

## Focussing Resources for the Gospel

### Principles and Concepts of Synod Funding for 2003-2005

(A report from the Standing Committee.)

#### Introduction

1. The Diocese of Sydney is blessed by having the property known as the Diocesan Endowment which generates a substantial amount of income each year for distribution by the Synod. Further, there are other trust funds which also generate income for distribution. The Synod needs to be a good steward of that income and ensure that it is applied in a way that best reflects and supports the focus and goals of the diocese.

#### Purpose of this report

2. This report explains the principles and concepts of a *strategy driven* model for the distribution of income by the Synod. By contrast, to date the process of making decisions about the distribution of income has largely been *applications driven*. If the strategy driven model is adopted, a proposal for appropriations and allocations for the years 2003, 2004 and 2005 will be prepared on the basis of the principles and concepts detailed below for consideration by the Synod in 2002.

3. The remainder of this report is divided into the following sections -

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#### Features of an applications driven spending model

4. An applications driven spending process has the following features -

- (a) recommendations to the Synod about distributions have generally been based on applications for funding made by diocesan organisations, and the initiative for making those applications has come mainly from those organisations, and
- (b) such recommendations are not made in the context of an overall statement of purpose, or mission, for which explicit goals and strategies have been adopted by the Synod and publicised prior to the receipt of applications for funding.

5. The question can be asked whether the income available for distribution could have been distributed in a better way. The experience has been that the process of applications driven distributions has the following inherent features -

- (a) As most applications are for worthwhile ministries, it is difficult to choose between competing applications in the absence of an overall diocesan mission. A consequence has been that there is a tendency to maintain existing programs in preference to new programs.
- (b) In the absence of an overall mission for which explicit goals and strategies have been adopted, those decisions tend to be made having regard to short term priorities. Inevitably, "urgent" demands for funds tend to receive priority over "important" but longer term uses for those funds.
- (c) The lack of an overall mission, goal and explicit strategies means that some alternative, and possibly better, proposals for the use of funds may not have been the subject of grant requests.
- (d) As the total amount for which grant applications is received usually exceeds the income available for distribution, it has been customary to distribute all income available for distribution in a particular year. Realistically, it has not been an option in most years to defer distribution of part of the income for future years. Effectively, this compounds the consequence that smaller more immediate demands for funding receive priority over longer term, generally "big ticket", projects.

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- (e) To date, a large proportion of the income available for distribution has been used to fund operational expenditure of a recurrent nature. As a significant component of such operational expenditure is salaries and wages, it has been difficult to change those funding decisions because to do so may affect the appointment or employment of people. Generally, therefore, a perception has developed that the maintenance of existing programs is recommended in preference to new programs.
- (f) The existing grants assessment process may have the effect of discouraging organisations from seeking to fund their own operational expenditure. Anecdotal evidence suggests that some organisations are reluctant to fundraise because of a perception they will suffer a reduction in their Synod grants.

6. An observer looking at the Sydney Diocese may well ask has the expenditure controlled by the Synod been directed in the most effective way possible? Over the last 10 years approximately \$83 million has been distributed for ministry programs. However, the information available from the National Church Life Survey and our own sources points to the fact that although attendance at Anglican churches has risen, it has done so at a slower rate than the overall population growth. It is appropriate therefore to consider whether a more focussed strategy driven model could deliver better outcomes for our diocese.

### Features of a strategy driven spending model

7. A strategy driven model for making decisions about the distribution of income has the following features -
- First, a diocesan mission set out in a statement of purpose which should guide the Synod in developing goals and strategies.
  - Secondly, diocesan goal or goals which is what the diocese wants to achieve in a given time in specific, measurable, articulated and realistic terms.
  - Thirdly, a series of diocesan strategies which describe the courses of action which the Synod believes need to be undertaken so that the goal or goals might be achieved.
  - Fourthly, a series of principles, not being strategies, which need to be considered when making funding decisions.
  - Fifthly, the adoption of a methodology for making funding decisions.
  - Sixthly, the principles to manage the transition to a model of strategy driven spending.

