



LUTHERAN CHURCH OF AUSTRALIA QUEENSLAND DISTRICT

**Governance Review Project
Synod Proposals Document
31 May – 2 June 2019**

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1. Preface – Bishop Paul

"Hope does not disappoint us." This is the Lord's promise to us in Romans chapter five. He has come amongst us in the manger at Bethlehem. He has given his life for us on the cross at Calvary. He has risen from the empty tomb outside Jerusalem and he has sent us to witness of these things, to live as people of hope.

I thank our Lord of all hopefulness for the diligent work of so many people in our Queensland Lutheran communities, who have offered their gifts in service to the mission of God through this Governance Review Project. There have been meetings and conversations, writings and reviews of writings. The primary goal is to serve God and to serve the people of Queensland through strengthening the way we work together in our modern era as an organised incorporated entity. Within this goal is the commitment to the generations that come after us, to pass on the robust communities of witness and service that we have received from those who went before us.

I commend these governance change proposals to you and encourage that you would ask the Lord to guide you as you work through the proposals that your sisters and brothers of our Queensland Lutheran Church have prepared for us. A draft of these proposals was issued early in February for comment. The feedback you have provided has been invaluable. Your comments have been prayerfully considered and taken into account while formatting the final proposals. I believe it is good for our Church to have enabled conversation and consideration across the District before tabling the final proposals which are being taken to the Ipswich Synod in June this year.

There have been many folk involved in this work, but I would like to give particular acknowledgement to our District Church Council member, Bruce Lockwood for his passion and commitment to the mission of God in leading this governance review project since June 2018.

Finally, I pray that the Lord of the Church would use these governance review proposals to enable his people of the Lutheran Church of Australia Queensland District, to be better able to "give a good account of the hope" that is within us. (1 Peter 3)

Your fellow in Christ,

Paul +
Bishop LCAQD.

2. Introduction

At the 2018 District Synod it was resolved that:

“Synod 2018 supports the direction of the governance model, as tabled in the Synod Book of Reports, as the preferred direction for governance in the LCAQD.” Resolution 18CoS:16

“District Church Council will develop an implementation plan and other processes required to move to the proposed governance model, and fund this activity from District funds.” Resolution 18CoS:17

In order to fulfil these resolutions the District Church Council appointed a project chair from its membership. The project chair was given the brief to form a committee with representation from each of the four department councils and to form the necessary teams, and find the resources and consultants necessary to move to the proposed governance model. This work has been undertaken during the 2018 – 2019 Synodical term.

A full-time co-ordinator and assistant were appointed to project manage the governance change project. Besides the two full time project coordinators, the chair, and the representative committee of five, there are eleven Working Parties with a total of seventy three members appointed to undertake detailed studies of the many aspects of our governance organisation and structures and make recommendations to the District Church Council. Some of these Working Parties will have concluded their work in this Synodical term, while others will undertake most of the work during this coming synodical term.

The District Church Council has now thoroughly examined and agreed the proposals to be presented to Synod. These are included in Appendix One. The DCC proposes that the proposed new governance structure is implemented for a Review Period of one synodical term commencing at the close of synod 2019 and concluding at the commencement of synod 2020. During this review period a Review Panel will be in place so that the District as a whole can submit feedback for attention as the review progresses.

The Constitutions Committee has undertaken a comprehensive review of the By-laws Part B in order to facilitate this Governance Change Review. Terms of Reference have been written, reviewed or revised for the Board, District Assembly, First Assistant Bishop, Treasurer, Chair, Secretariat, Bishop's Desk, District Secretary, Senior Managers' Forum and other roles and duties as required.

The good Governance of the District and the Departments of the District relies on the Policy of Authorities and Delegations so that all matters are decided and managed at the appropriate and agreed level. The current document was developed over three years and authorised in 2017. This document is being reviewed as part of the governance change project and any updates and amendments deemed necessary will be a priority item on the agenda of the first District Assembly in October 2019.

