

Synod Estimates Ordinance 1999

Explanatory Report

Contents	Item
Overview	
Introduction	1
Objectives and Priorities	2
Form of the Bill	3
Appropriations	
Line item 1 - Appropriations from Trusts etc	4
Allocations	
The approach to recommended grants	5
New Programmes recommended	6
New Programmes not recommended	7
Programmes moved to another line item	8
Recommended reductions in grants	9
Recommended increases in grants	10
Conclusion	
Summary of Appropriations and Allocations	11
Annexures	
Line Item Schedules	

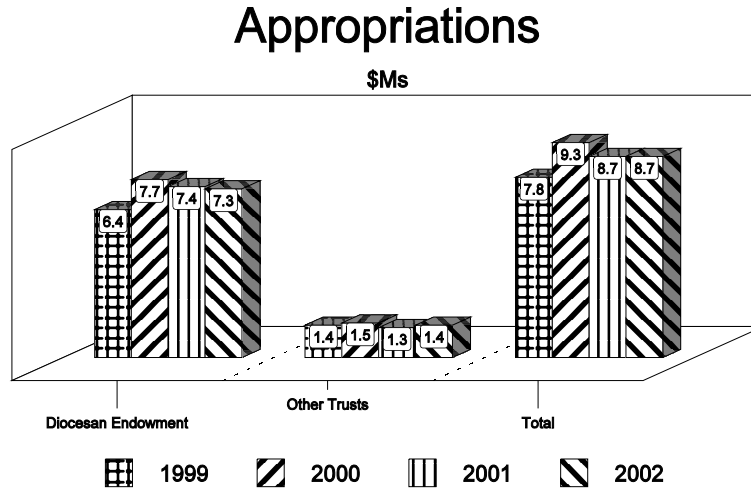
Overview

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 1998, which will enable us to continue to fund gospel ministry throughout and beyond the Diocese.

1.2 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, after a detailed review, we have sought to allocate the income from the Diocesan Endowment and other trusts in line with our Diocesan priorities.

1.3 Charts showing the overall appropriation and allocations for 2000 to 2002, which have been increased by about 7% pa, follow.



2. Objectives and Priorities

Objectives

2.1 Key objectives in the Bill are -

- (a) to provide for priorities during the triennium (2nd Schedule);
- (b) to increase appropriations this triennium to fund key Diocesan ministries and infrastructure (line item 1);
- (c) to encourage participation by organisations in Interest Group Committees for line items 2, 3, 4, and 6 (part) or by consultation for other organisations and new initiatives;
- (d) to increase strategic planning and accountability in grant recipients (see item 5.1); and
- (e) to provide an opportunity for a more detailed assessment of the direction of spending from the Diocesan Endowment.

Priorities

2.2 Priorities in the Bill are -

- (a) to support training for ministry both ordained and lay (line item 2);
- (b) to support children's and youth ministries (line item 3);
- (c) to support parish ministry growth via the Regional Councils allocating resources according to a formula devised by the relevant interest group committee (line item 4); and

- (d) to provide 1% of appropriations to needy overseas dioceses as a new initiative (line item 10).

3. Form of the Bill

3.1 The Bill is in similar form to the Synod Appropriations Ordinance 1998. Clauses have been added to give effect to Synod's decision in 1998 to provide triennial funding. There are 2 schedules to the Bill. The 1st schedule lists the trust income (see 4) and the 2nd schedule is a summary of the appropriations and allocations recommended. There are also detailed line item schedules attached to this report giving details of the recommended triennial grants. Some line items and grants have been reordered from 1998 to better reflect the Synod's priorities noted above.

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 2 to 14 form part of the Bill (see clause 4.1).

3.3 An innovation this triennium is to split the allocations between recurrent (92% of appropriations) and non recurrent (8% of appropriations). This is intended to help manage both the growth of the Diocesan Endowment (see 4.4) and ensure that funds are made available to strategic Diocesan ministry infrastructure.

