

# STATEMENT OF FUNDING PRINCIPLES AND PRIORITIES FOR 2013



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FOR 2013



Anglican Church Diocese of Sydney  
Synod 2012



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## CONTEXTUAL INTRODUCTION

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Our deep desire is to glorify God by proclaiming our Saviour the Lord Jesus Christ in prayerful dependence on the Holy Spirit, so that everyone will hear his call to repent, trust and serve Christ in love, and be established in the fellowship of his disciples while they await his return.

As Anglicans in the Diocese of Sydney specifically we hope to proclaim the gospel of Jesus Christ to all who live in Sydney, across to Lithgow in the west, Ulladulla in the south and Berowra in the north.

As a synod we allocate and distribute money to various ministries and organisations which both promotes gospel proclamation and provides support so as to allow ministry to occur.

Following the 2008 Global Financial Crisis there has been a significant downturn in the income available for Synod to distribute. This is not a passing moment. We, for the foreseeable future, will be dealing with much smaller distributions than had been the case in the 20 years prior to 2008.

This context both offers an opportunity and forces a fresh examination of how the financial resources of the Diocese available to Synod can be best utilised.

Much has already been achieved.

The Glebe Administration Board which manages the Diocesan Endowment has been refreshed and has reviewed its management and investment policies. The Endowment of the See Committee has achieved significant efficiencies and downsized its staff and reduced its cost structure. St Andrew's House Corporation has beneficially restructured its management of St Andrew's House and cashflow will

again be available from 2013 onwards.

Notwithstanding all this, because of our reduced resources we have needed to limit our use of Synod and endowment funds to focus on the basic strategic needs of the Diocese. This document seeks to take that work further.

Last year a draft statement on Financial Priorities was presented to Synod. This statement received a large amount of feedback from a wide range of view points in Synod speeches, written submissions and comments at a Diocesan-wide feedback day in February. The Standing Committee has carefully weighed that feedback. In response this document offers a significant re-appraisal in both how to think of the income available to Synod and the subsequent expenditure priorities. Two fundamental principles that shape the document should be noted. First, a significant weighting is given to the long-term nature of diocesan life. There are always many current opportunities but Synod should give weight to think long term in the use of funds. Second, there is a need to think holistically about all sources of diocesan income, with the consequence that in these Funding Principles expenditure is also examined holistically.

For the first time in Diocesan budgeting it is proposed that all 4 major sources of funds - Diocesan Endowment, Endowment of the See, Parish Cost Recoveries and parish trusts be taken into account, and consequently all significant expenditure items also be included - a holistic Diocesan budget.

This document is a statement of financial principles and priorities for 2013 but ultimately has the longer view of the life of the Diocese.

# Summary

**Section 1** contains some biblical and theological background for Christians' use of money, and the relationship between churches.

**Section 2** explains some concepts of what it means for us to come together as a diocese, and reasons for adopting a holistic approach to the raising and spending of money for mission.

**Section 3** reminds us of our long term nature and the impact this should have on our priorities for the expenditure of money.

**Section 4** sets out the principles we should apply for our budgeting for the raising and expenditure of money and the funding of mission.

**Section 5** explains our current sources of funding, and challenges us to do more work on finding more ways to raise funds for mission.

**Section 6** outlines the proposed use of funds, drawing particularly on the framework in section 3 and the principles in section 4.

In this document some funding expressions are used that have the following meanings:

“Parish Cost Recovery charge (PCR)” is a recovery of direct (eg, minister’s superannuation) and indirect (eg, Professional Standards Unit) parish costs.

“Levy” is an ordinance decided by Synod to raise funds from parish churches for specific purposes.

“Assessment” is an ordinance decided by Synod to raise funds from parish churches for the general purposes of Synod.

# SECTION 1

## BIBLICAL AND THEOLOGICAL BACKGROUND

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Without attempting a complete biblical and theological background to Christians' use of money and the relationship between churches, some important principles do need rehearsing.

