

## Synod Appropriations and Allocations for 2006-2008

(A report of the Standing Committee.)

### Introduction

1. In 2001 the Synod adopted the report "Focussing Resources for the Gospel". In the following year it approved the Synod Appropriations and Allocations Ordinance 2002 and Explanatory Report which acknowledged the Diocesan Mission and the Initial Goal "to see 10% of the people of Sydney in Bible-based churches in 10 years". That Ordinance also established the target allocation percentages to be achieved across each of the Mission policy areas by 2005.
2. The purpose of this report is to bring before Synod the target allocation percentages proposed by the Standing Committee for the next triennium, 2006-2008, so that these percentages can be noted by Synod in 2004 and form the basis of the detailed work to be done by each of the Policy Committees, the Mission Taskforce and the Standing Committee over the next 12 months in order to bring an allocations and appropriations ordinance for the 2006-2008 triennium to Synod in 2005.
3. As our experience in the Mission has unfolded there are now reasons for the proposed allocations for 2008 to be varied from those established for 2005, and the details for those changes are spelt out in the later sections of this report.
4. What is also increasingly obvious, however, is that over the period of the Mission the total funds available to the Synod for appropriation for Mission purposes will not grow at anywhere near the rate that will be needed to fund the essential initiatives of the Mission if the Mission and Initial Goal are to be realized. The reason for this is simply that notwithstanding the best efforts of the Glebe Board in restructuring their asset portfolio and astutely managing the investments, it will not be possible to increase the average returns earned by the Diocesan Endowment at anything like the rate that would be required to match the growth anticipated by the Mission. In 2005 the Diocesan Endowment will provide 83% of the total income available to the Synod, the balance coming from a number of smaller specific ordinance funds. The asset values held in these other funds has been declining quite significantly over recent years and the continuation of this trend will mean that the income available to Synod from this source is expected to decline substantially over the next triennium 2006-2008.
5. Even with the injection of an additional \$1 million in the form of a special appropriation from the assets of the GAB to be spread over the next 3 years, the average annual income available to the Synod for the 2006-2008 triennium is marginally lower than the total Synod income in 2005.
6. It will therefore be essential to identify other sources of income for the Synod and other ways of funding the Mission if the objectives and particularly the Initial Goal of the Mission are to be met.

### Income

#### *Glebe Administration Board (GAB)*

7. The main source of income available to the Synod comes from the GAB and is distributed to Synod in accordance with a formula (established in 2002) specified in the Diocesan Endowment Ordinance. That formula provides that the distribution is based on a percentage of the average of 3 previous years net assets.
8. As an example of this process, the amount available to be distributed by Synod in 2006 is 5.4% of the average of the net assets of years 2001, 2002 & 2003. In fact this amount, the calculation for which is shown below, is set aside in a provision in GAB's accounts in 2004, formally appropriated by ordinance in 2005 and allocated and spent in 2006.

Net assets of GAB at 31 December 2001	\$161,274,407	
Net assets of GAB at 31 December 2002	\$147,855,503	
Net assets of GAB at 31 December 2003	\$156,835,354	
Average of these 3 years net assets		\$155,321,755
Distribution to Synod (5.4% of above average)		\$8,387,375

9. The distribution in 2007 will follow the same format, although for now this calculation must of course include an estimate of the net assets at 31 December 2004. Similarly, the distribution for 2008 will be based on net assets as at 2003, 2004 & 2005, the latter 2 of which can only be estimated at present.

#### *Other specific trust ordinances*

10. The income from the other specific trust ordinances becomes available to Synod sooner since it is based on a distribution of the net surplus earned each year. For example, the income available to Synod in 2005 is based on the distributions provided (from the net surplus earned in 2003) in each entity's financial statements for the year ended 31 December 2003. Were it not for the release in 2005 and 2006 of reserve funds that had accumulated under the Manly Ordinance, the total available to Synod from these specific

trust ordinances has generally been declining over recent years. The income available to Synod in 2006, 2007 and 2008 has been estimated based on the trend of actual distributions available in 2003, 2004 and 2005.

