

Synod appropriations and allocations for 2012

(A report from the Standing Committee.)

Background

1. By clause 5(1) of the Synod Appropriations and Allocations Ordinance 2009 (the "2009 Ordinance"), the Synod indicated its intended appropriations and allocations for 2012. By clause 5(2), the Synod directed the Standing Committee to pass all such ordinances as may be necessary, from time to time, to give effect to the Synod's intention.
2. At the time the 2009 Ordinance was passed, the intended appropriations and allocations for 2012 were set out in the report accompanying the 2009 Ordinance. These estimates are reproduced in the Attachment to this report in the column headed "Estimates for 2011 and 2012".
3. Clause 5(3) of the 2009 Ordinance contemplates that there may be a deficiency between the estimated amount available for allocation by the Synod in 2012 and the actual amount available for allocation in 2012. Clause 5(3) therefore permits the Standing Committee to pass an ordinance to reduce the amount allocated in 2012 by the extent of this deficiency in such manner as the Standing Committee may determine.
4. Any ordinance passed by the Standing Committee under clause 5(3) of the 2009 Ordinance must be reported to the next session of the Synod.
5. At its meeting on 25 July 2011, the Standing Committee passed the Synod Appropriations and Allocations Ordinance 2011 under clause 5(3) of the 2009 Ordinance. This ordinance determines Synod appropriations and allocations for 2012 on the basis that the actual amount of income available in 2012 is 26% less than the amount estimated in 2009 (\$4.9m compared with the estimated \$6.6m).
6. The purpose of this report is to inform Synod about –
 - (a) the reduced level of income available for Synod allocations in 2012,
 - (b) the allocations made by the Standing Committee for 2012 in view of the reduced level of income, and
 - (c) the strategic basis for making these allocations.

Strategy for 2012

7. It is considered that almost all of the key ideas about funding and the statements about our Diocesan identity, the community, our strategic direction and budget principles articulated in the *Strategic Directions 2010-2012* document received by the Synod in 2009 remain appropriate for 2012. The allocations made under the Synod Appropriations and Allocations Ordinance 2011 therefore seek to give effect to the principles in this document.
8. The main points from the *Strategic Directions 2010-2012* document follow.

Background

9. By way of background –
 - (a) In the present circumstances, and in the light of our strategy for 2012 given limited funds – What can best be done centrally? How best can we fund those central activities?
 - (b) The Diocesan Mission 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."
 - (c) We remain committed to the Diocesan Mission and to building on the insights and momentum of Connect09 to reconnect with the wider community.
 - (d) The Diocese consists of a network of parish churches largely self governed and self funded, through which the chief work of the gospel takes place in the community. This network is episcopally led and Synodically governed.

Key ideas

10. Key ideas remain –
 - (a) Radical nature of the process – What most critically needs to be done by the Diocese with its central funds to further the Mission?
 - (b) Local income remains in the parish – The priority of the parish should be maintained, and therefore no Assessments on parish giving are proposed.
 - (c) The centre must fund what the local cannot – Central funding must consolidate around Policy 3. Furthermore, the funding from the Endowment of the See and from the Diocesan Endowment will be co-ordinated to serve the restructure of our total services for the Mission.

- (d) Policy 3 (Training) a funding priority – The recruitment and training of gospel workers is the best strategic use of central funds for church growth in the long term¹.
- (e) Emphasis on partnership in local mission – The Mission in the parishes is strengthened by the creation of 18 mission areas with a mission leader in each.
- (f) Renewed effort in church planting – A renewed effort will be made in missional church planting.

Diocesan identity and the community

11. Our Diocesan identity and the community –
- (a) We are convinced that those outside of Christ are lost.
 - (b) We believe salvation comes through the Spirit of God.
 - (c) We recognise that God has richly blessed us.
 - (d) We are the heirs of Reformation Anglicanism.

