

Part B – Statement on Diocesan Governance

16. The Exposure Draft was in two parts: explanatory statements by way of an introduction to the proposed policy, and a draft of the proposed policy. Comments on the Exposure Draft suggested separating the explanatory statements from the policy itself. Paragraphs 17-52 contain an updated version of the explanatory statements which set out the background to, and the purpose, context and proposed application of, the *Diocesan Governance Policy (Policy)* proposed to be debated at the Synod in September 2024, and the foreshadowed Parish Governance Policy.

Diocesan purpose and priorities

17. In July 2023 the Archbishop published [Purpose and Priorities for our Diocesan Fellowship](#) which began with the following statements –

For what we preach is not ourselves, but Jesus Christ as Lord, and ourselves as your servants for Jesus' sake" (2 Corinthians 4:5)

"We're for Jesus"

Our continuing purpose as Sydney Anglicans is given to us by God in the Scriptures. This purpose is to make disciples by:

- proclaiming and commending Christ
- establishing them in the life of the church
 - equipping them for compassionate service in the world
 - sending some to serve beyond our Diocese
 - prayerfully seeking God's work in all things

*As an expression of our love for God and our neighbours, our Diocese is a **fellowship of churches, schools and organisations**, all of which are shaped by the gospel and share our disciple-making purpose. The **churches** (including those that meet in gaols, schools, and aged-care and retirement village settings) are the foundation of our Diocesan fellowship and have unique opportunity and responsibility for the work of making disciples since they are communities gathered by the gospel. We seek God's work amongst us to **multiply Christians, multiply churches, and multiply leaders**. To these ends, we long to see our fellowship marked by healthy **communication, collaboration, and coordination**.*

18. By resolution 20/23, the Synod of the Diocese of Sydney –
- (a) welcomed the leadership of the Archbishop as expressed in *Purpose and Priorities for our Diocesan Fellowship*, and
 - (b) called on our churches, schools and organisations prayerfully to consider how they can contribute to the purpose and priorities outlined by the Archbishop.
19. Our churches, schools and organisations are all places of gospel hospitality, irrespective of their function or role and, in light of God's grace and mercy, offer an appropriate welcome to all people consistent with the commands of Jesus. Obedience to the commands of Jesus does not preclude service to all, but rather intensifies it. All who wish to serve Jesus as their Lord must also be committed to serving people from all backgrounds, circumstances and world views consistently with the commands of Jesus.

Introduction

20. The proposed Policy is informed by the Purpose and Priorities outlined by the Archbishop, and the observations in paragraph 19.
21. The Policy is proposed to apply to schools and organisations. A separate Parish Governance Policy is being prepared by the GPRC. Paragraphs 17-52 set out the GPRC's Statement on Diocesan Governance which sets out the principles underlying both the Policy and the foreshadowed Parish Governance Policy.³

³ Although *Purpose and Priorities for our Diocesan Fellowship* uses the expression "churches, schools and organisations", the expression "parishes and organisations" is used in this Statement. The Diocesan Governance Policy applies to organisations and the Parish Governance Policy will apply to parishes.