*Total Income available*

11. Having thus calculated the total income available for the 2006-2008 triennium as above, the Finance Committee, the Mission Taskforce and in turn the Standing Committee were all acutely aware that the total income in each of these years was likely to be less than the figure for 2005 (which had been indicated in the 2003 Explanatory Report). Clearly this was going to be a very undesirable trend, particularly now the momentum of the Mission has begun to have significant impact throughout the Diocese.

*Special appropriation*

12. Accordingly, the Standing Committee is now also recommending a special appropriation of \$1 million from the assets of the GAB, to be allocated over the 2006-2008 triennium with the majority in the first 2 years, in order to ensure the total income available to Synod each year as near as possible matches the funds available in the previous year. The Standing Committee has been advised that the very good earnings result achieved by the GAB in 2003 is in fact sufficient that -

- (a) after setting aside the agreed proportion of net assets needed to fund the normal distribution to Synod,
- (b) meeting known additional requirements approved by Standing Committee earlier this year (additional funding for the Ordination Training Fund and to supplement the reserves of the Professional Standards Unit), and
- (c) allowing of the reinvestment of sufficient funds to preserve the real value of the Endowment,
- (d) there remains about \$1 million which can be drawn from the assets of the GAB to supplement the normal income of the Synod and facilitate strategic Mission objectives.

13. To some degree this special appropriation will adversely impact on the future rate of growth of the GAB's net assets, and hence will reduce the funds available under the normal formula in later years. However, the Finance Committee, Mission Taskforce and the Standing Committee believe this is a prudent and modest price to pay in order to maintain the total allocations during this critical phase of the expansion of the Mission.

*Support for Indigenous People's Ministry Fund*

14. In 2002 the Synod passed the following resolution (25/02) -

"Synod recommends to the Standing Committee that priority be given under the Mission Strategy to resourcing Indigenous peoples' ministry by directing that a percentage of the proceeds from all sales of church trust property per annum be added to the Indigenous Peoples' Ministry Trust Fund for Indigenous ministry within the Diocese or by allocating continuing funding through the Synod Appropriations and Allocations Ordinance. Synod further urges each parish of the Diocese to generously support Indigenous ministry in the Diocese any way it can, for example, by giving a percentage of any land sales to the Indigenous Peoples' Ministry Trust Fund or by giving 1% of their net income to the fund or supporting existing Indigenous ministries at a local level in every possible way."

15. In response to this resolution the Standing Committee appointed a committee to investigate and report on the ways in which regular annual funding could be added to the Indigenous People's Ministry Fund. The committee's report and recommendation were adopted by the Standing Committee and reported to the Synod in 2003.

16. The Standing Committee's report to the 2003 session of the Synod considered the funding question from three perspectives – justice, the Diocesan Mission and financial clarity. The Standing Committee considered the suggestion that a percentage of the proceeds of all sales of church trust property per annum be added to the capital of the Fund, however it judged that such a method would not be a regular source of funding as it would be dependent on occasional sales of property. Furthermore, to take funds from such a source was considered to be neither equitable nor wise. The committee's recommendation, adopted by the Standing Committee, was for a percentage of the Synod's annual income to be applied toward the fund.

17. The recommendation contained in the Standing Committee's report to the 2003 session of Synod was-

"That 1% of the total income proposed to be appropriated in each year from 2006 onwards be applied as a capital addition to the Fund, before any other allocations are determined across mission policy areas. It is proposed that this recommendation be reflected in the form

of the appropriations ordinance to have effect in 2006 and in subsequent years. The Standing Committee did not consider it expedient to recommend that this policy be implemented earlier than 2006 since its recommendations for funding in 2004 and 2005 had largely been settled at the time the committee's report was considered."