- a The material world and its wealth are part of God's good creation for our stewardship and sufficient for our need as per the creation ordinance (Genesis 1:28-31; Matthew 6:19-34; Philippians 4:19; 2 Corinthians 9:8-11; 1 Timothy 4:1-6; 6:17-19).
- b We should avoid covetousness, learn contentment, be generous, provide for the disadvantaged and seek to act justly (Exodus 20:17; Matthew 23:23; Luke 3:14; Acts 20:33f; 2 Corinthians 8:8-15; 9:6-14; Ephesians 4:28; Philippians 4:12-13; Colossians 3:5).
- c Christians are to provide for their own needs and the needs of their families in order not to burden others or the church, so that the church can help those who are genuinely in need (2 Thessalonians 3:6ff; 1 Timothy 5:3-16).
- d Those who benefit from the ministry of the word should support those who, principally or otherwise, provide that ministry (1 Corinthians 9:4-14; Galatians 6:6; 1 Timothy 5:17-18).
- e The New Testament values the work of Christians and churches who voluntarily support gospel ministry and

social concerns beyond their local community (Acts 11:27-30; 18:3-5; Philippians 4:10-20; 2 Corinthians 8).

- f The concern for transparent honesty and faithfulness in financial dealings (2 Corinthians 8:18-24).
- g There is a relationship between Christian congregations. The New Testament does not mandate any constituted structures like “parish” or “diocese”. However, congregational independence was not the first century church pattern either. Apostles maintained pastoral oversight of congregations they no longer attended (Acts 14:23; 1 Corinthians 5:3-5; 2 Corinthians 10:7-13; 11:28; 1 Timothy 3:1-13; Titus 1:5-9); churches “appointed” a brother to transport money (2 Corinthians 8:19); and there were rules and common practices that individual churches were not free to vary (1 Corinthians 4:17; 7:17; 11:16; 14:33).
- h The church is the product of the ministry of the gospel. This gospel ministry continues inside the church as well as outside. It is as people hear the word of life that they are regenerated by the Spirit and baptised into the one body (Ephesians 2:1-10; 4:1-6; 1 Corinthians 12:12-13; 1 Peter 1:22-2:5).

## SECTION 2

# WHAT IS THE DIOCESE?

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The Diocese can be described in various ways (historical, legal, sociological), but within the framework of this document the aim of this exercise is to describe us in our totality.

People use the word “Diocese” in several different ways. It can be a geographical description either defined by boundaries (Hawkesbury to Ulladulla, Bondi to Lithgow), or by its supervision (“a district under pastoral care of a bishop” *OED*). The word is sometimes used to describe an association of churches. Sometimes this description is used of an entity that is separable from and over against those churches (eg, “The Diocese doesn’t allow us to smoke in our church hall”). Sometimes the word is used to refer to our practices as opposed to other dioceses or denominations (eg, “The Diocese of Sydney is predominantly low church/evangelical”).

For the purpose of thinking holistically, a description that captures the Diocese is “We are a network of Christian churches and other associated Christian ministries working in a particular geographical area that is parish based, episcopally led and synodically governed under an Anglican constitution”.

Our fundamental activity as a diocese is **Christian ministry**. That is what unites everything else that we are or do. Our central concern as a diocese is that ministry of the gospel that promotes the Lordship of our Saviour Jesus Christ over the lives of all people. As noted in the biblical and theological background above (1(h)) the church is the product of the ministry of the gospel. The church, unlike parish or diocese, is a biblical and theological entity, which is derived from and expresses the ministry of the gospel. The ministry of the gospel

precedes, empowers and governs the church. The church further promotes, supports and extends the ministry of the gospel.