22. In relation to parishes –
- (a) it is intended that the Parish Governance Policy will only apply to persons responsible for the financial and property affairs of parishes (such as wardens and members of parish councils, including a rector in his capacity as a member of a parish council) in their exercise of that responsibility, and will not apply to persons responsible for the spiritual welfare of parishes (i.e., rectors and other ministers in accordance with licences and authorities from the Archbishop) in their exercise of that responsibility, and
 - (b) references to “parishes” in this Statement need to be read and understood in light of paragraph (a).
- In this report, “**governing persons**” refers collectively to persons responsible for the financial and property affairs of a parish in their exercise of that responsibility, and persons responsible for governing an organisation.
23. In pursuing the purpose and priorities outlined by the Archbishop, the Diocese advances religion, and works for the good of society in the Diocese and beyond. As parishes and organisations pursue their own charitable purposes, they also contribute in varying ways, and to differing extents, to the purpose and priorities of the Diocese.
- In doing so, the Diocese, parishes and organisations make a rich contribution to the social capital of communities through religious activities, education, youth work, social welfare, health, seniors living and aged care, and overseas aid.
24. Governance is one of those concepts subject to a myriad of definitions and interpretations. In the context of the Diocese, the concept of governance encompasses the processes, activities and relationships intended to ensure that direction and control is exercised and maintained in a parish or organisation, and that the parish or organisation has the capability to be effectively led and properly run in a manner which enables the pursuit of the purposes of the parish or organisation.
25. Responsible and effective governance of our parishes and organisations –
- (a) is essential to the furtherance of the purposes and priorities of the Diocese, through the pursuit of the purposes of each parish and organisation,
 - (b) requires Christian leaders who are committed to the pursuit of those purposes in conformity to the doctrine of the Diocese,
 - (c) is based on the roles and responsibilities being clearly documented and understood,
 - (d) requires practices and procedures that enable the pursuit of purposes effectively and openly, and
 - (e) benefits from healthy communication, collaboration, and coordination between parishes and organisations.

What is the Diocese?

26. The Diocese is parish based, synodically governed, episcopally led and structured as an unincorporated voluntary religious association comprising a network of parishes and multiple other incorporated and unincorporated organisations (including trustees of trusts). The Diocese is also one of the dioceses that are part of the separate national voluntary religious association known as the Anglican Church of Australia (**ACA**).
27. Representative members of the Diocese meet in the Synod to attend to the governance of the Diocese (and other matters arising from membership of the ACA).
- The New South Wales Parliament has provided a legislative framework for the Synod to carry out responsible and effective governance of the Diocese and its component parts. The *Anglican Church of Australia Constitutions Act 1902 (NSW)*⁴ empowers the Synod to make ordinances for the order and good government of the ACA within the Diocese. The *Anglican Church of Australia Trust Property Act 1917 (NSW) (Trust Property Act)* gives the Synod the power –
- (a) to vary the trusts on which church trust property is held for one or more purposes of the Diocese,⁵

⁴ Copies of the [NSW Acts of Parliament and Diocesan ordinances](#) referred to in this Statement are available on the Sydney Anglicans website. [Canons of the General Synod](#) of the ACA are available on the General Synod website.

⁵ Section 4 of the Trust Property Act defines purposes to include religious, educational, cemetery, and all other purposes of the ACA, whether such purposes are within or beyond the Diocese or the State.

- (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* (NSW) (**Bodies Corporate Act**) gives power to the Synod to constitute such councils and committees as bodies corporate for the management and governance of an entity within the Diocese or for holding, managing or dealing with church trust property held for one or more purposes of the Diocese.

28. In the Diocese there are more than 260 parishes, about 60 schools and organisations established by the Synod and multiple other organisations (including trustees of trusts) in respect of whose organisation or property the Synod is empowered to make ordinances, or the Archbishop-in-Council may impose legally binding conditions. About 30 schools and organisations are incorporated by, or under, legislation including the Trust Property Act, the Bodies Corporate Act or the *Corporations Act 2001* (Cth).⁶

Purpose of the policies

29. Parishes and organisations have taken steps on their own councils, committees and boards (collectively, **governing bodies**⁷) to ensure responsible and effective governance, and to promote communication, collaboration, and coordination amongst themselves.

Nevertheless, the Synod as the “parliament of the diocese” also has a responsibility before God and to the wider community to facilitate both responsible and effective governance of, and communication, collaboration, and coordination amongst, parishes and organisations in the Diocese.

30. The adoption of a revised Synod-approved Diocesan Governance Policy and a Parish Governance Policy will enable the Synod to continue to exercise this responsibility, and set out its expectations, as it partners with parishes and organisations in a shared gospel ministry.

31. In exercising this responsibility Synod would set out its expectation that governing persons will seek the highest standards of governance appropriate to their context.

32. Doing so will enhance the extent to which a parish or organisation is able to pursue the purposes for which it is established and advance the purposes and priorities of the Diocese.