Appropriations

4. Line item 1 - Appropriations from Trusts etc

4.1 As reported to Synod in 1998 the move to triennial funding requires added care with forward estimates. The actual income earned in 1998 is distributed in 2000. At the time this report is prepared only a part of the 1999 income, which is distributed in 2001, is actually known and the balance of 1999 is estimated. 2000 income which is distributed in 2002 is estimated. Variations in income may occur and the Synod reserve is being used as the buffer. Ordinarily we would not expect such variances to have any significant impact on the arrangements made in this ordinance.

4.2 It was reported to Synod in 1998 that ordinances contributing trust income to Synod during the triennium should not be amended to reduce their distribution rates to Synod up to 31 December 2000. Otherwise Synod's ability to honour its grant commitments may be jeopardised.

4.3 The Diocesan Endowment and other trusts provide money which, for accountability and visibility, is spent through the Synod Estimates Ordinance. The 1st Schedule of the Bill shows that total estimated appropriations from trusts for the 3 years 2000 to 2002 have increased by 7% pa on average. Standing Committee will report to Synod during the triennium the actual trust income earned in 1999 and 2000 (distributed in 2001 and 2002 respectively) and the consequent movements to and from the Synod reserve. The

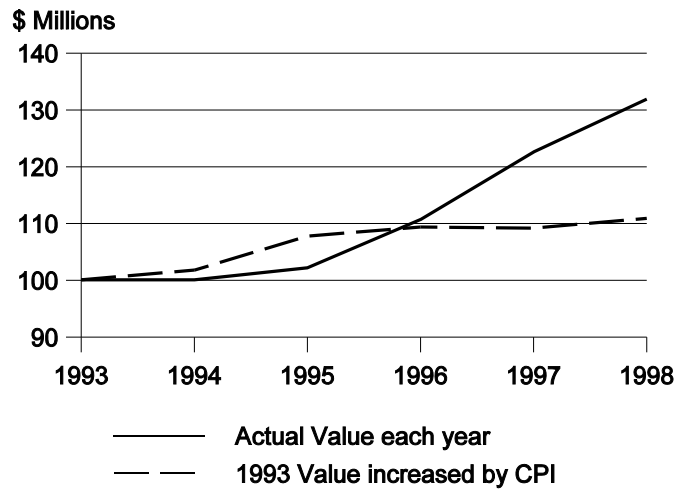
ordinance authorises Standing Committee to appropriate and allocate the funds reported for those years.

Diocesan Endowment

4.4 The erosion of the capital of the Diocesan Endowment has been reported in previous years and the Diocesan Endowment Ordinance 1984 was amended to reduce the rate of distribution to up to 65% by 2003. The Standing Committee has reviewed the real value of the Diocesan Endowment and is pleased to note that it is recovering in value since a low point of \$95 million in 1992 which reflects the strong equity investment markets over the last few years. At the end of 1998 the value of the Diocesan Endowment was \$131.9 million compared with \$122.5 million in 1997. Over the past 20 years it has grown at an average of CPI plus 2.8% pa. We are grateful for capital contributions made to the Endowment in 1998 from the parishes of Dapto and Pymble.

4.5 The following table shows the growth of the Diocesan Endowment over the last 5 years -

Real Value of Diocesan Endowment



4.6 In view of recovery of the Diocesan Endowment and the recent higher surpluses, it is proposed to appropriate 75% of the actual and estimated surpluses for the triennium.

4.7 It is pleasing to note that the appropriation in 1997 of \$1.2 million for the Sydney Anglican Indigenous Peoples Ministry Trust Fund generated \$78,346 income in 1998 to plant and support churches where indigenous people may minister in a way that the

Gospel is commended to them. It is also pleasing to note that the appropriation in 1997 of \$1 million for the St Andrew's Cathedral Restoration Appeal has enabled the commencement of the work.

