



Section 12

Reports to 2013 Synod

LCAQD Budget 2014

LCAQD Budget for 2014

Jul-13

for Presentation to Convention of Synod 2-4 August 2013

M Turner 29 July 2013

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LCAQD 2014 Proposed Budget - Commentary

Introduction

The framing of the LCAQD budget for 2014 has been significantly influenced by the requirement to fund a significant purchase. Funding provision for loan repayments and depreciation has had to be found. The loss of interest income from the LLL General Purpose Fund has been significant. The budget assumes overall congregation contributions to be similar to previous years \$800,000. District provides for \$400,000 to the LCA, \$127,000 to support three congregations, \$105,000 of benefit to Lutheran Youth, and \$35K for other mission projects. Extra effort is also being made to resource the Mission and Ministry Department so it may be more effective in carrying out its role.

Office of the Bishop (OOB)

The Bishop of the LCAQD is a position established by the constitution and responsible for the overall Governance and Management of church activities within the Queensland District including Congregations, Pastors and LCAQD Agencies operating under the umbrella of the LCAQD.

During the past the Office of the Bishop was funded entirely through the LCAQD District Office Budget. However during 2013 all Agencies began to share the cost of maintaining the Office of the Bishop by way of a monthly Governance Fee where the monthly contribution were set based on a significantly discounted rate against the actual cost of funding the provision of Governance Services. The funding of DCC, RAFC, and other Governance Committees is from the OOB budget

The LCAQD Strategic Plan includes a requirement to improve communications across the LCAQD. To support the plan provision has been made for employment of person(s) with skills in communications. Funding for this activity is shown in the Office of Bishop budget. The DCC is also approving a range of policies that need to be effectively communicated across the LCAQD. Some funding to pay for a part time policy training officer is included in the OOB budget. The Missions and Projects component of the budget includes small amounts to assist in meeting strategic priorities for leadership training and youth and young adult engagement

HRM Services

District Office provides a comprehensive Payroll Support Service for Pastors and Lay Workers in LEQ, LCC, Parishes and Congregations. These services are performed on a cost recovery basis with a payroll service fee being charged accordingly.

Provision is being made for a 2.5% increase in Pastor Salaries and Allowances and during 2014 it is expected that more parishes and congregations will utilize the HRM Services and therefore budget provision is being increased accordingly. The new FB Card is about to be offered to all Pastors within the District Payroll in order to streamline the FB payments and any cost savings will be transferred to the District Office. The phasing out of the FB share has an impact on HRM services income.

In 2014 it is expected that HRM turnover will be approximately \$4.65M. DCC has directed that HRM be shown 'below the line' and the costs of administering the HRM function be displayed in the budget.

In 2013 The payroll officer departed on maternity leave and the service was provided by an outsourced provider. In 2014 it is expected the payroll officer will return from maternity leave and the services of the outsourced provider will cease.

Lutheran Youth QLD

Allocation of funds from LCAQD to LYQ was increased in 2012 to support the transfer of responsibility of the university chaplaincy from M & M to LYQ. Financial assistance was set at Lay Worker Level 2 Pay point 1 (including Research Allowance plus Superannuation). The budget has now been reset to provide support to a Lay Worker Level 3 Pay Point 5.

LYQ also enjoys extra support from the District as a subsidy for Governance Fees. LYQ are encouraged to become sufficiently financially robust to be able to contribute to routine rental costs so they LCAQD funds may be redirected towards other mission initiatives.

The LCAQD Strategic Plan specifically supports projects for youth and young adults particularly in the age range of 18-30 year old. The plan recognises that this age group represent a 'flat' spot in our demographics and that initiatives to address this area are required. Funding for this activity is shown in the LCAQD Missions and Projects component of this budget. The funding support to LYQ of a Lay worker Level 3 Pay Point 5 also contributes to this important item.

Ministry & Missions

The M&M Department has been the least resourced department for many years. A determined effort is being made to provide some financial resources to the Department so it may be much more active and capable of supporting the District strategic plan priorities and supporting Ministry and Mission Department plan priorities. An allocation has been made from the District Budget to support M & M activities including the salary of the Director and importantly administrative support staff.

M & M Mission Projects

The LCAQD Strategic Plan specifically supports Mission Projects in the area of Asian and African Ministry within the District and some funding to support these activities is occurring. At present the District budget supports the employment of Rev Jade Bauer at Woodridge (50%) and also provides \$15,000 to support Chinese Ministry at Southport. As the Hope Vale, Wujul Wujul and Coen Congregations have been unable to fully fund a pastor the District is also providing 50% of the salary for Mr David Spanagel who is a lay worker in the parish.