In governance we seek to fulfil the Objects of the Church by strategically embedding and enhancing our culture of service to others.

Key changes proposed include:

- Renaming the District Church Council (DCC) as District Church Board (DCB)
- A new District Assembly to focus on regular cultural and strategic reviews of the district and departments
- Representation of the Department Councils on the Board and at District Assembly
- Greater distinction between governance and administration
- The Synod to elect a lay chair that the Bishop will appoint for the business sessions of Synod and Board meetings
- Reintroduction of the Treasurer role
- Synchronisation of meetings of the governing entities
- Focusing the Secretariat on matters supporting the governing entities
- Establishing a Bishop's Desk within the Secretariat
- Creating a collaborative administrative resource network to meet requirements of the Departments
- Changing the First Assistant Bishop to a full time called and elected role to provide essential support for the Bishop in an increasingly complex regulatory environment

The **Project Purpose** as defined by the working parties:

This project exists to build a home for our church of the future that recognises and enables our participation in Christ's mission of bringing God's love into everyday life. In developing a culture of contemporary and agile governance, we recognise the maturity and experience of our Lutheran communities and agencies, and the part each plays, working side by side in a healthy church.

3. Governance Vs Administration

A key challenge facing the Governance Change Project Committee has been a blurring of the distinction between governance and administration in the LCAQD. This blurring can create some inefficiency in the way we manage communications, decisions, approvals and delegations. Clarifying our governance structures and procedures can provide dividends in efficiency and effectiveness, freeing more of our time and resources for service in ministry and mission.

The District Synod is the highest constitutional authority of the District with power to direct and control those to whom it has entrusted tasks or delegated authority. Between synods that delegated authority is given to the District Church Council which in Queensland is incorporated under Letters Patent as the Board of the District. There is only one board in Queensland District. The work of the District and of the four departments in the District is governed by this board. The members of the board individually carry fiduciary responsibilities.

The Australian Institute of Company Directors (AICD) document “Good Governance Principles and Guidance for Not-for-Profit Organisations” (NFPs) says that clarity is required concerning the role of the board:

“For a board to function effectively there needs to be clarity regarding its role. While part of the board’s role is to oversee the operations and finances of the organisation, it is usually also externally focused and concerned with the larger context and “settings” of the organisation. Management on the other hand, tends to focus more on operational detail.

The role of the board usually involves certain core elements, such as:

- *Determining, reviewing and maintaining the vision, purpose and values of the organisation.*
- *Approval of short and long-term strategies.*
- *Approval of annual budgets.*
- *Approval of expenditure over pre-specified limits.*
- *Appointment, performance evaluation and (if the circumstances necessitate) termination of the employment contract of the CEO.*
- *Risk oversight.*
- *Providing a check on the integrity of external financial and non-financial reports.*
- *Any additional monitoring of the activities of the organisation in order to satisfy itself that the NFP is being properly managed.*
- *Supporting effective engagement with key stakeholders.*

The role of management is often described as being responsible for implementing the strategy approved by the board, to get the right results and deliver the right outcomes (depending on the organisation's purpose), without too much direct board involvement. It may be the case that involvement of the board in organisational activities expands and contracts over time, as the needs of the organisation change. For instance, boards may become more involved in the operations of an NFP in the organisation's early years or where there is a period of significant change.

One problem that can arise in some NFP's is the blurring of role boundaries. This can arise, for example, where directors serve in a volunteer capacity and view "stepping in to fill operational gaps" as merely an extension of their volunteering activities. This can create problems from a governance perspective, including the blurring of accountabilities. Directors might be "wearing two hats": as a key operational contributor (like a senior executive), and as a board member. To meet what can be a common challenge of "role confusion", it is vital to remember no matter what they do, directors still have the same legal duties and responsibilities, and need to govern in the best interests of the whole organisation."

