

Synod Appropriations and Allocations Ordinance 2022

Explanatory Report

Key Points

- The Bill for the proposed Synod Appropriations and Allocations Ordinance 2022 has been prepared in accordance with the requirements of clause 4(c) of the *Synod Estimates Ordinance 1998*.
- The total funds available for distribution in 2023 are \$571,000 more than in 2022 (an increase of 8.0%), largely due to the release of surplus funds reserves.
- Amongst the 'Immediate Requirements' individual allocations have been maintained at the same level as for 2022 unless information is available indicating the requirement has changed. However, as was the case for 2021, the full cost of the special insurance cover required for the Cathedral in 2023 will be funded from Synod funds.
- The only significant change to the allocations for 'Long Term Mission Commitments' has been to remove the temporary reduction of \$110,000 to the allocation to Moore Theological College now the College is no longer receiving special COVID-19 funding.
- Most of the individual allocations for 'Current Mission Activities' have been maintained at the same level as in 2022, however there is no additional allocation to Evangelism and New Churches as the position of Assistant Director (Parish Evangelism) has not been filled.

Purpose

1. The purpose of this Report is to provide explanatory comments on the specific proposed sources and uses of Synod funds for 2023.

Recommendation

2. Synod receive this report.
3. Synod pass the Bill as an ordinance of the Synod.

Background

4. The Bill for the proposed Synod Appropriations and Allocations Ordinance 2022 and this Explanatory Report have been prepared in accordance with the requirements of clause 4(d) of the *Synod Estimates Ordinance 1998*. The Bill appropriates and allocates funds in a manner that is consistent with the Synod's intention as reflected in the *Statement of Funding Principles and Priorities 2019-2021*, and is broadly similar to the actual appropriations and allocations made for 2022.
5. The actual individual amounts appropriated and allocated by last year's ordinance for 2022 can be compared with the individual amounts proposed to be appropriated and allocated under the Bill for 2023, as shown in the respective columns in the Attachment.

Source of funds

6. In aggregate, the total funds available under this Bill as distributions from the Diocesan Endowment, the Synod's 50% share of St Andrew's House Trust, and the parish trusts listed in the Source of Funds section is \$41,000 less than the equivalent figure in 2022, due mainly to the slightly lower distribution from the Synod – St Andrew's House Fund 134.

7. However, following a review of the suitability of levels of funds available to maintain cash flow in certain funds, and in conjunction with some unspent allocations from the previous year the total funds available for 2023 is \$571,000 (approximately 8%) more than the equivalent figure in 2022.

Use of funds

8. Most of the increase in the total funds available has been required to meet a couple of new or increased 'Immediate requirements', with two small amounts allocated to a couple of new mission commitments and activities. As a result it has not been possible to increase the allocations to most organisations.
9. There has been an 8% increase in the allocation needed to meet the Diocese's General Synod statutory assessment. As noted in the Explanatory Report to last year's Ordinance, Sydney's share of this cost in both 2021 and 2022 was artificially low. One indirect consequence of the delay in holding the General Synod as a result of COVID-19 restrictions was that Sydney's share of the cost in 2021 and 2022 was based on clergy numbers relevant to the previous Synod.
10. The allocation of funds in 2023 to cover the cost of the Sydney Representatives' attendance and meetings at the next General Synod has been increased to \$50,000 in order to accumulate sufficient to cover the expected costs of \$150,000 every third year, with rising accommodation costs being the main factor. (The allocation in 2022 was only \$30,000, but this was a make-up figure to cover what would have been a shortfall, offset by the postponement of the last General Synod from 2021 to 2022 due to COVID-19 restrictions.)
11. In response to a request from Freedom for Faith to all its affiliates to help cover the cost of its increased workload, the Standing Committee is recommending an increase of \$5,000 in the Freedom for Faith affiliate fee for 2023.
12. No provision has been made in the allocation of funds for 2023 for the cost of the Diocese's participation in the next National Church Life Survey. Given the next Survey is not due until 2026 it is recommended that any decisions on funding be made closer to that time.
13. The estimate of the cost of the venue hire and printing for the 1st session of the 53rd Synod in 2023 has been based on the assumption of a return to the Wesley Theatre, and allows for a modest increase in costs since the previous Synod held there in 2019. The cost of hiring the Wesley Theatre is significantly less than the amount allocated for 2022 when it was thought COVID-19 restrictions may have required holding a Synod at the International Convention Centre in Darling Harbour.
14. Under the *Synod Estimates Ordinance 1998* Standing Committee is required to prepare the annual Synod funding ordinance in a way which –
- (a) contains estimates of the amount required to meet the costs of maintaining the diocesan offices and the expenses of related activities and commitments, and
 - (b) provides grants to organisations under the control of Synod.

