for 2006</b>			<b>5.51%</b>
The PCR charge for each parochial unit in 2006 will consist of the sum of-			
(i) the actual minister and assistant minister costs, based on the cost per person shown above, multiplied by the number of such persons licenced to and paid by the parochial unit in 2006, <u>plus</u>			
(ii) The variable cost charge shown below, based on the variable charge percentage for 2006 of % shown above multiplied by the Net Receipts of the parochial unit for 2004 (shown below).			
Note that the PCR charge does not include any costs for any Lay Ministers employed by the parochial unit.			
<b>DETAIL OF ESTIMATED VARIABLE CHARGE BY PAROCHIAL UNIT-</b>			
If a parochial unit had not lodged its 2004 Annual Financial Return prior to the date this report was prepared (31 July 2005), for the purpose of estimating the 2006 variable cost charge for that parochial unit, the Finance Committee has approved the use of an estimate based on Net Receipts for 2003 + 20%.			

Parochial Unit	Net Receipts		Variable PCR charge	
	Actual 2004	Estimate (2003+20%)	Actual (2004 NR)	Estimate (2003 NR+20%)
	\$	\$	\$	\$
1 Abbotsford	100,754		5,551	
2 Albion Park	176,317		9,713	
3 Annandale	183,667		10,118	
4 Arncliffe	-	130,602		7,195
5 Artarmon	84,291		4,644	
6 Ashbury	-	-		-
7 Ashfield	97,658		5,380	
8 Asquith/MtColah/ Mt Kuring-gai	192,004		10,578	

Parochial Unit	Net Receipts		Variable PCR charge	
	Actual 2004	Estimate (2003+20%)	Actual (2004 NR)	Estimate (2003 NR+20%)
	\$	\$	\$	\$
9 Auburn-St Philip	87,069		4,797	
10 Auburn-St Thomas'	75,120		4,138	
11 Austinmer	170,951		9,418	
12 Avalon with Palm Beach	-	173,740		9,571
13 Balgowlah	187,011		10,303	
14 Balmain	75,802		4,176	
15 Bankstown	51,928		2,861	
16 Baulkham Hills	293,851		16,188	
17 Beacon Hill	-	91,807		5,058
18 Beecroft	-	252,028		13,884
19 Bellevue Hill	124,469		6,857	
20 Belmore with McCallums Hill & Clemton Park	120,463		6,636	
21 Belrose	289,215		15,933	
22 Berala	48,460		2,670	
23 Berowra	185,994		10,246	
24 Berrima cum Moss Vale	158,426		8,728	
25 Berry with Kangaroo Valley	153,385		8,450	
26 Beverly Hills	172,125		9,482	
27 Blackheath	152,321		8,391	
28 Blacktown	289,386		15,942	
29 Blakehurst	127,485		7,023	
30 Bomaderry	198,505		10,936	
31 Bondi	143,546		7,908	
32 Bossley Park	-	85,127		4,690
33 Bowral	397,871		21,919	
34 Brighton/Rockdale	124,761		6,873	
35 Broadway	623,191		34,332	
36 Bulli	129,552		7,137	
37 Burwood	162,500		8,952	
38 Cabramatta	-	164,524		9,064
39 Cambridge Park	-	181,441		9,996
40 Camden	510,349		28,115	
41 Campbelltown	397,538		21,901	
42 Campsie	127,607		7,030	
43 Canterbury with Hurlstone Park	-	111,630		6,150
44 Caringbah	309,027		17,024	
45 Carlingford and North Rocks	916,217		50,475	
46 Castle Hill	1,251,141		68,926	
47 Cataract with Ambarvale	-	183,422		10,105
48 Centennial Park	589,930		32,500	
49 Chatswood	350,823		19,327	
50 Cherrybrook	87,715		4,832	
51 Chester Hill with Sefton	-	74,510		4,105
52 Clovelly	45,677		2,516	
53 Concord and Burwood	118,981		6,555	
54 Concord West with Concord North	122,099		6,726	
55 Coogee	103,897		5,724	