Other Trusts

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

4.9 However, other trust income is reduced slightly on average from last year and this downward trend is likely to continue in the next few years 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.

4.10 A one-off appropriation of \$130,000 from capitalised income of the CENEF Ordinance is proposed to fund the start-up costs of Anglican Youthworks' new lay training institute and resource centre. This is in addition to the usual 75% of the annual surplus from the CENEF Ordinance which in recent years has gone to Anglican Youthworks to help fund capital works at its camping sites (line items 1 and 3).

Synod reserve ("Provision for Distribution")

4.11 The Synod reserve was established in the early 1990's when some income was retained for poor years when distributions from the Diocesan Endowment would be depressed. The Synod reserve has been used and fell from \$8 m in 1994 to \$3.19 mil at 31 December 1998. It is intended to use the Synod reserve as a buffer against unexpected drops in distributions from the Diocesan Endowment. As a consequence in 1998 \$0.2 mil was credited to the reserve as a top-up to prepare for triennial funding.

Allocations

5. The approach to recommended grants

5.1 Consistent with the introduction of triennial funding the process of applying for grants was amended to increase strategic planning and accountability. A multi-stage consultation, application and review process was introduced for our organisations. The Standing Committee revised its priorities (see 2.2) and proposes an 8.5% pa average increase in Training for Ministry, a 3.5% pa average increase in Youth and Children's Ministries (including special grants), a 4.3% pa average increase in Parish or Area Ministry Growth, a new line item namely Capital Projects for strategic Diocesan infrastructure, and wage inflation adjusted grants for the remainder where appropriate.

5.2 The move to triennial funding implies certain changes as reported to Synod in 1998. There is some risk of variances in income (see 4.1). The Synod reserve is large enough to withstand most income variations and best efforts will be made to honour

approved grants. However, in the unlikely event of a major collapse in income later this year or next year an ordinance may need to be promoted to abate some or all grants and if so notice will be given by Standing Committee to any organisations affected. Unexpected expenses or priority opportunities in the triennium will be met from contingencies or by an ordinance to Synod.

Archbishop's priorities

5.3 The Archbishop would like support, increased support or continued support for Jubilee 2000 - 1% of appropriations to needy third world dioceses (line item 10), children's and youth ministries in our parishes (line items 3 and 14), the Ministry Assessment Centre (line item 2), the "Fresh Start 2000" evangelisation project, his Special Curacies program to increase support from 3 to 4 curates (line item 2) and for major scripture distribution in 2000 and 2001 (line item 14). The Archbishop has also requested Synod to support infrastructure for new schools. Effect has been given to some of the Archbishop's wishes where possible.

Line items 3 to 6 - Interest Group Committees

5.4 Committees were formed this year for most programmes in line items 2, 3, 4 and 6 and much of the line item committees' recommendations have been adopted. A consultation process was conducted for other organisations and proposed new initiatives that did not fit easily into a common interest group. The work of the people involved in these committees is appreciated. Taking into account the advice of the line item committees, 3% has been accepted as a reasonable increase for cost of living adjustments for continuing programmes, while some programmes have been increased or decreased and new programmes accepted or rejected for reasons listed below.

Line item 11 - Transfer to Parish Cost Recoveries Ordinance

5.5 When the Parish Cost Recoveries Committee's report was adopted, Standing Committee requested a grant towards the insurance costs of heritage church buildings (which are foreshadowed in the Parish Cost Recoveries Ordinance) of \$194,000 for 2000 rising by an estimated 3% pa for 2001 and 2002. Further, Standing Committee agreed that the CPT's titles registry and consultation service for parish property should no longer be a charge recovered from parishes, and accordingly, is recommending funding through this Ordinance of \$20,000 for each year, totalling \$60,000.

Line item 12 - Contingencies

5.6 Contingencies have been set at \$337,000 for the triennium (line item 12, 2nd Schedule).

Line item 15 - Synod reserve

5.7 It is proposed that the Synod reserve (see 4.11) be held at \$3.19 mil for triennial Synod funding. It is important to maintain about \$3 million in the reserve over the period of the triennium.

