

## Resource Sub-committee of the Council of Assembly

### Executive Summary

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- Resource and the Church Property Trustees (CPT)
- Assembly Assessment
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### Report

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#### 1 New Committee – What's Different?

- 1.1 The Resource Sub-committee of Council of Assembly (Resource) is a newly established advisory committee formed by Council as part of a reorganisation of Council governance. Changes introduced saw the closure of five policy groups – including Resources direct predecessor – The Administration and Finance Policy Group.
- 1.2 The new committee was given substantially changed terms of reference that in summary:
  - Made clear that the principal purpose of the committee was to provide advice to Council and the Assembly Executive Secretary (AES).
  - Ensured that the area of advice was to be restricted to financial and property matters (excluding previous administrative responsibilities).
  - Required the committee to look beyond Assembly operations and advise on resource issues of the wider church.
- 1.3 Another change introduced with the reorganisation was to have the committee based in Auckland with two members from outside the region and the balance within driving distance of its meetings.
- 1.4 The new committee got underway in late 2005 and settled in well to its new role. Some initial problems were evident especially relating to its area of advice and that of task groups set up to consider specific issues that had major financial implications. The committee will be working to achieve a more streamlined process in the period ahead.

#### 2 Focus on the Future – Implementation

- 2.1 The Focus on the Future consultation process has provided direction to the national churches operations in a number of ways (see National Services Review paper). Resource has been working with the AES and the financial

services team to see how best national office financial administration could narrow its focus to areas essential to the Assembly's national operations. As part of the downsizing of its operations the financial services team has passed back to the Church Property Trustees (CPT) the administration of the Presbyterian Investment Fund. (The CPT has announced plans to outsource the administration of the Fund to the Grosvenor Financial Services Group). Payroll services provided to parishes by the national office have been discontinued. The administration of insurance services provided to parishes (not the service itself) is now under review.

- 2.2 These changes have already enabled a reduction in financial services staff, and as well, enabled the team to provide a higher standard of service in areas where responsibility has been retained. Resource has been concerned that the changes underway should be achieved in a manner that will allow Assembly to retain in-house financial expertise sufficient to meet its needs.

### **3 Sale of Laughton House**

- 3.1 Laughton House in Wellington was sold late in 2005, with settlement of the proceeds occurring in March 2006. It had been the home of the National office for some years.
- 3.2 The sale has provided proceeds of \$3.1 million that will provide interest income to fund the work of the church and has enabled Assembly to repay borrowings from the Presbyterian Foundation. The interest income from the proceeds largely replaces rent provided by the tenants of Laughton House.
- 3.3 The national office has now moved to a much smaller rented premises that better suit its needs.

### **4 Resource and the Church Property Trustees (CPT)**

- 4.1 Resource has worked to achieve a good measure of co-operation with the CPT. The trustees have a high level of financial expertise that is a valuable resource for the church. CPT have an associate member on the Resource sub-committee (as they do on Council), Resource and the CPT jointly provide the membership of the Assembly Audit Committee, and in recent times, a liaison group has been formed between CPT and Resource. Given the different but related roles of these two groups, it is important that they work closely together with a level of mutual confidence.

### **5 Assembly Assessment**

- 5.1 The single assessment levy is now in its fourth year of operation and from an administrative point of view is working very effectively when compared with the difficulties experienced with the four separate levies that it replaced. One on going frustration is with a minority of parishes who have difficulty in accepting the definition of assessable income that has been applied. This is rarely a black and white exercise. Where a change is agreed as justified it is applied to all parishes in similar circumstances.
- 5.2 In the last two financial years 12%-13% of assessments have remained unpaid at the end of the financial year. Resource has taken a number of initiatives to encourage the full payment of the assessment. This has included a request to presbyteries to work through issues with itself and the particular parish.

Resource believes presbyteries are more directly aware of the position of such parishes and have the authority to act if they desire to do so. However most presbyteries appear unwilling to become involved.

