

no longer collected nationally through Assembly Assessment.

Report

1 Introduction

- 1.1 Assembly Assessment was introduced for the 2003/2004 financial year following a decision by the 2002 General Assembly. Though the majority of parishes responded positively, the scheme attracted criticism from its inception. Some held it to be a tax, thereby flying in the face of the notion of freewill offerings. Others felt it re-introduced a compulsory component for mission and ministry. Some said that the seniority allowance levy and Beneficiary Fund levy, being related to ministers' benefits, should not have been incorporated. There were others whose parishes sustained a significant increase when it was first introduced, who felt that a more gradual phase-in should have been used.
- 1.2 As a result the 2004 General Assembly resolved that Assembly Assessment be restricted to a four-year trial, and that a report be presented to General Assembly 2006 about the proposed framework for 2007/08 and beyond. General Assembly 2004 also agreed that the wider church be invited to consider and comment on whether Assembly Assessment should continue.
- 1.3 The Resource Sub-committee was tasked with undertaking this review. It was asked to consider the theological integrity and operational effectiveness of the current Assembly Assessment model and any corrections that may be necessary to account for any identified anomalies. They were also asked to make recommendations on alternative options for funding national ministries and central support services, should it be recommended that the current Assembly Assessment model be discontinued.
- 1.4 Accordingly the Sub-committee circulated a paper to all parishes and presbyteries, outlining the issues, and presenting six options for consideration. All of the options had been put forward during the previous three and a half years by various entities. The paper also put forward, as requested, an argument for the theological integrity of Assembly Assessment. Parishes and presbyteries were invited to comment on the options, and the argument made for theological integrity.

This report presents the findings of the Sub-committee's review.

2 Summary of Responses

2.1 General

Responses were received from 59 parishes and seven presbyteries, one of whom declined to express an opinion and, at the request of a given parish, seven individuals. Save for one parish, who felt that more emphasis on the teachings of Jesus to help the weak could have been given, there was no comment on the argument presented for the theological integrity of Assembly Assessment.

2.2 Parish Support for the various Options

Option 1 (Return to old system)	0/59	
Option 2 (Some sort of maximum)	10/59	
Option 3 (Free-will donation)	1/59	
Option 4 (Unbundle Beneficiary Fund)	7/59	
Option 5 (Remove Seniority Allow. from Assessment)	31/59	for
	20/59	against
Option 6 (Current system with modifications)	51/59	

2.3 Presbytery Support for the Various Options

Option 1	0/7	
Option 2	0/7	
Option 3	0/7	
Option 4	0/7	
Option 5	3/7	for
	2/7	opposed
	1/7	split
Option 6	6/7	

Comments**2.4 Comments Made by Parishes**

Of the 59 parishes that responded, 14 made no further comment.

Option 2 (Some sort of Maximum)

Five parishes said that the national office should be further reduced in size

Three individuals said that central spending should be reduced.

Six parishes said that the maximum any parish should contribute to Assembly Assessment was 10% of its income.

Two said it should be 5% of income.

One said it should be 15.5% of income.

One said there should be a minimum of \$5,000.00, and a maximum of \$35,000.00

Option 4 (Unbundling of Beneficiary Fund)

Six parishes felt it was unfair for parishes without a minister to contribute to the beneficiary fund

One objected that lay people employed by a parish were not eligible for the scheme.

One objected to the current formula that saw them paying effectively for 1.5 ministers.

Option 5 (Unbundling of Seniority Allowance)

All those against felt that the less affluent parishes would be unable to afford a senior minister, thereby introducing enforced curtailment of ministry.

Option 6 (Continue with Assembly Assessment with modifications)

One parish noted that the current system is simple and effective

Eight parishes said that the manse rental should be handled as suggested

Eight parishes said that the definition of membership was either unclear or wrong. There was a preference for the measure to be numbers attending regular worship. One parish noted the numbers of members in a rest-home, and felt it unfair to include them.

Eight parishes said that income assessed should be confined to what was given in the free-will offering, and what was earned by way of rental or investment. One-off bequests should be explicitly excluded.

One parish said that any annual increase should be no more than the rate of inflation plus 3%

One parish said that the scheme siphons from the healthy congregations, and gives to the less healthy congregations.

One parish said that the system disadvantages larger, growing churches.

2.5 Comments from presbyteries

Four had no further comment to make

Of those that did comment,

One agreed with the suggestion regarding manse rentals

One said one-off bequests should not be included in income assessment

One said that it was unfair for churches without ministers to pay into the Beneficiary Fund.

2.6 Comments from Individuals not made elsewhere

One individual wondered whether any churches paying GST were being levied on it

One individual suggested that all parishes should pay the same amount noting that currently 163 parishes are subsidising 120.

