

## **Draft Statement of Funding Principles and Priorities for 2013-2015**

(A statement prepared for the purposes of clause 3(1) of the Synod Estimates Ordinance 1998.)

### **Strategic Direction**

In 2009 the Synod adopted Strategic Directions for its budgeting regimes and we are still following those priorities.

We agreed together how to consider the central activities and funding that support the Diocesan Mission.

We noted that we are theologically driven. We seek to follow the lead of the Spirit of God as revealed to us in Scripture.

Second, we said we are convinced that those outside Christ are lost. The Christian has many obligations to others, but the task of sharing the word of God with every human creature takes pre-eminence.

Third, we said we believe salvation comes as the Spirit of God takes the word of God to make a child of God. We look for success only from the Spirit of God.

Fourth, God has richly blessed us and not least in the creation of a network of churches intended to cover our whole region, and a set of organisations basically united in ministry and mission.

Fifth, we are the heirs of a Reformation Anglicanism existing in a secular society strongly, but not entirely, resistant to the gospel.

Within that context we need to continue to work together to find the best way forward with reduced resources to fund and support our mission.

### **Background**

It is recommended that we adopt a new approach to understanding our central Diocesan budgeting process. We see the need to deal with all aspects of central Diocesan expenditure and to make explicit and transparent the costs (and benefits) of being a member of the Sydney Diocese.

Previously we have used various reserves and endowments in ways that have masked some of these costs. Our financial situation has forced us to face the reality that our endowments are insufficient to cover everything that we need and want to do, but this also provides an opportunity for our two main endowments – the Diocesan Endowment and the Endowment of the See (EOS) - to contribute in a transparent and co-ordinated way and for parishes to share the real costs of being a member of the Sydney Diocese.

By taking this holistic view of our finances we are able to begin restructuring and rebuilding to facilitate growth and a stronger long term position.

The holistic model of funding in this statement is based on the following main principles –

- The adoption of 6 spending categories: Anglican essentials, Archbishop's responsibilities, network essentials, Diocesan training, high priority Mission drivers and high priority Mission support.
- All parishes should share directly in meeting the essentials of what it means to be "Anglican" – e.g. our Archbishop, the Synod, and our membership of the Anglican Church of Australia.
- The EOS should carry the costs of maintaining the team which directly supports the Archbishop.
- All parishes should pay for the basic network costs – e.g. the Secretariat, parish insurance program and PSU.
- Synod should pay for essential Mission spending – e.g. training college, mission drivers and mission support.

Over the last decade or so the realities of spending in this way has been obscured by the large appropriations from the 2 central endowments, the Diocesan Endowment and the EOS. Rather than parishes contributing to the centre, the centre has subsidised the parishes. Even discounting the effect of the GFC, we now know that too much was appropriated from these endowments over that period to sustain their long term viability.

The long term practice of the Diocese has been for considerable parish contribution to enable the whole to work. The report does not in any way take us back to the past where parishes paid assessments of over 15%, not including parish insurances which were paid in addition. It does however require an increased contribution from the parishes which reflects reality.

In establishing the Funding Principles for 2013-2015 we have identified –

- Some things are essential if we are to be an Anglican diocese – for example we must have an Archbishop, we must meet as a Synod, and we must pay our 'membership' fees as part of the wider Anglican Church. We should all be prepared to contribute toward these costs.
- Beyond those first essentials there are costs associated with being the Sydney Diocese, given our size and position in the evangelical community. Things like the support needed to enable the Archbishop to deliver effective Episcopal oversight and to be represented throughout the diocese, the administrative and accounting support needed for Synod, and the parish insurance program.

- After that, there are the things we want to do to bring the word of God to the people of our city and beyond, manifested in the priorities we established under our Diocesan Mission – the primacy of good theological training (continuing the priority given to funding under Policy 3), the emphasis on partnership in local mission, the renewed effort in church planting, the focus on youth, etc.

While we maintain our commitment to the priority of the parish in delivering front-line ministry, the centre must provide those services that individual parishes cannot.