33. The Diocese exists because of Christ’s commission to “go and make disciples of all nations”, baptise and teach “them to obey everything I have commanded you” (Matthew 28:19 and 20a), and so Christian faith and discipleship are not peripheral concerns for the effective governance of our parishes and organisations.

Parishes and organisations play different, but important, roles in furthering the mission of Christ. An expectation of good governance is something we share with people and institutions more widely in our community, but this commitment to furthering the mission of Christ, the crucified Saviour and risen Lord, and obey his commands is a distinctive of the parishes and organisations within our Diocese.

The nature of Christian governance and leadership

34. The Scriptures identify the church of God in several ways including the body of Christ, the bride of Christ, God’s building, God’s temple, and God’s household (1 Corinthians 12:1-2, Ephesians 5:32- 33, 1 Peter 2:4-5 and Ephesians 2:19-22). Understanding the identity of the church of God from the Scriptures helps set the direction and scope of the ministries undertaken by our parishes and organisations. Recognising what the church of God is, as identified in the Scriptures, has led the Diocese to seek to walk in humble obedience to God, faithfully participating in his work of reconciling of the world to himself through Christ (2 Corinthians 5:11, 18-21 and Colossians 2:6-7).

35. The Scriptures call on us to manage, care for, and be good stewards of all God has given (Genesis 1:26-28), to recognise the legitimate, God-given authority of the State as both dutiful citizens and God’s

⁶ Copies of the [Commonwealth Acts of Parliament](#) referred to in this Statement are available on the Federal Register of Legislation.

⁷ In relation to a parish, the term “governing body” is understood to only refer to persons responsible for the financial and property affairs of the parish (such as wardens and members of parish councils, including a rector in his capacity as a member of a parish council) in their exercise of that responsibility.

loyal servants (Matthew 22:15-22, Romans 13:2 and 1 Peter 2:13–17) and to do so with generous spirits because “much will be expected of those to whom much has been given” (Luke 12:48).

36. The understanding of the Diocese as expressed in *Purpose and Priorities for our Diocesan Fellowship* requires governance that acknowledges the different parts of the fellowship, with their different gifts and opportunities, and different blessings and resources.
37. Leadership is a gift of God for the purposes of order and good government. Among the people of God, church leaders who are rectors and other ministers are gifted by, and accountable to, God for the teaching, discipline and modelling of godliness to those under their care. Other leaders of our parishes, and leaders of our organisations, are likewise gifted by, and accountable to, God for their governance role, which is for the good of the community they serve, since they also act as “God’s servants” (Romans 13:4).
- Governing persons should also have standards of integrity, truth and commitment with respect to their governance responsibilities. 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 the financial and property affairs of our parishes and our organisations.
38. Scripture states “We aim at what is honourable not only in the Lord’s sight but also in the sight of others” (2 Corinthians 8:21). In light of this, it is appropriate that governing persons take pains to ensure not only the substance, but also the appearance of propriety and accountability. This includes abiding by the highest governance standards appropriate to their context, and going beyond those applying to secular organisations where they are applicable or otherwise appropriate.

The context of governance in parishes and organisations

39. Since the initial adoption of the Synod approved [Governance Policy for Diocesan Organisations](#) in 2014, contemporary governance thinking and practice has evolved and new best practice guidelines have been released, including⁸ –
- the revised G20 / OECD Principles of Corporate Governance adopted by the OECD Council and endorsed by G20 Leaders,
 - the Corporate Governance Principles and Recommendations published by the Australian Stock Exchange’s Corporate Governance Council, and
 - the third edition of the Not-For-Profit Governance Principles published by the Australian Institute of Company Directors (**AICD**).
- Whilst the governance of the financial and property affairs of our parishes and our organisations differs from the governance of many of the organisations addressed by these guidelines, the content of these guidelines is helpful in considering the scope and content of a revised Policy and, to a lesser extent, a Parish Governance Policy.⁹
40. Since 2014 the Australian Charities and Not-for-profits Commission (**ACNC**) has also published further guidance on the ACNC Governance Standards and introduced the ACNC External Conduct Standards.¹⁰
41. Whilst the *Parish Administration Ordinance 2008* sets out the administrative framework for parishes and the differing roles of ministers, wardens and parish councils, the Ordinance does not contain provisions relating to the duties of persons responsible for the financial and property affairs of parishes, the management of any conflicts of interests of those persons and similar matters.
42. Similarly, the legislation and ordinances establishing most organisations in the Diocese do not contain provisions relating to the duties of the members of governing bodies, the management of any conflicts of interests of those persons or many of the other provisions contained in the revised Policy.¹¹