The Project Committee has focused on providing good governance by creating clarity and distinction between the governance and the administration entities operating in the District.

This report proposes both the proposed governance structure and the resolutions necessary to implement a review of this structure over one synodical term.

The seven proposed resolutions are grouped under four headings:

1. Implement and Review the Revised LCAQD Structure
2. Facilitate Governance Changes
3. Address the Title of the New Governance Board
4. Enhance the Roles and Responsibilities of the Bishop

4. Proposals to Implement and Review the Revised LCAQD Structure.

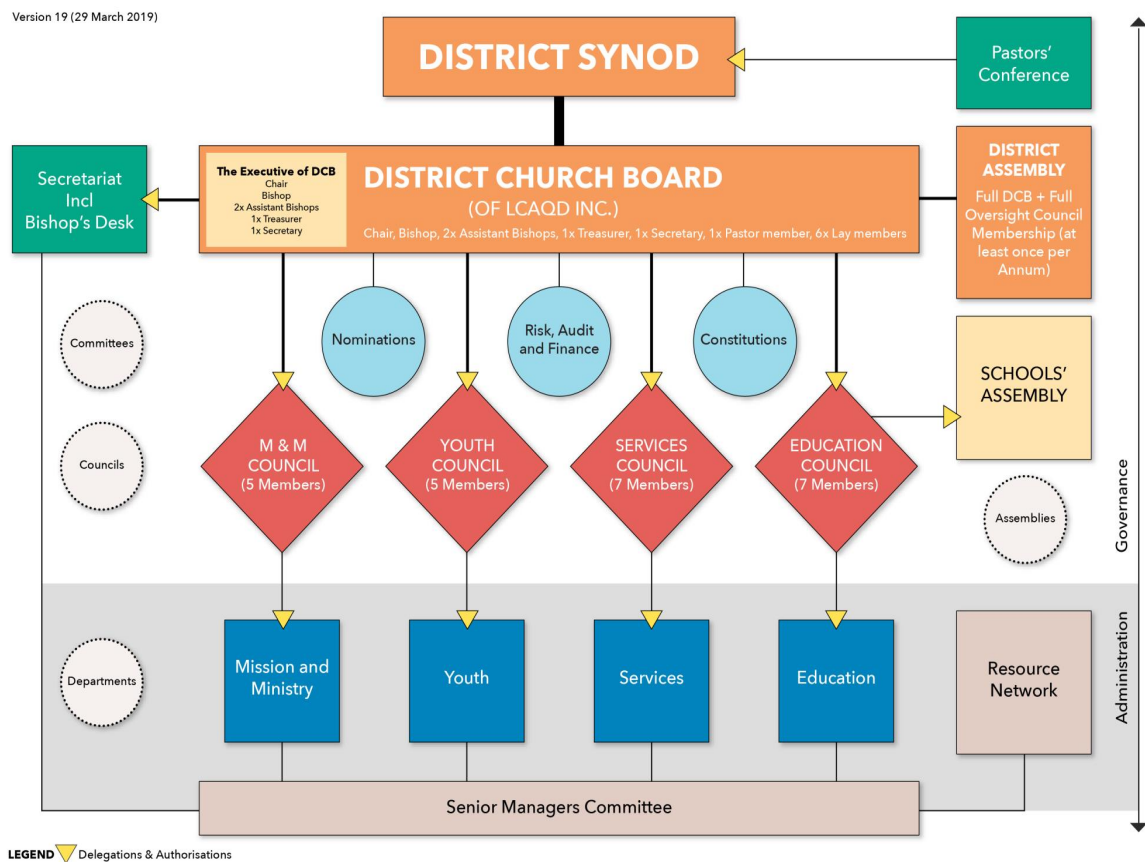
Proposal One

Resolved that the proposed Governance Changes and Restructure of LCAQD as detailed in the structure diagram (version 19, dated 29 March 2019), and the accompanying explanatory notes, be implemented for review during the 2019/2020 synodical term and that the necessary amendments to the LCAQD By-laws Part B be promulgated for the duration of the review period. Any current By-law Part B which conflicts with the purpose of the review is deemed suspended for the duration of the review.

