

Financial Resources of the Endowment of the See

(A report from the Endowment of the See Committee.)

Purpose

1. The purpose of this report is to inform the Synod about the Endowment of the See Committee's response to the following resolution of the Standing Committee at its meeting on 26 August 2013 –

“Standing Committee respectfully requests that the financial resources of the Endowment of the See to sustainably fund such a position [a fourth assistant bishop] without a levy on the parishes of the diocese be presented to the September meeting of the Standing Committee particularly in light of the Synod Appropriations and Allocations Ordinance 2013.”

Recommendation

2. Synod receive this report.

Background

3. The EOS Expenditure Fund forecast together with a cash flow forecast for the next five years was provided to all members of the Synod prior to the recent Election Synod.

4. That cash flow forecast has now been amended slightly and is attached.

5. Reference should be made to that report, together with the revised cash flow forecast.

6. Those projections are based on two major factors –

- (a) payment by the EOS for four regions
- (b) the sale of Bishopscourt towards the end of 2014 at the latest.

7. With those assumptions, the cash (deficit) surplus after capex is anticipated to be as follows –

| | |
|------|-----------|
| 2013 | (699,042) |
| 2014 | (639,705) |
| 2015 | 178,881 |

8. If Bishopscourt is not sold until 2015, the first surplus would not occur until 2016. If Bishopscourt is not sold until 2016, the EOS would run out of cash during 2016.

9. At the present time, the Archbishop is assisted by three full time regional bishops and one honorary bishop rather than five assistant bishops. This does not provide adequate support for the regions, nor is the workload sustainable for the bishops.

10. The EOS Committee believes that the Standing Committee can be reassured that it should be possible to appoint a fourth regional bishop without affecting the long term sustainability of the EOS, as long as Bishopscourt is sold in the foreseeable future.

Summary

11. The financial forecast for the EOS Expenditure Fund is based on two major assumptions –

- (a) the reduction from five to four regions being paid for by the EOS and
- (b) the sale of Bishopscourt.

12. The EOS Expenditure Fund should be able to sustainably fund the position of a fourth assistant bishop on the assumption that Bishopscourt is sold within the next two years at the latest.

