

Synod Appropriations Ordinance 1998

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Overview

1. Introduction

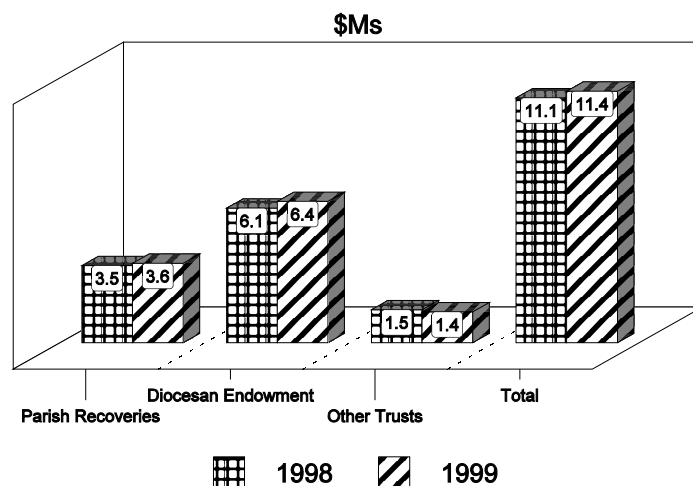
1.1 We are grateful to our heavenly Father for the example and wisdom of those who have gone before us in securing a firm financial base for gospel ministry in our Diocese. We also thank God for the increased income from the Diocesan Endowment and some other trusts in 1997, which will enable us to continue to fund gospel ministry throughout and beyond the Diocese.

1.2 Further, we are grateful for those parishes who not only bear the cost of their own ministry and property costs but are also willing to help pay those costs for lower income parishes.

1.3 We are mindful of the responsibilities we have towards God, to be good stewards of our resources in a way that glorifies his name and extends his kingdom. To that end we have sought to allocate the income from the Diocesan Endowment and other trusts in line with our Diocesan priorities.

1.4 Charts showing the overall appropriation and allocations for 1999 follow. Appropriations and allocations are each increased by about 2.4%.

Appropriations



2. Objectives and Priorities

Objectives

2.1 Key objectives in the Bill are -

- (a) to reflect the priorities of the Synod (3rd Schedule);
- (b) to provide for the full recovery of parish ministry and property costs (line items 1 and 3);
- (c) to maintain the real value of the Diocesan Endowment by reduced appropriation (line item 2);
- (d) to encourage participation by organisations in Interest Group Committees for line items 5, 6, 7 and, this year, 8; and
- (e) to prepare for 3 year funding by increasing the Synod reserve (line item 12).

Priorities

2.2 Priorities in the Bill are -

- (a) to increase support to Training for Ministry (line item 5); and
- (b) to increase support to the Regions (line item 6);
- (c) to continue strong support for children's and youth ministries.

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3. Form of the Bill

3.1 The Bill is in similar form to the Synod Appropriations Ordinance 1997, except that some line items have been reordered to better reflect priorities.

3.2 The form of the Bill is also intended to help the Synod focus on policy issues and major allocations of resources. The detailed line item schedules 3 to 10 form part of the Bill.

Appropriations

4. Line item 1 - Recovery of Parish Ministry and Property Costs (Line item 3)

4.1 Last year the Synod adopted a formula for determining the basic charge payable by each parochial unit for parish ministry and property costs consisting of a minimum charge plus a percentage of net receipts above a threshold amount. The Bill proposes a similar formula for cost recoveries in 1999 (see Schedule 1) with the basic charge for a parish to be a minimum charge of \$8,535 (1998 \$8,810) **plus** 4.95% (1998 4.3%) of net receipts over a threshold amount of \$73,000 (being a wage inflated adjustment of the 1998 threshold of \$70,000). Provisional parishes will pay a minimum charge of \$4,268 **plus** 4.95% of net receipts over \$73,000 (see the Schedule of Parish Ministry and Property Cost Recoveries 1999 annexed).