The Diocese as a whole is a **network** of Christian ministries, for Christians are called into fellowship not only with God but also with one another. Such fellowship is not limited to congregational life but also between congregations (see 1(g) above). This network is not a separate entity, “over and above” or separable from the ministries or congregations – it includes everything that is done in relationship with others. All ministries, churches, organisations and institutions are part of this network of people ministering the gospel. The network is not a static or fixed construction but is constantly growing and developing as new gospel ministries and initiatives are commenced and old ones are strengthened or sometimes come to an end. Thinking holistically takes into account the inheritance of the network even prior to the first-fleet prison chaplain preaching the gospel in Sydney to the future of the network as we await the return of our Lord.

This network of Christian ministries under consideration occurs in a **particular geographical area**. The network extends formally beyond the geographical area (eg, by sending and supporting missionaries and relating to other dioceses) and informally by the travel and relationships of its members. However, the primary focus and responsibility of Sydney Anglicans is to minister the gospel of salvation to all people living within the diocesan boundaries. This concern for the salvation of all people is reflected in many ways – cross cultural ministries, missionary support, age appropriate ministries from children and youth to seniors, phase of life ministries such as chaplaincies in schools, hospitals, universities and prisons, and organisations like Anglican Retirement Villages, Anglican Schools Corporation, Mothers’ Union. In particular it has been implemented by a commitment to the parish system, whereby gospel ministry is provided for every resident.

Thus the network of Christian ministries is **parish based**. A parish, like a diocese, is a network of Christian ministries in a defined geographical area that is led by a rector and assisted by a parish council. Within this area there is at least one but usually several congregations that comprise the parish church. There is more to the ministry of the gospel than the parish church (eg, teaching SRE in schools) but in the diocesan network, responsibility for Christian ministry in a parish lies with the rector, assisted by the parish council. The parish system aims to ensure somebody is responsible to minister the gospel to every person living in the Diocese.

The network is **parish based** because by that means every person can be reached with the gospel and have a local church in which

to fellowship with other believers. While the parish is central to the responsibility of bringing salvation to all people, not all the Christian ministry of the diocesan network happens within the parish system.

Some areas are nominated as “extra-parochial” because of the specialised ministry conducted within them. Some specialist churches have been founded as “recognised churches” as they seek to reach some particular people group (eg, ethnically specific or a sociological group like students). Some ministries, eg, chaplaincies, schools, university colleges, retirement villages are not church based and so function independently of, though hopefully in fellowship with, parishes. Furthermore, many ministries in the Diocese support and supplement other gospel ministries such as those of the parish or chaplaincies (eg, Moore Theological College and Youthworks College train our future gospel workers, the Secretariat provides legal support and the Professional Standards Unit deals with allegations of misconduct). Such ministries are designed to enable and sustain the gospel ministries to function without distraction. Some help directly (eg, training in child protection), while others are of a more indirect nature (eg, Anglican Education Commission’s representative work with the Department of Education). However, whether direct or indirect, they assist the individuals, parishes and organisations in the overall long-term task of the evangelisation of the population and the sustaining of Christian faith.

Though parish ministries operate with considerable independence, they do not function in isolation – nor should they (see 1(g) above). Most ministries function informally in fellowship with other parishes and many non-parochial, denominational, inter-denominational and non-denominational ministries. They are also formally linked into the diocesan network because it is **episcopally led** and synodically governed. It is appropriate that the network as a whole, being a network of Christian ministry, should be led by ministers of the gospel. The Archbishop, Bishops and Archdeacons lead the Diocese by: proclaiming the gospel; protecting biblical truth throughout the Diocese and beyond; assisting, enabling and supporting others’ ministries and in particular, ordaining and licensing suitable ministers.

The network as a whole is **synodically governed under an Anglican constitution**. The government of the Diocese is constituted by legislation and implemented by ordinances and elections of the Synod. The Synod governs for the good order of the network and the long term promotion of the ministry of the gospel in the Diocese as a whole. Being a parish based network, the Synod is primarily, though not completely, composed of parish representatives (two lay representatives of each parish plus the rector). The synodical government displays carefully worked out balances between authority

and responsibility, uniformity and diversity. Because the network is both long term and universal, the Synod sets and maintains standards for the individual components in matters of biblical, theological, moral, or academic nature. However, decisions about how ministries are conducted are left to those responsible for their conduct.