For and on behalf of the Endowment of the See Committee

PHILIP SELDEN
Diocesan Registrar

12 September 2013

80 Ordinary Session of Synod : Proceedings for 2013

Endowment of the See Expenditure Fund Seven year cashflow forecast 2013 - 2019

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | Total |
|---|------------------|------------------|------------------|------------------|------------------|------------------|------------------|-------------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| INCOME | | | | | | | | |
| Interest | 38,407 | 22,426 | 13,717 | 19,505 | 22,739 | 25,307 | 25,187 | 167,288 |
| Distribution from EOS Capital Fund | 1,478,467 | 1,949,483 | 2,677,126 | 2,693,477 | 2,736,527 | 2,836,994 | 2,854,267 | 17,226,341 |
| Grants | 176,000 | 0 | 0 | 0 | 0 | 0 | 0 | 176,000 |
| Wollongong Funding (WRC and SASC) | 101,646 | 104,695 | 107,836 | 111,071 | 114,403 | 117,835 | 121,370 | 778,856 |
| Sublease income | 61,470 | 63,314 | 65,213 | 67,169 | 69,184 | 71,260 | 73,398 | 471,008 |
| Cost recoveries | 30,765 | 31,688 | 32,639 | 33,618 | 34,627 | 35,666 | 36,736 | 235,739 |
| PCR archives contribution | 50,000 | 51,500 | 53,045 | 54,636 | 56,275 | 57,963 | 59,702 | 383,121 |
| Distribution from Ryde Kirkby Gardens | 0 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 75,000 | 450,000 |
| Estate distributions | 40,000 | 41,200 | 42,436 | 43,709 | 45,020 | 46,371 | 47,762 | 306,498 |
| Total other income | 283,881 | 367,397 | 376,169 | 385,203 | 394,509 | 404,095 | 413,968 | 2,625,222 |
| TOTAL INCOME - CASH | 1,976,755 | 2,339,306 | 3,067,012 | 3,098,185 | 3,153,775 | 3,266,396 | 3,293,422 | 20,194,851 |
| EXPENSES | | | | | | | | |
| Salaries, Stipend and Wages | 1,326,016 | 1,380,278 | 1,421,686 | 1,464,337 | 1,508,267 | 1,553,515 | 1,600,120 | 10,254,219 |
| Housing allowances | 136,400 | 125,042 | 128,793 | 132,657 | 136,637 | 140,736 | 144,958 | 945,223 |
| Superannuation Contributions | 168,010 | 172,112 | 177,275 | 182,593 | 188,071 | 193,713 | 199,524 | 1,281,298 |
| Motor Vehicles | 46,161 | 44,749 | 46,091 | 47,474 | 48,898 | 50,365 | 51,876 | 335,614 |
| LSL Cost Recovery | 9,375 | 9,013 | 9,283 | 9,561 | 9,848 | 10,143 | 10,447 | 67,670 |
| Workers Compensation Insurance | 8,500 | 8,755 | 9,018 | 9,289 | 9,568 | 9,855 | 10,151 | 65,136 |
| Representation Costs | 5,684 | 4,825 | 4,970 | 5,119 | 5,273 | 5,431 | 5,594 | 36,896 |
| Fringe Benefit Tax | 2,074 | 2,136 | 2,200 | 2,266 | 2,334 | 2,404 | 2,476 | 15,890 |
| Total Staff and related costs | 1,702,219 | 1,746,910 | 1,799,316 | 1,853,296 | 1,908,896 | 1,966,162 | 2,025,146 | 13,001,945 |
| Professional fees | 13,450 | 13,854 | 14,270 | 14,698 | 15,139 | 15,593 | 16,061 | 103,065 |
| SDS fees | 295,000 | 303,850 | 312,966 | 322,355 | 332,026 | 341,987 | 352,247 | 2,260,431 |
| Computer, Software and internet costs | 24,500 | 25,235 | 25,992 | 26,772 | 27,575 | 28,402 | 29,254 | 187,730 |
| Insurance | 50,785 | 41,246 | 42,483 | 43,757 | 45,070 | 46,422 | 47,815 | 317,578 |
| Rent -SAH | 274,912 | 283,159 | 291,654 | 300,404 | 309,416 | 318,698 | 328,259 | 2,106,502 |
| Rent - Archives | 34,210 | 35,236 | 36,293 | 37,382 | 38,503 | 39,658 | 40,848 | 262,130 |
| Rent - Car Parking | 47,201 | 48,617 | 50,076 | 51,578 | 53,125 | 54,719 | 56,361 | 361,677 |
| Rent - Archbishop | 0 | 104,000 | 107,120 | 110,334 | 113,644 | 117,053 | 120,565 | 672,716 |
| Residential Rates - Municipal and Water | 25,952 | 22,096 | 22,759 | 23,442 | 24,145 | 24,869 | 25,615 | 168,878 |
| Fuel, Light and Power | 24,205 | 24,931 | 25,679 | 26,449 | 27,242 | 28,059 | 28,901 | 185,466 |
| Property Maintenance Expenses | 20,000 | 20,600 | 21,218 | 21,855 | 22,511 | 23,186 | 23,882 | 153,252 |
| Cleaning | 16,660 | 17,160 | 17,675 | 18,205 | 18,751 | 19,314 | 19,893 | 127,658 |
| Air Conditioning Recovery | 2,000 | 2,060 | 2,122 | 2,186 | 2,252 | 2,320 | 2,390 | 15,330 |
| Total Rent and Occupancy | 445,140 | 557,859 | 574,596 | 591,835 | 609,589 | 627,876 | 646,714 | 4,053,609 |
| Printing and Stationery | 25,644 | 26,413 | 27,205 | 28,021 | 28,862 | 29,728 | 30,620 | 196,493 |
| Catering and Hospitality Costs | 40,000 | 32,996 | 33,986 | 35,006 | 36,056 | 37,138 | 38,252 | 253,434 |
| Conference costs | 10,810 | 11,134 | 11,468 | 11,812 | 12,166 | 12,531 | 12,907 | 82,828 |
| Travel | 9,500 | 9,270 | 9,548 | 9,834 | 10,129 | 10,433 | 10,746 | 69,460 |
| Entertainment | 24,000 | 740 | 762 | 785 | 809 | 833 | 858 | 28,787 |
| Total Catering, entertainment and travel | 84,310 | 54,140 | 55,764 | 57,437 | 59,160 | 60,935 | 62,763 | 434,509 |
| Telecommunications - Mobile Phones | 21,280 | 20,631 | 21,250 | 21,888 | 22,545 | 23,221 | 23,918 | 154,733 |
| Telecommunications - Residential Phones | 6,906 | 7,113 | 7,326 | 7,546 | 7,772 | 8,005 | 8,245 | 52,913 |
| Telecommunications - Office Phones | 4,091 | 4,214 | 4,340 | 4,470 | 4,604 | 4,742 | 4,884 | 31,345 |
| Telecommunications - Fax | 472 | 486 | 501 | 516 | 531 | 547 | 563 | 3,616 |
| Total Telephone costs (fixed and mobile) | 32,749 | 32,444 | 33,417 | 34,420 | 35,452 | 36,515 | 37,610 | 242,607 |
| Miscellaneous | 2,000 | 2,060 | 2,122 | 2,186 | 2,252 | 2,320 | 2,390 | 15,330 |
| TOTAL EXPENSES - CASH | 2,675,797 | 2,804,011 | 2,888,131 | 2,974,777 | 3,064,021 | 3,155,940 | 3,250,620 | 20,813,297 |
| CASH (DEFICIT)/SURPLUS | (699,042) | (464,705) | 178,881 | 123,408 | 89,754 | 110,456 | 42,802 | (618,446) |
| CAPEX | | | | | | | | |
| Motor vehicle | | (175,000) | | | | (122,500) | | (297,500) |
| Computers | | | | | (33,000) | | | (33,000) |
| CASH (DEFICIT)/SURPLUS after capex | (699,042) | (639,705) | 178,881 | 123,408 | 56,754 | (12,044) | 42,802 | (948,946) |
| Opening cash | 2,210,401 | 1,511,359 | 871,654 | 1,050,534 | 1,173,943 | 1,230,697 | 1,218,653 | 2,210,401 |
| Cash inflow/(outflow) | (699,042) | (639,705) | 178,881 | 123,408 | 56,754 | (12,044) | 42,802 | (948,946) |
| Closing cash | 1,511,359 | 871,654 | 1,050,534 | 1,173,943 | 1,230,697 | 1,218,653 | 1,261,455 | 1,261,455 |