Proposal Two

Resolved that the Executive of the District Church Board be the Chair, Bishop, two Assistant Bishops, Treasurer and Secretary, and that a quorum be four (4) members of the Executive.

Proposed LCAQD Structure (see Appendix Two for larger version)



The reasons for proposals one and two are included below in the elements of the proposed structure being A. Governance Level Structure and B. Administration Level Structure

A. Governance Level Structure

District Synod

The power of the District is exercised through Convention of Synod, which is the highest constitutional authority of the District with power to direct and control those to whom it has entrusted tasks or delegated authority.

The Convention of Synod meets annually. The delegates are pastor delegates, lay delegates elected by congregations, members of church council, principals of secondary schools, chairs of standing committees of the district and the Treasurer/Administrator/Secretary. The Pastors Conference is delegated to provide theological advice to the Convention of Synod as required.

District Church Board (DCB) - formerly called District Church Council (DCC)

The District Church Council is the only Board of the District. Renaming the Church Council to Church Board clearly distinguishes between the Board and the Oversight/Governance Councils of the Departments. It is the District Church Board which carries the fiduciary duties and liabilities of the District and this needs to be made clear to both internal and external stakeholders.

The Board has thirteen members, the same number as in the Letters Patent. These members include:

- The Bishop, two Assistant Bishops and one pastor member at large;
- The Chair, Treasurer, Secretary; and
- Six lay representatives (one lay member for each Department being Mission & Ministry, Youth, Lutheran Services, and Education, one representative for Risk Audit and Finance Committee and one lay member at large).

The Letters Patent under which the District is incorporated lists the President, Vice President and Secretary, Pastor Members and Lay Members as holding the Offices of the District. A resolution of the Synod is not required to make changes to those holding these Offices.

The Executive of the District Church Council is proposed to be the Chair, Bishop, two Assistant Bishops, Treasurer and the Secretary. The restructure proposes that the District Church Board and the Executive meet bi-monthly on alternate months. As four of the proposed DCB are also members of the Councils of the four Departments this program of alternating meetings allows the Executive of DCB, and the members who are members of both DCB and a Council to attend meetings on alternate months and smooth the governance processes.

District Assembly

The District Assembly brings together all the members of the DCB and the four Councils each year to share, review, and reflect on the work of the District. The District Assembly would have thirty three (33) members. The central purpose of the District Assembly would be to review and reflect on the Strategic Charter 2017-2021 of LCAQD, its implementation and effectiveness, and to enhance, celebrate and promote the culture of LCAQD. The District Assembly perpetuates the collaborative spirit of the departments which brought about this project through the Les Stahl and Terence Corkin workshops. The District Assembly would be forward looking and have the right to bring recommendations and proposed resolutions to the District Synod and General Synod through the DCB.

Standing Committees

The three (3) standing committees proposed are:

- Risk, Audit and Finance Standing Committee retained in its present format with an increased focus on policy and compliance;
- The Constitutions Standing Committee is retained in its present format; and
- The Nominations Committee has a role in ensuring the quality, balance and diversity of candidates put forward for election to the DCB, Councils and Standing Committees. The Nominations Committee is also intended to have a role in assisting with succession planning and building the next generation of leaders in the church

Governance Change Project Committee

The Governance Change Project Committee is an ad-hoc committee formed by District Church Council for the specific purpose of working towards the implementation of the governance changes deemed necessary by resolution of synod in 2018.

It is proposed that the work of this committee continues through the next synodical term while the governance structure is undergoing review. There is still a body of work to be completed on Culture and Strategy, on developing Communities of Witness and Service, on Delegations and Authorisations (the DnA of the Departments) and fostering a culture of professional development and succession planning. This work is planned to be completed by the end of this synodical term and the committee will report on its findings and outcomes, together with the Review Panel at the 2020 synod.