Each of these features is described in the following paragraphs.

### ***First, a diocesan mission or statement of purpose to guide the Synod in developing goals and which sets out what the Synod wants to achieve***

8. The diocesan mission arises from the study of the Scriptures as applied to our present experience. The Scriptures emphasise the saving importance of the gospel; our present experience shows that few are hearing and responding to it. If the population resident in the Diocese is taken to be 5 million, the total numbers attending Anglican churches on any given Sunday is only between 1.0% to 1.5% of the resident population. Even if the numbers attending all biblically based churches in the Sydney region are aggregated the figure is substantially less than 10% of the population. In fact, we must conclude that there are multitudes in Sydney who do not even hear the gospel in a clear way. They are “without hope and without God in world” (Eph 2:12).

9. The Standing Committee therefore recommends the adoption of the Archbishop's statement 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.”

10. The phrase “in prayerful dependence on the Holy Spirit” recognises that the mission can only be achieved by faithfulness and by the blessing of God upon the activities of the diocese. All goals, strategies, principles and other comments which follow in this report are premised upon our inability to determine or control the outcome of God's sovereign work of evangelism. Rather, they flow from an acceptance of our responsibility to be good and wise stewards of the resources and opportunities given to us.

11. The mission statement and the goal that is based on it gives priority to evangelism for two reasons. First, because salvation from sin remains humanity's most pressing need. Second, because evangelism produces the people, churches and organisations who walk in faith, hope and love. Evangelism is foundational to the development of fruitful caring ministries.

### ***Second, a diocesan goal which is what the diocese wants to achieve in a given time***

12. A number of legitimate subsidiary goals may be developed from such a mission but the basic goal which the mission generates for the diocese is evangelistic. Humanly speaking, a presence of less than 10% of the population of Sydney makes biblically based Christians invisible and ineffective. Thus, in terms of congregational numbers alone, the biblically based churches in Sydney need to grow by a factor of something like 3 or 4 before

their size alone allows them to effectively impact on the rest of the community. As Anglicans are the major protestant church in Sydney, we need to be considering ways to facilitate growth of that magnitude and implementing strategies for increasing the number and size of our churches, and ensuring that those churches effectively declare the gospel and provide people with an opportunity to respond appropriately. We should aim to make such measurable growth a reality in a decade from 2002. It could be spoken as "To be 10% of the population in 10 years".

**Thirdly, a series of diocesan strategies**

13. The Standing Committee recommends the following strategies which reflect the Anglican commitment to God's work in the world. For God, who by his powerful word created all things for his Son, is through his Son's death and resurrection reconciling all things to himself. This is accomplished by the work of the Spirit of Christ through the ministry of God's word, as repentance and forgiveness of sins is preached in his name to all nations. For this purpose the risen Christ gave some to be apostles, some prophets, some evangelists, and some pastors and teachers to equip the saints for the work of ministry, for building the body of Christ. Thus the following strategies seek to enable reliable teachers of the Apostolic gospel to undertake the weighty task of proclaiming God's salvation to all men and women. They will give themselves to prayer, to expounding the Scriptures and to living in obedience to the Scriptures.

(a) *Recruiting and training people for lay and ordained ministry.*

This strategy recognises that our existing churches need to grow and new churches be formed. To do this the number of lay and ordained ministers available to serve those churches needs to increase. The planting, caring and evangelising of churches in the Diocese is dependent upon the ministers being recruited and properly trained. As Archbishop Goodhew said in his first presidential address to the Synod -

"The maxim that under God everything depends on those sent out to advance the gospel ministry is validated repeatedly in my experience. I purpose under God to give the churches the best leadership possible. (1994 Diocesan Year Book p311)".