4.2 The following is the basis of the minimum charge.

For a Parish	1998 \$	1999 \$
Minister's Superannuation	5,574	5,747
Minister's Long Service Leave	965	965
Stipend Continuance Plan	273 ¹	267 ¹
Sickness/Accident Fund	55 ¹	82 ¹
Property Titles Registry	216 ²	224 ²
Insurance charge	1,327 ³	1,250 ³
Sexual Misconduct Protocol	400	-
Minimum charge	8,810	8,535
Notes -		
1. Recovered over parish clergy.		
2. Recovered over all parochial units.		
3. The minimum charge is for \$1.0 million value of buildings and contents (almost all parochial units have values in excess of \$1.0 million) plus public liability, directors and officers, professional indemnity, fidelity and voluntary workers cover (see 8.3).		

4.3 The Sexual Misconduct Protocol cost has been reduced to nil in the minimum charge (see 8.2), however clause 8 of the Bill continues to preserve an emergency levy on each parish of up to \$500 and on each provisional parish of up to \$250 if the need arises.

4.4 In addition to the basic charge calculated in accordance with the formula referred to in 4.1 each parochial unit must pay the actual cost for each assistant minister of superannuation, long service leave, stipend continuance plan and sickness and accident fund. For 1999 these charges are estimated to be \$7,061 for each senior assistant minister (being an assistant minister with 7 or more years service) and \$6,486 for each other assistant minister -

<i>Assistant Minister Charge</i>	<i>Senior Assistant Minister</i> \$	<i>Assistant Minister</i> \$
Superannuation	5,747	5,172
Long Service Leave	965	965
Sickness/Accident Fund	82	82
Stipend Continuance Plan	267	267
Estimated Total Charge	7,061	6,486
Increase over last year	3.5%	3.5%

4.5 It is estimated that the amounts received from applying the formula referred to in 4.1 and the additional payments for each assistant minister referred to in 4.3 will meet the total amount of parish ministry and property costs in 1999 of \$3,590,000. Reduced costs in line item 3 have allowed full cost recovery to be achieved in 1999, 1 year ahead of the target of 2000. Full cost recovery means the 50% subsidy of the minimum charge given to provisional parishes will be funded from parishes and provisional parishes contributing above the minimum charge.

5. Line item 2 - Appropriations from Trusts etc

5.1 The Diocesan Endowment and other trusts provide money which, for accountability and visibility, is spent through Synod Appropriations Ordinances. The 2nd Schedule of the Bill shows that total appropriations from trusts in 1999 have increased by 3.0%.

Diocesan Endowment

5.2 Due to the erosion of the capital of the Diocesan Endowment, as reported in previous years, the Diocesan Endowment Ordinance 1984 provides for the rate of distribution for 1999 to be reduced from up to 70% to up to 69% of the Operating Surplus and, in each future year, the rate is further reduced by 1% until up to 65% of the Operating Surplus is

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distributed in 2003. At the end of 1997 the value of the Diocesan Endowment was \$122.5 million compared with \$110.7 million in 1996. The Endowment is recovering in value since a low point of \$95 million in 1992, reflecting the strong investment markets over the last few years. We are grateful for capital contributions made to the Endowment in 1997 from the parishes of Caringbah (\$92,750), Mosman (\$101,597) and Flinders Street, Sydney (\$2,728).

5.3 It is proposed that the appropriation from the Diocesan Endowment in 1999 be \$6,372,088, being 69% of the Operating Surplus. Notwithstanding the reduction in the rate of distribution from 70% to 69%, the appropriation from the Diocesan Endowment is up by 4.7% due to improved earnings in 1997.

Other Trusts

5.4 We continue to be grateful to parishes like Hornsby, Hunter's Hill, Manly, Narellan, Ryde, St James' Sydney, St Michael's Sydney and St Philips' Sydney for their significant income contribution.