Councils

There are four (4) Councils proposed, one for each Department. Each council has a delegated governance role in relation to its department. Each council is the direct link between the administration of the department and the DCB. Not only are they the direct link between the administration of the department and the DCB but each council will now have permanent representation on the DCB and the District Assembly.

It is proposed that the membership of the Councils is five (5) members for Ministry & Mission (CM&M) and Lutheran Youth of Queensland (CLYQ) and seven (7) members for Lutheran Education Queensland (CLEQ) and Lutheran Services (CLS) respectively. This is reflective of

the complexity, size and legislative requirements surrounding the governance of these departments.

Terms of Reference (TOR's); policies; procedures; delegations and authorisations (DnA); and reporting templates establish protocols for operations and communications between the DCB and the departments. These TOR's, policies, procedures, delegations and authorisations (DnA) and reporting will also inform the basis for audit. The Councils are the hubs through which the departments communicate directly with the DCB.

Schools Assembly

The current Schools Assembly has a governance and delegation of authority role, largely to decide on the distribution of government funding between the schools and other matters requiring collaboration. Therefore, the Schools Assembly is treated as a governance entity of the LCAQD.

Secretariat

The Secretariat will focus on supporting the District Church Board with governance matters relating to legislative and legal compliance e.g. ACNC, ATO. The district administrative functions will come under the management of the Secretariat and provide administrative services to the non-department areas such as the Bishop's Desk and support other district related functions as required. This will create a clear distinction between governance and management/ administration. The Secretariat will be part of the Senior Managers Committee and contribute to efficiency opportunities through the Resource Network.

B. Administration Structure Level

Clarity of the differentiation between governance and administration is key to effective functioning and operations of LCAQD. Currently there are five arms of administration. The first is the Secretariat (including the Bishops Desk and other general district support functions) and the other four are the Departments. It is in the Secretariat and the Departments where the current day to day functioning and administration of the District is undertaken under delegated authority. However, it is also in these administrative areas where the distinction between governance and administration has become most blurred.

Functioning of the Departments

A Working Party is examining the functioning of the Departments, specifically reviewing TORs; Policies; Procedures; delegations and authorisations (DnA); and reporting. The DnA is currently being reviewed for required changes to support the new structure and will be presented to the District Church Board and District Assembly for approval. Key to the smooth operation of the LCAQD is the sequencing and programming of meetings to ensure efficient, effective and timely decision making and communications of compliant submissions and

decisions between the departments' administration and councils and between the councils and the DCB.

Senior Managers Committee

The Senior Managers Committee (SMC) with representation from each of the Departments and currently chaired by the Bishop for implementation, has been successful over recent times. This Committee is the administrative vehicle through which the work of the departments is collaborated. The Committee identifies areas of management and administration such as funding, resourcing, procuring, reporting and compliance, which can be more efficiently and effectively resourced through working together. The Senior Managers Committee has recently resolved to meet monthly, in order to be more agile in implementing efficiencies.

Resource Network

There is some degree of inefficiency and duplication between departments in relation to management and administration. Far greater efficiencies, effectiveness in resourcing, procurement, facilities, technology are still to be identified. There are significant operational efficiencies and cost savings to be achieved for all departments by collaboration and sharing of common systems, reporting, resourcing and facilities. The Senior Managers Committee instigated by Bishop Paul is working well and is encouraged to grow in its vision and scope and drive the Resource Network concept.

The Resource Network could become the platform for the study of Parishes and formation of Communities of Witness and Service (CW&S) during the next Synodical term. The Resource Network is a collaborative framework for shared services across the LCAQD departments (e.g. IT, Property, Finance, HR). The digital network of shared resources will be strategically overseen by the Senior Managers Committee with key staff or task-forces appointed for roles or tasks as determined by the SMC.