18. This special appropriation has been incorporated into the schedule attached to this report.

**Reclassifications and changes**

19. As a consequence of its work with the detail of each of the line item appropriations in the 2003 Ordinance, the Mission Taskforce and Standing Committee developed a clearer understanding of what is involved in each policy area. It was recognized that a better grouping of similar items would be obtained if a number of individual line items were moved under more a appropriate policy group. Compared with the detail of line items set out in the schedule attached to the Explanatory Report to the 2003 Ordinance, the following changes have therefore been made -

Description of line item	Allocation in 2005 (\$000s)	Shown in 2003 Ordinance under Policy	Moved to appear in 2004 Report under Policy
Anglican Consultative Council	10	1b	Administration
Council of Churches of East Asia	4	1b	Administration
Defence Force Board	13	1b	Administration
NSW Council of Churches	9	1b	Administration
NSW Ecumenical Council	7	1b	Administration
Ministering to the City of Sydney and special services	130	Administration	2a
Research – diocesan planning / NCLS	104	Administration	2b
Standing Committee on Education Issues	107	Administration	2b

20. Whenever an item was moved the totals for each of the policy groups for 2003-2005 were recalculated to reflect the actual allocations approved last year, but restated in the new groupings. As a result the percentages shown for each group on the schedule attached differ from those appearing in the 2003 Explanatory Report, although all the individual line items remain unchanged.

21. In addition, a number of changes in wording were made within some policy groups to more sensibly reflect the nature and purpose of the allocation -

Policy	Allocation in 2005 (\$000s)	Description in 2003 Ordinance	Description in 2004 Report
3	230 20	Continuing Education for Ministers Ministry Assessment Centre	250 Ministry Training & Development
3	1,153 16	General Theological Education Support for Post Graduate studies	1,169 General Theological Education
3	630 23 40	Bursaries for ordination candidates Subsidising examination fees Reimbursing prior year bursaries	693 Bursaries and support for Moore College students

22. In accordance with the 2003 Ordinance, the Standing Committee has also authorized the allocations of funds previously shown under Strategic Mission Projects -

Policy	Allocation in 2005 (\$000s)	Description in 2003 Ordinance	Allocation in 2004 Report
1b	166	Strategic Mission Projects	166 Overseas Projects
2a	250	Strategic Mission Projects	100 Rouse Hill church planters 30 Rouse Hill children's worker 35 Kellyville families minister 50 Kellyville youth minister 35 Norwest church planter
2b	223	Strategic Mission Projects	158 Evangelism Ministries 65 Youthworks (2 year support for John Dickson)
3	254	Strategic Mission Projects	154 Youthworks College (new teaching block) 100 Ministry recruitment & training

23. Also as noted in the 2003 Explanatory Report, this year the Standing Committee is presenting a summary of the broad allocations proposed for each of the policy areas for the next triennium 2006-2008 as part of this report. Each of the Policy Committees is continuing to meet to develop the detail strategies for the implementation of their policy responsibility for the 2006-2008 triennium. Once the percentages of the available income to be applied for each policy area are agreed by Synod this year, the various Policy Committees will formulate specific recommendations for those individual projects they propose are to be funded within their policy area and these recommendations will then be brought to the Synod by the Standing Committee in 2005 as part of the 2005 Ordinance.

24. While continuing the strategy driven spending model introduced in 2001, this report builds on the work done in 2002 and last year to support the Synod's adoption of the Diocesan Mission, the initial goal and the fundamental aim. The principle features of the percentages to be allocated for the 2006-2008 triennium build on this work and continue to develop the allocation of funds across the four policy areas to strengthen the Diocese's focus on this Mission. The main features of the schedules supporting the Ordinance are summarized below.

#### **Percentage allocation to each Policy 2006-2008**

25. The Standing Committee was conscious that individually each of the policy areas had a good claim to increased funding, but the reality is that total funds are limited and even with the special appropriation of \$1 million from assets of the GAB referred to above, the total to be appropriated each year of the 2006-2008 triennium is only slightly greater than will be available in 2005.

26. The Standing Committee is recommending the following percentage allocations of the available total income for 2006-2008

**Policy 1a Prayer -**

To be maintained at the 0.5% first appropriated in 2005.

**Policy 1b Generosity -**

The original aim was to allocate at least 5.0% of the available funds to work and projects outside this diocese. Initially 0.5% of this was taken and allocated to Policy 1a, leaving 4.5% allocated to Policy 1b. As detailed in paragraph 1) of this report, some items previously under this heading were considered to be more in the nature of diocesan payments for membership of certain organisations, and accordingly have been transferred to Administration for the Mission. The result of these transfers has been that the amount remaining under Policy 1b has come down to 3.6%.

