

Governance Policy for Diocesan Organisations

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Background

1. Representative members of the Anglican Church of Australia in New South Wales meet in synods to attend to governance needs arising from membership in the unincorporated association known as The Anglican Church of Australia. The New South Wales Parliament has provided a legislative framework for the seven New South Wales Anglican Diocesan Synods to carry out responsible and effective governance. The *Anglican Church of Australia Constitutions Act 1902* empowers each Anglican synod in New South Wales to make ordinances for the order and good government of the Anglican Church of Australia within that diocese. The *Anglican Church of Australia Trust Property Act 1917* gives a synod the power –

- (a) to vary the trusts on which church trust property is held,
- (b) to appoint and remove trustees of such property, and
- (c) to constitute councils and committees to govern and control the management and use of such property.

In addition the *Anglican Church of Australia (Bodies Corporate) Act 1938* gives an extraordinary power to a Synod in New South Wales to constitute such councils and committees as bodies corporate for the management and governance of an organisation of the Anglican Church or for holding, managing or dealing with church trust property.

2. In the context of the Diocese of Sydney, there are currently about 60 diocesan organisations constituted by the Synod. There are also a number of bodies not constituted by the Synod in respect of whose organisation or property the Synod is nonetheless empowered to make ordinances. These organisations pursue diocesan purposes through a wide range of activities, including welfare, aged care, schooling, youth work, theological education, and administrative, secretarial and investment services. About 20 of these are incorporated by or under legislation including the *Anglican Church of Australia Trust Property Act 1917* or the *Anglican Church of Australia (Bodies Corporate) Act 1938*.
3. The Synod acknowledges that diocesan organisations have taken steps on their own boards to ensure proper and effective board governance. Nevertheless, the Synod as the ‘parliament of the diocese’ also has a responsibility to the wider community to facilitate proper and effective governance as part of its oversight of all diocesan organisations.
4. Currently, the Synod seeks to discharge this responsibility by electing a majority of the board members of diocesan organisations and requiring diocesan organisations which manage church trust property to provide an annual report to the Synod including its financial statements and auditor’s report.

Purpose of this document

5. The adoption of a Synod Policy on the governance of diocesan organisations will enable the Synod to articulate more clearly how it intends exercising its powers to better achieve two broad expectations in the area of governance.
6. The first expectation is that those responsible for governing diocesan organisations will seek the highest standards of governance appropriate to the size and nature of each organisation.

7. The second expectation addresses the reason for pursuing the highest standards of governance, namely, to maximise the extent to which a diocesan organisation meets the object for which it is constituted. The object of any diocesan organisation is to advance one purpose or another of the Diocese. Ultimately such purposes seek to promote the kingdom of Christ and give glory to God.

The nature of Christian leadership

8. Leadership is a gift of God for the purposes of order and good government. Among the people of God, church leaders are gifted by God for the teaching, discipline and modelling of godliness to those under their care. Secular leaders are likewise accountable to God for their governance, which is for the good of the community they serve, since they also act as “God’s servants” (Rom 13:4). Boards of Christian organisations should therefore have similar standards of integrity, truth and commitment with respect to their governance responsibilities. In particular, Jesus’ use of the imagery of both shepherd and servant for his own ministry, as well as that of his apostles, ought to characterise those who would govern Christian organisations.
9. Scripture states: “We aim at what is honourable not only in the Lord’s sight but also in the sight of others” (2 Cor. 8:21). In light of this, it is appropriate that Christian organisations take pains to ensure the appearance (as well as the substance) of propriety and accountability. This includes abiding by the highest governance standards observed by secular organisations, e.g. corporations, where they are applicable.
10. The Synod acknowledges and gives thanks for the board members of diocesan organisations who give generously of their time, energy and skills to exercise the governance responsibilities with which they have been entrusted.
11. The Synod encourages board members of diocesan organisations to work in partnership with the Synod in seeking the highest standards of governance. Such standards are to be underpinned by prayer, sacrificial service, a dependence upon God for wisdom and a proper regard to best practice so that decisions made will enhance the organisation’s effectiveness to promote the kingdom of Christ and give glory to God.