5. Proposals to Facilitate Governance Changes

Proposal Three

Resolved that the following By-law amendments, additions or deletions, promulgated for the purpose and duration of the Governance Changes and Restructure review period will sit alongside the current By-laws for the next Synodical Year and cease or continue as approved by Synod following recommendation by the Governance Change Review Panel.

Reasons for the Proposal

Various By-laws need to be amended, added or suspended in order to facilitate this Governance Changes and Restructure review period. This work is well underway. The Governance Change Committee and Constitutions Committee has gained expert legal advice regarding ACNC legislation for both Constitutional frameworks for the future and immediate

By-law advice for the proposed review period. While this proposal requires the promulgation of By-laws for the purpose and duration of the review period it is necessary, in order to avoid doubt, that the intent of the current By-laws remains intact except where specifically suspended for the duration of the review period. This proposal introduces a sunset clause for the review period. The By-law changes will be drafted and distributed as late documentation prior to Synod.

Proposal Four

Resolved that the District Church Board at its inaugural meeting appoints a Governance Change review panel with prescribed Terms of Reference and that the Review Panel reports to the District Assembly and District Church Board as implementation progresses; and reports to 2020 Convention of Synod with recommendations on further implementation of new governance structures and operations.

Reasons for the Proposal

The proposed review period of the new governance structure requires a prescribed process of review. A review panel would be tasked with obtaining and receiving feedback from the arms of the church and also studying the outcomes of the review and making recommendations to the Governance Change Project Committee as the District prepares for full implementation in 2020.

Proposal Five

Resolved that the Governance Change Project progress throughout the 2019/2020 Synodical Term and that the LCAQD continue to fund the project so that by the 2020 Convention of Synod is informed, prepared and able to consider and act on the recommendations of the Review Panel.

Reasons for the Proposal

During this Synodical term the Governance Change Project has focussed on high level strategic changes deemed necessary to make the functioning of the District more efficient, effective, accountable and streamlined. While the review of the new structure proceeds there are many matters of detail remaining to be addressed. These matters relate to the interface between governance and administration of both the District and the Departments. Collaboration, shared resources, and efficiencies will be examined. Delegations and authorisations between board, department council to executive officers and departments will be carefully scrutinised. The culture of service, accountability and communications will be promoted. The Senior Managers Committee will be progressing a collaborative LCAQD budgeting model project that will include the funding of various LCAQD components such as the Secretariat including the Bishops Desk, district support functions, and the governance project. The continued funding of this project by the District for the District is a sound investment in our future.

6. Proposal to Address the Title of the New Governance Board

Proposal Six

Resolved that the District Church Council (DCC) of the Lutheran Church of Australia Queensland District (LCAQD) be renamed the District Church Board (DCB). (A footnote in the declaration to be added regarding By-Laws Part A)

Reasons for the Proposal

The District Church Council is the only Board of the District. Renaming the Church Council to Church Board clearly distinguishes between the Board and the Oversight/Governance Councils of the Departments. It is the District Church Board which carries the ultimate fiduciary duties and liabilities of the District and this needs to be made clear to both internal and external stakeholders.

7. Proposal to Enhance the Role and Responsibilities of the Bishop

Proposal Seven

Resolved that the First Assistant Bishop be a full time called and elected role with a three year term of Office to support the Bishop and share the duties of the Bishop as determined by the Bishop.

A series of heart health issues affecting many of the bishops of the LCA over recent times has highlighted to the DCC that it is not possible for the Bishop to faithfully, diligently and strategically attend to all matters pastoral, and preside over all governance matters required of the role. The Assistant Bishops have their own full time call and are therefore limited in the time they can dedicate to supporting the Bishop. The District is greatly blessed to have a Bishop with the diverse talents, insight and wisdom of Bishop Paul. However, overload is never sustainable. This proposal recommends sharing the duties of the Office of Bishop and to allow the Bishop more time and space for prayer, study, reflection, teaching, sharing, caring, communicating and leading.