⁸ Available from the [OECD](#), [ASX](#) and [AICD](#) websites.

⁹ The fact that the Policy does not include specific content from these guidelines is not an indication that entities should not give due consideration to that content where appropriate to do so. Some of that content is likely to be included in the Policy Guidelines (as defined in the Policy).

¹⁰ Available from the ACNC website – [Governance Standards](#) and [External Conduct Standards](#).

¹¹ Most organisations in the Diocese which are bodies corporate are incorporated under Trust Property Act or the Bodies Corporate Act rather than the Corporations Act. Neither the Trust Property Act nor the Bodies Corporate Act, nor many of the ordinances establishing bodies corporate under them, include such provisions. In addition, in relation to those organisations that are incorporated under, or which are bodies corporate for the purposes of, the *Corporations Act*, section 111L of the *Corporations Act* provides that certain

43. Whilst the ACNC Governance Standards¹² apply to some parishes (e.g., parishes which receive significant government funding) and many organisations, they do not currently apply to parishes and organisations which are registered with the ACNC as basic religious charities (i.e., a parish or organisation that has the sole charitable purpose of advancing religion and meets six specific criteria).¹³
44. The ACNC External Conduct Standards apply to parishes and organisations which are registered with the ACNC (irrespective of whether or not they are basic religious charities). The standards require charities to take reasonable steps to ensure appropriate standards of behaviour, governance and oversight when undertaking activities or providing funding overseas. Importantly, activities or providing funding overseas is not limited to major programs or projects. A parish or organisation which is registered with the ACNC is generally considered by the ACNC to operate outside Australia even if its overseas activities are just a minor part of its work, or if it only sends a small amount of money overseas (even when such activities are conducted through a third party).¹⁴
45. Nevertheless, in considering the materials referred to in paragraphs 39-44 it is important to note that most parishes and organisations are likely to be already subject to the common law duties of directors and/or trustees. For example, wardens are trustees of church trust property, and their trustee duties include duties to promote the purposes of the trust and fiduciary duties to act in the best interests of the purposes of the trust and to avoid conflicts between interest and duty.
46. Organisations (and/or members of their governing bodies) may also be subject to (or able to voluntarily comply with) multiple and different external governance standards. These standards will, at times, overlap with each other and the Policy if adopted by the Synod. For example¹⁵ –
- (a) Diocesan schools must comply with the registration and accreditation requirements of the NSW Education Standards Authority, including having and implementing policies and procedures for the proper governance of the school,
 - (b) Moore Theological College must comply with the Higher Education Standards Framework (Threshold Standards) including the standards on corporate and academic governance,
 - (c) Anglican Community Services must comply with the Aged Care Quality Standards and the National Disability Insurance Scheme (**NDIS**) Practice Standards and Quality Indicators including standards on organisational governance,
 - (d) All Diocesan schools, Anglican Community Services and some other organisations must comply with the NSW Child Safe Standards requiring child safety to be embedded in organisational governance, and
 - (e) some organisations voluntarily comply with standards set by the CMA Standards Council (**CMASC**, a ministry of Christian Ministry Advancement).¹⁶

provisions in the *Corporations Act* (including those relating to the duties and interests of directors or the management of any conflicts of interests of directors) no longer apply to bodies corporate registered under the *Australian Charities and Not-for-profits Commission Act 2012* (Cth). See the [ASIC guidance](#) on section 111L.

