

## CHURCHWARDENS' MID-YEAR REPORT FOR 2017

The Wardens acknowledge with immense gratitude the large number of volunteers who willingly contribute their time and effort to sustain the many worship and missional activities of the Parish. One great benefit of this is that it multiplies the capacity of the parish to minister to the city on a much smaller budget than would otherwise be the case.

Arising from the current Strategic Plan, the Parish introduced the Pilgrim Courses to encourage a greater understanding and participation in the life of the church. The first in the series was on 'The Beatitudes', with 81 people participating. The mid-year study series on 'The Eucharist' has just finished, with further positive feedback from participants. We encourage more people to be involved in these courses in the future.

### **The Churchwardens and their Responsibilities**

The primary responsibility of the Wardens is the management of the finances, staffing and properties of the Parish. The Parish Executive Committee (comprising the Wardens, the Treasurer, Rector and Facilities Manager) has reviewed our current position and provide the following report for your information.

It is now clear that we will face some significant financial challenges in the future. Nevertheless, with careful budgeting and the support of parishioners we can look forward to celebrating our Bicentenary and ongoing ministries into the future with renewed strength and purpose. But continuing to dip into our reserves, as we have done in the past, is NOT an option.

The good news is that the activities of Music at St James' and the St James' Institute are, for the most part, funding themselves; however, the operations of worship, pastoral care, and mission are running at a deficit.

### **Major Challenges for the Future**

**St James' Hall:** Our first big challenge is to decide the future of St James Hall. The building is now over 50 years old and showing its age. We need to consider how best to use this space in the future, including the options of refurbishment, redevelopment or sale.

**Upgrading the Paddington Rectory:** Before a new Rector is appointed there will be a need to upgrade the Rectory to Diocesan standards. This will include the addition of another bedroom and a parking space.

**Organ Replacement Project:** The organ is a vital accompaniment to our music, but the current instrument is nearing the end of its life. Current problems have required regular and often urgent costly repairs. A decision is pending about a replacement instrument

that will form part of our Bicentennial celebrations. It is likely to cost about \$2.5 million and will involve a major fund-raising appeal as well as borrowings by the Parish.

**IT Requirements for the Parish Office:** The Wardens have obtained quotations for a long-overdue upgrade of both the Parish Office Server and individual workstations that will total upwards of \$15,000. With the security threat posed by outdated IT systems, newer equipment and services will need to be considered within the 2018 budget.

**The Church Building:** Several minor but important repairs and upgrades of the church building are in process; including security system work, toilets and hospitality room upgrades and crypt painting.

The Executive's response is to build up the Parish resources to meet these challenges. However, we **MUST** ensure that we are living within our means and not being overly reliant on distributions from the Hall. Property income should be used principally for property purposes.

## Financial Notes

The average cost of running the Parish's operations (not including capital work and special projects and events) over the past three years is about \$1,650,000 pa. On current figures, that costs \$120 per week per parishioner, but this is offset by income from the Hall and several other sources as the following notes show.

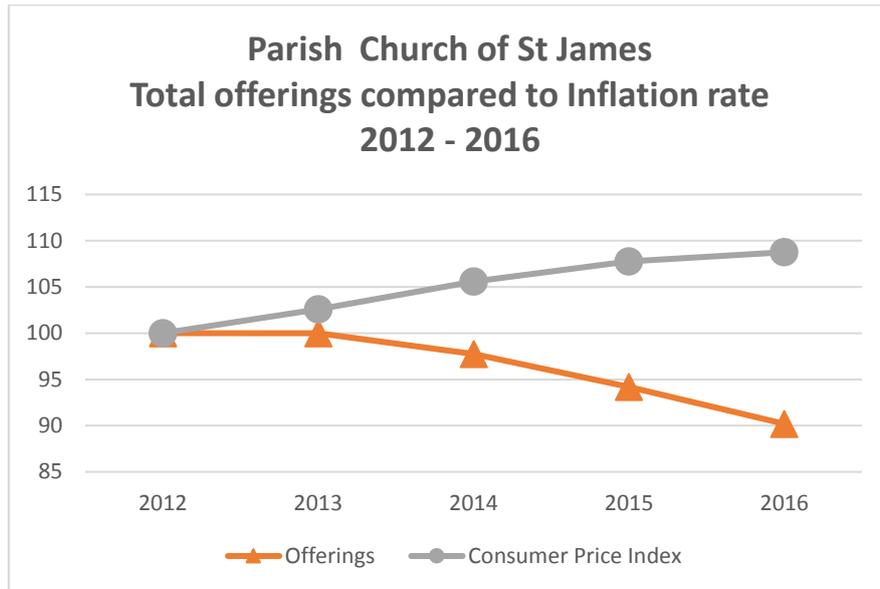
The Wardens are very grateful to Dr Keith Carpenter for taking on the position of Parish Treasurer. Keith has begun taking a close look at the sustainability of Parish's financial situation and has come up with some worrying findings. The table below shows shares of the Parish income sources used for Parish operations, arising from offertories, St James' Hall distributions, and other income sources.