Accordingly, it is proposed that over the next triennium this percentage should slowly increase from 3.6% this year to 5.0% at the end of the triennium in 2008. One of the main purposes of this fund is the training of leaders. With the growth of the church in such places as Africa, and the difficulties being experienced in the Anglican Communion, the continuation of funding for the training of clergy is an especially desperate need.

**Policy 2a Expand & Plant -**

While it is a fundamental objective of the Mission to see churches expand and plant congregations and fellowships, the overall level of funding available does not yet allow for a further increase beyond the 22.3% already planned for 2005.

**Policy 2b Support congregations -**

In line with the trend established in the 2003 Explanatory Report, the overall funding for this Policy area will have to continue to decline from the 23.1% planned in 2005 to 21.0% in 2008.

**Policy 3 Multiply workers -**

While it is recognized that support for this Policy is fundamental to the Mission, the level of total funding available does not allow for any increase beyond the 33.0% planned in 2005.

**Policy 4 Reform Structures -**

The limitations of the overall funding available mean that only 0.5% can be allocated to this area for each of the years 2006-2008.

**Administration -**

Several of the non-administration functions previously shown under this heading have been transferred to the relevant policy area (refer paragraph 1) of this report). The remaining items have been grouped so that the significant amounts relating to membership of the wider Anglican church, funding for the Archbishop's Professional Standards Unit and the provision for general contingencies, are visible within the overall total. The funds remaining in 2005 for the core administration functions are well below realistic benchmarks. It is therefore necessary to increase this area from the 16.0% available for 2005 to 18.0% for 2006-2008.

**Strategy within each policy area**

27. There have been some changes to the policy committees from last year and the current membership structure is -

Policy 1a	Bishop R J Piper (chair), Canon J W Cornford and Dr K Hawtrey
Policy 1b	Dr P A Selden (chair), Deaconess M A Rodgers and Dr K Sowada
Policy 2a	Bishop I Y Lee (chair), the Rev S C Semenchuk and Mrs C Smith
Policy 2b	Bishop P J Tasker (chair), the Rev B J Hall and Mr G A Nelson
Policy 3	Bishop G N Davies (chair), Dr B C Cowling and the Rev C J Moroney
Policy 4	Bishop R C Forsyth (chair) and Mr M A Payne
Administration	Bishop R C Forsyth (chair), Mr J Flavin and Mr W H Olson AM

28. The primary focus of each of the policy committees now is to develop detailed strategies for the implementation of their policy responsibility for the 2006-2008 triennium.

**Policy 1a Prayer**

29. Progressing policy 1A is not so much doing something different, as pastoring, preaching and prayer are our core ministries, but rather encouraging their priority and increasing their alignment to the Mission. Three strategies have been undertaken -

- (a) the gathering of prayer points for the Mission to put on our website and the enlisting of prayer warriors to pray specifically for these prayer points and the Mission;
- (b) the promoting of prayer assemblies to focus on the Mission on 5 May, Ascension Day 2005;
- (c) the compiling of a prayer journal for use by the parishes between Easter and Ascension Day in 2005, 06 and 07. All work done on these has been through the Wollongong office or voluntarily. A grant of \$50,000 has been approved by the Mission Task Force for the production of the prayer journal.

**Policy 1b Generosity**

30. Present expenditure as outlined in the Allocations and Appropriations Ordinance has been under discussion. It has been agreed in principle that approximately 60% should be directed to work outside the diocese within Australia and 40% to overseas projects.

31. At present we support work in the dioceses of Armidale, North West Australia and Tasmania. The committee members will be meeting with bishops of those dioceses in September/October 2004 to discuss needs and priorities. Support is also given to the National Aboriginal Anglican Council and the National Home Mission Fund.

32. Several bishops from overseas dioceses are likely to be visiting Sydney in 2004 and 2005 and opportunity will be taken to discuss their needs. The committee considers that priority should be given to training and encouragement of bishops and key leaders and the provision of bursaries to Moore Theological College to enable post graduate degrees to be undertaken.

