

## 20/96 Ministry of Parishes with Certain Incomes

1. The 1996 session of Synod resolved as follows -  
 "Synod requests that the Standing Committee convene a meeting of representatives nominated by each of the Regional Councils to consider the effect on the ministry of parishes with incomes of \$70,000 and less following the increase in the recovery of ministry and property costs from \$7,000 in 1995 to \$9,950 in 1997, an increase of 42%."
2. After some delay in obtaining nominees from all the Regions and in moving through the Standing Committee agenda, the following people were elected to the committee to consider this resolution -  
 Archdeacon Reg Platt (Chairman) and Mr John Barnes (North Sydney)  
 Revs Bruce Southwell and Michael Steinwede (Georges River)  
 Revs Alan Hamilton and Colin Mackellar (Parramatta)  
 Revs John Cashman and Trevor Oakley (South Sydney)  
 Rev Graham Errington and Mr R Metcalf (Wollongong).

The Committee met on 1 August 1997 and on two subsequent occasions.

3. For the purposes of considering the resolution, the following definitions were applied to the text -  
 "Parishes" were defined as parochial units with full parish status in 1995.  
 "Incomes" were defined as total receipts in 1995.

Furthermore, reporting was to be to the Standing Committee.

4. On the criteria agreed to in the definitions, 24 parishes were identified as coming within the criteria: 12 in Georges River, 2 in Parramatta, 3 in North Sydney, 6 in South Sydney and 1 in Wollongong.
5. The method used to gather information was a questionnaire to each of the affected parishes. In order to have results of the survey available to the 1997 session of Synod, limited time was available for the return of the questionnaires. Returns were received from 13 of the 24 parishes canvassed.
6. None of the respondees viewed the recovery costs system resulting in increased charges in any positive light. Terms like "inequitable", "demoralising" were used and the method of assessment was questioned in the light of Scriptural principles.
7. Five parishes expected that loss of parochial status would be an effect of the increased charges.
8. Two parishes have sought parish grants as a result of the charges.
9. Four parishes reported some affect on the stipend package of the Rector either in allowances cut to the absolute minimum or delay in payments.
10. Staffing arrangements do not appear to have been affected but these have already been reduced to a minimum.
11. "Assessments" have continued to be met but with great difficulty. The monthly debit system was seen to be a hardship and, at least in one case, payment has been postponed.
12. Maintenance expenditure was severely affected in most cases ranging from "unable to carry out church/rectory repairs" to "no heating provided in the church in winter".
13. Other running expenses for such matters as stationery, printing, etc. had been affected in many cases.
14. Expenditure on small capital items, often seen as standard equipment, such as photocopiers, had to be foregone in a majority of cases.
15. Only one parish had to cut the supply of Sunday School/Scripture material but one hasn't even been able to consider such expenditure; one shares costs with neighbouring parishes, one has special fund raising for this purpose and, in one case, Scripture teachers pay for the material themselves.
16. In almost all cases, to varying degrees, missionary giving has been affected by the increased charges.
17. Some parishes had found it necessary to cut back ministries offered and others were under extreme pressure to do so.
18. Almost all the respondents believed that the raised charges would have long term and overall effects, ranging from loss of parochial status to debilitating pressure on struggling parishes.

19. All but one parish reported effects in terms of increasing pressure on the rector, parish office bearers and parishioners. Some felt a measure of guilt at not being able to offer outreach ministry and most report that they were distracted from the central purposes of parish ministry.

20. Parishes have sought to cope with the increased charges by cutbacks, by appealing for increased giving and by fund raising.

21. In addition, respondents commented that -

- (a) poor parishes were paying proportionately more and that there was nothing left for creative, gospel ministries;
- (b) the system of cost recovery is flawed;
- (c) there is an impression given that small churches are expendable;
- (d) reductions in parish status will follow;
- (e) there is a perception that the Diocese is insensitive to ministry in poor areas where encouragement not added pressure is needed;
- (f) ministry options are reduced;
- (g) the effect on low and fixed income parishioners is demoralising.

22. Committee members reported anecdotal evidence that sentiments expressed in the returns are widely shared by parishes with low incomes, well beyond the relatively narrow band covered by the criteria the Committee felt it was right to adopt.