If the membership of biblically based evangelical churches in Sydney were to grow to 500,000 (being 10% of the resident population of 5 million) between 2,500 and 3,300 lay and ordained ministers would be needed (assuming a ratio of 1 lay or ordained minister for every 150 to 200 members of those churches). Even if this is achieved over, say, a 30 year period, the annual rate of appointments or ordinations of ministers would need to be more than 100 people. As the main evangelical denomination in Sydney, we need to take the lead in the recruiting and training of ministers. If this is to occur, the capacity of the diocese to recruit and train people for lay and ordained ministry needs to be increased.

(b) *Increasing and improving the ongoing training of our lay and ordained ministers.*

The diocese is blessed with lay and ordained ministers who are faithfully and ably serving our churches. This strategy recognises that, generally speaking, our ministers (both existing ministers and ministers to be recruited in the future) need ongoing training and support to enhance and extend their effectiveness.

(c) *New congregations need to be established, healthy congregations encouraged to grow and some existing congregation revitalised.*

This strategy recognises that people need to be encouraged and equipped to establish new congregations and to grow and revitalise existing congregations.

(d) *Opportunities for interaction with the community where the Gospel can be proclaimed by word and deed need to be encouraged and enhanced.*

Interaction with the community will enable the gospel to be proclaimed. Opportunities for meaningful interaction need to be encouraged and this will include our work in our schools, Youthworks and Anglicare.

14. Four points should be noted about the strategies referred to in paragraph 13 -

(a) First, while these strategies are primary and permanent they are not necessarily the only strategies which might be implemented from time to time for the purpose of achieving the goal. Some strategies can and will change over time.

(b) Secondly, an important part of implementing any strategy is the determination of periodic outcomes to enable progress to be assessed. Such outcomes need to reflect both the quantitative and qualitative aspects of the diocesan goal and the strategies. If the diocesan goal and the recommended strategies are adopted by the Synod, it is proposed to bring to the Synod in 2002 suggested periodic outcomes in the context of the proposed ordinance to approve distributions for 2003, 2004 and 2005.

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- (c) Thirdly, the strategies address the way to progress toward the achievement of the goal but do not seek to address which person or organisation within the diocese is to be responsible for the implementation of each specific strategy or part thereof. The question of “service deliverer” need not be addressed at this point, but will be addressed in the proposed ordinance to be prepared for the Synod in 2002.
- (d) Fourthly, the identification of 4 strategies does not necessarily mean that each strategy should be funded to the same extent. From time to time a particular strategy may be regarded as a priority from a funding perspective. A particular strategy may not require the same funding support as another strategy because the former strategy is already supported by other funding sources.

#### ***Fourthly, a series of funding principles***

15. There are a number of principles which also need to be considered in making funding decisions. These principles are not, in themselves, strategies but they recognise that funding decisions need to be taken in the context of the structures and organisation of the diocese.

16. The following funding principles have been identified -

- (a) *Core programs are to be funded*

Given the structures and organisation of the Anglican Church in the Diocese of Sydney there is some expenditure which is to be regarded as essential. For example, the Synod and the Standing Committee need funding, even at a minimal level, to be able to function effectively. Regional councils have a number of significant ministry, pastoral and administrative functions, and need to be funded to an appropriate level to enable those functions to be carried out. Likewise, the Church, as a substantial property owner, requires that its buildings be adequately insured.

- (b) *Specific decisions about ministry are to be made, so far as is possible, by those who are best informed about that ministry.*

The autonomy provided to entities conducting ministry reflects the principle that specific decisions about ministry should be made by those best informed about that ministry. Usually this will be those who are performing and are directly responsible for that particular ministry. This principle needs to be respected in funding decisions. Care needs to be taken to ensure that the Synod, through the income distribution process, does not unduly prescribe how specific ministries are to be conducted. Having approved funding for a program, the Synod should give a substantial degree of freedom to the recipient of the funding to decide how the ministry is best conducted.

