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## Proposal 7 - Resources Commission: BUDGET 2021

**That the Synod of WA**

- 1. approves a deficit budget for 2021, and**
- 2. adopts the budget for 2021 as presented and notes the projections for 2022-23.**

Mover: Chris Walker – Chair, Resources Commission

Seconded: David Beards – Chair, Business & Financial Services Committee

***Rationale:***

As usual the Budget for 2021 has been carefully and meticulously prepared in consultation with the various commissions and committees of the Synod.

The normal process is for the initial budget proposal to be presented to the Business & Financial Services Committee in early July for discussion. Two weeks later the budget is discussed in the Resources Commission and approved for submission to the Synod Standing Committee. The Synod Standing Committee review the proposed budget at their meeting in August and approve it for submission to the Synod in session for approval.

This year has been different. The advent of the COVID-19 Pandemic has impacted nearly every area of normality. The Synod however, is dependent on grants from the Investment Fund and Insurance Services and given the variability of income from these sources, has, over many years, applied the Yale Formula to smooth the flow of the grants without impacting on the viability of the source of the funds. As such, the Synod was not affected in terms of its income nor of the budget as a whole.

However, COVID-19 took its toll on the income of the Uniting Church in the City through a large and unforeseen loss of rental income. UCIC has been the largest source of income for the Presbytery of WA and, as a consequence, income for the Presbytery has declined significantly since July 1, 2020 – the start of the UCIC financial year.

As a result the Presbytery of WA approached the Synod after the Synod budget had been finalised, with a request for additional funding for 2021. The Presbytery of WA budget for 2021 will only be finalised in November 2020 but ahead of the Synod meeting the request for a grant of \$306,000 for the partial funding of CEDAL was considered at a joint meeting of the Standing Committees of the Synod and the Presbytery of WA in late August. In considering the request, the Synod Standing Committee acknowledged the 2015 General Council resolution to have a balanced budget from 2018 onwards, and agreed to include in the budget presentation a request for the Synod in session to approve a deficit budget in 2021.

The following projected aggregate outcomes are revealed in the current budget presentation:

2019	Surplus	\$77,065
2020	Surplus	\$653 (Estimate)
<b>2021</b>	<b>Deficit</b>	<b>(\$144,382)</b>
2022	Surplus	\$174,500
2023	Surplus	\$124,500

As a result of the decline in Presbytery income, the Synod (which manages the payroll for both Synod and Presbytery) was able to apply for Jobkeeper in the second half of this year. The Jobkeeper subsidy is being distributed to congregations and other entities which use the Synod Payroll system, to assist with the cost of their staff. It should be noted that the subsidy is non-discriminatory and based on whole entity data (ie the whole Church), and so, in our church structure, some congregations will receive the subsidy even if they have had no decline in income. Congregations in such a fortunate position may wish to increase their contributions to the Presbytery. The budget forecast does not include any subsidy from the Jobkeeper Scheme.

The Synod management team has worked hard at increasing efficiency, cutting costs and reviewing work flows to achieve these outcomes, and I want to commend them for their diligence.

The budget presentation by Peter Hollins will provide more detail but the highlights are shown below. (Peter Hollins was appointed as a Consultant to introduce our new accounting software system but has proved invaluable in financial reporting and developing the budget).

#### Budget Highlights

Income in 2021 is expected to increase by \$764,692. Most of the increase can be attributed to increased grant income from the Investment Fund and Insurance Services. In the past, there was a significant amount of cross-charging between Synod units and unreported funding from the Investment Fund to cover the costs of the Resources Division. This has now been stopped so that we now have a clear picture of real costs. The unreported funding has now been included in the allocated grants. The reported increase in grant income is slightly offset by a decline in administration charges by the Financial Services Unit for managing the Trust & Special Purpose Funds. This in-house charge is seen as irrelevant in our structure.

Expenditure has increased by \$906,726 which includes the additional grant of \$306,000 to part fund CEDAL. Expenditure in each unit has been carefully assessed to reflect proposed plans and projects. By and large the total expenditure in each unit is only marginally different to previous years but the expenditure line items do show a number of differences.

It is worth mentioning that Church Office costs show an increase of almost \$100,000 in 2021. This is primarily the upgrade of computers, servers, telephones and financial software systems to replace the antiquated system which exist currently. Cost savings will be revealed in greater system efficiencies and reduced man hours in the years ahead

The annual ex-gratia grant to the Presbytery of Western Australia is set at \$200,000, but for 2021 will include an additional \$306,000 for partial funding of CEDAL.

**Mover: Chris Walker – Chair, Resources Commission**

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**Seconder: David Beards – Chair, Business & Financial Services Committee**

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