



# Section 12

**2014 Convention of Synod**

LCAQD Budget 2015

## **LCAQD Budget for 2015**

**Apr-14**

for Presentation to Convention of Synod 31 May 2014

M Turner 15 April 2014

V 14 24 April 2014

Endorsed by DCC Res: 14:071 24 Apr 2014

## LCAQD 2015 Proposed Budget - Commentary

### **Introduction**

The framing of the LCAQD budget for 2015 has been significantly influenced by the requirement to fund a significant purchase. There is a degree of uncertainty as the acquisition has not been finalised.

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 continue to decline in actual and inflation adjusted terms to approx. \$706,000. However, an aspirational target for congregation giving has been set for an additional \$90,000. This is shown as Other Contributions in the Congregation giving element of the budget. Congregations may expect the LCAQD to approach them seeking an increase in their contribution particularly to fund Mission Project activities.

District provides for:

- a. \$362,000 to the LCA,
- b. \$174,839 to support four congregations,
- c. \$107,484 of direct benefit to Lutheran Youth plus another \$20,000 in support of CLW camps, and
- d. \$49,500 for other mission projects.

Extra effort was made in 2013 to resource the Mission and Ministry Department so it may be more effective in carrying out its role. This resulted in the employment of a 0.8FTE Lay Worker.

Efforts are now being made to resource the Office of Bishop to an appropriate level so that effective governance and support for the mission and operations of the District may be achieved.

### **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. At present Misison Agencies contribute about 25% of the Office of the Bishop budget or 6% of the overall Distrcit Office budget. 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 polices 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 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. Members should note that the LCA has initiated a Human Resource Information System project aimed at implementing a national payroll and human resource management information system. The timeline for delivery of this initiative is presently unknown.

Provision is being made for a 2.5% increase in Pastor Salaries and Allowances and during 2015. The phasing out of the FB share has a significant an impact on HRM services income.

In 2014 it is expected that HRM turnover will be over \$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.

### **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 2 Pay Point 5.

LYQ also enjoys extra support from the District as a subsidy for Governance Fees, Rent and a contribution to CLW camp leadership costs. District Church Council reassigned the beneficial use of Koojarawon camp from Lutheran Community Care to Lutheran Youth in 2014. The Council acknowledges that this may be imposing some financial stress on LYQ accounts. Nevertheless LYQ are encouraged to become sufficiently financially robust to be able to contribute to routine rental costs so the 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. The funding support to LYQ of a Lay Worker Level 2 Pay Point 5 contributes to this important item.

### **Ministry & Missions**

The M&M Department has been the least resourced department for many years. A determined effort was made in 2013 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. In 2015 this support continues with an allocation 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. The budget also includes support to a newly established Chinese Ministry at St Peters Indooroopilly. 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 was approved by General Church Council in 2013 with significant funding allocated. A small co-contribution for the LCAQD of less than \$10,000 occurred in 2014. This is an exciting development as the District is deliberately investing in current and future leaders in congregations. A small amount of funding to support the implementation of Key Office Holder training is shown in the Office of Bishop component of this budget.

In 2014 an initiative to improve relationships between Congregations and Schools was funded but not able to be implemented. This item has now been moved to the 2015 budget. The project is aimed at developing and trialling methodologies aimed at improving relationships between congregations (members and friends) and schools/colleges (parents and students). It is expected 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 later in 2014.

### **Subsidies to Congregations**

The 2014 budget provides funding support to support the provision of pastoral services to four 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. A new Chinese Ministry at St Peters Indooroopilly is also supported. Combined total of subsidies to congregations in salary and other benefits from District budget is \$174,839.

### **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, Hillcrest, Mission Beach, Coen and eight cemeteries.

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.

The State Government implementation of a emergency/fire services levy has resulted in District Office being asked to fund the levy for nine cemeteries. Representations to State Government for exemption have apparently been well received, however at the time this budget was presented details about how an exemption process will operate are not known.

### **Events**

The budget covers the following:

The Annual Synod

Pastors Conference

Regional conferences

Participation fees will increase by CPI% over the 2014 level.