Strategic direction

12. Our strategic direction for 2012 –
- (a) Our commitment to the Diocesan Mission and its policies is undiminished.
 - (b) Policy 1 – Prayer remains at the core of the Diocesan Mission, but it does not require funding. Our strong support of gospel work outside the Diocese will continue.
 - (c) Policy 2 – The objective is for Synod to provide only those key resources that can best be organised and supplied centrally. In future an increasing proportion of the support required for ethnic, cross cultural and multicultural work will have to come from local initiatives. A similar shift will be required for tertiary education ministries. An increased proportion of the work of the Anglican Education Commission will need to be funded by Anglican schools.
 - (d) Policy 3 – Ensuring the quality and consistency of theological education must remain a priority for the Diocese. A substantial investment in growing new church leaders is the most strategic and appropriate use of central resources, therefore Policy 3 will continue to receive the largest proportion of the available central funding. Nevertheless, some specific programs will no longer be funded and there will need to be some reduction in the amount of Synod funds made available to Moore Theological College.
 - (e) Policy 4 – Significant reform work will be required, however, this does not require additional Synod funding.
 - (f) Administration will continue to be scrutinised to ensure –
 - (i) activity is limited to things best undertaken centrally,
 - (ii) expenditure is minimised, and
 - (iii) services are delivered in the most efficient manner.

Budget principles

13. Budget principles approved by Synod when adopting the *Strategic Directions 2010-2012* document –
- (a) The Mission Strategy of the Diocese remains key to funding.
 - (b) We cut costs, boost high priority activities and outsource or dispense with other activities.
 - (c) We limit the level of distribution from the Diocesan Endowment to ensure the capital is available for future generations.
 - (d) We agree there should be no tax or assessment imposed on all parishes to centrally fund ministry initiatives in particular parishes.
 - (e) We ensure the Endowment of the See is more explicitly connected to the policies of the Mission.
 - (f) We acknowledge that some services are best provided centrally.
 - (g) We fulfil all necessary requirements and obligations to operate as a diocese, eg, maintaining the Diocesan Registry and basic services provided by the Secretariat, and paying General Synod general assessments.
 - (h) We maintain the percentage allocation added to the capital of the Indigenous Peoples' Ministry Fund.
 - (i) We ask organisations to account for their performance against objectives and priorities established in *Strategic Directions 2010-2012*.
 - (j) We recognise the realities created by the structure of the Diocese, the present financial situation, and the need to emphasise things best provided centrally while positioning resources for long term recovery.

Amount available for appropriation for 2012

14. At its meeting on 30 May 2011 the Standing Committee passed the Diocesan Endowment (Special Distribution) Amendment Ordinance 2011 which confirmed the amount to be appropriated from the Diocesan Endowment in

¹ "Changes in Church Staff Numbers and Church Attendance Growth" prepared for Policy 3 Group by John Bellamy and Allison Moffitt (Anglicare Research Unit), February 2011.

accordance with the Glebe Administration Board's recommendation. The Glebe Administration Board recommended a distribution in 2011 for spending in 2012 of \$3.642 million based on the following methodology –

- (a) A Yale-type formula applied to the Investment Portfolio (5% of the value of invested funds) PLUS
- (b) 75% of the surplus from Banking Services (net of banking expenses) PLUS
- (c) 75% of the cash distributions from St Andrew's House Fund MINUS
- (d) Expenses of the Diocesan Endowment (excluding banking expenses).

15. The actual distributions available in 2011 from the various parish ordinances are appropriated in accordance with the indication of intent contained in the 2009 Ordinance, although the total amount is nearly \$200,000 less than the estimate made at the time the 2009 Ordinance was passed. The decrease in these distributions is largely the result of Standing Committee's decisions to amend the ordinances governing the distribution of income from properties held on behalf of the parishes of King Street and Manly, in order to allow the parishes to retain a greater proportion of the income in order to carry out work needed to maintain and refurbish these properties.

16. An amount \$200,000 has therefore been appropriated from the reserves held in the Professional Standards Unit to increase the total available funds in 2012 to \$4.9 million (compared with \$6.6 million in 2011).