Application of this Policy

12. In this Policy –
 - “board” means the body of persons responsible for governing a diocesan organisation.
 - “chief executive officer” means the person who is responsible to the board for the leadership and management of the diocesan organisation.
 - “Diocese” means the Anglican Church of Australia in the Diocese of Sydney.
 - “diocesan organisation” means a body –
 - (a) constituted by ordinance or resolution of the Synod, or
 - (b) in respect of whose organisation or property the Synod may make ordinances,but excludes the Synod, the Standing Committee and any of their subcommittees.
 - “Governance Standards” means the standards referred to in Appendix 1.
 - “Policy Guidelines” means the guidelines referred to in Appendix 2.
 - “Synod” means the Synod of the Diocese and includes, when the Synod is not in session, the Standing Committee of the Synod.
13. In support of the mission of the Diocese, this policy sets out the Governance Standards and Policy Guidelines that the Synod considers should apply to diocesan organisations.
14. The Synod will use these Governance Standards and Policy Guidelines as the basis for assessing and, as appropriate, changing (or seeking changes to) the ordinances, policies and procedures that apply to diocesan organisations.
15. The Governance Standards and Policy Guidelines are also intended to align with and give appropriate expression to the governance standards for registered entities made under the *Australian Charities and Not-for-profits Commission Act 2012*.
16. The Synod anticipates that it will amend this policy from time to time in order to better align the Governance Standards and Policy Guidelines with the purposes of the Diocese and to reflect any changes to the ACNC governance standards. For this purpose the Synod encourages on-going input from boards.

Appendix 1: Governance Standards

The Synod regards the following Governance Standards as applicable to all diocesan organisations and expects diocesan organisations to implement each of the Governance Standards in an appropriate and demonstrable way.

A. **Christian leadership shaped by the Bible**

- (a) The board members of a diocesan organisation elected by the Synod, the chair of the board and the chief executive officer must profess a personal Christian faith shaped by the Bible.
- (b) Other board members should profess a personal Christian faith shaped by the Bible.
- (c) The Archbishop must be able to address the board of a diocesan organisation on any pastoral or policy issue concerning the Anglican Church of Australia as it applies to the diocesan organisation, including the appointment of a chief executive officer for the organisation.
- (d) The board of a diocesan organisation should include members with formal theological training.

B. **Mission clarity**

(cf. ACNC governance standard 1 – purposes and not-for-profit nature of a registered entity)

- (a) The purpose of a diocesan organisation must be clearly expressed in its constituting ordinance, must align with the religious, educational or other charitable purposes of the Diocese whether such purposes are within or beyond the Diocese or the State and must ultimately promote the kingdom of Christ and give glory to God.
- (b) Information about the purpose of a diocesan organisation must be made available to the public, including any members, donors, employees and volunteers, as well as those that benefit from its activities.
- (c) A diocesan organisation must comply with its purpose and ensure that all its activities are demonstrably linked either directly or incidentally to the pursuit of its purpose.

C. **Not-for-profit character**

(cf. ACNC governance standard 1 – purposes and not-for-profit nature of a registered entity)

- (a) The property of a diocesan organisation must not be distributed for the private benefit of individuals either during the operation of the organisation or on its winding-up.
- (b) A diocesan organisation must comply with its not-for-profit character and take reasonable steps to ensure compliance.

D. **Accountability and transparency**

(cf. ACNC governance standard 2 – accountability to members)

- (a) A diocesan organisation must maintain an adequate level of accountability and transparency to the Synod and its members.
- (b) A majority of the board members of a diocesan organisation must be elected by the Synod.
- (c) A diocesan organisation which manages church trust property must submit to the Synod for tabling an annual report and such other reports as Synod requires and must take reasonable steps to ensure such reports are accurate, complete and provided on a timely basis.
- (d) Members of the Synod must have reasonable access to the annual reports of diocesan organisations tabled at the Synod and must have an adequate opportunity to ask and have answered questions about the governance of diocesan organisations.
- (e) A diocesan organisation which has a class of members which is distinct from the members of its governing board must maintain similar levels of accountability and transparency for such members.

E. **Corporate responsibility**

(cf. ACNC governance standard 3 – compliance with Australian laws)

- (a) A diocesan organisation must ensure its on-going operations, the safety of people in its care and the safety of its assets through compliance with applicable Australian laws and ordinances of the Synod.

- (b) A diocesan organisation must maintain as a reference for its board members a record, preferably in the form of a handbook, of the ordinances by which it is constituted or regulated and any other documents or policies by which it is governed.

