

Synod Appropriations and Allocations Ordinance 2003

Explanatory Report

Introduction

1. The framework for the appropriation and allocation of Synod funds for the current triennium 2003-2005 was established in the report to Synod last year accompanying the Synod Appropriations and Allocations Ordinance 2002. The adoption by Synod in 2001 of the report titled "Focussing Resources for the Gospel" and the subsequent adoption last year of the Diocesan Mission -

"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."

the initial goal -

"To see at least 10% of the population of the region of the Diocese in Bible-based churches in 10 years."

and the fundamental aim -

"To multiply Bible-based Christian fellowships, congregations and churches which equip and nurture their members and expand themselves, both in the Diocese and "in all the world."

led to the passing of the Synod Appropriations and Allocations Ordinance 2002 in a form which reflects the outworking of those principles through the allocation of funds across the four policy areas agreed by Synod in 2002.

2. In summary, the Explanatory Report to the Synod Appropriations and Allocations Ordinance 2002 established the following framework for the appropriations and allocations for the current triennium -

		2003	2004	2005
Policy 1a	Spiritual renewal	0%	0%	0.5%
Policy 1b	Expenditure outside the Diocese	3.5%	4.0%	4.5%
Policy 2a	Churches expand and plant congregations and fellowships	16.7%	19.0%	21.0%
Policy 2b	Background support for the expansion of congregations and fellowships	25.1%	25.0%	21.0%
Policy 3	Multiply well-trained persons - ordained, lay, full time, part time, voluntary	28.7%	30.8%	33.0%

		2003	2004	2005
Policy 4	Reform the structures and processes of the Diocese	0%	0.5%	1.0%
Administration for the Mission		26.0%	20.6%	19.0%

3. The 2002 Ordinance also proposed that funding allocations in 2003 be substantially the same as in 2002, but that the time from October 2002 to October 2003 be used to determine any changes in funding direction that may need to be made for 2004-2005 in the context of the Mission.

4. This report, in conjunction with the attached schedule headed 'Synod Appropriations for 2004 & 2005', identifies the process and the recommended appropriations and allocations flowing from the review undertaken since October 2002. The Synod Appropriations and Allocations Ordinance 2003 to which this report refers then gives effect to the specific allocations recommended within each policy for 2004 and gives directions to the Standing Committee for 2005.

5. It is expected that Synod in 2004 will receive a report and approve the strategy and target percentages for each policy for the triennium 2006-2008, and the detail of the appropriations and allocations for that triennium would be approved by Synod in 2005. A similar process would be followed for each triennium thereafter with the strategy set 2 years before the triennium begins and the detailed allocations for all 3 years approved the year before the triennium begins.

Process followed for 2004-2005 allocations

6. As foreshadowed in the Explanatory Report to the Synod Appropriations and Allocations Ordinance 2002, the process followed to arrive at the allocations for 2004 and 2005 has involved extensive consultation and discussion.

7. The Archbishop met on several occasions in late 2002 and early this year with the 5 regional bishops plus the heads of Diocesan organisations to discuss the Diocesan Mission and four fold policies and begin to discern implications of each policy.

8. The Archbishop recommended to the Standing Committee (via the Mission Taskforce) membership of 4 Policy Committees comprising a chairman (bishop) and 1 to 3 Standing Committee members with the committee given power to co-opt up to 3 others. The committees comprised -

- (a) Policies 1a, 1b, 4 and Administration for the Mission – Bishop Robert Forsyth (chairman), Mr James Flavin and Mr Warwick Olson AM,
- (b) Policy 2a – Bishop Reg Piper (chairman), the Rev Stephen Semenchuk and Mr Robert Tong,
- (c) Policy 2b – Bishop Peter Tasker (chairman), the Rev Bruce Hall and Mr Greg Nelson,

(d) Policy 3 – Bishop Glenn Davies (chairman), Dr Bryan Cowling and Bishop Ivan Lee.

9. From late 2002 each policy committee met to consider potential ministry partners and invite the appropriate representatives of each to group meetings.

10. From February to May 2003 each policy committee then held a number of group meetings with their ministry partners to discuss the policy and its relationship to the Mission, identify strategies, propose outcomes and measurables, and determine possible allocations. The policy committees reported progress each month to the Mission Taskforce.

11. By the end of May 2003 each policy committee made its final recommendations to the Mission Taskforce.

12. The Mission Taskforce appointed a finance subcommittee comprising Bishop Peter Tasker (chairman), Mr Rodney Dredge, the Very Rev Phillip Jensen, Mr Peter Kell and the Rev Stephen Semenchuk to collate the recommendations, identify matters of principle for the attention of the Mission Taskforce, ascertain the sources and quantum of projected income and make recommendations for any alternative allocations where inconsistencies or other concerns became evident.