17. The details of each of the actual amounts available from the Diocesan Endowment, the other smaller parish ordinances, and the Synod Fund are set out in the column headed "Proposed for 2012" in the Attachment to this Report.

Proposed allocations for 2012

Policy 1

18. Policy 1a Prayer remains at the core of the Diocesan Mission, but it does not require funding.

19. Support for gospel work outside the Diocese continues with the allocation of 4.1% of the total available funds to Policy 1b. While Synod resolution 40/09 "encourages it [Synod] to consider how in future the Diocese may return to 5% of income that would be made available for Gospel work beyond the Diocese in future Appropriations and Allocations Ordinances", for 2012 the Work Outside the Diocese Committee will be able to maintain the level of grants through the use of some of the reserves that remain under its control.

Policy 2

20. The funding for regional councils to assist with administrative support provided for the Assistant Bishops has been maintained at the same level as in 2010. Regional council grants for parish and regional cross cultural ministry are no longer able to be funded. However, some extra funding will be given to the Department of Evangelism and New Churches to assist in the co-ordination and growth of ethnic, cross cultural and multicultural work (including ESL) as outlined in paragraph 24.

21. The funding to support the work of the Tertiary Education Ministry Oversight Committee (TEMOC) has been reduced by 50%. It is considered that in the light of the significantly reduced income and other funding priorities this is the most appropriate response to Synod resolution 42/10 which said in part Synod "commits to ongoing financial support of TEMOC within the constraints of the Diocesan budget". The reduced funding will nevertheless still provide substantial support for TEMOC's priorities for TAFE, VET and UWS ministries outlined at Synod last year.

22. The funding to Youthworks to provide resourcing and support for children's and youth ministry, and to facilitate the accreditation of Scripture teachers for Special Religious Education has been maintained at almost the same level as indicated in the 2009 Ordinance because this work is considered to be of high priority.

23. The funds provided to support the work of the Anglican Education Commission in 2012 have been halved. This decision has not been based on any re-assessment of the value of the work done by the Commission, but simply because it is recognised that this work should not remain as a priority call on the limited central funds. As noted in the key ideas extracted from the *Strategic Directions 2010-2012* document above, the centre must fund what the local cannot. The Anglican Education Commission already draws much of the income it needs directly from the Anglican Schools it supports, and the provision of central funds, other than for advocacy, was always intended to be by way of seed funding until the Commission was able to establish a track record and earn the financial support of the independent Anglican schools. It is now time that all Anglican schools contributed to the support needed for this vital work to continue.

24. The funding to the Department of Evangelism and New Churches to provide resources which support local evangelism and directly assist the planting of new Sydney Anglican congregations has been maintained at almost the same level as indicated in the 2009 Ordinance because this work is considered to be of high priority. A renewed effort in missional church planting is one of the key ideas in the *Strategic Directions 2010-2012* document, and central funds are considered essential to this work. With the great challenge of an increasingly multicultural Sydney, the Department has been given increased responsibility to develop a Diocesan wide approach in ethnic, cross cultural and multicultural gospel ministry in the regions and parishes. This will involve starting new ministries as well as supporting existing ones.

25. Funding for the Anglican Media Council has been maintained at almost the same level as indicated in the 2009 Ordinance because by its nature this work has to be done at a central Diocesan level and there is limited opportunity for it to attract other sources of funding. Even so there has been a small reduction in funds allocated for this work and the Council will need to re-examine each aspect of its work with a particular eye to whether the traditional forms of communication such as *Southern Cross* continue to reach their target audience in the most cost effective way.

26. Funding of the research function provided by Anglicare has been maintained at the level in the 2009 Ordinance since the research provided has proven integral to much of the mission planning and the actual cost has already been discounted by Anglicare.