- 5.3 There have also been discussions with the Pacific Island synod and the Asian Council on more appropriate ways of relating a parish's assessment to the purposes to which the funds are put at national level. Unfortunately these two ethnic groups represent a large proportion of the non-payment of assembly assessment, and ways need to be found to make support of the operations of the national church meaningful to them.
- 5.4 Resource is concerned that non-payment of the assessment has placed a burden on all paying parishes – clearly at current levels of Assembly expenditure Assembly Assessment could be cut by a further 12 % if all parishes paid their assessment in full.
- 5.5 While adequate provisions have been made for unpaid levies, Resource to date has not recommended any large scale write-off of such outstanding levies. Write-offs have been restricted to where there are errors in the calculation of the assessment or in clear cases of financial hardship. This approach is based on the view that all unpaid assessments and levies remain a financial obligation of the parish. Many non-paying parishes have told Resource that they have higher financial priorities than the payment of their national assessment.
- 5.6 Resources will be presenting the results of a review of Assembly Assessment as requested by the 2004 General Assembly, to the 2006 Assembly.

## **6 2004/05 and 2005/06 Accounts/ Audit**

- 6.1 A summary version of the 2005/06 audited accounts will be available at the General Assembly. When these are provided a summary of the 2004/05 accounts will also be made available in similar format. A full version of both accounts will be placed on the national church website.
- 6.2 The audit over the last two years has become much more routine due to the full implementation of standard accounting procedures. The cost of the audit has fallen considerably.

## **7 2006/2007 Budget.**

- 7.1 A copy of the budget has been provided to Commissioners. The budget continues with the policy of constraint in national expenditure. This constraint plus a rise in other sources of income has enabled the level of Assembly Assessment in total to be cut by 5% in the current year.

## **8 Future Directions**

- 8.1 Resources has of necessity had to be narrowly focused on Assembly finances given the problems of the past and the need to ensure the implementation of agreed reforms. In future there will be a wider focus on the resources of the whole church and how best that might be released to serve our overall mission.

## **9 Conclusion**

- 9.1 In conclusion we would like to acknowledge the AES, Kerry Enright, and the Finance Manager, Brendan Sweeney, for their assistance in facilitating the work of

the Resource committee. More particularly we would thank them and the previous Finance Manager, Andrew Jackson, for the initiative, drive and persistence which has enabled major changes to be effectively implemented. Thanks also to all members and associates of the Resource sub-committee for their considerable contribution.

**John Trainor and Ian Watson**  
Co-conveners

## Appendix1 – 2006/07 Budgeted Income and Expenditure by Function

### Budget 2006/07 Income and Expenditure

#### Summary by Church

#### Function

#### Income

<b>Governance</b>	<b>Expense</b>	<b>Income</b>	<b>Net</b>
Council of Assembly	37	-	37
Moderator	65	-	65
General Assembly meeting	225	225	-
Subcommittees/Workgroups	17	-	17
	<b>344</b>	<b>225</b>	<b>- 119</b>
<b>Support services</b>			
Archives	145	50	- 95
Assembly exec secretary & legal	316	-	316
Finance	755	232	- 523
Communications	320	126	- 194
Human Resources	227	-	- 227
	<b>1,763</b>	<b>408</b>	<b>- 1,355</b>
<b>Mission</b>			
National Mission Enabler	293	115	- 178
Youth	140	-	140
Asian	28	-	28
Te Aka Puaho/ Amorangi Training	173	38	- 135
Other Grants	284	-	284
Pacific Island Synod	66	-	66
	<b>984</b>	<b>153</b>	<b>- 831</b>
<b>Leadership</b>			
School of Ministry	926	405	- 521
School of Ministry Houses	129	109	- 20
	<b>1,055</b>	<b>514</b>	<b>- 541</b>
<b>Global Mission</b>	<b>339</b>	<b>359</b>	<b>20</b>
<b>Subtotal</b>	<b>4,484</b>	<b>1,659</b>	<b>- 2,825</b>
<b>Expense</b>			
Beneficiary Fund	1,111	-	1,111
Seniority Allowance	357	-	357
Co-op ventures Seniority Allowance	45	45	- 1
Presbyterian Foundation		203	203
Other Interest Received		465	465
Assembly Assessment	537	4,081	3,544
Coop Ventures		373	373
	<b>2,049</b>	<b>5,167</b>	<b>3,118</b>
<b>Total</b>	<b>6,533</b>	<b>6,826</b>	<b>293</b>

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