### **District Office**

The District Office Budget includes the accounts team and sundry other activities occur from this account. E.g.. 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 2014 and will be further refined for 2015.

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

### **Contingent Liabilities**

Not yet shown on the Budget is a concern over potential claims for compensation resulting from previous misconduct of individuals associated with the church. Members should note that the operations of the Professional Standards Unit and its ability to manage complex complaints has contributed significantly to keeping contingent liabilities low. The auditor has provided advice on when to show a contingent liability.

### **Congregation Giving**

Congregation giving decreased in overall terms in 2013 and is expected to continue to decline in real terms into 2015. Congregations fund approximately 30% of the District budget.

Risk Audit and Finance committee have recommended an 'aspirational target' be communicated with Congregations and they be challenged to meet new targets. Accordingly an aspirational Congregation Giving target has been set in this 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 fell to 50% and this formula is again applied for 2015.

Congregations are often very slow to confirm their contribution to the LCAQD and are encouraged to promptly confirm their pledges.

### **Capital Reserves**

Interest received from general LLL deposits will supplement the district budget. The current rate of 3.5% on deposits has been assumed to remain the same all through 2015

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 completed before 1 Jan 2015.

The impact in 2015 of the purchase of a significant property using funds from the general purpose fund will be a reduction of about \$70,000 from loss of interest and increase in depreciation of up to \$120,000 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. A 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 and changes to the treatment and reporting on Deductible Gift Recipient funds

Borrowings. In the budget period the District is not planning any additional borrowings.

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
- Land banking policy implementation
- Audit program implementation

Staff. In the budget period it is not intended that staff numbers will increase.