5.5 However, other trust income is reduced by 4.4% and this downward trend is likely to continue as a result of recent ordinance reviews reducing (or eliminating) income to Synod. This trend may cause difficulties for Synod's finances in the years ahead.

Synod reserve

5.6 The Synod reserve was established several years ago when some income was retained for poor years when distributions from the Diocesan Endowment would be depressed. The Synod reserve has fallen from \$8m in 1994 to \$2.99m at 31 December 1997. During 1997 \$1.0 million was appropriated for the Cathedral restoration appeal (see paragraph 3.4 of Standing Committee's Report to the Synod).

Allocations

6. The approach to recommended grants

6.1 Wage inflation adjusted grants are proposed, where appropriate, consistent with the Standing Committee's priorities.

Archbishop's priorities

6.2 The Archbishop would like continued support for children's and youth ministries in our parishes (line items 7 and 10), the trial of the Ministry Assessment Centre (line item 5), the advancement of contemporary music for public worship and the provision of funds for major scripture distribution in 2000 and 2001. Effect has been given to some of the Archbishop's wishes.

Line items 5 to 8 - Interest Group Committees

6.3 Committees were formed this year for line items 5, 6, 7 and 8 and many of the line item committees' recommendations have been adopted. The work of the people involved in these committees is appreciated.

Other Requests

6.4 A number of other requests were received including some requests for grants for programmes which were not supported for 1998 and which the Standing Committee considers should not be supported this year. Details of such requests have not been included in the relevant line item schedules. One of these programmes was General Synod - Special Assessments for which \$82,000 was requested this year. Grants to bodies outside the Diocese are proposed in lieu (see 9.14).

6.5 The following new requests were received but not recommended for grants -

- (a) Anglican Youth and Education -
The Christian Leadership Training Centre \$115,000.
- (b) Western Sydney Regional Council -
Lay institute for ministry leadership training \$63,000.
- (c) Archbishop -
 - (i) Advancement of contemporary music \$10,000
 - (ii) Millennium Project - evangelism for 1999 - 2001 \$300,000.

6.6 The Standing Committee considers that the programmes referred to in 6.5 (a) and (b) are similar in nature and recommends that lay ministry training be further investigated before any grant is made for such a programme.

Line item 11 - Contingencies

6.7 Contingencies have been set at \$88,000 (about 0.8% of total appropriations).

Line item 12 - Synod reserve

6.8 It is proposed that \$200,000 be added to the Synod reserve (see 5.6) in preparation for 3 year Synod funding. It is important to maintain about \$3 million in the reserve over the period of the 3 year budget. We estimate that at the end of the triennium the reserve will be around \$3.02 million.

7. Programmes moved to another line item

7.1 Some programmes have been moved to another line item.

Line item 4

7.2 CPT Cathedral Insurances have been separated from the Parish Insurances (line item 3) for accountability and recognition as a Diocesan cost. Costs have been reduced by \$20,000 to \$38,000 through successful negotiations about premiums.

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Line item 7

7.3 Olympic/Para Olympic Games Task Force has been moved from line item 8 to better reflect its outreach ministry, and an increase in grant of \$15,000 is proposed to fully fund it.

8. Recommended reductions in grants

8.1 Cuts in grants are proposed for some programmes. In some cases this is because the request from the organisation was less than last year.

Line item 3

8.2 Sexual Misconduct Protocol - \$100,000 was requested but nil is proposed due to reserves held from grants in past years. As a consequence there is no cost recovery in the minimum charge (see 4.2 and 4.3).

8.3 CPT Parish Insurances - reduction in grant of \$80,000 proposed in line with request due to successful negotiations to reduce the premium (see 4.2). However premiums may increase during the next few years.

8.4 Standing Committee - Long Service Leave for Clergy etc - reduction in grant of \$35,000 proposed in line with request due to a fall in number of clergy.

Line item 5

8.5 Moore College - Housing for married students - a reduction in grant of \$13,000 proposed in line with request due to reduced income from the St Luke's Liverpool Ordinance 1976, from which the grant is paid. But see 9.7 and 9.16.