Substantial cuts have already been made in many areas of expenditure (eg, EOS in 2010 & 2011, Synod in 2009 & 2012) and each of the individual line items proposed for funding below will be subject to further review before specific recommendations are made for the funding to be allocated in 2013-2015.

Each item of proposed expenditure has been grouped under a heading. The headings, and the italicised paragraph following, are designed to convey the nature of the expenditure and its priority. The funding principles incorporate a new allocation of Synod funds for the Mission Property Committee. While obviously insufficient of itself, this allocation recognises that one of the key drivers of the mission is the activity of church planting, and this activity will require an ongoing source of funds, particularly for new sites.

The source of funding identified for each heading reflects where the responsibility lies. However, with 3 distinct sources of funding there is always the possibility that variations will occur in the income available from one or more sources. For this reason there will need to be some flexibility built in to allow a degree of cross-subsidisation from other sources if there is an unexpected variation in the amount of income available from one particular source.

The descriptions below, and the attached worksheet, have been prepared to illustrate the principles, and to provide an example of how these principles could be implemented, based on the central funding expected to be provided for 2012 from –

- the Synod (via the Appropriations and Allocations Ordinance 2011),
- the PCR charges paid by parishes (via the Parochial Cost Recoveries Ordinance 2009), and
- the Endowment of the See budget (to be approved by the EOS Committee).

It should be noted that the worksheet is given merely for illustrative purposes and the figures in that sheet and the individual expense item lines are based on actuals for the 2012 year. They should not be taken to mean that these will be the items of expenditure recommended to Synod when the budgets for the 2013-2015 triennium are presented in future years to Synod.

It should also be noted that the concept of cross-subsidisation referred to above, if it were applied to the situation in the illustrative schedule, would be almost certainly applied to ameliorate the effect of the PCR charges by applying some of the Synod income to assist meeting what would otherwise be a PCR expenditure requirement.

Finally as has been noted one of the more exciting possibilities that the suggested principles enable is for the first time a flow of meaningful funds towards the establishing of new front line parish work by way of Synod funding to the Mission Property Committee for the acquisition of new sites and the creation of new parish plant.

## **Explanation of new funding categories and responsibility for funding these**

### **1. Anglican Essentials**

*To be funded through PCR as part of the Parochial Network Costs. All parishes should share directly in meeting these costs because they are things that are non-negotiable – they are essential to the structure of what it means to be 'Anglican' and through that to enjoy membership of the wider Anglican Church community. (Note however, the Archbishop would have the first call on the funds available to the EOS to meet any of these expenses if, for whatever reason, Synod did not approve them being paid from PCR.)*

- 1.1. Having an Archbishop (stipend, expenses, residence, car, travel & office) –
  - 1.1.1. Is essential to the operation of a diocese
  - 1.1.2. Is an essential part of the Anglican network
  - 1.1.3. Elected by Synod
  - 1.1.4. Who exercises a diocese-wide pastoral and teaching ministry
  - 1.1.5. Responsible for the appointment of all other EOS staff (although assistant bishops require Synod approval of funding)
  - 1.1.6. Responsible for licensing all parish ministry staff
- 1.2. Having a Registrar (salary, expenses & office) –
  - 1.2.1. Is essential to the operation of a diocese
  - 1.2.2. Responsible for maintaining records of all licences
  - 1.2.3. Involved in appointment of parish rectors (through the Nomination Board process)

- 1.3. Convening meetings of the Sydney Synod (the direct expenses required to hold Synod meetings & provide committee members' with car parking) –
  - 1.3.1. Is an essential part of being an Anglican network
- 1.4. Paying the General & Provincial Synod costs (membership of Anglican Church of Australia – general assessment) –
  - 1.4.1. Is an essential part of being an Anglican network
- 1.5. The Cathedral is an essential part of the Anglican network, but it is self-funding
- 1.6. Parishes are also an essential part of the Anglican network, but they are basically self-funding