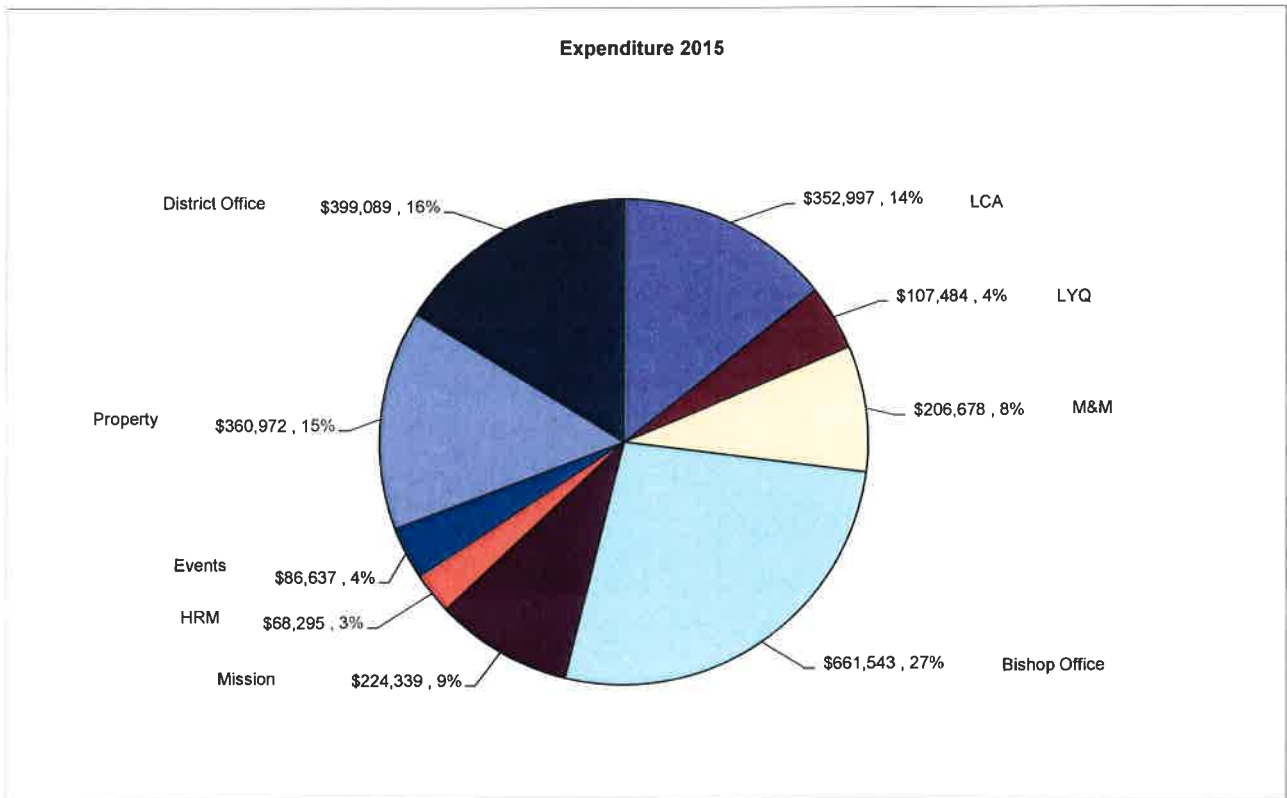
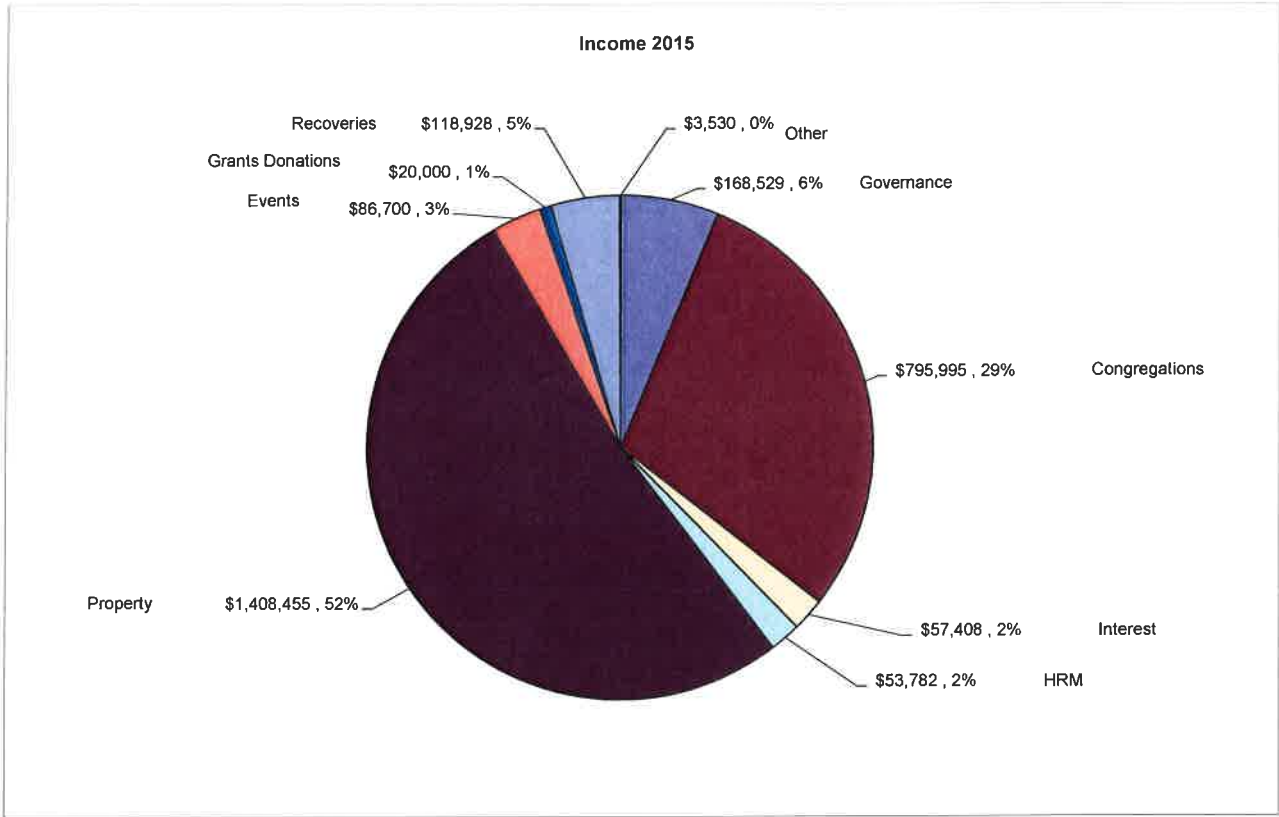
**Governance Process**

The budget has been considered by Risk Audit and Finance Committee Resolution on 10 April 2014 Res: 14:017 and DCC Res 14:071 on 24 April 2014.