The proposal is to make the First Assistant Bishop a full time calling. The proposed additional duties of the First Assistant Bishop would be “any such duties of the Bishop under “Part B SCHEDULE 1 OFFICIALS OF THE DISTRICT A. BISHOP 4.1 to 4.17 inclusive.” delegated by the Bishop from time to time. This gives the Bishop the ability to delegate duties according to the gifts of the First Assistant Bishop and their respective workloads.

A further opportunity to reduce workload is for the Bishop to delegate the chairing of the business sessions of Synod, the District Assembly and the DCB to a lay member of the DCB. By delegating this role, the Bishop can preside and speak on all matters before the District without the protocols of handing over the duties of the Chair while speaking. The Synod is therefore requested to elect the Chair that the Bishop will appoint.

8. Conclusion

The 2018 Convention of Synod approved a resolution to recommend a new governance model and implementation plan. A considerable effort has been made by the Governance Change Committee and various working parties to achieve a draft structure and supporting proposals to take to Convention of Synod in June 2019. The structure, proposals and reasons for the proposals has been included in detail in this document.

Should there be approval for implementation of the proposed governance structure for the review period, the governance change project will move to matters regarding the interface between governance and administration of both the District and the Departments. Focus of the working parties will be on collaboration, shared resources, and efficiencies including delegations and authorisations, culture of service, accountability and communications, parish communities and sustainable funding etc. In addition, a review panel will be established to assess the outcomes of the review period and report to Convention of Synod 2020, with recommendations whether to proceed to full implementation.

9. Appendix One – Proposals

Proposals Regarding a Revised LCAQD Structure.

Proposal One

Resolved that the proposed Governance Changes and Restructure of LCAQD as detailed in the structure diagram (version 19, dated 29 March 2019), and the accompanying explanatory notes, be implemented for review during the 2019/2020 synodical term and that the necessary amendments to the LCAQD By-laws Part B be promulgated for the duration of the review period. Any current By-law Part B which conflicts with the purpose of the trial is deemed suspended for the duration of the review.

Proposal Two

Resolved that the Executive of the District Church Board be the Chair, Bishop, two Assistant Bishops, Treasurer and Secretary, and that a quorum be four (4) members of the Executive.

Proposals to Facilitate Proposed Changes

Proposal Three

Resolved that the following By-law amendments, additions or deletions, promulgated for the purpose and duration of the Governance Changes and Restructure review period will sit alongside the current By-laws for the next Synodical Year and cease or continue as approved by Synod following recommendations by the Governance Change Review Panel.

Proposal Four

Resolved that the District Church Board at its inaugural meeting appoints a Governance Change review panel with prescribed Terms of Reference and that the Review Panel reports to the District Assembly and District Church Board as implementation progresses; and reports to the 2020 Convention of Synod with recommendations on further implementation of the new Governance structures and operations.

Proposal Five

Resolved that the Governance Change Project progresses throughout the 2019/2020 Synodical Term and that the LCAQD continues to fund the project so that the District by the 2020 Convention of Synod is informed, prepared and able to consider and act on the recommendations of the Review Panel.

Proposal to Address Issues of Titles of New Governance

Proposal Six

Resolved that the District Church Council (DCC) of the Lutheran Church of Australia Queensland District (LCAQD) be renamed the District Church Board (DCB). (A footnote in the declaration to be added regarding By-Laws Part A).