## **2. The Archbishop's responsibilities**

*To be funded by the EOS because these things cover the practical necessities of maintaining a team to adequately fulfil the role of Archbishop, given the size and nature of the Sydney Diocese.*

- 2.1. Assistant/Regional Bishops plus appropriate admin & office support –
  - 2.1.1. Assist in providing Episcopal oversight
  - 2.1.2. Assist with the Archbishop's representational role
  - 2.1.3. Assist with the selection/ordination/deployment of parish ministers
- 2.2. Diocesan Media Officer –
  - 2.2.1. Assists with the Archbishop's representational role
- 2.3. Registrar's admin & support –
  - 2.3.1. Assists with selection/ordination/deployment of parish ministers
- 2.4. Diocesan archives –
  - 2.4.1. Provides support for the selection/ordination/deployment of parish ministers
- 2.5. Ministry Training & Development department –
  - 2.5.1. Assists with the selection/ordination/deployment of parish ministers

## **3. Network Essentials**

*To be funded through PCR as part of the Parochial Network Costs. All parishes should share directly in meeting these costs because they are essential to maintaining a network the size and nature of the Diocese of Sydney.*

- 3.1. Secretariat –
  - 3.1.1. Provides administrative and accounting services to support Synod, Standing Committee and parishes + the Archbishop and his team (the EOS)
- 3.2. Parish insurance program, etc provides cost effective –
  - 3.2.1. Insurance
  - 3.2.2. Risk management
  - 3.2.3. Safe ministry training
  - 3.2.4. Relief from PCR
  - 3.2.5. Accounting support
- 3.3. Professional Standards Unit –
  - 3.3.1. Education, training, support & counselling to address professional misconduct in parishes

## **4. Diocesan training college(s)**

*To be funded by Synod as a first priority because high quality theological training is fundamental to the development of our greatest resource, our ministers, and is considered essential to maintaining the DNA of the Sydney Diocese.*

- 4.1. Moore Theological College
- 4.2. Youthworks College

## **5. High Priority Mission Drivers**

*To be funded by Synod in accordance with the high priority mission drivers it has determined, based on the recommendations of the Standing Committee and Mission Board. The priorities for 2012 were established in the Strategic Directions 2010-2012 document based on the 4 policies of the Diocesan Mission and reflect the continuing emphasis on partnership in local mission, a renewed effort in church planting, the focus on youth, in particular.*

- 5.1. Youthworks – Year 13 program
- 5.2. Youthworks – children's and youth ministry + special religious education

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- 5.3. Evangelism Ministries and New Churches – evangelism and church planters
  - 5.4. Evangelism Ministries and New Churches – ethnic, cross-cultural & multi-cultural ministries
  - 5.5. Support and assistance for Mission Areas
  - 5.6. Tertiary Education Ministry Oversight Committee – support for tertiary student ministry fund
  - 5.7. Anglican Education Commission – advocacy on education policy, including SRE
  - 5.8. Mission Property Committee – support for the purchase and development of new greenfield sites, and the refurbishment of existing brownfield sites

## **6. High Priority Mission Support**

*To be funded by Synod in accordance with the high priority mission support activities it has determined, based on the recommendations of the Standing Committee and Mission Board. The priorities for 2012 were established in the Strategic Directions 2010-2012 document based on the 4 policies of the Diocesan Mission.*

- 6.1. Anglicare – research
- 6.2. Anglican Media Council – internal communication and evangelism, including website & SC
- 6.3. NSW Council of Churches – membership
- 6.4. Work Outside the Diocese Committee – support of gospel ministry outside the Diocese

For and on behalf of the Standing Committee

PETER KELL

*Chairman of the Mission Board Strategy Committee*

22 September 2011

Example of how the Draft Funding Principles and Priorities could be implemented, based on central funding provided in the budget for 2012

