

Financial planning for 2024

In preparation for 2024, +Philip and Ben spent a day with TML to seek clarification on all income and expenditure of the diocese and prepare budgets for the different aspects of diocesan finances.

The finances of the diocese and related entities mainly consist of the following:

1. The Waikato Diocesan Trust Board (WDTB)
2. The Taranaki Anglican Trust Board (TATB)
3. The Bishopric
4. Ministry Education
5. Standing Committee (SCom)

Synod, through Standing Committee, manages only number 5 and therefore it will be the focus of this paper.

Before getting into the details of SCom finances, background to the other funds will be provided.

Trust Boards

The WDTB and TATB are non-operational trusts. This means that they do not conduct business on their own behalf but only on behalf of the beneficiaries of the trusts. The trusts hold properties and investments that belong to the parishes of the diocese. The diocese does not have access to funds or properties held on behalf of parishes.

Bishopric

The bishopric is funded by investment income of the bishopric trust. Expenses related to the bishop such as stipend, admin support, office expenses etc. are paid by the bishopric. Roughly \$5 mil is invested through the WDTB and the investment income from this funds the bishopric.

Ministry Education

Ministry Education is funded by a grant from St John's College Trust Board of roughly \$360,000. This pays for education-related expenses such as staff related to education, discernment, formation, ordination, professional development, ministry kura etc. In the budget for 2024, there is provision for a contribution from Ministry Education to partially fund staff costs for SCom staff that provide education.

Standing Committee

Standing Committee manages two related budgets, the Diocesan Budget for Operations and the Ministry Support Fund (MSF). The diocesan budget funds the day-to-day operation of the diocese. That includes the diocesan office staff, running of the diocesan office, contributions to the wider church etc. Most of the income for the diocesan budget comes from assessments.

In 2022, Synod approved a deficit budget of \$62,363 for the 2023 financial year. The forecast is a slightly lower deficit of \$54,250. This is not sustainable and a lot of scrutiny and planning has gone into getting to a zero budget. Two models of how to achieve this are presented.

The following decisions and assumptions have been made in both models:

1. There will be a \$25,000 contribution from the ministry education fund in relation to the diocesan manager's contribution to education.
2. In April 2024 the tenants at 33 Victoria Street (Church House) will vacate the premises. Initially no rental income after that time was budgeted for. Due to the pressure on the budget, some rental income has been budgeted for. This means that after April, Church House will still need to earn income in some way or form.
3. BAF has been contracted for certain services at a cost of \$30,000 p.a. This contract will not be renewed in 2024, which means the services will no longer be available.
4. A CPI increase has been applied to expenses

Even with the above included in the calculation, there was a deficit of around \$70,000. Two models of how to address this deficit are proposed:

Model 1 doesn't make any changes to the decisions and assumptions. Rather than decreasing expenses, an increase in income is used to balance the budget. The deficit is funded by an increase in assessments. This is an increase of \$70,000 from 2023 and will mean that assessments are 17% of total income, above the 15% threshold, set out in [Statue 6 The Finance Statue 1991 \(Amended 2020\)](#)

Model 2 uses a decrease in expenses to balance the budget. The assumption is that operational expenses are already as low as possible. This leaves only contributions made to associated entities as a possible reduction in expenses. To balance the budget, model 2 reduces the Social and Community Services expense by \$65,700. This is achieved by removing a \$50,000 contribution to Anglican Action and a \$15,700 contribution to BAF from the budget. It is recommended that we support Anglican Action and BAF through targeted fundraising from individuals and parishes on a project basis. It is up to Synod to decide how to distribute the Social and Community Services budget.

Standing Committee recommends that model 2 be approved by Synod.

The MSF is also funded on an assessment basis. The total income of the MSF is the equivalent of the base stipend. MSF is used to cover priests' relocation costs, helping parishes pay for services while the vicar is on service leave, subsidising curates and grants to parishes in need.