### Recommendation

23. The Committee recommends to the Standing Committee that its report be made available to members of Synod.

REG PLATT  
*Chairman*

12 September 1997

## Response of the Standing Committee

*(Drafted by Neil Cameron at the Standing Committee's request and edited by Warren Gotley.)*

1. The assessment system has never been popular.
2. What is often overlooked is that far more of the essential parish costs are paid through the assessment system than, say, 20 years ago. A direct payment by a parish council does not seem to raise the complaint which the same or a similar payment made through the assessment system seems to attract. The minimum charge is not set arbitrarily. Details are on page 215 of the Report of the Standing Committee. It comprises -

	\$
Minister's Superannuation	5,382
Minister's Long Service Leave	960
Stipend Continuance	350
Sickness/Accident Fund	100
Property Titles Register	260
Insurance	2,398
Sexual Misconduct Protocol	500
	<u>\$9,950</u>

3. The largest item is clergy superannuation. When superannuation was first introduced, of the cost was paid by the parish, by the minister and by the assessment system. The first change to this regime was in effect, for the minister's stipend to be reduced by the amount of his contribution and for the contribution of the parish to be increased to, providing a more tax-effective package for the minister. The second change was, in effect, for the paid by the assessment system to be transferred to the parish. The third change was for the whole contribution to be collected through the assessment system. Thus 20 years ago each parish would have paid \$3,588 plus contributions by way of assessment to the balance. There is no doubt that the second

change resulted in an increased burden on some parishes. The third change resulted in a substantial reduction in the cost of administering the Superannuation Fund which cost is charged against the Fund.

4. The position regarding insurances is similar but more complex. 20 years ago each parish council was responsible for insuring its buildings. In consequence -

- (a) the cost of insurance was much more; or
- (b) many buildings, particularly those in "struggling" parishes were under-insured or not insured; and
- (c) some parishes were not insured for the wide range of risks included in the present cover (cash in transit, officers' liability, voluntary workers, fidelity guarantee, professional indemnity, personal accident, etc).

The problem at present is that some buildings, mostly 19th century "Blackett" or "Greenway" buildings, are very expensive to insure due to the high replacement cost. Further, such buildings are not evenly distributed through the Diocese. Some (for example, those in the Sydney Central Business District) are in parishes with substantial financial resources. Others (for example, those in the Parishes of Newtown or Leichhardt) are not.

5. The cost of the sexual misconduct protocol is of very recent origin. In 1998, parishes will contribute \$81,600 towards the estimated cost of \$200,000.

6. 20 years ago the assessment was raised as a percentage of the adjusted receipts of the parish. In 1976 (when the minimum recommended stipend was \$5,920) the contribution (to the general assessment) of a parish with adjusted receipts of over \$4,501 was \$43 plus 9% of receipts in excess of \$4,201. And in 1976 a parish with adjusted receipts of \$4,501 or more would have paid an additional assessment (the special assessment) of \$73 + 11% of receipts in excess of \$4,501, a charge for which there is no equivalent today. But this can be deceptive. Of the components in the present minimum charge -

The parish would have paid -

	\$
Superannuation	3,588
Insurance	2,398
Sexual Misconduct Protocol	500
	<u>6,486</u>

The Synod would have paid from assessment -

	\$
Superannuation	1,794
Long Service Leave	960
Stipend Continuance	350
Sickness/Accident Fund	100
	<u>\$3,204</u>

In other words, well over of the present charge would have been paid in 1977 by each parish and through endowment and assessment income (both the general and special assessments) the Synod would have paid about on behalf of all parishes.

7. In 1976 there were 3 parochial units with incomes of less than \$4,501. No doubt the rates in 1976 meant that parishes with substantial receipts made a greater contribution than parishes with lesser receipts to the costs met by the assessment. However the system of imposing a percentage on adjusted receipts gave rise to 3 consequences.

- (a) Frequent and numerous arguments on what adjustments should be made.
- (b) Substantial costs of administration. Apart from accounting and auditing costs, the system required the equivalent of a full-time assessment officer for a substantial part of each year at a cost in contemporary terms of approximately \$40,000 per annum. And it has substantial

additional spin-off costs which cannot be isolated: like the time spent by various officers and committees in preparing the parish cost recovery section of the Synod Estimates every year, by Archdeacons in their pastoral visits when parishes fall into arrears, etc.

- (c) Substantial administration work by parish voluntary personnel in completing annual returns by the due date, 15 April. (There were 9 units which had still not lodged annual returns for 1996 by 1 August 1997, after several follow-up attempts including contact by the Archdeacon.)

8. The old system of assessments concealed the assistance received by some parishes. In consequence, some parishes appeared to be viable but were not. Yet because such parishes appeared to be meeting their way, measures were not taken which might have been taken to ensure continued viability.

9. There is also the issue of accountability. If assistance is provided through the assessment system to some parishes, there is no accountability as regards the use of the assistance provided. If assistance is provided by grants from available support systems, it is clear what is happening and the use and effectiveness of the assistance can be gauged.

10. The Standing Committee firmly believes that each parish must pay its costs.

11. The Standing Committee is well aware that when a parish is just viable or not viable there are very real difficulties. In these cases 2 courses must be considered.

- (a) To seek change of classification from a parish to a provisional parish, which provides some assessment relief and enables the local church to review its future. If the church grows, it can seek re-classification as a parish.
- (b) To seek aid from the Regional Council. Such aid may be financial or it may be advice on what can be done.

For and on behalf of the Standing Committee

WARREN GOTLEY  
*Diocesan Secretary*

2 October 1997