	\$000s					Total	
	Anglican Essentials	Archbishop's Responsibilities	Network Essentials	Diocesan Training College(s)	High Priority Mission Drivers		
<b>Anglican Essentials</b>							
Archbishop	240						Costs for Archbishop - stipend, on-costs, car, travel, expenses & SAH office
Bishopscourt	284						Property maintenance, utilities, services + 2 staff salaries & on-costs
Registrar	180						Costs for Registrar (salary, on-costs & SAH office)
Sydney Synod	101						Synod expenses (Wesley, etc \$54k + publishing \$19k + dinners \$3k = \$76k) + Car parking for committee members (\$25k)
General Synod (Aust)	336						General Synod assessments (\$324k) + Provincial Synod costs (\$12k)
<b>Archbishop's Responsibilities</b>							
Archbishop's team - admin/pastoral		1,923					Current EOS budget - SDS fee - Archbishop - Bishopscourt - Registrar - Archives
Media Officer / communication		150					Estimate for Diocesan Media Officer (salary, on-costs, car & SAH office)
Archives		132					EOS budget for Archives (selection/ordination/deployment of ministers plus parish records & public enquiries)
Ministry Training & Development		370					Allocation in Synod Appropriations and Allocations Ordinance
<b>Network Essentials</b>							
Secretariat			1,109				allocation in Synod Appropriations and Allocations Ordinance for SDS fee for Synod & EOS
Parish Insurance Program, etc - Parish Insurance Program			3,214				ACPT estimate for parish insurance program (policy premiums, broker and management fees, etc)
Parish Risk Management Program			230				SDS estimate for staff time
Safe Ministry Program Training			100				PSU estimate of cost of training provided by Youthworks
Provision for Relief or Remission of PCR charges			20				Estimate based on previous provision (although no actual relief or remission has been granted in recent years)
Parish accounting support (SAPAS)			11				Estimate based on 2011 retainer paid to consultant for support and updates
Professional Standards Unit			495				PSU budget for education, training, investigation, support and counselling to address professional misconduct in parishes
<b>Diocesan Training College(s)</b>							
Moore Theological College			1,577				Allocation in Synod Appropriations and Allocations Ordinance
Youthworks College			80				Allocation in Synod Appropriations and Allocations Ordinance
<b>High Priority Mission Drivers</b>							
Youthworks - Year 13				100			Allocation in Synod Appropriations and Allocations Ordinance
Youthworks - Childrens and Youth Ministry & SRE				310			Allocation in Synod Appropriations and Allocations Ordinance
Evangelism Ministries and New Churches				290			Allocation in Synod Appropriations and Allocations Ordinance
Mission Areas				200			Allocation in Synod Appropriations and Allocations Ordinance
Tertiary Education Ministry Oversight Committee				150			Allocation in Synod Appropriations and Allocations Ordinance
Mission Property Committee				1,700			Proposed new funds to assist MPC to purchase & develop new sites and refurbish existing sites
Anglican Education Commission				60			Allocation in Synod Appropriations and Allocations Ordinance

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\$000s						
Anglican Essentials	Archbishop's Responsibilities	Network Essentials	Diocesan Training College(s)	High Priority Mission Drivers	High Priority Mission Support	Total
<b>High Priority Mission Support</b>						
Anglicare - research					80	80
Anglican Media Council					150	150
NSWCC					14	14
Work Outside the Diocese					200	200
Contingencies					117	117
1,141	2,575	5,179	1,657	2,810	561	13,923

Allocation in Synod Appropriations and Allocations Ordinance  
 AMC allocation (\$300k) - Diocesan Media Officer estimate above  
 Annual membership  
 Support of gospel ministry elsewhere in Australia and overseas  
 Available to supplement Synod funded allocations

**Source of funds**

PCR / Parochial Network Costs  
 EOS

1,141		5,179				6,320
	2,575					2,575
			1,657	2,810	561	5,028
						13,923

**Available funds**

7.6% (of \$83.1 million estimated parish Net Operating Receipts)  
 998 per EOS budget for 2012 before Greenoaks proceeds of \$2,072k used to balance cash flow  
 5,005 per Synod Appropriations and Allocations Ordinance 2011 of \$4,929k + disbursements of \$76k funded direct from Synod Fund 129 = total \$5,005k