The LCAQD Strategic Plan gives significant priority to supporting the training and development of Key Office Holders, Pastors and other people holding significant positions of responsibility in Congregations, Parishes, and associated entities. The District worked with the Australian Lutheran College in the development of a business case to go to the LCA General Church Council to fund the development of on-line learning modules that may be relevant to key office holders. This initiative has been recently approved by General Church Council with significant funding allocated. A small co-contribution for the LCAQD of less than \$10,000 has been included in the budget. This is an exciting development as the District is deliberately investing in current and future leaders in congregations. Funding to support the implementation of Key Office Holder training is shown in the LCAQD Missions and Projects component of this budget.

Support to improving relationships between Congregations and Schools. The budget includes an allocation of \$31,000 to support a project aimed at developing and trialling methodologies aimed at improving relationships between congregations (members and friends) and schools/colleges (parents and students). It is expected that the project will provide a model for engagement that may be replicated and adapted for use across all our schools and colleges that are associated with supporting congregations.

Professional Standards Unit

The Professional Standards Unit is funded by LCA. The LCA pays for rent and outgoings with minor office expenses being met by the District Office. It is not known if the District will be required to contribute further support for a part time Lay worker for ongoing training and development work. Advice is expected in 2014.

Subsidies to Congregations

The 2014 budget provides funding support to support the provision of pastoral services to three congregations. Hope Vale is supported with half salary Mr D Spanagel. Woodridge is supported with half salary Rev J Bauer and rent for a manse. Southport Trinity is supported for Chinese Ministry Mr T Lee. Combined total of subsidies to congregations in salary and other benefits from District budget is \$127,272.

Property Services

The Property Services budget includes the management of the District property portfolio including 24 McDougall Street, 7 Crotty Street, 4 Corsair Ave Inala, Hervey Bay, Woodridge and Hillcrest.

Key points to note:

1. No rental subsidy for LCAQD entities within 24 McDougall Street.
2. Outgoings have been reviewed to bring it in line with industry practice.
3. Rent adjustments for 24 McDougall Street tenancies will be factored in.
4. Surplus Funds will supplement District Budget.
5. Purchase of another property is expected. Legal and other costs associated with the purchase will be capitalised. The purchase will be funded from drawing on capital in the General Purpose Fund and borrowings from the LLL. At the time of the budget preparation the final cost is unknown. In framing the budget an estimation of likely cost has been made and appropriate provision for depreciation, capital and interest repayments made.

Events

The budget covers the following:

The Annual Synod

Pastors Conference

Regional conferences

Participation fees will increase by CPI% over the 2013 level.

District Office

The District Office Budget includes the accounts team. Body Corporate Management and sundry other activities occurs from this account. Eg. Interest repayments on loans, Buchholz scholarship activity.

The District Office also performs a number of services for the Mission Services Units as all bank financial agreements and documents have to be signed under seal and therefore a risk factor needs to be taken into consideration with regard to these transactions that are beyond the control of the District Office.

The development of a comprehensive governance fees and charges program is in progress. Outcomes may have already had an impact on actual budget income and expenditure in 2013 and will be further refined for 2014.

Provision is being made towards streamlining Governance and Management Structures across LCAQD with a view to consolidating Financial Reporting for LCAQD.

Not yet shown on the Budget is concern over potential claims for compensation resulting from previous misconduct of individuals associated with the church. The auditor has provided advice on when to show a contingent liability.

Congregation Giving

Congregation giving will flat line or decrease in overall terms in 2014 . Congregations fund less than half the District budget.

The formulae applied to calculate the amount given by the Queensland District to support the National Office is that half of all Congregation giving to District is passed through to the National Office. In 2013, the percentage was approximately 54% . In 2014 it will fall to 50%.

Congregations are often very slow to confirm their contribution to the LCAQD.

Capital Reserves

Interest received from specific LLL deposits will supplement the district budget.

The timing of the purchase of a significant property may have an impact on the interest received from LLL funds. At present it is assumed that purchase would be with effect 1 Jan 2014.

The impact in 2014 of the purchase of a significant property using funds from the general purpose fund will be a reduction of \$85,000 plus from loss of interest and increase in depreciation of up to \$150,000 depending on the purchase price and depreciation treatment.

Body Corporate

The Body Corporate Budget will be self financing as all expenditure will be absorbed by the respective tenants with the District Office share being included in the budget. Separate Sinking Fund is being maintained to cover the building maintenance programme and lift maintenance with an amount equivalent to the depreciation value being transferred to a separate sinking fund.