13. The finance subcommittee completed their work and reported to the Mission Taskforce by the end of July and the Mission Taskforce's final recommendations were forwarded to Standing Committee and approved in August for presentation in this report to Synod.

14. The Mission Taskforce will be charged with evaluating and presenting recommendations from the relevant policy committee for the allocation of funds held for Strategic Mission Projects under each policy area, for review and final approval by the Standing Committee.

Available income

15. As a result of amendments passed in 2002 to the Diocesan Endowment Ordinance 1984 the distribution to Synod under is now calculated as 5.4% of the average net assets for 3 preceding years. The formula means that the average net assets of years 1, 2 and 3 is calculated and set aside as a provision in GAB's accounts in year 4, appropriated by ordinance in year 5, and spent in year 6. Accordingly, the distribution to Synod in 2004 is based on net assets in 1999, 2000 and 2001, the figures for which were known when the Synod Appropriations and Allocations Ordinance 2002 was prepared. However, the distribution to Synod in 2005 is based on values that include net assets at the end of 2002. As a result of the decline in most investment markets worldwide, particularly during the second half of 2002, the amount of the distribution from the Diocesan Endowment

Ordinance available to the Synod in 2005 will be \$374,085 less than estimated at this time last year.

16. There has also been some variation in the actual income available from a number of other trusts (established under specific ordinance) compared with the estimates made this time last year. The most significant variation however arises because the finance subcommittee of the Mission Taskforce has identified \$344,000 of previously undistributed reserves in the trust established under the St Matthew's Manly Ordinance 1988. The release of this reserve in 2005 is sufficient to offset the majority of the shortfall arising from the distribution available from the Diocesan Endowment Ordinance.

17. A modest amount of other funds (\$67,000 in 2004 and \$136,000 in 2005) will be drawn from the present reserve held by the Church Property Trust to meet any unforeseen Heritage Act requirements (refer paragraph 44). The addition of these funds is sufficient to enable the Synod to allocate the same total amount in 2004 and 2005 as was estimated in the Synod Appropriations and Allocations Ordinance 2002.

18. After the variations outlined above the Standing Committee has been able to maintain the allocations proposed for the years 2004 and 2005 without drawing on the reserve fund available to Synod. Last year the Standing Committee noted that, given the low level which this reserve had reached, it was important that it should only be used to fund capital works and should not be allowed to be diverted to supplement recurrent expenditure. Nevertheless, it may in future be necessary to use some of this reserve to fund the cost of Tribunal hearings (refer paragraph 42).

19. During the policy committees' meetings with the relevant diocesan organisations and other ministry partners, they also encouraged each entity to look to new and innovative ways to raise their own funds independent of the Synod.

20. Noting that there were a number of funding applications that could not be met from the available income, and in view of the proposed changes to the parochial cost recovery charges, the Standing Committee considered a number of alternative methods of raising funds. One particular method the Standing Committee considered to fund certain projects not covered by the allocation of Synod funds is Synod to impose a levy on parishes based on a percentage of 'net receipts'.

Allocation of funds for 2004 and 2005

Policy 1 – To call upon God for such an outpouring of his Spirit that his people will be assured of his love through his word, seek to please the Saviour in all things, manifest the godly life and be filled with prayerful and sacrificial compassion for the lost in all the world.

Policy 1a – Spiritual renewal – (2004 = 0%, 2005 = 0.5%)

21. The Standing Committee has encouraged Bishop Piper to bring recommendations forward as soon as possible. If funds are required in 2004 they will be drawn from the Contingencies fund under Administration for the Mission.

Policy 1b – Expenditure outside the Diocese – (2004 = 4.0%, 2005 = 4.5%)

22. The Standing Committee has asked that the Archbishop and Bishop Tasker form a committee to administer the funds available for strategic gospel ministry overseas and within other dioceses in Australia – “Mission Australia, Mission World”.

23. The Standing Committee recommends that funds for other Dioceses be held at 2003 levels.

24. The Standing Committee noted that currently there were reserves arising from unspent prior year allocations to Jubilee 2000 (\$240,000), and African scholarships (\$173,000). It is intended that the committee referred to in paragraph 22 above will bring recommendations to the Mission Taskforce for the use of these funds, the special scholarships for ordinands going to other dioceses and any allocation from the Strategic Mission Projects, for review and final approval by the Standing Committee.

Policy 2 - To enable parish churches to expand numerically, equip and nurture their members, and become the mother-churches of as many fellowships and congregations as possible; and also to take further initiatives to create fellowships by penetrating structures of society beyond the reach of the parish church with the gospel.