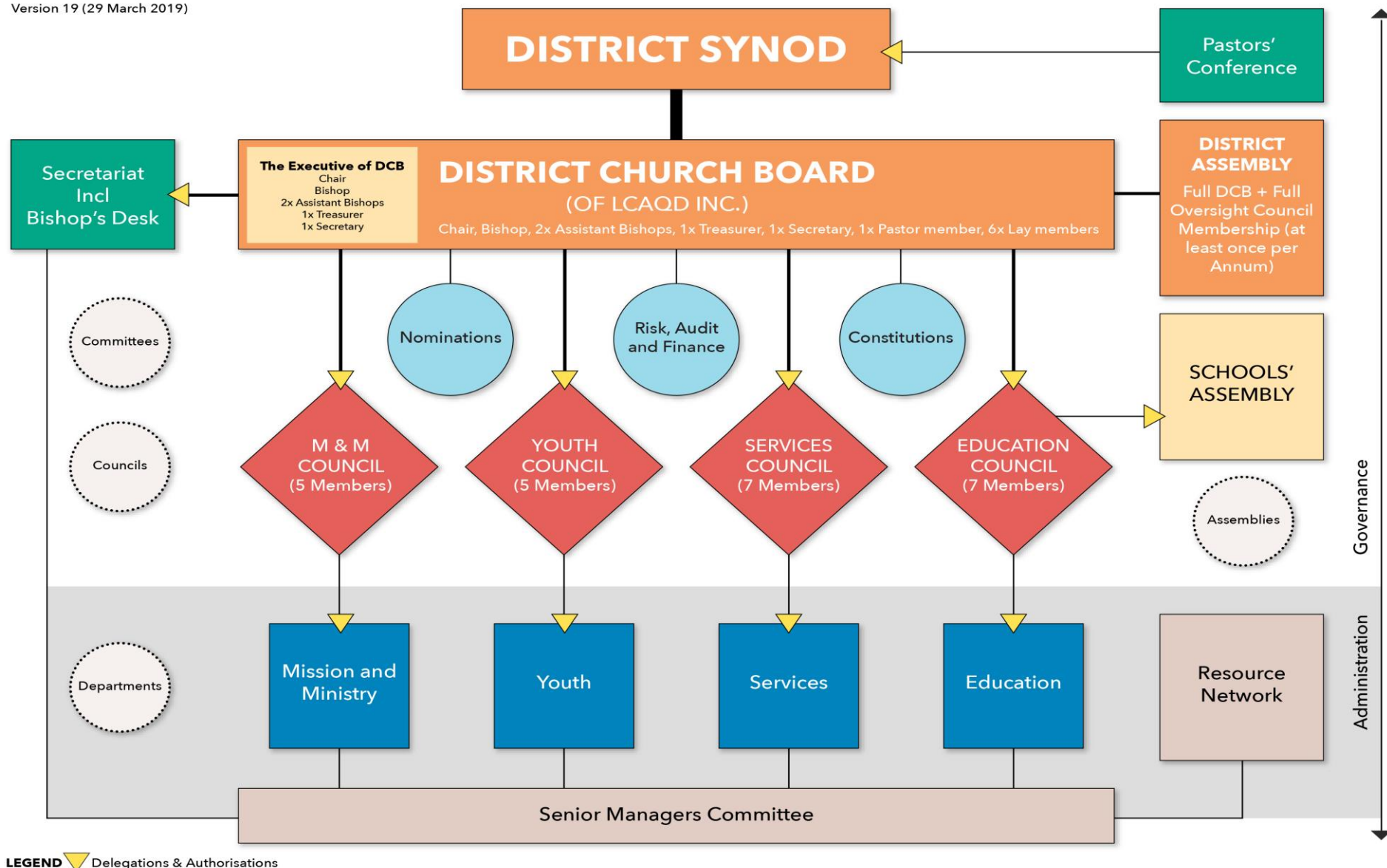
Proposal to Enhance the Role and Responsibilities of the Bishop

Proposal Seven

Resolved that the First Assistant Bishop be a full time called and elected role with a three year term of Office to support the Bishop and share the duties of the Bishop as determined by the Bishop.

10. Appendix Two – Proposed Structure

Version 19 (29 March 2019)



“Therefore my beloved be steadfast, immovable,
always excelling in the work of the Lord, because
you know that in the Lord your labour is not in
vain.”

[1 Cor 15:58]



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