Parochial Unit	Net Receipts		Variable PCR charge	
	Actual 2004	Estimate (2003+20%)	Actual (2004 NR)	Estimate (2003 NR+20%)
	\$	\$	\$	\$
56 Cooks River	100,427		5,533	
57 Corrimal	71,784		3,955	
58 Cranebrook	-	148,075		8,158
59 Cremorne	174,155		9,594	
60 Cronulla	175,584		9,673	
61 Croydon	419,890		23,132	
62 Culburra Beach	114,350		6,300	
63 Dapto	464,970		25,615	
64 Darling Point	-	477,330		26,296
65 Darling Street	422,219		23,260	
66 Dee Why	189,907		10,462	
67 Denham Court	62,982		3,470	
68 Doonside	74,628		4,111	
69 Drummoyne	123,895		6,825	
70 Dulwich Hill	129,472		7,133	
71 Dundas/Teloepa	156,662		8,631	
72 Dural District	261,597		14,412	
73 Eagle Vale	71,049		3,914	
74 Earlwood	172,190		9,486	
75 East Lindfield	183,452		10,106	
76 East Sydney	334,880		18,449	
77 Eastgardens	123,551		6,806	
78 Eastwood	242,528		13,361	
79 Emu Plains	207,955		11,456	
80 Enfield	104,962		5,782	
81 Engadine	301,889		16,631	
82 Enmore/Stanmore	134,608		7,416	
83 Epping	206,666		11,385	
84 Ermington	72,078		3,971	
85 Erskineville	20,575		1,133	
86 Fairfield	-	92,952		5,121
87 Fairy Meadow	262,536		14,463	
88 Figtree	846,625		46,641	
89 FiveDock/Haberfield	48,485		2,671	
90 Forestville	-	314,723		17,338
91 Frenchs Forest	124,996		6,886	
92 Georges Hall	97,024		5,345	
93 Gerringong	189,668		10,449	
94 Gladesville	-	858,743		47,309
95 Glebe	43,982		2,423	
96 Glenbrook	287,348		15,830	
97 Glenmore Park	239,637		13,202	
98 Glenquarie	84,709		4,667	
99 Gordon	267,997		14,764	
100 Granville	105,980		5,838	
101 Greenacre	143,655		7,914	
102 Greenwich	93,262		5,138	
103 Gymea	525,070		28,926	
104 Harbord	-	96,329		5,307
105 Helensburgh and Stanwell Park	113,878		6,274	

Parochial Unit	Net Receipts		Variable PCR charge	
	Actual	Estimate	Actual	Estimate
	2004	(2003+20%)	(2004 NR)	(2003 NR+20%)
	\$	\$	\$	\$
106 Hornsby	121,164		6,675	
107 Hornsby Heights	92,257		5,082	
108 Hoxton Park	161,397		8,891	
109 Hunters Hill	212,569		11,711	
110 Hurstville	238,509		13,140	
111 Hurstville Grove	326,995		18,014	
112 Huskisson	106,364		5,860	
113 Ingleburn	145,307		8,005	
114 Jamberoo	55,340		3,049	
115 Jannali	-	486,168		26,783
116 Katoomba	57,198		3,151	
117 Keiraville	63,735		3,511	
118 Kellyville	-	111,762		6,157
119 Kensington	144,417		7,956	
120 Kiama	209,395		11,536	
121 Killara	259,707		14,307	
122 Kingsford	81,683		4,500	
123 Kingsgrove	75,402		4,154	
124 Kingswood	152,045		8,376	
125 Kirribilli	102,249		5,633	
126 Kurrajong	168,721		9,295	
127 Lakemba	64,459		3,551	
128 Lalor Park and Kings Langley	107,646		5,930	
129 Lane Cove	128,776		7,094	
130 Lavender Bay	216,274		11,915	
131 Lawson	83,134		4,580	
132 Leichhardt	222,989		12,285	
133 Leura	73,805		4,066	
134 Lidcombe	93,297		5,140	
135 Lindfield	370,825		20,429	
136 Lithgow	183,880		10,130	
137 Liverpool	227,781		12,549	
138 Liverpool South	93,143		5,131	
139 Longueville	136,639		7,528	
140 Lord Howe Island	-	-	-	-
141 Lugarno	75,014		4,133	
142 Macquarie	263,524		14,518	
143 Malabar	134,904		7,432	
144 Manly	725,412		39,963	
145 Manly Vale with Allambie Heights	-	134,840		7,428
146 Maroubra	134,740		7,423	
147 Marrickville	164,547		9,065	
148 Menai	412,419		22,720	
149 Menangle	64,366		3,546	
150 Merrylands West	79,589		4,385	
151 Minchinbury	101,140		5,572	
152 Minto	123,260		6,790	
153 Miranda	556,156		30,639	
154 Mittagong	135,409		7,460	