Line item 8

8.6 Archbishop - Clergy Mobility Assistance Fund - reduction in grant of \$40,000 proposed due to reserves held.

8.7 Archbishop - Promotion and administration costs for the Vision 2001 Appeal - reduction in grant of \$55,000 proposed partly in line with request due to cost savings and reserves held. This grant ensures that donations from the public are not used for administration and has reduced in recent years because of significant savings in operating costs. A larger grant may be required in future years.

Line item 9

8.8 Sydney Diocesan Superannuation Fund - Superannuation for Clergy on missionary service - reduction in grant of \$12,000 proposed in line with request.

9. Recommended increases in grants

9.1 There are some new programmes proposed and increases in grants (above wage inflation adjustments) are proposed for some continuing programmes.

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Line item 3

9.2 Sickness and Accident Fund - increase in grant of \$10,000 proposed to reflect greater claims on the Fund.

Line item 4

9.3 General Synod Statutory Assessment - increase in grant of \$23,000 of which \$18,000 is due to Sydney's increased representation on General Synod and the balance is due to increased General Synod costs.

9.4 Sydney Diocesan Secretariat - serving the Synod etc - increase in grant of \$43,000 proposed after 3 years of reduced requests using reserves, reflecting the relevant services cost.

Line item 5

9.5 Archbishop - Ministry Assessment Centre - a grant of \$16,000 is proposed. In 1998 the programme was supported by Standing Committee from Contingencies.

9.6 Continuing Education for Ministers - increase in grant of \$10,000 proposed to fund a change in ministry strategy.

9.7 Moore College - General Theological Education - increase in grant of \$48,000 proposed to reflect its strategic priority to the Diocese.

9.8 Ordination Training Fund - funding for 2 new programmes proposed: \$7,000 for reimbursing prior year bursaries and \$10,000 for bursaries for lay stipendiary candidates.

Line item 6

9.9 Regional Councils - total increase in grants of \$75,000 (4%) proposed with North Sydney to receive the first \$50,000, and the balance pro rata based on the prior years' distribution to all 5 regions. The following income of regional councils in 1997 from other sources, including other ordinances, was disclosed in preparing the proposals: Georges River \$66,000, North Sydney \$266, South Sydney \$65,000, Western Sydney \$19,500 and Wollongong \$105,000. The use of some of this other income is restricted by trusts.

Line item 7

9.10 Anglican Youth and Education - Church resourcing of children's and youth ministry - an increase in grant of \$15,000 is proposed to help maintain its children's ministry. It is proposed that an additional request for \$450,000 to expand the ministry be not funded.

9.11 Anglican Youth and Education - capital funds for conference and camping centres - increase in grant of \$10,000 proposed to reflect its strategic priority to the Diocese.

Line item 8

9.12 Archbishop - Vision 2001 Projects - increase in grant of \$40,000 proposed to reflect its strategic priority to the Diocese.

9.13 St Andrew's Cathedral Chapter - increase in grant of \$6,000 proposed to help maintain its ministry to the city.

Line item 9

9.14 Grants making up the equivalent to the General Synod - Special Assessment - increase of \$9,000 proposed mostly in line with requests, the largest increase being given to the Diocese of North West Australia.

Line item 10

9.15 Anglican Youth and Education - capital funding for 2 new programmes proposed - \$25,000 for refurbishment of Gilbulla Memorial Conference Centre and \$20,000 for Camp Challenge's bus.

9.16 Moore Theological College - special grant of \$24,000 proposed for refurbishment of student housing.

9.17 Standing Committee - grant of \$50,000 proposed for defending legal actions brought against the church where there is no insurance cover and a grant of \$13,000 proposed to start providing for the expenses of our delegates to the next General Synod in 2001.

For and on behalf of the Standing Committee

M.S. FRANCIS

14 August 1998

[Annexures not included here]

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