Policy 2a – Churches expand and plant congregations and fellowships – (2004 = 19.0%, 2005 = 21.0%)

25. The Standing Committee noted that in effect each regional council had submitted to the Policy 2a committee the details of the how much they had allocated to projects in this area in 2003. The policy committee had determined that for 2004 each regional council should receive 2% more than in 2003 and for 2005 the allocation would be 3% more again.

26. The Standing Committee has asked that each regional council develop and document proposals for new initiatives in their region under this policy area. The Standing Committee agreed that projects to develop church planting in the NW sector would form a key example of

these initiatives and therefore priority should be given to encourage the Western Sydney Regional Council to bring forward a plan for this work.

27. The Standing Committee proposes asking that the Mission Taskforce review and present recommendations from the Policy 2a committee for allocation of funds from the \$250,000 Strategic Mission Projects in 2005, for final approval by the Standing Committee.

Policy 2b – Background support for expansion of congregations and fellowships (2004 = 25.0%, 2005 = 21.0%)

28. The Standing Committee noted that each regional council had submitted to the Policy 2b committee the details of the how much they propose to allocate to projects under this policy, and these figures formed the basis of the amounts actually allocated in 2004 and 2005.

29. The Standing Committee noted the Policy 2b committee had reported that the regional councils, Youthworks and Evangelism Ministries were discussing closer co-operation and sharing of finances allocated to them under this Policy. It was also reported that three regional councils had applied for further funding for a parish resource person and further discussion was planned as to how best to resource this using the 2004 'Strategic Mission Projects'. However it was noted that ongoing finance would not be available from this area in 2005.

30. After consultation with Anglican Media the Standing Committee recommends significant changes to the funding provided to this organisation. In both 2004 and 2005 funding will be for an amount approximately equal to the sum of the Media Relations allocation in 2003 (\$437,000) plus \$100,000. In both years Anglican Media believes it will be able to maintain its delivery of services by using some of its reserves while developing other sources of funding.

31. The Standing Committee has recommended that in 2004 and 2005 the funding for Anglicare should remain in proportion to 2003. There are insufficient funds in this policy area to cover Anglicare's requests for additional funds for Chaplains, CCM / ESL / Research, emergency services and additional counsellors, and the funding of these activities will require a complete rethink by the Diocese and Anglicare.

32. The Standing Committee recommends that significant new funding for CEBS & GFS is not justified, and instead that 2004 be maintained at the same level as 2003 and no further funding be provided for 2005 or beyond.

33. The Standing Committee proposes asking that the Mission Taskforce review and present recommendations from the Policy 2b committee for allocation of funds from the \$223,000 Strategic Mission Projects in 2004, for final approval by the Standing Committee.

Policy 3 - To multiply the number of well-trained persons (ordained, lay, full time, part time, voluntary) lovingly dedicated to the creation and development of such parishes, congregations and fellowships by proclaiming the gospel. – (2004 = 30.8%, 2005 = 33.0%)

34. The Standing Committee has acknowledged that a great deal more detailed work will need to be done with the Ministry Partners before the synergy of cooperation and integration in the training of persons for the mission can be realised and appropriately resourced. Overall the funds available increase by 2.5% in 2004 and a further 13% in 2005. Accordingly, with the exception of the items detailed below, the Standing Committee has basically recommended a 2.5% increase to go to each Ministry Partner in both these years, with the balance in 2005 (\$254,000) to be held for Strategic Mission Projects. While the Standing Committee acknowledges the realities driving this approach, it has recommended that the Policy Committee begin immediately to develop a complete re-think of the basis for the funding this area of the Mission for the next triennium.

35. The Standing Committee recommends that in principle Synod funding should be applied for infrastructure, and the organisation left to raise its own funds for operating costs. In accordance with this view the Standing Committee recommends -

- (a) Youthworks College receive \$25,000 each year, and
- (b) Moore College library receive \$700,000 each year.

36. The Standing Committee understands that the demands on the clergy mobility fund have declined, and so funding has been reduced.

37. The Standing Committee recommends that direct Synod funding for superannuation for staff of Mary Andrews College be eliminated.

38. The Standing Committee has noted that bursaries for ordination and lay candidates required a one-off injection of an additional \$150,000 in 2003, but no allowance has been made for any similar additional funding in future.

39. The Standing Committee proposes asking that the Mission Taskforce review and present recommendations from the Policy 3 committee for allocation of funds from the \$254,000 Strategic Mission Projects in 2005, for final approval by the Standing Committee.