27. The funding to provide ongoing support and assistance to Mission Areas has been maintained at the level indicated in the 2009 Ordinance. The Mission Area initiative remains one of the key initiatives identified in the *Strategic Directions 2010-2012* document and these funds are used to support those parishes whose rector is a Mission Area Leader involved in fostering and developing outreach to the community beyond their own parish.

Policy 3

28. Policy 3 (Training) remains a funding priority – the recruitment and training of gospel workers is the best strategic use of central funds for church growth in the long term. The proportion of the total available funds allocated to this work in 2012 is now slightly higher than the 43% indicated in the 2009 Ordinance.

29. No further central funds will be provided to the Archbishop specifically to support either pre-ordination conferences and assessments, or to promote women's ministry. However, the Archbishop will receive a much smaller allocation to use as he sees fit to provide support for particular ministry or ministries.

30. The funding of Youthworks College in general and in particular the expansion of the College's Year 13 program aimed at providing future lay leadership for our churches and for the Mission will be maintained at almost the same level as indicated in the 2009 Ordinance.

31. Moore Theological College will continue to receive the overwhelming majority of the funds allocated under Policy 3. However, due to the significant reduction in total funds available, the amount represents a 19% decrease compared with both 2011 and the figure anticipated in the 2009 Ordinance for 2012. The College has advised that as a result of the internal review that has been underway for some time it will be able to cope with a decrease of this magnitude.

32. Overall the central funding for the work of the department of Ministry, Training and Development will be almost maintained at the level shown in the 2009 Ordinance. However, the department will have an expanded responsibility for recruiting, guiding and selecting for ministry in the Diocese.

33. No central funds will be provided for the provision of bursaries and support for students seeking ordination, with the Ordination Training Fund Committee encouraged to utilise reserves accumulated from past years to continue to provide this support in 2012.

Policy 4

34. Significant reform work will be required, however this will not require Synod funding in 2012.

Administration

35. All of the centrally funded administration will continue to be closely scrutinised to ensure activity is limited only to those things best undertaken centrally, expenditure is minimised, and services are delivered in the most efficient manner.

36. The Sydney Diocesan Secretariat (SDS) has provided the Standing Committee with a detailed service level agreement which itemises the nature of the work undertaken in servicing the Synod, Standing Committee and parishes, together with specific information in relation to the cost of providing those services. SDS has estimated the cost of providing those services in 2011 will be \$750,000, but with the ongoing work to reduce these costs the estimate for 2012 is \$700,000. Discussions between SDS and the Standing Committee about the action which can be taken to enable SDS to recover the cost of the services it provides are continuing and it is expected that the results of this work will form part of a broader restructure of central Diocesan finances for the 2013-2015 triennium.

37. The allocation of funds to meet the cost of Standing Committee (and subcommittee) members parking in St Andrew's House have been maintained at the level shown in the 2009 Ordinance.

38. It is estimated that the accommodation and travel costs incurred by the Sydney representatives attending General Synod (which is held once every 3 years) can be contained to approximately \$60,000, and accordingly the allocation for this purpose in 2012 has been reduced to \$20,000.

39. No Synod funding will be required for the work of the Professional Standards Unit in 2012. The cost of the Unit's work that relates to Diocesan organisations will continue to be recovered from the organisation in question and some specific funding should continue to come from the component of the variable parish cost recovery charge identified for safe ministry training. The balance has traditionally been funded 1/3rd with Synod funds and 2/3rd from the variable parish cost recovery charge, but it is now proposed that from 2012 the whole cost of parish related work should be recovered through the variable parish cost recovery charge. This matter is the subject of a separate ordinance being promoted to the Synod.

40. No Synod funding will be provided for the Archives. Only a portion of this function relates to the work of the Endowment of the See, and the rest relates to parishes. It is therefore proposed that parishes contribute directly to this cost from 2012 through the variable parish cost recovery charge.

41. No Synod funding has been provided for membership costs associated with the Anglican Church of Australia. It is proposed that from 2012 these costs are met through the variable parish cost recovery charge.