Expenditure

Key points to note:

LCA contribution will be 50% of all congregation income.

Auditors recommendations being acted on include improving our accounting for property, development of processes and procedures and review of payroll processes.

Legislative and Regulative changes impacting on the budget include work health and safety legislation, the implementation of the ACNC, and also changes to the treatment and reporting on Deductible Gift Recipient funds

Borrowings. In the budget period, borrowings to cater for acquisition of a significant property may occur. These will be subject to individual business cases being brought to DCC via RAFC.

Significant Projects. In the budget period the following significant projects will commence, be ongoing, or completed :

- African Mission Project
- Asian Ministry Project
- Youth and Young Adult 18-30 Project,
- Key Office Holder training days,
- Consolidated Financial reporting
- Risk management policy implementation
- Authority and delegation implementation
- Loan process improvement
- Land banking policy implementation
- Audit program implementation

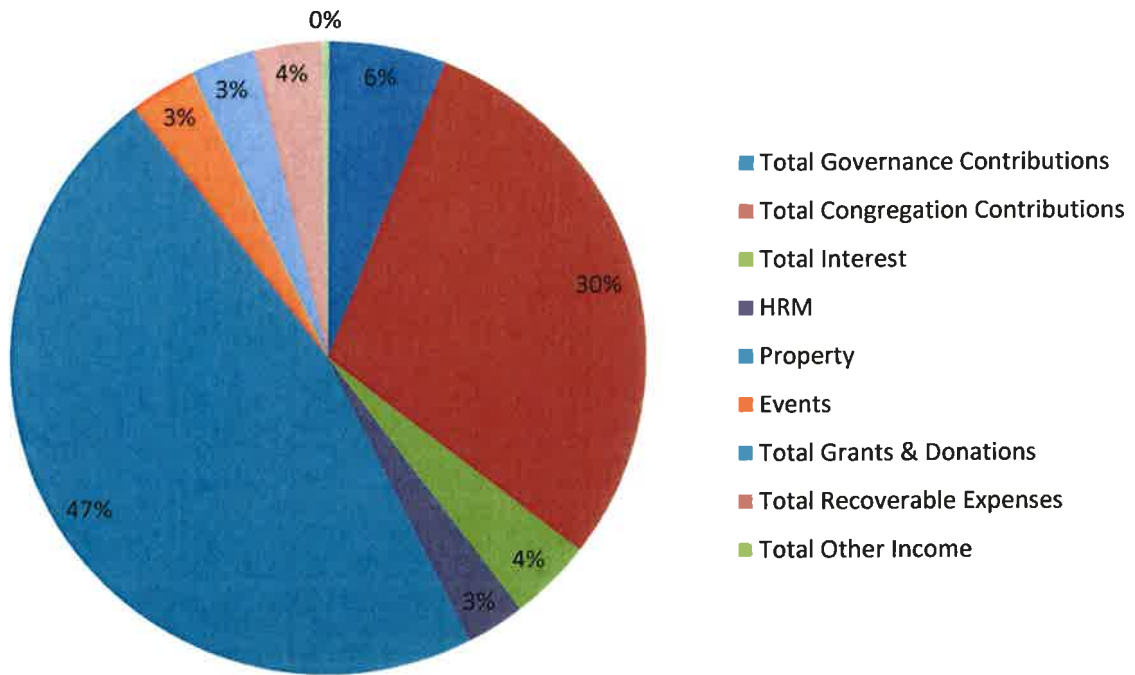
Staff. In the budget period it is intended that staff numbers will increase with additional support to the President (policy training) and the Department of Ministry and Mission (admin support)