## SECTION 3

# A FRAMEWORK FOR THE STRATEGIC USE OF OUR MONEY

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We are an organisation that exists for the long term.

Our budgets should reflect this, and contain long term goals as well as short term expenditures.

Long term spending provides for the infrastructure needs for the future - for example acquisition of land for church sites - and investment in the recruiting, training and equipping of people for long term ministry.

The area that is encompassed by our Diocese is likely to see massive population growth. According to the “2/10 Towards 2050” report by Standing Committee we are likely to see approximately 2.4 million extra people living in Sydney by 2050. A substantial amount of growth is planned for what has been termed the “greenfields” areas in the south west and north west. That is, there will be new suburbs created on the fringes of Sydney, as well as the southern areas of the Wollongong urban region. They are expected to contain over 750,000 people.

This growth and these new suburbs present both a strategic opportunity and a strategic danger.

The opportunity is obvious. The danger is if we do not set aside significant funds in our budget process for people and plants we will not have the facilities to meet that opportunity.

In 2002 we established the Mission Property Fund to acquire sites

and build churches in areas of population growth, and set up the Mission Property Committee (MPC) to plan and oversee this work. In 2007 we provided a capital grant to the Fund from the Diocesan Endowment. Apart from this we have not resourced the MPC to do its work. We cannot afford to neglect this important challenge to provide infrastructure in our rapidly expanding regions.

It is intended therefore that we will include in our budgeting process for the first time sums of money to assist in the acquisition of land for church sites. We have a collective responsibility to meet this challenge, and including a provision for this work in our annual budgeting process is one important way to meet that responsibility.

After providing for those things we must have to operate effectively, we must also give priority in our spending for the recruiting, training and equipping of people.

It is proposed that we will give priority in our budgeting process for this recruiting, training and equipping, principally through the work of Youthworks College and its Year 13 program; Tertiary Education Ministry; Ministry Training and Development (MT&D); and especially Moore Theological College (MTC).

As the Archbishop has recently said; “It has always seemed obvious to me that the institution which trains Christian leaders is the single most important work of any Christian denomination. The College has been the guardian and promoter of the gospel in our city and nation in countless ways. Increasingly its quality is being recognised internationally as well. In particular the influence of the College is being felt in other theological institutions around the world, through graduates, through writings and through fellowship.”

## SECTION 4

# DIOCESAN FUNDING PRINCIPLES

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Arising out of the above Sections, there are both general principles and specific funding principles that should guide our preparation of diocesan budgets.

### 1 **General principles**

- a As a Diocese we are a fellowship in which each individual unit shares responsibility.
- b We are a long term organisation that seeks to grow. Wherever possible we seek to resource growth that is both immediate and long term, especially by investing in growing ministries of the gospel and/or those activities which will enhance and promote its growth.
- c We need to invest strategically in long term infrastructure, both in people and plant.
- d The different parts of the Diocese must be appropriately accountable –
  - i Synod funding provided for organisations should recognise the delegated authority and –
    - 1 give appropriate responsibility and authority to the elected board,
    - 2 consider outcomes, conducting review and evaluation primarily through annual discussion with the elected representatives on the board,

- 3 be based on information supplied in an appropriate way (a statement as to the suggested procedure is contained as an annexure to this paper).
- ii Wherever possible program outcomes should be measured, either quantitatively or qualitatively.
- iii Proven inefficiencies should be addressed immediately.
- e The Diocese will endeavour to meet all contractual commitments under secular legislation and Anglican structures, eg, General Synod assessment, financial provision for the Archbishop.