Policy 4 – To reform the life of the Diocese (including its culture, ordinances, customs, use of resources, and deployment of ministry) to encourage and enable the fulfilment of the fundamental aim. – (2004 = 0.5%, 2005 = 1.0%)

40. The Standing Committee noted that the Policy 4 committee made no specific funding recommendations for this policy area and accordingly the Standing Committee recommends the funds be held for Strategic Mission Projects. The Standing Committee anticipates that the need for funding in this area (principally legal and

management consulting support to plan and re-draft ordinances and other structures) will become more apparent as the momentum of the Mission builds.

41. The Standing Committee proposes asking that the Mission Taskforce review and present recommendations from the Policy 4 committee for allocation of funds from the Strategic Mission Projects (\$50,000 in 2004 and \$100,000 in 2005), for final approval by the Standing Committee.

Administration for the Mission – (2004 = 20.6%, 2005 = 19.0%)

42. The Standing Committee recommends that funding for Archbishop's Professional Standards Unit be included under this policy area now it is no longer part of the parochial cost recovery charge. However, the Professional Standards Unit should be required to draw on its reserves (\$227,000 in 2004 and \$50,000 in 2005) to supplement the funding provided here. The Standing Committee acknowledges that this will substantially reduce the present reserves held by the Professional Standards Unit. However the Standing Committee believes a reserve of approximately \$150,000 should be sufficient (mainly to cover unexpected victim management and counselling costs). The Standing Committee intends that any funding required to meet the costs of Tribunal hearings (including the 2003 Tribunal) should be met from the Synod's own reserves (the Provision for Distribution in Glebe Administration Board's accounts) by means of a separate Ordinance passed by Standing Committee on an 'as required' basis. At June 2003 the Synod reserve had a balance of \$1,468,000.

43. The Standing Committee recommends that part of the current level of Synod funding for St Andrew's Cathedral (\$150,000 for ministry and services) should be maintained for 2004 and 2005 and then reviewed for the next triennium. In relation to the Cathedral insurances, however, the Standing Committee recommends that the present Synod contribution of \$50,000 should be transferred to Strategic Mission Projects and that from 2004 the Cathedral should pay the normal variable component of the parochial cost recovery charge based on an appropriate calculation of 'net receipts'.

44. The Standing Committee has noted that the balance in the Church Property Trust's reserve for Heritage Act requirements is now approximately \$500,000 (double the approved funding) and therefore no further allocations are recommended (refer paragraph 17).

45. The Standing Committee recommends that the Synod subsidy of the cost of the parish insurance program (\$385,000 in 2003) be abolished. The impact of this is will be an increase in the variable component of the parochial cost recovery charge (percentage of 'net receipts') for 2004.

46. The Standing Committee recommends that the present level of rent subsidies for tenants in St Andrew's House be maintained for

2004 and 2005, with full Synod funding in 2004 and for 2005 the Synod funding be reduced and the existing rent subsidy reserve of \$73,000 be utilized to make up the shortfall.

47. The Standing Committee recommends that no further funding be provided for repairs to historic churches as the existing reserves of approximately \$70,000 are considered sufficient to meet the anticipated needs in 2004 and 2005. The matter of future funding will be reconsidered for the next triennium.

48. The Standing Committee recommends the funding of the property resource be reduced and then cease as this activity becomes self-funding.

49. The Standing Committee recommends the abolition of further funding for legal defence costs until reserves (now \$103,000) drop below \$20,000.

50. The Standing Committee recommends the continuation of present funding (at slightly reduced levels) for 'resourcing' activities, pending a review and evaluation of the NCLS research & planning, the Education Commission and the Social Issues Executive. The Standing Committee has noted that if they are to continue, some or all of these programs should logically be transferred from Administration for the Mission to Policy 2b - Background Support.

Final recommendations

51. The Standing Committee recommends that Synod in 2003 approve the specific allocations to be made in 2004 and the indication of intent for 2005 as detailed in the schedule attached to this report.

52. The Standing Committee proposes asking that each of the 4 policy committees continue to meet as required, with their primary focus being now to develop detailed strategies for the implementation of their policy responsibility for the next triennium 2006-2008. To strengthen ownership of the Mission, Synod in 2004 (the middle year of the triennium) will be structured to include an opportunity for members to discuss these strategies in preparation for the 2006-2008 triennium.

53. The Standing Committee proposes asking that the Mission Taskforce be charged with evaluating and presenting recommendations from the relevant policy committee for the allocation of funds held for Strategic Mission Projects under each policy area, with the Standing Committee to review and approve all such allocations.

For and on behalf of the Standing Committee

BISHOP PETER TASKER

13 August 2003