- (c) *An appropriate balance is needed between funding for operational purposes and funding for infrastructure purposes.*

Provision should be made for funding from the Diocesan Endowment for long term capital infrastructure expenditure that will benefit the diocese as a whole. As was indicated in paragraph 5(b), an applications driven spending model tends to favour the funding of short-term operational requirements. An appropriate balance must be maintained between funding for operational purposes and the funding of larger, often longer term, infrastructure projects. Over time a failure to adequately develop infrastructure will impede the implementation of the strategies and limit progress toward achievement of the goal.

- (d) *Wherever possible, funding “independence” should be encouraged.*

As was indicated in paragraph 5(f), there is a perception that the applications driven model discourages some diocesan organisations from raising their own funding with the consequence that those organisations remain dependent on the Synod for their funding. Wherever possible, funding decisions made by the Synod should seek to encourage and assist diocesan organisations to become independent of Synod for their operational funding requirements.

#### ***Fifthly, a methodology for making funding decisions***

17. The following methodology is proposed.

- (a) A determination will be made about which are the core programs for funding purposes (see paragraph 16(a) above), and the amount of funding required for those programs. The balance of income available for distribution is then available to be applied in accordance with the strategy driven spending model.
- (b) A general categorisation for the strategy driven spending programs would be made, reflecting the diocesan strategies referred to above. These categories would form the basis for determining the proportion of income available for distribution for each category, having regard to the strategies and funding principles.
- (c) For each funding category, consultations would take place involving all relevant stakeholders, whether current recipients of Synod funding or not. These consultations will enable the relevant

stakeholders to have input into determining the programs to be funded within each category, and the amount of that funding.

- (d) As a consequence of (a) to (c) above, an ordinance would be prepared for consideration by the Synod at the beginning of each 3 year funding period to provide for the implementation of funding decisions during the following 3 years.

**Sixthly, principles for implementation**

18. A move to strategy driven spending needs to recognise that there are transitional issues to be addressed to ensure that changes in distribution policies arising from the adoption of the diocesan mission, goal, strategies and funding principles do not have an undue adverse impact on current recipients of Synod funding. In particular, a probable consequence of the move to strategy driven spending is that some current recipients of funding from the Synod will find that funding withdrawn, or reduced, in future years.

19. At this time it is not possible to identify the current recipients of Synod funds whose allocation may be affected by the move to strategy driven spending. However, full consultation will take place with affected recipients and care will be taken to ensure that the transition is handled appropriately and sensitively. It is likely that transitional issues will need to be addressed over a period of up to 6 years.

20. In time, it is proposed to review strategically other funds which are centrally administered in the diocese. Those funds include -

- (a) The Endowment of the See, being the property held under the Endowment of the See Ordinance 1977. Currently, that property generates income which pays for the costs and expenses of the Archbishop, the regional bishops and the archdeacons.
- (b) The various properties and trust funds held by the Property Trust and the Glebe Administration Board on trust under an ordinance, deed or other trust instrument for the purposes of an organisation or parochial unit. Generally such properties are currently used for ministry purposes, or are leased to produce income. The trust funds are invested to produce income which is either capitalised or distributed in accordance with the trusts.

21. Consideration will be given to the practical assistance which can be given to current recipients to find alternative sources of funding. For example, it may be that support can be given to help find the right mix of fundraising appeals, sponsorship and direct funding from users.

**Recommendations**

22. The Standing Committee recommends that the Synod commend the principle of moving to mobilise resources for an intentional reach-out into the community with the gospel and -

- (a) endorse the principle of moving to a strategy driven spending model, and
- (b) adopt the diocesan mission, goal, strategies and principles referred to in this report, and
- (c) request that the mission, goal, strategies and principles be used as the basis for preparing the proposed ordinance for the Synod in 2002 to authorise distributions in 2003, 2004 and 2005.

For and on behalf of the Standing Committee.

MARK PAYNE  
*Diocesan Secretary*

9 October 2001