**Endowment of the See Expenditure Fund
Seven year cashflow forecast 2013 - 2019**

Assumptions

- 1 **Grants.** The grant of \$176,000 in 2013 is a Synod grant for the Episcopal team which does not continue after 2013.
- 2 **Other Income.** With one exception, all elements of 'Other Income' continue for the forecast period and increase by 3% pa. Other income includes:- grant from Wollongong Regional Council and contribution from SASC in respect of Tony Willis, contribution towards Archives from PCR, ACPT distribution from Betty Manuel Fund, recovery of secretarial services from Anglican Education Commission (AEC), rental from AEC, Ministry Training & Development and Professional Standards Unit.

| | 2013 forecast |
|---|------------------|
| Contributions from Wollongong Regional Council (WRC) –funding for Assistant to Bishop of Wollongong | \$40,000 |
| Contributions from Sydney Anglican Schools Corporation (SASC) – funding for Assistant to Bishop of Wollongong | \$61,646 |
| Sub lease income | \$61,470 |
| Recoveries of costs for services provided | \$30,765 |
| Archives contribution from PCR | \$50,000 |
| Distribution from Betty Manuel Estate | \$40,000 |
| Total – other income | \$283,881 |

- 3 For 2014 - 2019 all expenses increase by 3% pa , except for clergy stipends in 2014 which increase by 5.82% in accordance with a decision of the Standing Committee.
- 4 The Stipend rates for senior clergy are generally based upon the minimum stipend for a senior minister. They are :

| | % of minimum stipend |
|------------|----------------------------|
| Archbishop | 200 |
| Bishop | 160 |

- 5 Staffing numbers assumed in the forecast period are -

| | Full time | Part time |
|-----------------|------------------|------------------|
| Episcopal staff | 7 | 3 |
| Support staff | 8 | 1 |
| Total | 15 | 4 |

- 6 Housing allowances are being provided to the Bishop of Wollongong , Bishop of South Sydney , Assistant to Bishop of Wollongong and Archdeacon for Womens Ministry.
- 7 **Rent - Archbishop.** The Archbishop will be provided with rented accommodation at a cost of \$2,000 per week (\$104,000 per annum) in 2014 increasing by 3% pa.
- 8 Forecast assumes the Bishops court groundsman is retained.
- 9 Assistant to Bishop of Wollongong assumed to continue for the forecast period. The salary cost is offset by contributions from the Wollongong Regional Council and SASC.
- 10 **Insurance.** As a consequence of sale of Bishops court, insurance costs reduce by approx \$10K pa.
- 11 **CAPEX - Vehicles.** Current vehicle fleet is 8. Of these, 7 cars to be replaced in 2014 at a net cost of \$175,000 and 7 cars to be replaced in 2018 at net cost of \$123k .
- 12 **CAPEX - Computers.** Computers replaced in 2017 at a cost of \$33,000
- 13 Forecast assumes similar levels of hospitality expenses as are currently incurred at Bishops court.