Governance Process

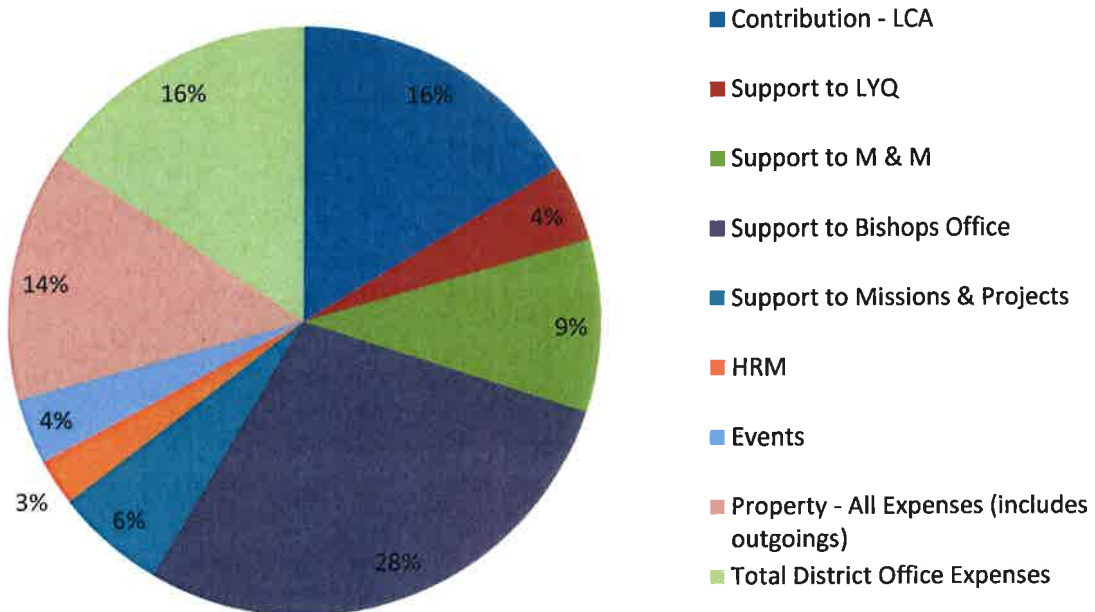
The budget has been considered by Risk Audit and Finance Committee Resolution on 11 July 2013 Res: 13:031 and DCC on 25 July 2013.

LCAQD District Office 2014	2014 Synod Recommend ed Budget	2013 Budget	2012 Actual	Notes
This office provides support to the LCAQD in accordance with LCAQD constitution and by-Law requirements.				163
Income District Office				
Total Governance Contributions	\$ 161,272	\$ 151,800	\$ 66,005.00	104
Total Congregation Contributions	\$ 800,000	\$ 792,795	\$ 788,845	111
Total Interest	\$ 114,104	\$ 137,186	\$ 132,347	174
HRM	\$ 80,580	\$ 4,624,919	\$ 829,866	
Property	\$ 1,273,434	\$ 933,221	\$ 918,135	
Events	\$ 91,989	\$ 90,800	\$ 90,200	
Total Grants & Donations	\$ 90,000	\$ 141,963	\$ 30,517	
Total Recoverable Expenses	\$ 94,825	\$ 93,975	\$ 235,688	
Other Income				
Total Other Income	\$ 9,000	\$ 9,000	\$ 1,875,221.40	
Sub-Total Income District Office	\$ 2,715,204	\$ 6,975,659	\$ 4,966,824	
Expenditure				
Support to Others				
Contribution - LCA	\$ 400,000	\$ 434,300	\$ 430,032	
Support to Others			\$ 83,816	
Support to LYQ	\$ 104,664	\$ 83,875		
Support to M & M	\$ 232,230	\$ 217,348	\$ 132,736	
Support to Bishops Office	\$ 698,515	\$ 658,136	\$ 210,754	
Support to Missions & Projects	\$ 148,752	\$ 112,348	\$ 127,734	
Total Support to LCA-LYQ-MM-OOB-MMProj	\$ 1,584,161	\$ 1,506,007	\$ 985,072	
HRM	\$ 63,515	\$ 4,621,658	\$ 764,083	
Events	\$ 88,514	\$ 90,800	\$ 61,016	
Property - All Expenses (includes outgoings)	\$ 338,140	\$ 288,989	\$ 263,118	
Total District Office Expenses	\$ 380,916	\$ 308,409	\$ 676,428	
Total Expenditure District	\$ 2,455,246	\$ 6,815,863	\$ 2,749,717	165
Net Position District	\$ 259,958	\$ 159,796	\$ 2,217,107	
Less				
Total Depreciation	\$ 133,537	\$ 99,983	\$ 98,047	
Audited Financial Statements			\$ 2,119,060	
Less				
Capital Repayment of LLL Loan	\$ 125,390	\$ 58,890	\$ 70,782	
Total District	\$ 1,031	\$ 923	\$ 2,048,278	167

District Income - 2014



District Expenditure - 2014



Budget 2014 Notes

Notes:

101. Congregations giving assumed as 1.5% in 2014
102. District Office does not pay itself rent
103. District Office contributes to outgoings
104. Increase of Governance fees in line with CPI however LEQ have a further increase to put them on parity with LCC.
105. Expect to capitalise expenses involved in purchase of a significant property as part of LLL Loan. Any other expenses to be a 2013 expense.
106. Donations and Scholarships include Buchholz \$33000 in 2013 ramps up to \$50,000 in 2014
107. FNQ Land rover to be added
108. Blank
109. Anticipate a LLL grant of \$50,000 in 2014
110. Carried forward figure assumed balance at end of 2013.
111. Budget assumes overall a flat line trend of congregation contribution to District
112. LYQ is supported by District for:
 - a. 1 x Level 3 PP5 Lay worker Salary but not work cover Assuming a salary increase of 2.5% in 2014.
 - b. Allocation to support Office of Bishop
 - c. Rent - floor space
 - d. Outgoings
 - e. Rent car park Director LYQ
113. District recovers from LYQ for:
 - a. Payroll services fees
 - b. Office expenses
 - c. Telephony services
114. LYQ also receives \$10,000 p.a from Buchholz Account to fund disadvantaged children onto a CLW camp.
115. LYQ receives \$10,000 from M&M Projects to subsidize leaders of CLW camp fees
116. SALWAG includes provision for office support
117. SMP. Airfare- M&M includes for SMP training 6 Pr twice p.a to Adelaide
118. SMP Taxi/Rental/Parking - M&M includes for SMP training 6 Pr twice p.a. to Adelaide
119. Coaching. Coaching recoverable expenses shown in District 4-4655
120. SALWAG based on 12 months support in 2014
121. Coaching. Expenditure shown against 6-1279 Consultancy
122. District support to Hopevale for 50% Lay Worker salary
123. District not providing support for admin and other expenses
124. District not providing support for Wujul and Coen expenses
125. FNQLM accounts visible to Dir. M&M
126. Hopevale setup account for autodraw/debt for SALWAG not invoicing
127. Southport Chinese Trinity allocated \$15,000 in 2013 and in 2014
128. Southport Chinese Trinity may be allocated up to \$15,000 p.a till 2016 incl
129. Southport Chinese Trinity . Check ongoing support with Dir. M&M
130. Southport Chinese Trinity. There is no offset contribution from LCA Board for Mission
131. OSLC Chinese Mission. LCA Board for Mission gave \$37,500 in Jan 2013 directly to OSLC
132. OSLC Chinese Mission. LCA Board for Mission gave \$37,500 in Jan 2012 to OSLC via District Office

133. Rent on Pamela Cres to 29 Jan 2014 at \$385 pw
134. 50% Rev at Woodridge SALWAG is supported
135. SALWAG was from 90th anniversary gift however in 2014 from District funds
136. Lenten Mission Appeal to support African Ministry included in 4-4230
137. Woodridge Congregation pay 50% SALWAG and expenses
138. Assume borrowing of up to \$50K to refurbish the Hillcrest manse.
139. Rent support coming from LCAQD income
140. Note reduction in interest as Gen Purpose Fund used for deposit on a significant property
141. Blank
142. Support was to fund a guest speaker travel cost once p.a.
143. No evidence allocation has been used in recent years

144. Cease allocation commencing 2013
145. Director M&M to advise
146. Requires contributions from all District Entities to support governance requirements
147. Provides for assistance to the Bishop in order to exercise governance functions
148. DCC Retreat included in 6-1496 \$5,500
149. AICD Training included in 6-1496 \$11,000
150. Airfare from Cairns to Adelaide for convention included in 6-1213 \$1,000
151. Casual Wages includes Statistical Analyst \$5,000
152. HRM Services provide payroll and work cover services in the District
153. Includes LCC and LEQ chaplains
154. Includes all LYQ staff
155. Includes Pastors and Lay workers
156. FB share declines over three years
157. Assumes a return from maternity leave of Payroll Officer and no requirement for Stone payroll agent to providing support.
158. Synod, Conferences, Electives, Zone conferences aim to be overall \$ neutral
159. Assumes a salary commission decision to increase salary by 2.5%
160. District Office Budget allocation for 6-1206 advertising promotion reduced from \$10K to \$3.5K
161. Milguy advise a zero contribution in 2013
162. Congregation contribution from 2008 entered.
163. Synod approved 2013 and 2012 approved and 2012 actual numbers entered
164. Bishops legal costs cut from \$40K to \$20K to 15K
165. Due to some restructuring of chart of accounts not all 2013 Synod approved budget figures have been entered.
166. Congregations tab - Expected pledge to total \$800,000 \$800,000 is the number displayed in the District tab
167. This is bottom line for District after depreciation, and loan repayments. Depreciation based on an assumed cost of of the significant proprty purchase
168. Intend to close lease at Woodridge Mid-Feb 2014 and move Rev Bauer to Hillcrest
169. Details shown in M&M Projects as a rent expense to African Mission