LCAQD District Office 2015	2015 Synod Rec Budget	2014 Synod Approved Budget	2013 Actual	Notes
This office provides support to the LCAQD in accordance with LCAQD constitution and by-Law requirements.				163
<b>Income District Office</b>				
<b>Governance Contributions</b>				146
Gov Contribution - LEQ	70,487 \$	67,452 \$	60,000	
Gov Contribution - LCC	70,487 \$	67,452 \$	66,000	
Gov Contribution - LYQ	20,078 \$	19,214 \$	18,800	
Gov Contribution - M&M	7,476 \$	7,154 \$	7,000	
Governance Contributions	\$ 168,529	\$ 161,272	\$ 151,800	104
<b>Congregation Contributions</b>				
Total Zone 1 Contributions	\$ 188,622	\$ 210,887	\$ 193,876	
Total Zone 2 Contributions	\$ 162,180	\$ 176,250	\$ 172,513	
Total Zone 3 Contributions	\$ 107,483	\$ 127,165	\$ 108,005	
Total Zone 4 Contributions	\$ 156,752	\$ 204,640	\$ 199,658	
Total Zone 5 Contributions	\$ 47,890	\$ 73,084	\$ 59,034	
Total Zone 6 Contributions	\$ 9,088	\$ 10,419	\$ 9,017	
Total Zone 7 Contributions	\$ 33,979	\$ 45,259	\$ 34,842	
Other Contributions	\$ 90,000			192
Congregation Contributions	\$ 795,995	\$ 800,000	\$ 776,944	111
Interest	\$ 57,408	\$ 114,104	\$ 63,601	174
HRM	\$ 53,782	\$ 80,580	\$ 69,721	
Property	\$ 1,408,455	\$ 1,273,434	\$ 933,221	
Events	\$ 86,700	\$ 91,989	\$ 87,638	
Grants & Donations	\$ 20,000	\$ 90,000	\$ 218,074	
Recoverable Expenses	\$ 118,928	\$ 94,825	\$ 102,127	
<b>Other Income</b>				
Other Income	\$ 3,530	\$ 9,000	\$ 112,075	
<b>Total Income District Office</b>	<b>\$ 2,713,327</b>	<b>\$ 2,715,204</b>	<b>\$ 2,515,200</b>	
<b>Expenditure</b>				
<b>Support to Others</b>				
Contribution - LCA	\$ 352,997	\$ 400,000	\$ 434,304	
Support to Others				
Support to LYQ	\$ 107,484	\$ 104,664	\$ 72,795	
Support to M & M	\$ 206,678	\$ 232,230	\$ 217,348	
Support to Bishops Office	\$ 661,543	\$ 698,515	\$ 678,636	
Support to Missions & Projects	\$ 224,339	\$ 148,752	\$ 112,348	
Support to LCA-LYQ-MM-OOB-MMProj	\$ 1,553,041	\$ 1,584,161	\$ 1,535,531	
HRM	\$ 68,295	\$ 63,515	\$ 52,592	
Events	\$ 86,637	\$ 88,514	\$ 84,481	
Property - All Expenses (includes outgoing)	\$ 360,972	\$ 338,140	\$ 288,989	
Total District Office Expenses	\$ 399,089	\$ 380,916	\$ 412,473	
<b>Total Expenditure District</b>	<b>\$ 2,468,034</b>	<b>\$ 2,455,246</b>	<b>\$ 2,374,067</b>	165
<b>Net Position District</b>	<b>\$ 245,292</b>	<b>\$ 259,958</b>	<b>\$ 141,134</b>	
<b>Less</b>				
Depreciation	\$ 242,679	\$ 108,037	\$ 99,632	
<b>Total District</b>	<b>\$ 2,613</b>	<b>\$ 151,921</b>	<b>\$ 41,502</b>	
Capital Repayments	\$ 116,447	\$ 125,390	\$ 118,843	