## 2 Specific funding principles

- a As a network of Christian ministries the Diocese as a whole needs to -
  - i pay for the establishment of the Archbishop's administrative support (registrar, secretarial support, office, archives);
  - ii select, appoint and ordain Christian workers;
  - iii recruit, train and equip people for ministry, through MTC, Youthworks College and its Year 13 program, MT&D, and Tertiary Education Ministry;
  - iv provide for a means of internal communication;
  - v be represented to the wider Anglican Church, to government and to the public;
  - vi ensure the affairs of the Province are appropriately governed;
  - vii provide the means by which the Archbishop can lead the Diocese; and
  - viii provide a cathedral (although at present this is provided without the need for direct funding from the Synod, the EOS or parishes).
- b The Diocesan network also needs to pay for Synod-determined costs -
  - i Annual meetings of Synod
  - ii Standing Committee costs
  - iii Secretariat (according to a service level agreement)

- iv Representatives to attend General Synod
- v Whatever Synod by ordinance establishes
- c Among parish-related costs the Diocesan network has chosen to collectively administer funding for the following –
  - i Employment related on-costs for clergy (superannuation, long service leave, stipend continuance insurance, and sickness and accident fund contributions)
  - ii Property and liability insurance program
  - iii Risk management program
  - iv Professional Standards Unit
  - v Safe ministry program
  - vi Provision for relief or remission of PCR
  - vii Support for the Sydney Anglican Parish Accounting System
  - viii Contribution to Diocesan Archives
- d The Diocese needs to fund any Synod-determined discretionary spending for specified ministry initiatives.
- e A levy on parishes should be used to assist the Mission Property Committee to fund the acquisition of land for church sites.

## SECTION 5

### OTHER POSSIBLE SOURCES OF FUNDS

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As mentioned in the Introduction, there has been a significant downturn in the income available for Synod to distribute. There is a clear need to explore an extended funding source for Synod beyond the “traditional” sources.

The following list of sources of funding is put forward to identify opportunities for improvements that could increase the size of the available funds. Synod has traditionally relied upon the first four of the sources listed below to fund Diocesan work.

Work needs to be done on how funds can be raised from the other sources. In particular bequests and voluntary gifts, payment for services, payment for the use of the “Anglican” name and government funding are opportunities which should be urgently tasked for improvement. Any funds sourced in these or other ways will reduce the need to fund shortfalls by way of assessment or levy.

Existing sources of funds for Synod include –

- a Endowment of the See (EOS) distributions from –
  - i Property
  - ii Equity investments
- b Diocesan Endowment (DE) distributions from –
  - i Property
  - ii Equity investments
  - iii Financial services

- c Synod's share of the distributions from parish trusts
- d PCR charges
- e Levies
- f Assessments

New ways of raising funds, which should be investigated and then appropriate action initiated by Standing Committee include –

- a Fund raising
- b Formal bequest program and voluntary gifts, either for particular programs or to establish new or grow existing endowments
- c Payment for service/ministry
- d Contribution from associated ministries recognising their status as part of the Anglican family
- e Government funding
- f Property sales and developments (MPC)
- g Restructuring of organisational and episcopal responsibilities (including reduction in number of regions)
- h Reviewing the structure of the Synod (with direct and indirect cost reduction)

Funding costs can also be reduced through the use of volunteers.

## **SECTION 6**

### **USE OF FUNDS**

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The ordinances to be considered by Synod in 2012 have been prepared in accordance with these Funding Principles.

It has not been practicable to prepare a triennium funding model for Synod this year. Accordingly the 2012 ordinances for Synod will deal only with 2013.

Figures for 2014 and 2015 have not been included because there are a significant number of factors with the potential to materially impact both the sources and uses of funds in 2014 and 2015. The resolution of each of these matters will take some time. Some will require significant structural and other changes to be approved by Synod either this year or next.