**Policy 2a Expand & Plant**

33. The Policy 2A Committee and invited ministry partners (two representatives from each region) have met regularly over the past twelve months. The Policy 2A Committee also met once with the Policy 2B Committee.

34. There are two main purposes of the Committee -

- (a) First, to make a recommendation to Mission Task Force concerning allocations of the Policy 2A funds for the 2006-08 triennium. This involves determining allocations of 2A grants to each of the five regions, and to special Strategic Projects.
- (b) Second, to exercise general oversight of the use of 2A money by the regions.

35. The "Line Item 4" formula (taking into account regional demographics) that was the basis of allocations to regions prior to the Mission is one that we believe is still basically right. We plan to examine and/or modify the formula and to liaise with the Finance Sub Committee and Policy 2B Committee over the next twelve months to arrive at a final recommendation.

36. A recommendation about use of 2A Strategic Projects 2005 to the North West sector of Sydney was made during the year, which was approved by Mission Task Force and subsequently Standing Committee.

37. Concerning general oversight of 2A funds, it is not our task to look in detail at the decisions made by Regional Councils. However, we plan to ask general questions of the Regional Councils about their ministry strategies and grant allocations. We also recognise that the 2A Committee and Ministry Partners are able to take a "diocesan wide" view, rather than just a "regional" view. This diocesan wide view allowed us to decide together to fund "Strategic Projects" in one particular part of the diocese (namely, North West sector in 2005, and possibly other areas such as the South West sector in the future).

**Policy 2b Support Congregations**

38. The Policy 2b Committee has been meeting with each of the Ministry Partners separately this year so as to have a clearer understanding of their work up to the present and their plans and strategies for the future. The Committee now plans to carefully study Policy 2 and identify how 'background support' can be most effective in supporting the Mission. The overall strategy has been to ensure that we are supporting more and more people working as it were at the 'coal face', and that we keep the 'background support' at an appropriate level. Later this year and early next year, the Committee will meet with the Ministry Partners and make decisions for the allocation of money for the next triennium which will be brought to Standing Committee and then to next year's Synod for final approval.

**Policy 3 Multiply Workers**

39. Policy 3 Committee is seeking to overhaul the way in which Anglican candidates for ministry (including ordained and lay) are financially supported in their theological training in the next triennium. Bursaries for students enrolled in Moore College have normally been for candidates for ordination and some lay stipendiary workers, however, with the mission commitment embracing both lay and ordained "well trained persons" for gospel ministry, it is hoped that financial support will be extended to children and youth ministers trained at either Moore College or Youthworks College. Alternative means of funding ministry bursaries is also being explored, so that synod money can be better allocated to capital investment and infrastructure costs associated with the growth of the mission. Our planning over the next three years will also seek new ways of integrating the recruitment, training and deployment of gospel ministers within the diocese of Sydney.

**Policy 4 Reform Structures**

40. The reform of the life of the Diocese in line with the Mission is the responsibility of the whole Diocesan community. A small taskforce is taking responsibility to spearhead the legislative and administrative changes required, although it is expected that costs required will be minimal.

**Administration**

41. The Administration Task Force intends to proceed by engaging in careful and close consultation with the representatives of the Secretariat and any other bodies about whose funding we are responsible for making recommendations. We are fully aware of the importance of some of the back room areas such as the administration and the work of the Secretariat are for the Diocesan Mission. We shall also be looking for appropriate savings where possible.

**Recommendation**

42. The Standing Committee recommends that Synod in 2004 -
- (a) note the intention to appropriate the funds shown (from the Diocesan Endowment Ordinance, the other specific trust ordinances and the general provision for distribution held by the Glebe Administration Board) in each of the years 2006-2008,
  - (b) note the intention to make a special allocation of funds to the capital of the Indigenous Peoples' Ministry Fund in each of the years 2006-2008, and
  - (c) note the intention to allocate the percentage of Total Funds Available shown to each of the policy areas for the years 2006-2008,
- as detailed in the schedule attached to this report.

For and on behalf of the Standing Committee

BISHOP PETER TASKER

30 August 2004