The allocation to SDS for its support of the Synod, Standing Committee and parishes and the provision of Diocesan Overheads has been increased because it is estimated that SDS's cost base will increase by 2.0% in 2023. In return for this increase SDS has agreed to cease charging separately for the services it provides to a number of smaller Synod Funds (i.e., Work Outside the Diocese Fund 127, Mission Areas Fund 128, Sydney Representatives and General Synod Fund 130, Synod Risk Reserve Fund 131 and the Ordination Training Fund 189).

15. For 2021 an allocation of \$405,000 was made to cover the cost of 2 insurance policies required specifically to cover St Andrew's Cathedral. For 2022 the estimated cost of these 2 policies rose substantially and there was insufficient funds available to Synod to cover the full cost of these policies. Accordingly, the Diocesan Resources Committee recommended that for 2022 the majority of this (some \$314,000) be added back into the cost of the Parish Property and Liability Insurance Program (where it had been prior to 2021).
16. The cost of these 2 Cathedral specific insurance policies in 2023 will be \$541,000 –
- (a) \$517,000 for the ISR excess over \$150 million. The normal Industrial Special Risks (ISR) policy arranged by the ACPT as part of the parish insurance program covers all parish

buildings, but to a maximum liability of \$150 million on any one building, The Cathedral is the only building with has an insured value of more than \$150 million.

- (b) \$24,000 for the Liability 4th excess layer. The normal Public Liability cover applicable to parishes is limited to \$200 million, but the ACPT decided the concentration of people and commercial buildings in the vicinity of the Cathedral warranted a higher limit for that location.

Happily this year it appears there will be sufficient funds available to Synod to cover the full cost of these 2 policies. This will allow a return to the principle adopted in 2021 where these costs, relating specifically to the Cathedral, were removed from the Parish Property and Liability Insurance Program (a component on the variable PCR charge) to take pressure off the rise in PCR costs borne by the parishes.

- 17. In 2023 funding will be required for two new initiatives approved by Standing Committee –
 - (a) The psychological testing of presbyters is expected to cost \$27,000. This program actually commenced in 2022 and was funded in the first year from reserves in the Ordination Training Fund, but those reserves are not sufficient to cover the on-going cost; and
 - (b) The phased introduction of ‘Pastoral Consultation’ (involving a minister meeting regularly with a practitioner skilled in supervision) which commenced with a pilot program in 2022 funded from Contingencies and is expected to cost \$20,000 in the first full year.
- 18. The base amount allocated to Moore Theological College for 2023 has been continued at the level of \$1,463,000. However, this year the College has not been asked to agree to a temporary reduction (in 2022 this was \$110,000). This voluntary reduction in 2021 and 2022 was in recognition of the healthy financial position the College enjoyed as a result of COVID-19 benefits it received and related savings over this period. This no longer applies in 2023.
- 19. In response to Synod resolution 5/18, in 2020, 2021 and 2022 an additional allocation of \$100,000 pa has been made to Evangelism and New Churches to support the newly created position of Assistant Director (Parish Evangelism). Evangelism and New Churches has not yet decided whether to continue that position following the resignation of the current Assistant Director, the Rev John Lavender, effective later this year. Accordingly, at this stage no allocation of funds to support that position has been made for 2023.
- 20. The amount allocated to the Work Outside the Diocese Committee to support gospel ministry outside the Diocese has been maintained at 5% of the total income available to Synod, although the dollar amount of this allocation is \$2,000 less than in 2022 as a result of the reduction in total income.
- 21. No allocation to fund the position of Diocesan Researcher (a two day per week position) will be required for 2023. Following the resignation of the Researcher in 2021, there was a significant period during which the position was vacant. As a result, SDS will be able to fund the recently appointed person during 2023 using accumulated reserves. It is expected that Synod funding for this position will need to resume in 2024.
- 22. Standing Committee has recommended that the annual administration fee of \$25,000 payable by the Sydney Anglican (National Redress Scheme) Corporation be funded by direct Synod allocation in 2023.
- 23. An amount of \$143,000 remains available for Contingencies in 2023. This figure is a little more than the \$111,000 provided in 2022, but is considered prudent given how quickly the available balance has been depleted in recent years as Standing Committee has sought to respond to unforeseen circumstances.