F. Suitability of board members

(cf. ACNC governance standard 4 – suitability of responsible entities)

- (a) The board of a diocesan organisation must develop effective processes to ensure –
 - (i) the collective qualifications, skills, experience and gender balance of its members are adequate having regard to its purpose and the activities it undertakes in pursuit of its purpose, and
 - (ii) the induction of new members and the ongoing training and development of existing members, and
 - (iii) board renewal under the direction of the chair.
- (b) A person who is –
 - (i) disqualified from managing a corporation within the meaning of the *Corporations Act 2001*, or
 - (ii) disqualified by the ACNC Commissioner, at any time during the preceding 12 months, from being a responsible entity of a registered entity under the *Australian Charities and Not-for-profits Commission Act 2012*,is not eligible to be a board member of a diocesan organisation.

G. Board member responsibility

(cf. ACNC governance standard 5 – duties of responsible entities)

- (a) A diocesan organisation must take reasonable steps to ensure that its board members are subject to and comply with the following duties –
 - (i) to exercise the powers and discharge the duties of the diocesan organisation with the degree of care and diligence that a reasonable individual would exercise as a board member of a diocesan organisation, and
 - (ii) to act in good faith in the best interests of the diocesan organisation and to further the purposes of the diocesan organisation, and
 - (iii) not to misuse their position as a board member, and
 - (iv) not to misuse information obtained in the performance of their duties as a board member of a diocesan organisation, and
 - (v) to disclose perceived or actual material conflicts of interest of the board member, and
 - (vi) to ensure that the financial affairs of the diocesan organisation are managed in a responsible manner, and
 - (vii) not to allow the diocesan organisation to operate while insolvent.
- (b) A diocesan organisation must take reasonable steps to ensure compliance with these duties and to remedy any non-compliance.

Appendix 2: Policy Guidelines

The Synod considers that the constituting ordinances of diocesan organisations which are bodies corporate should usually conform to the following Policy Guidelines. However the Synod recognises that for some diocesan organisations it may not be appropriate to conform to all these Policy Guidelines. This will be the case particularly for those Policy Guidelines which go beyond the Governance Standards. Where it is proposed to amend the constituting ordinance of a diocesan organisation to conform with the Policy Guidelines, a full consultation process will be undertaken with the board of the organisation before any such amendments are made. Where a board of a diocesan organisation believes that a particular Policy Guideline should not apply, it would usually be appropriate for the board to provide a brief explanation of its position as part of the consultation process.

Purpose

1. The purpose of the diocesan organisation should be clearly expressed. Such purpose must align with the religious, educational or other charitable purposes of the Diocese whether such purposes are within or beyond the Diocese or the State and must ultimately promote the kingdom of Christ and give glory to God.

Board size and composition

2. The total number of board members should be no less than 9 and no more than 14.
3. A majority of board members must be elected by the Synod.
4. The membership of the board should not include the Chief Executive Officer.
5. The membership of the board should include at least two clergy or other members with formal theological training.
6. The membership of the board may include no more than two persons appointed by the board.
7. Where a significant majority of members are elected by the Synod, the membership of the board may include persons appointed by any representative alumni association.

Role of the Archbishop

8. The Archbishop should usually not be a board member but should be entitled –
 - (a) to receive board papers, and
 - (b) to attend board meetings, and
 - (c) to address the board on any pastoral or policy issue concerning the Anglican Church of Australia as it applies to the diocesan organisation including the appointment of a chief executive officer for the organisation.

The Archbishop should be able to appoint a nominee to exercise these entitlements on his behalf.

Election, appointment and term of office of board members

9. A board member should be elected or appointed for a term not exceeding 3 years. One third of Synod elected members should therefore retire at each ordinary session of the Synod or, in the case of members elected by the Standing Committee, at the first meeting of the Standing Committee following each ordinary session.
10. Any person who wishes to be elected, appointed or to remain as a board member must sign a statement of personal faith in a form determined by the Synod except that a person who is elected or appointed as an alumni representative on a school board before 1 July 2020 may sign a statement of support for the Christian ethos and charter of the school as an alternative to signing a statement of personal faith. The initial forms of such statements are set out in Appendices 3 and 4.
11. A casual vacancy should arise in the office of a board member if the member –
 - (a) dies,
 - (b) resigns in writing to the chairman of the board or to the Diocesan Secretary,
 - (c) is an insolvent under administration,
 - (d) is of unsound mind or whose person or estate is liable to be dealt with in any way under the laws relating to mental health or is otherwise incapable of acting,
 - (e) is disqualified from managing a corporation within the meaning of the *Corporations Act 2001*;