42. The amount allocated for Synod Fund Contingencies has been reduced from the amount indicated in the 2009 Ordinance.

Recommendation

43. It is recommended that the Synod receive this report.

For and on behalf of the Standing Committee.

ROBERT WICKS
Diocesan Secretary

11 August 2011

Synod Appropriations and Allocations

	Actual for 2010	Est. for 2011 & 2012	Actual for 2011	Actual for 2012
INCOME				
Diocesan Endowment Ord. (distribution from the net assets of the GAB)	5,400	5,250	5,250	3,642
<i>distributed direct to Fund 129 -</i>				
St James Sydney Phillip Street Property Ord. 1962 (C/F 022) - <i>Synod receives 36% reduced to 20% from 2012</i>	291	291	280	162
<i>distributed through Fund 400 -</i>				
St Matthew's Manly Ord. 1988 (C/F 175?) - <i>Synod receives 47.5%, but reduced by provision for refurbishment from 2013</i>	366	366	396	391
ACPT Synod Fund (C/F 400) - <i>interest earned during the year on distributions received from parish funds</i>	69	62	31	35
CENEF Ord. 1978 (C/F 333) - <i>25% of the income is capitalised, 75% directed to Youthworks (see application below)</i>	107	96	78	68
Hunters Hill (Woolwich) Ord. 1994 (C/F 566) - <i>Synod receives 5% increased to 15% in 2012 but then all directed to NRC</i>	2	2	2	2
Georges River Region (Belfield Proceeds) Ord. 1998 (C/F 438)	23	21	-	-
Narellan (Elderslie Lands) Variation of Trusts Ord. 1980 (C/F 638) - <i>Synod receives 80% of the income</i>	50	45	43	36
Ryde (Kirkby Gardens, etc.) Ord.1968 (C/F 706) - <i>Synod receives 50% of the income</i>	348	348	409	429
St Phillip's Sydney Ord. 1975 (C/F 757) - <i>Synod receives all the income from this fund</i>	10	9	9	7
St Phillip's Sydney York Street Property Ord. 1966 (C/F 759) - <i>Synod receives 15% of the income</i>	218	58	72	73
St Phillip's Sydney York Street Property Ord. 1966 (C/F 759) - <i>prior year amount available for 2010 only</i>	233	-	-	-
<i>sub total (excluding Diocesan Endowment Ord.)</i>	1,717	1,298	1,320	1,203
TOTAL INCOME	7,117	6,548	6,570	4,845
<i>applied direct by ordinance for specific purposes</i>				
<i>less</i> Income from the CENEF Ord. applied direct to Youthworks for capital purposes (incl. conference & camping centres)	(107)	(96)	(78)	(68)
<i>less</i> Income from the GRR (Belfield Proceeds) Ord. applied direct to GRRC for expenditure on GRRC properties	(23)	(21)	-	-
SUBTOTAL	6,987	6,431	6,492	4,777
<i>less</i> 1% of above total income appropriated and added to the capital of the Indigenous Peoples' Ministry Fund - determined by ordinance of Synod (eg, Synod Appropriations and Allocations Ordinance 2009)	(73)	(64)	(65)	(48)
AVAILABLE INCOME	6,914	6,367	6,427	4,729
<i>add other possible funds available to Synod -</i>				
Draw on excess working capital in Synod Fund 129	329	-	-	-
Draw from the reserves of the Professional Standards Unit Fund 153	-	-	-	200
Balance remaining in Rent Subsidies Fund 187 no longer required for that purpose	-	-	13	-
Part of balance in Ordination Training Fund 189 in excess of current requirements	-	-	175	-
TOTAL AVAILABLE FUNDS	7,243	6,367	6,615	4,929