Other Requests

5.8 A number of other requests for grants were received including some for programmes which were not supported for this year and which the Standing Committee considers should not be supported during the triennial. Details of such requests have not been included in the relevant line item schedules (see 7.1).

5.9 One of the programmes for which funding is not supported is the General Synod - Special Assessments for which \$257,000 was requested for the 3 years. Under the 1961 Constitution a diocese is not obliged to pay the Special Assessments and, since 1995, the Synod has elected not to make the payment. Consistent with the approach in recent years, grants to bodies outside the Diocese are proposed in lieu (see 10.13). Last year the Synod requested that each parish council consider making a voluntary payment of \$300 to the General Synod on account of the Special Assessment and, where a parish council did not do so, requested that parishioners feel free to direct so much of their voluntary offerings to the General Synod as would make up the sum of \$300. Members are reminded of these requests which parish councils and parishioners may wish to consider this year.

6. New Programmes recommended

6.1 Standing Committee recommends that the following programmes be funded -

Line Item 6

6.2 Anglican Media Council - \$60,000 in 2000 for a new television current affairs programme, which will be reviewed next year for further funding in 2001 and 2002.

Line item 10

6.3 Archbishop-in-Council - Jubilee 2000 - 1% of appropriations to needy third world dioceses - \$266,000 during the triennium as requested by Synod Resolution 11/98.

Line Item 13

6.4 Moore Theological College requested a \$3 million capital grant towards the cost of developing new library facilities. At the time the proposal was made little detailed planning was available. The Archbishop would also like Synod to support new low fee Anglican schools with capital grants. It is proposed to address these issues, firstly by a \$25,000 grant to MTC for a facilities master plan to cover both educational and infrastructure needs and, secondly, by putting aside \$1.1 million into a new item namely Archbishop-in-Council - Diocesan projects so that some of their needs, together with other Diocesan infrastructure needs such as churches, schools and new sites, can be met as they are determined during the triennium.

Line Item 14

6.5 Anglican Youthworks Lay Training Institute - \$130,000 in 2000 only to provide start-up costs (see 4.9). It is expected to be self-funding from 2001.

6.6 Anglican Youthworks Trowel replacement project - \$100,000 in 2000 only to assist in this important church based children's ministry project.

6.7 Anglicare - parish planning consultancy - \$50,000 for each of the 2 years 2001 and 2002 towards the cost of a planning consultancy to assist parishes implement growth strategies. These funds are provided subject to the relevant Regional Councils providing an equivalent amount.

6.8 Millennium Scripture Distribution Committee - \$20,000 for "seed" funds to assist in the outreach project.

7. New Programmes not recommended

7.1 The following requests for new programmes were received but not recommended for grants predominantly because of the limited funds available to Synod and the higher priority of other programmes -

No.	New Initiative	\$000's	Sponsor(s)	Line Item
(a)	Children's Ministry Adviser	50 pa	Anglican Youthworks	3
(b)	Diocesan Archives	110 pa	Archbishop	6
(c)	Government lobbying	22 pa	Social Issues Committee	6
(d)	Parish social issues project	38 pa	Social Issues Committee	6
(e)	Parent Education	20 pa	Anglican Counselling Centre	6
(f)	Archbishop's Evangelical Literature Trust (note: this request may be allocated from Archbishop-in-Council Jubilee 2000 1%)	40 pa	Archbishop's Evangelical Literature Trust Committee	9

(g)	Fresh Start 2000	55	Dept. of Evangelism etc	14
-----	------------------	----	-------------------------	----

8. Programmes moved to another line item

8.1 The Standing Committee's revision of its priorities (see 2.2) has necessitated a major change to the order of the line items and also to the grouping of programmes within each line item. Too many changes have been made to give details, however the previous year's grant and notes have been moved with the programme to minimise inconvenience and to provide accurate comparison.