- (f) has at any time during the preceding 12 months been disqualified from being a responsible entity of a registered entity by the Commissioner of the Australian Charities and Not-for-profits Commission;
- (g) is convicted of an offence punishable by imprisonment for 12 months or longer,
- (h) is subject to a recommendation from a tribunal or body under the Discipline Ordinance 2006 (or from a comparable tribunal or body in any other diocese or church) that he or she be prohibited from holding office or should be removed from office as a board member,
- (i) is absent without leave for 3 consecutive meetings of the board and the board resolves that the person's membership should cease,
- (j) fails to sign the statement of personal faith or statement of support for the Christian ethos and charter of the school, as applicable, or declares that he or she is no longer able to subscribe to the applicable statement, or
- (k) fails to disclose his or her actual material conflict of interest in any matter brought for the consideration of the board which, in the opinion of the board, resulted in a resolution of the board which would not have been made if the actual material conflict of interest had been disclosed, and the board resolves by at least a three-quarters majority that the person's membership should cease as a result of this failure,

and a person should be disqualified from being elected or appointed as a board member if any of the circumstances referred to in paragraphs (c) to (h) and (j) apply to the person.

- 12. Casual vacancies arising for Synod elected members should be filled by the Standing Committee. The person who fills the casual vacancy should hold office until the day on which the person whose vacancy he or she has filled would have retired had the vacancy not occurred.
- 13. In the absence of an alternative methodology in the constituting ordinance of a diocesan organisation which achieves effective board renewal in the context of that organisation under the direction of the chair, a retiring board member should only be eligible for re-appointment or re-election where such re-appointment or re-election would not in the normal course result in that member being a board member for more than 14 consecutive years. For this purpose, years are consecutive unless they are broken by a period of at least 12 months.
- 14. Board members should not to be remunerated for their service as board members except by way of reimbursement for reasonable out-of-pocket expenses.

Chair and other office holders

- 15. The chair and any other officer of the board should be elected by board members for a term not exceeding 3 years. Such persons are eligible to stand for re-election but should not serve in the same office for more than 9 consecutive years.
- 16. A person is not eligible to be appointed or elected as the chair of a board unless he or she has first signed a statement of personal faith in a form determined by the Synod. The initial form of such a statement is set out in the Appendix 3.
- 17. A person should not be the chair of the board of a diocesan organisation if a member of the person's immediate family is employed by the diocesan organisation, unless the board has considered the circumstances and unanimously agreed to it by secret ballot.

The Chief Executive Officer

- 18. The board should have the power to appoint and remove the Chief Executive Officer.
- 19. The Chief Executive Officer is responsible to the board for the leadership and management of the diocesan organisation.
- 20. A person is not eligible to be appointed as the Chief Executive Officer unless he or she has first signed a statement of personal faith in a form determined by the Synod. The initial form of such a statement is set out in the Appendix 3.

Board meetings

- 21. Meetings of the board may be convened by the chair or a specified number of board members.
- 22. Board members should be able to attend meetings either personally or by suitable electronic means.
- 23. A quorum for meetings of the board should be no less than one half of its members.
- 24. The board should be able to pass resolutions without a meeting if –

- (a) a copy of the proposed resolution is sent to all board members and a reasonable timeframe within which members may indicate their support for or objection to the proposed resolution being passed is specified, and
 - (b) at least 75% of board members indicate within the specified timeframe that they support the proposed resolution being passed, and
 - (c) no board member objects within the specified timeframe either to the proposed resolution being passed or the proposed resolution being passed without a meeting.
25. The Chief Executive Officer should have the right to attend and speak at board meetings unless the board determines that he or she should not be present for a particular meeting, or part thereof.
26. The board must cause minutes to be made of –
- (a) the names of the persons present at all board meetings and meetings of board committees;
 - (b) all disclosures of perceived or actual material conflicts of interest; and
 - (c) all resolutions made by the board and board committees.
27. Minutes must be signed by the chair of the meeting or by the chair of the next meeting of the relevant body following an agreed resolution to do so. If so signed the minutes are conclusive evidence of the matters as between the members stated in such minutes.