For and on behalf of the Standing Committee.

DANIEL GLYNN
Diocesan Secretary

25 July 2022

Synod Funding for 2023

| | Actual for 2021 \$000 | Actual for 2022 \$000 | Standing Committee proposal for 2023 \$000 |
|---|-----------------------------|-----------------------------|--|
| SOURCE OF FUNDS | | | |
| GAB distribution from Diocesan Endowment | 3,239 | 3,249 | 3,401 |
| GAB additional distribution from DE (in lieu of proposed distribution from DCIF) | - | 96 | - |
| GAB distribution from Diocesan Cash Investment Fund | 96 | - | - |
| Synod – SAH Fund 134 distribution from Synod's 50% share of SAHT | 2,693 | 2,477 | 2,400 |
| Parish trusts | | | |
| Bondi (lease income from preschool at 34 Ocean St) | 22 | 17 | 27 |
| Church Hill (lease income from No. 1 York St office block) distributions ceased June 2021 | 268 | 272 | 137 |
| Church Hill (lease income from No. 1 York St office block) – catch – up for Jul – Dec 2021 | - | - | 137 |
| Church Hill (investment income) | 5 | 5 | 5 |
| King St – St James (lease income from Phillip Street office block) – received in 2020 | 231 | 342 | 282 |
| King St – St James (lease income from Phillip Street office block) – adj. received Feb 2022 | - | - | 101 |
| Manly (lease income from shops on the Corso) | - | - | - |
| Narellan (investment income from sale proceeds) | 25 | 24 | 24 |
| Paddington (lease income from 241 Glenmore Rd) | 15 | 7 | 1 |
| Ryde (lease income from Kirkby Gardens residential unit block) | 549 | 525 | 463 |
| South Sydney (investment income from sale proceeds) | 7 | 5 | - |
| Surry Hills (investment income from sale proceeds) | 2 | 1 | - |
| Wollongong (lease income from hotel/university accommodation) | 25 | 26 | 26 |
| Miranda (lease income from former service station) | 4 | 4 | 4 |
| ACPT Synod Fund (C/F 400 interest less ACPT fees) | 12 | - | 1 |
| Interest earned in Synod Fund 129 (2 nd half 2020 = \$548, 1 st quarter 2021 = \$422) | 21 | 1 | - |
| Subtotal parish trusts | 1,185 | 1,229 | 1,208 |
| <u>less</u> 1% added to capital of SAIPMF | (72) | (71) | (70) |
| Subtotal all sources | 7,141 | 6,980 | 6,939 |
| Surplus released from reserve funds | - | - | 700 |
| Amounts appropriated for prior year that will not be spent / required that year – | | | |
| General Synod statutory assessment | 47 | - | 6 |
| Provincial Synod | 4 | 4 | - |
| Sydney Synod – Venue Hire and Printing | 80 | 110 | 38 |
| Sydney Synod – committee members carparking | 17 | 14 | - |
| Sydney Synod - Archbishop's election Synod – venue hire and printing | 80 | - | - |
| Standing Committee venue hire and catering (incl. subcommittees) | 8 | - | - |
| St Andrew's Cathedral staff carparking in SAH (<i>previously in Contingencies</i>) | 7 | 4 | - |
| Total funds available | 7,384 | 7,112 | 7,683 |