9. Recommended reductions in grants

9.1 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

9.2 Anglican Youthworks - CENEF Income - reduction in grant of about \$17,000 pa. proposed to reflect actual and estimated income from the CENEF Ordinance.

Line item 5

9.3 Archbishop - Pastoral Relief Fund - reduction in grant of \$15,000 pa. proposed due to reserves held.

9.4 Church Property Trust - Parish Property Titles Registry and consultation service - a reduction in grant of \$43,000 pa. plus CPI proposed due to the need to balance the Synod budget. It is presumed that the Property Trust will have to amend its fee structure.

9.5 Standing Committee - Provision for Legal Defence Costs - reduction in grant of \$35,000 to \$30,000 pa. proposed due to reserves held.

9.6 Standing Committee - Rent Subsidies for church organisations with offices in St Andrew's House - reduction in grant of \$59,000 pa. proposed due to expected changes to St Andrew's House occupancy after renovation.

Line item 8

9.7 Standing Committee - Olympic/Para Olympic Games Task Force - no further grant from mid 2001 proposed due to review of purpose.

10. Recommended increases in grants

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

Line item 2

10.2 Archbishop - Clergy Professional Development - increase in grant of \$6,000 during the triennium or 20% each year proposed to provide assistance to clergy to undertake professional training.

10.3 Moore Theological College - General Theological Education - increase in grant of \$290,000 during the triennium or 5.5% each year proposed to reflect its strategic priority to the Diocese.

10.4 Moore Theological College - Housing for married students - increase in grant of \$22,000 during the triennium proposed due to an increase in the income from the St Luke's Liverpool Ordinance.

10.5 Ordination Training Fund - Bursaries for Ordination and Lay Candidates, including subsidising examination fees for recipients of bursaries and reimbursing prior year bursaries - increase in grant of \$533,000 during the triennium or about 22% each year proposed due to expected increase in number of Sydney candidates and no further reserves held.

10.6 Combined, Moore Theological College and the Ordination Training Fund will receive an average increase in grant of 11% each year during the triennium.

Line Item 4

10.7 Regional Councils - increase in grant of \$514,000 during the triennium or 4.3% each year proposed to phase in a fairer distribution of resources based on needs (see 2.2 (c))

Line item 5

10.8 Church Property Trust - Cathedral Insurances - increase in grant of \$27,000 during the triennium proposed due to reduction of excess payable for each claim.

10.9 Sydney Diocesan Secretariat - Serving the Synod etc - increase in grant of \$186,000 during the triennium proposed due to increase in actual costs to run the Synod and cut backs in previous years.

Line item 6

10.10 Archbishop - Promotion and Administration costs for Vision 2001 Appeal - increase in grant of \$45,000 during the triennium proposed due to increase in actual costs and no further reserves available. 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 7

10.11 Archbishop - Clergy Mobility Assistance Fund - increase in grant to \$50,000 p.a. proposed to build up this strategic fund.

10.12 Standing Committee - Repairs to Historic Churches - increase in grant of \$61,000 during the triennium proposed due to no further reserves available and new requirements under the Heritage Act 1977 for minimum standards of maintenance.

Line item 9

10.13 Grants making up the equivalent to the General Synod - Special Assessment - increase of \$11,000 or 4.5% each year during the triennium proposed mostly in line with requests, the largest increase being given to the Diocese of North West Australia.

10.14 Sydney Diocesan Superannuation Fund - Superannuation for Clergy on missionary service - increase in grant of \$21,000 during the triennium proposed due to an increase in those on service.

Conclusion

11. Summary of Appropriations and Allocations

11.1 The 2nd Schedule of the Synod Estimates Ordinance 1999 summarises the Standing Committee's priorities for the triennium 2000 - 2002.

For and on behalf of the Standing Committee

MARK FRANCIS

18 October 1999

[Annexures - not included here]