Duties, powers and limitations

28. The diocesan organisation should have such powers as are necessary for the diocesan organisation to fulfil its purpose.
29. The board should, in governing the diocesan organisation, exercise all the powers of the diocesan organisation.
30. Board members are subject to and must comply with the following duties –
- (a) to exercise the powers and discharge the duties of the diocesan organisation with the degree of care and diligence that a reasonable individual would exercise if they were a board member of a diocesan organisation, and
 - (b) to act in good faith in the best interests of the diocesan organisation and to further the purposes of the diocesan organisation, and
 - (c) not to misuse their position as a board member, and
 - (d) not to misuse information obtained in the performance of their duties as a board member of a diocesan organisation, and
 - (e) to disclose perceived or actual material conflicts of interest of the board member, and
 - (f) to ensure that the financial affairs of the diocesan organisation are managed in a responsible manner, and
 - (g) not to allow the diocesan organisation to operate while insolvent.
31. A board member who has an actual or perceived material conflict of interest in a matter that relates to the affairs of the board must disclose that interest to the board and should not participate in any consideration of that matter by the board unless the board, by resolution, notes the interest and permits the member to participate.
32. The board should maintain records of applicable eligibility criteria for board membership and conflicts of interest disclosed by board members.
33. The board should have the power to delegate the performance of any of its functions to one or more committees provided any such committee is chaired by a board member and reports the exercise of its delegated functions to the next board meeting.
34. The diocesan organisation should not offer its property as security for any liability other than a liability of the diocesan organisation or a body controlled by the diocesan organisation.
35. Any mortgage, charge, debenture or other negotiable instrument given by the diocesan organisation over its property (other than a cheque drawn on a bank account held by the diocesan organisation) should include a provision limiting the liability of the diocesan organisation to the amount available to be paid in the event it is wound up.
36. The authority of the diocesan organisation to invest should be restricted in a manner consistent with any restrictions determined by the Synod from time to time.

Not-for-profit

37. There should be a provision which affirms that because the property of the diocesan organisation is church trust property within the meaning of the *Anglican Church of Australia Trust Property Act 1917*, it must not as a matter of law be distributed for the private benefit of individuals, either during the operation of the organisation or on its winding-up.

Winding up

38. There should be a provision which affirms that if, on the diocesan organisation's winding up or dissolution, there remains after satisfaction of all its liabilities any property, such property must be applied for such purposes of the Diocese as the Synod may determine or, where appropriate, such purposes of the Diocese as the Synod may determine which are similar to the organisation's purposes. Where the diocesan organisation has been endorsed as a deductible gift recipient, there should be a provision which affirms that on the winding-up or dissolution of the organisation, the Synod must transfer the remaining property of the organisation to one or more deductible gift recipients which, in any case, is either a fund which comprises church trust property or another diocesan organisation.

Appendix 3: Statement of Personal Faith

Statement of personal faith

1. I believe and hold to the truth of the Christian faith as set forth in the Nicene Creed, as well as the Apostles' Creed as set out below –

*I believe in God, the Father Almighty,
maker of heaven and earth;
and in Jesus Christ, his only Son our Lord,
who was conceived by the Holy Spirit,
born of the virgin Mary, suffered under Pontius Pilate,
was crucified, dead, and buried.*

*He descended into hell.
The third day he rose again from the dead
He ascended into heaven,
and is seated at the right hand of God the Father almighty;
from there he shall come to judge the living and the dead.*

*I believe in the Holy Spirit;
the holy catholic church;
the communion of saints;
the forgiveness of sins;
the resurrection of the body,
and the life everlasting.*

2. In particular I believe –
- (a) that God's word written, the canonical Scriptures of the Old and New Testaments, is the supreme authority in all matters of faith and conduct;
 - (b) that there is only one way to be reconciled to God which is through his Son, Jesus Christ, who died for our sins and was raised for our justification; and
 - (c) that we are justified before God by faith only.
3. I shall endeavour to fulfil my duties as a member/the Chief Executive Officer [*delete whichever is not applicable*] of the [*insert name of board*] in accordance with its Christian ethos and its constituting ordinance.
4. I agree that my continuance as a member/the Chief Executive Officer [*delete whichever is not applicable*] of the [*insert name of board*] is dependent upon my continuing agreement with this statement and I undertake to resign if this ceases to be the case.

Signature

Full name (in block letters)

Date:

Appendix 4: Statement of Support for Christian Ethos

Statement of support for the Christian ethos and charter of the School

1. I acknowledge that the School to whose Council I am elected aims to educate young people in ways consistent with the teaching of the Bible and the gospel of Jesus Christ, and to this end I support the Council's commitment to maintain and uphold the Christian faith in teaching and practice.
2. I shall endeavour to fulfil my duties as a member of the School Council to which I am elected in accordance with its Christian ethos and its constituting ordinance.
3. I agree that my continuance as a Council member is dependent upon my continuing agreement with this statement and I undertake to resign if this ceases to be the case.

Signature

Full name (in block letters)

Date:

Notes

The policy was amended by resolution of the Standing Committee on 14 September 2015.

ROBERT WICKS
Diocesan Secretary

MARTIN THEARLE
Manager, Diocesan Finance

29 September 2015