

Synod Appropriations and Allocations for 2008

(A report from the Standing Committee.)

Introduction

1. 2008 will be the third year of the current triennium and in passing the Synod Appropriations and Allocations Ordinance 2005 (the 2005 Ordinance) the Synod indicated its intent in relation to both the appropriations (from income) and allocations (as grants) for 2008. Nevertheless, the figures in Attachment A to the report accompanying the 2005 Ordinance were necessarily estimates and in passing the 2005 Ordinance Synod also directed the Standing Committee to pass all such ordinances as may be necessary to give effect to the Synod's intention.

2. In passing the 2005 Ordinance the Synod also approved a special appropriation from the Diocesan Endowment (DE) of \$200,000 in 2008 to supplement the amounts otherwise available for allocation by the Synod. The intention was to raise the total available for allocation by the Synod to \$10,660,000 in order to provide a reasonable overall growth year-on-year throughout the triennium.

Change to Diocesan Endowment distribution formula

3. The total income available for appropriation for Synod in 2008 could not be determined until the Standing Committee had considered and determined on a number of matters scheduled as part of a policy debate on the sustainability of the current formula for determining distributions from the Diocesan Endowment (DE).

4. On 11 December 2006 the Standing Committee requested that the Glebe Administration Board (GAB) report progress by the July 2007 meeting of the Standing Committee on the sustainability of the current formula for determining distributions from the DE.

5. The GAB reported to the Standing Committee on 23 July 2007 that the current formula is unsustainable and recommended the adoption of a new formula. The formula recommended has two components –

- (a) a calculation of 4.2% of the average of three years net assets of the DE (compared with the present rate of 5.4%), weighted at 30%, and
- (b) the previous year's actual distribution, indexed for inflation, weighted at 70%.

6. Standing Committee held a policy debate at its meeting on 27 August 2007 to consider the GAB's recommendation. During the debate the Standing Committee confirmed its commitment to the maintenance of the real value of the DE and its preference for a steady and reasonably predictable flow of income from the DE to the Synod. The Standing Committee also agreed to adopt the new formula recommended by the GAB, with a minor amendment affecting one aspect of the transitional arrangements, for the calculation of the amount to be distributed to the Synod each year from the assets of the DE. The new formula will be applied to the calculation of the amount to be distributed in 2008.

7. Standing Committee has requested that an ordinance be prepared to amend the Diocesan Endowment Ordinance 1984 at a later meeting (probably October 2007) to give effect to the changes to the distribution formula that have been agreed. Accordingly, it will not be possible for the Standing Committee to pass an ordinance to appropriate the necessary amounts (including the amount of the distribution from the DE available for Synod in 2008) and confirm the allocations of that income, until after Synod has met in September 2007.

Amount of income available for appropriation for 2008

8. Although it will not be possible to pass an ordinance before Synod to appropriate funds for 2008, it is now known that the distribution from the DE for Synod in 2008 will be \$265,000 greater than the estimate in the 2005 Ordinance.

9. Furthermore, as a result of finalising the results for the year ended 31 December 2006 it is now known that the net actual income available to Synod in 2008 from the various smaller ordinances exceeds the estimates in the 2005 Ordinance by \$102,000. This figure comprises the additional income from other ordinances (\$129,000), less the additional distribution to Anglican Youthworks from the CENEF Ordinance (\$23,000), and the additional distribution required to the Indigenous People's Ministry Fund (\$4,000).

10. Accordingly, the total amount available for appropriation for Synod in 2008 will now be \$367,000 (\$265,000 plus \$102,000) greater than the estimate in the 2005 Ordinance.

Ordinance to give effect to the appropriations and allocations for 2008

11. The Ordination Training Fund Committee has reviewed its expected expenditure for 2008 and, in line with their recommendation for 2007, recommended that the allocation be reduced from a total of \$450,000 to \$280,000. The reason for this change is that the expenditure estimates were set before the introduction of the Government's Fee-Help scheme, and this scheme has led directly to a substantial reduction in the need for bursary assistance for Sydney candidates.

12. Standing Committee intends to pass an ordinance later this year which confirms each of the other individual allocations shown as indications of intent in Attachment A to the report supporting the 2005 Ordinance.

13. Synod in 2007 is due to consider the Connect 09 initiative. If that project is approved and the necessary funding ordinance passed by Synod in the form recommended by the Standing Committee some \$402,000 of Synod funds will be required in 2008 to cover administration costs for Connect 09. The amount of \$170,000 no longer required by the Ordination Training Fund plus some of the \$367,000 additional amount available for appropriation as a result of the higher than estimated distribution from the DE and other net income would be available to meet these administration costs for Connect 09.

14. In passing the Synod Appropriations and Allocations Ordinance 2007 the Standing Committee will need also to consider whether it is still appropriate to draw on some or all of the \$200,000 special appropriation from the DE that was foreshadowed in the 2005 Ordinance.

For and on behalf of the Standing Committee.

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29 August 2007