	Actual for 2010	Est. for 2011 & 2012	Actual for 2011	Actual for 2012
ALLOCATIONS				
Policy 1a Prayer (Spiritual renewal)				
Archbishop - as recommended by the Archbishop from time to time	35	32	32	-
	35	32	32	-
% of total available income	0.5%	0.5%	0.5%	0.0%
Policy 1b Gospel work outside the Diocese (ministry support outside the Diocese)				
Work Outside the Diocese Committee	288	257	257	200
	288	257	257	200
% of total available income	4.0%	4.0%	3.9%	4.1%
Policy 2 Expand and Plant and Support congregations (ministries that equip, nurture & expand churches & congregations and provide background support)				
Regional Councils - general allocation (incl. support of ethnic and cross cultural ministry, and administrative support)	700	600	600	-
Regional Councils - administrative support (PA & EA)	-	-	-	300
Tertiary Ministry Oversight Committee - tertiary student ministry fund (previously part of Regional Council allocations)	300	300	300	150
Youthworks - Resourcing of children's & youth ministry + Special Religious Education	320	320	320	310
Anglican Education Commission - advocacy on Education Policy (including SRE)	120	120	120	60
Department of Evangelism and New Churches	150	150	150	140
Department of Evangelism and New Churches - support of ethnic, cross cultural and multi-cultural ministries	-	-	-	150
Anglican Media Council - diocesan media officer, internal communication & evangelism (incl. website + smaller SC)	320	320	320	300
Anglicare - Research (diocesan planning / NCLS / support for SIE)	80	80	80	80
Administration costs for Connect09 (2009 = \$500k less amounts transferred from Policies 1a, 4 & Contingencies)	191	-	-	-
On-going support & assistance for Mission Areas	200	200	200	200
	2,381	2,090	2,090	1,690
% of total available income	32.9%	32.8%	31.6%	34.3%
Policy 3 Multiply workers (well trained persons)				
Archbishop's support of ministry	117	117	117	50
Youthworks - Youthworks College	87	87	87	80
Youthworks - Youthworks College (recruitment - expanded Year 13 program)	100	100	100	100
Moore Theological College	1,958	1,958	1,958	1,577
MT&D - Continuing education for ministers + recruiting, guiding & selecting for ministry in the Diocese	389	389	389	370
Ordination Training Fund Committee - Bursaries and support for students seeking ordination	176	176	176	-
Training for Mission Areas	300	-	-	-
	3,127	2,827	2,827	2,177
% of total available income	43.2%	44.4%	42.7%	44.2%

Continued...

	Actual for 2010	Est. for 2011 & 2012	Actual for 2011	Actual for 2012
Continued...				
Policy 4 Reform structures (to remove blockages to the Mission)				
StanCom / Mission Board - Strategic Policy 4 Mission Projects	35	32	32	-
	35	32	32	-
% of total available income	0.5%	0.5%	0.5%	0.0%
Administration (to enable the whole Diocese to be more effective for the Mission)				
Diocesan Administration				
SDS - Servicing Synod, Standing Committee, parishes, etc	655	655	655	700
- Car parking for committee members in SAH	25	25	25	25
- Costs incurred for Sydney representatives to attend General Synod	25	25	25	20
<i>total funding for SDS</i>	705	705	705	745
Other Synod costs				
Resourcing				
Archbishop's Professional Standards Unit [<i>previously 1/3rd of estimated \$595k funded by Synod</i>]	197	197	197	-
EOS - Archives (salary, rent and on-costs) [<i>previously 32% of estimated \$150k funded by Synod</i>]	49	49	49	-
Membership of Anglican Church				
Registrar - General Synod statutory assessments	265	199	199	-
Registrar - Provincial Synod assessment	12	12	12	-
Registrar - NSW Council of Churches membership	13	13	13	-
Contingencies				
Standing Committee - Synod fund contingencies	137	203	203	117
<i>total funding for other Synod costs</i>	673	673	673	117
	1,378	1,378	1,378	862
% of total available income	19.0%	21.6%	20.8%	17.5%
Total allocations	7,244	6,615	6,615	4,929
% of total available income	100.0%	103.9%	100.0%	100.0%
total under/(overspent)	(1)	(249)	(0)	0