

Report of the Long Service Leave Committee

Esteemed Brothers,

The ministers of the Reformed Churches of New Zealand are entitled to 3 months of long service leave (LSL) after 15 years of qualifying service (QS) It is also possible for a minister to receive 2 months of LSL after 10 years of QS and one month of LSL after 5 years of QS.

Qualifying service is service in the ministry of the Reformed Churches of New Zealand and in the Christian Reformed Churches of Australia.

All LSL has to be approved by the Session.

The 2005 Synod changed the holiday allowance for ministers going on LSL. This was increased to 0.35% of the annual minimum stipend (as set each year by the Church Extension Committee) per week of leave taken (Acts of Synod 2005 Art 116-3-7). The payment to the church whose minister took LSL was left unchanged.

Our activities since the 2005 Synod can be summarised as follows:

1. Long Service Leave Granted

The following ministers were granted long service leave since 1 April 2005.

Minister	Year	Duration of leave
S. Bajema	2005/6	3 months
C.J. Kavanagh	2005/6	2 months
G.H. Milne	2006/7	2 months
M.A. Flinn	2006/7	7 weeks
R. Noppers	2006/7	2 months
D.J. van Garderen	2007/8	2 months
B.E. Hoyt	2007/8	4 weeks
R.G. Adams	2007/8	1 month

2. Financial Report

Details of income and expenditure and the financial position of the Fund as at 31 March 2008 are shown in Appendix 1.

The value of the Fund was \$22,115 on 31 March 2005; \$16,296 on 31 March 2006; \$19,074 on 31 March 2007 and \$ 18,857 on 31 March 2008.

Investments in first ranking secured debenture stock with Bridgecorp Ltd and Hanover Finance Ltd were repaid. A \$5000 investment in capital secured deposits with Capital and Merchant Finance Ltd is still outstanding. These deposits are invested in mortgages which have a capital repayment assurance cover of syndicates at Lloyd's of London. As Capital and Merchant Finance Ltd went into receivership in late November 2007 the repayment has been delayed and we await further developments.

3. Review of the Long Service Leave Fund

As requested by the 2005 Synod we consulted with the churches "to ascertain their views regarding LSL". In September 2007 we sent a letter to all sessions to obtain their choice of a number of options and the costs of these options.

The payments from the Fund to the churches to help defray their expenses when their minister goes on LSL under these options are shown below, These are calculated on the basis of the annual minimum stipend as applying in the year ending 31 March 2008.

1. Scheme as continued at Synod 2005.
\$3100 after 15 years of QS = \$ 206.67 per year of QS.
2. Scheme in Office Bearer's Handbook.
2.4% of annual minimum stipend = \$913.22 per year of QS.
3. North Shore Church Overture
1.2% of annual minimum stipend = \$ 456.61 per year of QS.
4. 1% of annual minimum stipend = \$ 380.51 per year of QS.
5. 0.8% of annual minimum stipend = \$ 304.41 per year of QS.
6. 0.6% of annual minimum stipend = \$ 228.31 per year of QS.

The following table shows for each option the cost per year of QS, which is the same as the required annual quota per minister.

Option	Payment per year of QS for the		Total amount =annual quota per minister
	minister	church	
	\$	\$	\$
1.	115.40	206.67	322
2.	115.40	913.22	1029
3.	115.40	456.61	572
4.	115.40	380.51	496
5.	115.40	304.41	420
6.	115.40	228.31	344

A. Eleven of the 19 Sessions replied to our letter. Comparing their choices on the basis of the annual quota per minister and the payment to the church their average choice was nearest to option 4.

As it is impossible to predict when ministers will take LSL it would seem prudent to ensure that the Fund is large enough to pay at any time for the accumulated years of service of the total of all ministers at that time.

The total number of years of QS as at 31 March 2008 is 63 years.

If no LSL is taken in the next 3 years this is expected to increase to 111 years of QS by 31 March 2011, assuming a total of 16 ministers.

The annual quota required for some options and the total Fund required as at 31 March of each year are shown below.

It is assumed that the annual increase in the minimum stipend is 3%.

Year	Years of 31 March QS	Cost per year of QS				Total Fund required (16 ministers)			
		(\$)				(\$)			
		Options				Options			
		1	4	5	6	1	4	5	6
2008	63	322	496	420	344	20,286	31,248	26,460	21,672
2009	79	322	511	433	354	25,438	40,369	34,207	27,966
2010	95	322	526	446	365	30,590	49,970	42,370	34,675
2011	111	322	542	459	376	35,742	60,162	50,949	41,736

As at 31 March 2008 2 ministers could take 2 months of LSL and 3 ministers one month of LSL. On the basis of the present membership the situation on 31 March 2011 will be that 2 ministers can take 3 months of LSL and 8 ministers one month of LSL. As it is impossible to allow for the movement of ministers between Australia and New Zealand we assume this effect to be neutral for LSL purposes.

B. One of the Sessions had a very different proposal.

They suggested that each church provides for their own minister's long service leave. This would make it unnecessary to maintain the Long Service Leave Fund and collect the necessary quota from the Churches. The committee discussed this last proposal and decided that it warrants serious consideration by the Sessions.

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4. Committee Membership

Brs H. Klinkhamer and W.C. Weeda wish to retire from this committee as from Synod 2008.

Recommendations

- 1. That Synod receive this report.*
- 2. Decide on the future of the Long Service Leave Fund.*
- 3. Set the quota as calculated for the chosen option.*
- 4. Appoint additional members to replace the retiring members.*

Respectfully submitted,

H. Klinkhamer (convenor)
M.J. Leenders
W. van den Engel
W.C. Weeda (reporter)
C.A. Young
J. Kamphuis (advisor)
I. van Woerden (advisor)

Appendix 1

STATEMENT OF FINANCIAL PERFORMANCE For the period 1 April 2005 – 31 March 2008

INCOME		EXPENDITURE		
	\$	\$	\$	
Quota				
2005/6	5760		Long Service leave payments	
2006/7	5760		2005/6	7821
2007/8	<u>5440</u>		2006/7	8939
			2007/8	<u>6318</u>
		16,960		23,078
Investment Income			Administration expenses	
2005/6	1262		2005/6	20
2006/7	979		2006/7	22
2007/8	<u>687</u>		2007/8	<u>26</u>
		<u>2,928</u>		<u>68</u>
		<u>19,888</u>		<u>23,146</u>
Value of Fund 1/4/2005		22,115	Value of Fund 31/3/2008	<u>18,857</u>
Net decrease		<u>(3,258)</u>		<u>18,857</u>
		<u>18,857</u>		

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2008

LIABILITIES	\$	ASSETS	\$
Accumulated Fund	18,857	Capital & Merchant Finance Ltd	
		Capital secured deposit	5,000
		West Pac Bank	
		Bonus Saver Account	<u>13,857</u>
	<u>18,857</u>		<u>18,857</u>