It is expected that next year Synod will have an ordinance dealing with two years, 2014-2015, and a triennium funding ordinance will be prepared for the second session of the 50<sup>th</sup> Synod in 2015 concerning 2016-2018, in accordance with the Synod Estimates Ordinance 1998.

## ANNEXURE 1

### **Supporting information**

By paragraph (b) of resolution 17/11 the Synod-

“requested Standing Committee to insert in its Principles a procedure to be adopted by any organisation seeking funds, including a detailed proposal for the purpose, likely timing of the expenditure and a review of the reserves currently held by that body..”

The Standing Committee considers that while the procedure envisaged in this resolution has merit, the significant variations in the circumstances and purposes of organisations and projects funded by Synod mean that it would not necessarily be appropriate to apply the same procedure to all. Indeed in some cases the particular information referred to in the Synod resolution may not be helpful in assessing funding applications or recommending allocations.

For example, some funding may be provided directly to a particular project the Standing Committee and Synod consider a high priority Mission activity, notwithstanding that no particular organisation has sought funds for this purpose. In other cases funding may be proposed for an organisation on an agreed fee-for-service basis. Furthermore, for some organisations the funding provided by Synod represents their only source of income, they have no reserves and they only undertake one activity whereas in other cases the Synod funding may represent only a small part of the recipient organisation’s overall budget and activities.

Accordingly, the Standing Committee proposes that where it considers accountability and transparency would be improved

by the provision of the following information it intends to ask that organisations seeking funds provide the following –

1. A detailed proposal identifying –
  - the purpose for which the funds are sought,
  - attempts that have or can be made to raise funds from other sources,
  - the likely timing of any expenditure,
  - the outcomes expected, and
  - the reporting and other accountability measures by which those outcomes will be assessed.
2. A statement of any reserves held by the organisation –
  - specifically for the purpose for which funds are being sought, or
  - that could be made available for that purpose.

## ANNEXURE 2

### **Listening to your feedback**

Synod members were asked to give feedback on the Exposure Draft presented at last year's Synod. 35 written submissions (118 pages) were received from Synod members from -

Anglican Education Commission; Anglican Media; Annandale; Ashfield, Five Dock and Haberfield; Bankstown; Burwood; Castle Hill; Cherrybrook; Christ Church St Laurence; Cooks River; Eastlakes; Figtree; Georges River Regional Council; Jannali; Lower Mountains; Lugarno; Killara; Malabar; Mona Vale; Thornleigh/Pennant Hills; Padstow; Peakhurst/Mortdale; St Clement's Mosman; St James' King Street; Shellharbour City Centre; Sussex Inlet; Sutherland; St George North; Tertiary Education Ministry Oversight Committee; Turramurra South and Wollongong.

Comments were also noted by Mission Board and Mission Board Strategy Committee members who were on hand to listen to Synod representatives' input at a Diocesan-wide feedback day at the Chapter House in February, 2012.

Some suggestions were diametrically opposed. However some broad themes did emerge -

- The exposure draft presented to Synod last year with its six categories of expenses was rejected as complex, contentious, arbitrary and lacking clear mission strategy.
- Our Diocesan budget needs a theological basis, which wasn't evident in last year's exposure draft.
- Several submissions argued for a 'holistic budget' with

expenses listed as necessary, desirable and PCR, with necessary expenses funded from endowments first, then desirable expenses, then if and when that is exhausted synod/parishes should be approached before receiving an additional charge.

- One parish suggested a graduated increase in mandatory levies and submitted a voluntary gift of \$4,000 to the Diocese, others suggested a higher tax for larger parishes, others strongly opposed all levies in order to protect funding for local ministries.
- Concerns were expressed over lack of accountability for funding recipients and lack of accountability for the EOS, and also about the potential conflicts of interest. There were calls for outcomes to be measured and requests that EOS activities and cost structures be reviewed.
- Some were concerned that the document last year assumed an unhelpful false dichotomy between 'synod/centre' and 'parish'.