3 Conclusions

- 3.1 The overwhelming response for Option 6 was noted. We recommend that the current system with modifications outlined below be retained. In further support of that view 91% of the Assembly Assessment amount was collected in 2004/2005, and 86% in 2005/2006.
- 3.2 There was considerable support, and no opposition, for a specific modification proposed in the paper, that where a housing allowance is paid, and the manse is rented out, the rental obtained not be assessable. A broader approach has been recommended that will exempt income equivalent to any housing allowance paid to a minister or rent paid for his/her accommodation.
- 3.3 There is a 2:1 majority in favour of removing the Seniority Allowance from Assembly Assessment and for it to be paid directly by the parish or other employing body where appropriate. We recommend that from July 1 2007, the seniority allowance be paid directly by parishes or employing body where appropriate.
- 3.4 There is a clear view that Assembly operational costs should be at least contained or reduced. In 2005 Assembly Assessment represented 14% of the income of parishes. This year it has dropped to 13%. We have recommended to Council that it continue to use best endeavours to contain Assembly expenditure.
- 3.5 There was some support for removing the contribution to the Beneficiary Fund from Assembly Assessment, and have it paid directly by parishes. The support of one presbytery for the suggestion is also worthy of note. However, because the Fund currently attracts no tax, in part because it is seen as a national scheme, no recommendation is made to change the present approach.
- 3.6 There is a consensus that the equal weighting between membership and income be retained for assembly assessment. One parish proposed a 60:40 split, another a 40:60 split, another that it be totally based on income. The rest were supportive of the status quo. A number sought clarification of what was meant by membership. The Book of Order is quite clear in this respect with its description of members and associate members and, since 2004, the Church has collected statistics on each. It is felt that there is no need either to further clarify the definition of members or to include associate members in the count.
- 3.7 Though legacies given for a specific purpose would seem to fall under income excluded, there appears to be merit in making that clear. Accordingly, it has been recommended that legacies given for a narrowly specific purpose other than for the general purposes of the parish be excluded from income assessment.
- 3.8 The 2002 General Assembly report defines income that is subject to assessment to include offerings; funds acquired through gifts, donations, and bequests for general purposes of the parish; interest earned on investment where that is available for general purposes; excess of income over expenditure from charitable trusts where such funds can be used for general purposes; funds that come from sale of goods or services; property held as an investment by the parish, and income from rental of property. Explicitly excluded are proceeds from the sale of any asset or investment owned by the parish; grants given by an external agency for the purposes of reimbursing the parish for

expenditure incurred; legacies that have conditions which prevent the parish from so paying; any money collected where the parish is acting as an agent for another body, and any money collected by the parish from its members to offset costs incurred in running social services on behalf of members.

The attached appendix provides excerpts from the paper considered by presbyteries and parishes prior to General Assembly 2006 as part of the consultation process.

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Appendix

BACKGROUND HISTORY

Assembly Assessment was introduced for the 2003/2004 financial year following a decision by the 2002 General Assembly. It differed from its predecessor in two significant ways:

- (a) In assessing what parishes were to give, it included both an income and membership component
- (b) It amalgamated four separate strands of giving (the national services levy, the seniority allowance levy, the Beneficiary Fund levy and the Mission and Ministry Fund target set by presbyteries, into one).

OPTIONS FOR FUNDING NATIONAL MINISTRIES AND SUPPORT SERVICES

The current method of Assembly Assessment of course is not the only way to obtain revenue for funding national ministries and support. There are other options. The ones presented here have been informed by the feedback that Council and sub-committee members have received since the implementation of Assembly Assessment.

They can be divided into two groups, viz options that would replace the current system, and options that retain the current system, but modify it to varying degrees.

Options that Replace Assembly Assessment.

Option 1: Return to the previous system

Prior to the introduction of Assembly Assessment national operations were funded by four separate levies – each in place for a different purpose and each with its own unique basis of calculation.

Option 2: Maximum total levy models

In these models, a nominated amount of income is set aside by parishes for national ministries and central support systems, and the Church is invited to live within that income.

Option 3: Move to a totally freewill offering

Each year at an appropriate time the Church would invite each parish to contribute to national ministries and central support systems.

Modifications to Assembly Assessment

Option 4: Unbundling the Beneficiary Fund from Assembly Assessment

The employer component of superannuation would be paid by parishes and by other employers of ministers. Parishes that did not have a minister would not have to contribute. Currently all parishes contribute a proportion of their assessment to employers' superannuation.

Option 5: Remove Seniority Allowance from Assessment

A number of parishes have suggested that the seniority allowance component is removed, and that it becomes a charge on the individual parish.

Advantages

- The stipend is met by the parish benefiting from having an experienced minister
- Parishes that do not employ experienced ministers are not required to contribute toward this cost. Assembly assessment could be reduced by around \$360,000, approx. 8%.

Disadvantages

- The cost of employing ministers would rise, but as the allowance is not a significant proportion of total employment costs, is unlikely to have a major effect on most parishes. Some however will find the additional cost difficult to manage.

Option 6: Retain a Modified Assembly Assessment

- The retention of Assembly Assessment as presently operating i.e. of a levy that is mandated by Assembly and is based 50% on income and 50% on membership. The operation of the assessment, however, would be modified, based on experience to date, to ensure a fairer and more effective funding of national operations.

Advantages

- Assembly assessment is now settled in, with an improved level of understanding within parishes, and a higher level of co-operation. Around 91% of assessments invoiced in 2004/05 were met.
- Retention would avoid an extremely demanding, disruptive and costly process of change
- The present approach has the advantage of administrative simplicity.
- The current 50/50, income/membership basis of Assembly Assessment is a reasonable compromise between two competing approaches. The income-based approach that puts the greatest impact on parishes with the highest capacity to pay, versus the membership-based approach, that puts the greatest impact on parishes according to their weighting in the total membership of the Church.

Disadvantages

- Non-compliance, although limited, undermines the credibility of the current “compulsory” assessment. Failure to persuade/force payment undermines the fairness of the system
- Some parishes would like multiple levies as they can have a choice as to which one they will pay. Additional funding might be raised if such parishes had this option
- With a lower level of denominational loyalty many parishes are reluctant contributors and need persuasion as to the needs of the Church. Under the Assembly Assessment approach there is less incentive for National Office to provide information in a persuasive manner
- A danger is that a compulsory levy might tend to enable the Church to spend on objectives that have little overall support and to maintain structures that are unnecessarily costly.