## Budget 2015 Notes

### Notes:

101. Overall congregation giving assumed 0% increase in CPI terms in 2015
102. District Office does not pay itself rent
103. District Office contributes to outgoings
104. Increase of Governance fees in line with expected AWE
105. Expect to capitalise expenses involved in purchase of a significant property as part of LLL Loan. Any other expenses to be a 2014 expense.
106. Donations and Scholarships include Buchholz at \$50,000 in 2015
107. FNQ Land rover now being depreciated. May be transferred to Hope Vale
108. Blank
109. Anticipate a LLL grant of \$0 in 2015
110. No Carried forward figure assumed
111. Budget assumes overall a decline trend of congregation contribution to District in real terms
112. LYQ is supported by District for:
  - a. 1 x Level 2 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 2015
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 and in 2015
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 ceased in Jan 2014
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. Borrowing of up to \$50K to refurbish the Hillcrest manse occurred in 2014.
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. Ceased 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
149. AICD Training included in 6-1496
150. Airfare from Cairns to Adelaide for convention included in 6-1213 \$1,000
151. OOB Wages includes Statistical Analyst
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 moves to zero
157. Blank
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
161. Milguy advise a zero contribution since 2013
162. Congregation contribution from 2008 entered.
163. Synod approved 2013 and 2012 approved and 2012 actual numbers entered
164. Bishops legal costs cut
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 \$705K
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. Lease closed at Woodridge Mid-Feb 2014 and Rev Bauer moved to Hillcrest
169. Details shown in M&M Projects as a rent expense to African Mission
170. Increase of 1/3 over previous year to reflect change in ownership and increase on expenses
171. Assume rent of level 3 is 528 sqm from RS at \$459.9sqm plus cpi plus 6 x car parks
172. Assume LCC take over remaining level 1 wef 15 Sep 2014.
173. Assume rent increase is 2.2% CPI wef Jan 2014
174. Interest income reduced as General Purpose Fund used as a deposit on Level 3 24 McDougall St
175. Purchase 24 McDougal St level 3
  - Assumptions:
    - a. Deposit from LLL General Purpose Fund (all funds used)
    - b. Borrowings from LLL
    - c. Purchase with effect 1 Jan 2015
    - d. Lose interest earned from Gen Purpose Fund in 2014
    - e. Occupancy from 1 Jan 2015
    - f. Retain tenants in Resource Strategies
    - g. LCC required to move from Kings Row into 24 McDougall St in Sept 2014
    - h. District Office and M&M and LYQ and ALWS move to level 3
    - i. LLL, LCA B Shek remain on level 1
    - j. Payments to Savills occurred in 2013.
    - k. Loan payments commence Jan 2015
    - l. Income from Resource Strategies commences 1 Jan 2015
176. Grants & Donations - M&M include M&M Grants allocated TBC
177. 7 Regency Crt, Hervey Bay - added Land tax expense
178. Added Acc 4-3713 Annual Leave Recoverable
179. added Acc 4-3714 LSL Recoverable
180. Added acc 6-1891 Prov for Annual Leave
181. Added acc 6-1892 Prov for LSL
182. Added acc 6-1208 Advertising - Bishop
183. Added acc 6-1314 - Ecumenical PC - Bishop Office
184. Added acc 4-4250 Grants Allocated - M&M Projects
185. Added acc 6-1818 Pension Levy - Pastors
186. added acc 6-1835 Allowance - M&M Projects
187. 6-1481 - Various M&M Project Exp - Funding for Outreach Festival + contingencies

- 188. 6-1213 - Air Fare - Bishop - LCA Pastor Support Fund
- 189. Added acc 6-1234 Bad Debts written off to payroll
- 190. Added acc 6-1236 Bank fees to payroll
- 191. Board for Mission Church Plant Grant \$15K to Hillcrest in 2015
- 192. Other Contributions is an aspirational target that is asked of congregations to achieve to support mission