| | Actual for 2021 \$000 | Actual for 2022 \$000 | DRC draft for 2023 \$000 |
|---|-----------------------------|-----------------------------|--------------------------------|
| USE OF FUNDS | | | |
| Long Term Requirements | | | |
| Archbishop's PR (Media Officer) | 161 | 161 | 161 |
| Immediate Requirements | | | |
| Membership/affiliation – | | | |
| General Synod | 530 | 541 | 582 |
| Provincial Synod | 12 | 8 | 8 |
| Sydney Reps at General Synod | 40 | 30 | 50 |
| Freedom 4 Faith - affiliation fee | 20 | 20 | 25 |
| NSW Council of Churches | 18 | 18 | 18 |
| NCLS | 15 | 40 | - |
| Sydney Synod – | | | |
| Venue Hire & Printing | 110 | 200 | 90 |
| Printing & mailing hardcopy Synod materials to members who opt-in | 10 | 10 | 10 |
| Committee members carparking | 23 | 10 | 10 |
| Archbishop's election Synod – venue hire and printing | 80 | - | - |
| Standing Committee venue hire and catering (incl. subcommittees) | 12 | 12 | 12 |
| St Andrew's Cathedral staff carparking in SAH | 10 | 10 | 10 |
| SDS - Synod, Standing Committee & parishes | 1,021 | 1,021 | 1,062 |
| SDS – Diocesan Overhead | 435 | 435 | 453 |
| Synod Reserve fund replenishments | - | - | 250 |
| Cathedral – Diocesan contribution to recurrent funding needs | 269 | 269 | 269 |
| Insurance cover for the Cathedral – ISR excess over \$250m & Liability 4 th excess layer | 405 | 230 | 541 |
| EOS Expenditure Fund – increased costs to maintain expanded Diocesan database | 28 | 28 | 28 |
| Long Term Mission Commitments | | | |
| Ministry Training & Development | 397 | 397 | 397 |
| OTF – new ordinands' psychological tests & conference | 43 | 43 | 41 |
| – qualified persons to interview ordination candidates in relation to domestic abuse | 11 | 11 | 12 |
| – presbyters psychological testing | - | - | 27 |
| – pastoral consultation | - | - | 20 |
| Moore Theological College | 1,463 | 1,463 | 1,463 |
| <i>less</i> temporary reduction to partner with Diocese given COVID-19 benefits and savings | (80) | (110) | - |
| Youthworks College | 75 | 75 | 75 |
| Current Mission Activities | | | |
| Anglican Education Commission / Education advocacy consultant(s) | 128 | 10 | 10 |
| Anglican Media Council | 199 | 199 | 199 |
| Anglicare - research | 108 | 108 | 108 |
| Evangelism & New Churches | 274 | 274 | 274 |
| Additional funding to support new position of Assistant Director (Parish Evangelism) | 100 | 100 | - |
| TEMOC – Anglican chaplaincy in tertiary education | 108 | 108 | 108 |
| Work Outside the Diocese Committee – | | | |
| Supporting gospel ministry outside the Diocese (<i>5% of total income from all sources</i>) | 357 | 349 | 347 |
| Funding the Diocese of Bathurst (<i>\$250k pa for 6 years from 2019</i>) | 250 | 250 | 250 |
| Youthworks – Ministry Support Team | 293 | 293 | 293 |
| SRE Office – SRE Primary Upgrade | 215 | 215 | 215 |
| Lord Howe Island | 22 | 22 | 22 |
| Diocesan Researcher | 47 | 47 | - |
| Contribution to cost of Parish HR Partner | 75 | 75 | 75 |
| Sydney Anglican (National Redress Scheme) Corporation annual administration fee | - | - | 25 |
| Contingencies | 100 | 140 | 143 |
| | 7,384 | 7,112 | 7,683 |