### Income shares from Offerings, St James's Hall & Other sources:

Income Shares	Parish Operations Only			
	2014	2015	2016	Average
Offerings	23.6%	21.5%	17.9%	21.0%
St James Hall	48.8%	52.7%	48.6%	50.0%
Other sources	27.6%	25.8%	33.5%	29.0%

The data suggests that the Parish is becoming overly reliant on income from St James' Hall to fund its activities, rather than funding itself substantially from offertories and other operational income.

The following chart shows that overall offerings are falling and not keeping pace with the rate of inflation in Sydney, as measured by the Consumer Price Index. The rate of inflation is a key variable driving increases in Parish expenditure.



The Treasurer has also compared weekly offertories to weekly total expenses of the Parish, after allowing for other income from parish-related sources. The data shows the shortfall in offertories on an individual and weekly basis, as shown in the following table.

**Parish Operational Expenses, Income Sources and Offerings:**

<i>Averages for 2014-16</i>	<b>Actual</b>	<b>Per person per week</b>
Total Operational Expenses	1,648,382	120.20
St James Hall distribution	800,668	
Other distributions	120,818	
Other income	347,429	
Net expenses	379,467	27.70
Offertories	333,308	24.30
<b>Income deficit</b>	<b>46,159</b>	<b>3.40</b>

What this demonstrates is that offertories are not keeping pace with inflation. This is partly because of a lower attendance at services, but may also reflect the demographics of the Parish. As a result, there is a growing reliance on the Hall distributions to finance the activities of the Parish, which is unsustainable. As a Parish, we can address the shortfall through an increase in offertories (averaging, say, \$3.50 pw) to address the income deficit shown above. The Wardens will also examine the Parish budget to ensure that operational expenditure is adjusted to reflect the income that Parishioners are able to contribute.

## How can I Respond?

There are currently three options for giving support to the Parish through offerings:

- Through the offertory plate at the Sunday service, by cash or cheque.
- The Envelope system, again by cash or cheque.
- Direct Credit into the Parish bank account, by regular bank transfer or credit card.

Technological change is leading to a reduction in the use of envelopes as more people opt to using Direct Credits. Many people find Direct Credits easier to use as one instruction to their bank means that the offering is set as specified on a long-term basis. This can be done weekly, fortnightly, monthly, quarterly, semi-annually or on an annual basis.

If you give by Direct credit, but are uneasy about letting the offertory plate pass without putting anything in, you can obtain a card from the Parish office to place in the plate to indicate that you give by Direct Credit.

While there is much convenience in giving by Direct Credit, there is a temptation to 'set and forget' and never increase the amount over the years to reflect changes in the CPI. The Wardens therefore request that you review your offering annually, say each July, to check whether it remains appropriate to your financial situation. It appears that many Direct Credit offering amounts have not been increased to keep pace with inflation from when they were first set many years ago.

If you have already considered your level of giving to the Parish prayerfully and thoughtfully, and are committed to your own planned giving programme, these remarks are not intended for you. We gratefully say thank you for what you have done already to support St James' financially. If you have not thought about your giving to the Parish, then we invite you to consider your commitment, stewardship and support of the Parish through your own planned giving programme.

We want you to be aware of the serious long-term financial challenges facing us if we do not address the current income shortfall; however, with careful planning and support we can ensure future security of St James' Parish and its ministries. Indeed, if we increase our giving substantially we can then look at developing new ministries. Our aim is, by the time of the 200th anniversary of the Parish, to ensure it has the resources to serve Christ and the people of Sydney for another hundred years!

**Any Questions?** The Wardens will be happy to reply to any questions about their role, activities and any matters arising from this report.

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