Parochial Unit	Net Receipts		Variable PCR charge	
	Actual	Estimate	Actual	Estimate
	2004	(2003+20%)	(2004 NR)	(2003 NR+20%)
	\$	\$	\$	\$
155	Mona Vale	-	209,796	11,558
156	Moorebank	-	196,979	10,852
157	Mosman-St Clement	512,499	28,234	
158	Mosman-St Luke	-	302,886	16,686
159	Mowbray	183,008	10,082	
160	MtDruitt	90,864	5,006	
161	Mulgoa	111,272	6,130	
162	Narellan	221,048	12,178	
163	Naremburn/Cammeray	388,320	21,393	
164	Narrabeen	500,184	27,555	
165	Neutral Bay	228,212	12,572	
166	Newport	125,837	6,932	
167	Newtown	111,406	6,137	
168	Norfolk Island	-	-	-
169	Normanhurst	-	256,531	14,132
170	North Epping	113,244	6,239	
171	North Ryde	88,772	4,890	
172	North Sydney	-	1,187,203	65,404
173	Northbridge	74,766	4,119	
174	Northmead and Winston Hills	-	538,151	29,647
175	Norwest	196,152	10,806	
176	Nowra	213,330	11,752	
177	Oak Flats	121,091	6,671	
178	Oakhurst	198,814	10,953	
179	Oatley	-	204,290	11,254
180	Oatley West	96,056	5,292	
181	Paddington	121,546	6,696	
182	Padstow	103,308	5,691	
183	Panania	239,179	13,176	
184	Parramatta	652,763	35,961	
185	Parramatta North with Harris Park	-	262,798	14,478
186	Peakhurst/Mortdale	223,629	12,320	
187	Penrith	-	278,881	15,364
188	Penshurst	137,790	7,591	
189	Petersham	-	121,217	6,678
190	Picton	54,067	2,979	
191	Pitt Town	111,408	6,138	
192	Port Kembla	102,453	5,644	
193	Putney	77,179	4,252	
194	Pymble	434,547	23,939	
195	Quakers Hill	192,548	10,608	
196	Randwick	234,559	12,922	
197	Regents Park	21,645	1,192	
198	Revesby	59,035	3,252	
199	Richmond	173,022	9,532	
200	Riverstone	63,926	3,522	
201	Riverwood-Punchbowl	208,805	11,503	
202	Robertson	70,508	3,884	
203	Rooty Hill	380,007	20,935	

Parochial Unit	Net Receipts		Variable PCR charge	
	Actual 2004	Estimate (2003+20%)	Actual (2004 NR)	Estimate (2003 NR+20%)
	\$	\$	\$	\$
204 Roseville	370,678		20,421	
205 Roseville East	91,022		5,014	
206 Rouse Hill	29,942		1,650	
207 Ryde	471,406		25,970	
208 Sadleir	132,859		7,319	
209 Sans Souci	103,330		5,692	
210 Seaforth	141,863		7,815	
211 Seven Hills	162,360		8,944	
212 Shellharbour	161,228		8,882	
213 Shellharbour City Centre	176,771		9,738	
214 Smithfield Road	267,439		14,733	
215 South Carlton	136,653		7,528	
216 South Coogee	109,086		6,010	
217 South Creek	38,780		2,136	
218 South Hurstville	108,435		5,974	
219 South Sydney	100,646		5,545	
220 Springwood	410,546		22,617	
221 St Clair	76,112		4,193	
222 St George	81,492		4,489	
223 St George North	419,464		23,108	
224 St Ives	1,188,242		65,461	
225 St Marys	111,256		6,129	
226 Strathfield	193,099		10,638	
227 Strathfield and Homebush	180,506		9,944	
228 Summer Hill	96,324		5,307	
229 Surry Hills	147,628		8,133	
230 Sutherland	250,262		13,787	
231 Sutton Forest	110,335		6,078	
232 Sydney-Cathedral of St Andrew	372,655		20,530	
233 Sydney-Christ Church St Laurence	431,690		23,782	
234 Sydney-Holy Trinity Millers Point	173,937		9,582	
235 Sydney-St James King Street	950,249		52,350	
236 Sydney-St Philip York Street	186,986		10,301	
237 Sylvania	122,866		6,769	
238 The Oaks	90,986		5,012	
239 Thornleigh-Pennant Hills	219,207		12,076	
240 Toongabbie	-	196,769		10,840
241 Turramurra	-	433,974		23,908
242 Turramurra South	334,511		18,428	
243 Ulladulla	-	317,930		17,515
244 Unichurch (UNSW)	-	643,962		35,476
245 Vacluse and Rose Bay	181,346		9,990	
246 Wahroonga-St Andrew	333,520		18,374	
247 Wahroonga-St Paul	170,019		9,366	
248 Waitara	80,843		4,454	
249 Watsons Bay	233,515		12,864	

Parochial Unit	Net Receipts		Variable PCR charge	
	Actual 2004	Estimate (2003+20%)	Actual (2004 NR)	Estimate (2003 NR+20%)
	\$	\$	\$	\$
250 Waverley	-	167,069		9,204
251 Wentworth Falls	169,387		9,332	
252 Wentworthville	148,135		8,161	
253 West Lindfield	151,589		8,351	
254 West Pennant Hills with Cherrybrook	519,030		28,594	
255 West Pymble	292,813		16,131	
256 West Ryde	154,862		8,531	
257 West Wollongong	217,531		11,984	
258 Westmead	93,104		5,129	
259 Wilberforce	-	311,006		17,133
260 Willoughby	263,923		14,540	
261 Willoughby East	147,648		8,134	
262 Windsor	162,327		8,943	
263 Wollondilly	113,131		6,232	
264 Wollongong	317,254		17,478	
265 Woodville Road	475,363		26,188	
266 Woollahra	124,230		6,844	
267 Yagoona	164,586		9,067	