¹² The ACNC Governance Standards are a set of core minimum standards relating to charity governance and how a charity is run – including its processes, activities and relationships. In summary, the standards require a charity (i) to be not-for-profit and work towards its charitable purpose, and be able to demonstrate this and provide information about its purposes to the public, (ii) to take reasonable steps to be accountable to their members, and allow their members adequate opportunities to raise concerns about how the charity is run, (iii) to act in a lawful way, and comply with Australian laws, (iv) to ensure they not controlled by people who may pose a risk to the charity's financial position or the pursuit of its charitable purpose, (v) to take reasonable steps to make sure that members of its governing body meet certain duties, and (iv) to take reasonable steps to become a participating non-government institution in the National Redress Scheme if they are, or are likely to be, identified as being involved in the abuse of a person.

¹³ In order to be registered as a basic religious charity (and not be subject the ACNC Governance Standards), a parish or organisation in summary: (i) must only be registered with the charity subtype of “advancing religion”, (ii) must not be incorporated under the *Corporations Act* (or other specified legislation), (iii) must not report to the ACNC as part of a group, (iv) must not be endorsed, as a whole, as a deductible gift recipient, (v) must not receive more than \$100,000 in government grants in a reporting period or in the previous two reporting periods, and (vi) in certain circumstances, must join the National Redress Scheme for Institutional Child Sexual Abuse if it has been identified as being involved in the abuse of a person. See the [ACNC guidance](#) on basic religious charities. A primary reason why the ACNC Governance Standards do not currently apply to basic religious charities is that it was regarded as inappropriate for the ACNC to interfere in the governance of small religious bodies which were not incorporated and received little direct funds from government.

¹⁴ The ACNC External Conduct Standards in summary cover (i) the way a charity manages its activities overseas and how it is required to control its finances and other resources, (ii) the obtaining and keeping records for a charity's operations outside Australia, (iii) anti-fraud and anti-corruption measures for charities operating overseas, and (iv) taking reasonable steps to ensure the safety of vulnerable individuals overseas.

¹⁵ Available from the [NESA](#), [TEQSA](#), [ACQSC](#), [NDIS Commission](#), [OCG](#) and [CMASC](#) websites.

¹⁶ See the [ACNC guidance](#) recognising the CMASC's 54 standards (grouped under nine principles) and noting that if a registered charity complies with the CMASC standards, it is likely to meet ACNC Governance Standards 1–5.

47. In addition, the AICD, Governance Institute of Australia and CMASC (among others) publish a wide range of governance resources to assist members of the governing bodies of charities and not-for-profit organisations in the task of governance.
48. In recognition that existing standards will, at times, overlap with the Policy, the Policy provides that if an organisation complies with applicable standards listed in paragraph 46 (or other standards approved by the Standing Committee), the organisation will be presumed to comply with the equivalent standards in the Policy, as outlined in Appendix 2 of the Policy.

Application of the *Diocesan Governance Policy*

49. The attached Policy is intended to set out the expectations of the Synod and represents an expansion of the scope of the Policy which previously only applied to a limited number of organisations.

The Policy classifies parishes and organisations in four levels, broadly as follows –

- (a) unincorporated organisations,
- (b) organisations which operate within the Diocese and use, or cause or permit to be used, names and descriptions relating to the ACA, whether or not such organisations are authorised to do so under the *Use of Church Names Canon 1989*,¹⁷
- (c) incorporated organisations which conduct an enterprise in their own right, and
- (d) larger incorporated organisations which conduct a complex enterprise, or which are subject to an extensive external regulatory regime.

Each level is more fully described in Appendix 1 to the Policy.

Foundational standards of governance apply to the first level (and the members of their governing bodies), and increasingly comprehensive standards of governance apply to the second, third and fourth levels (and the members of their governing bodies).

50. The expansion of the scope of the Policy recognises changing public expectations of transparency, accountability and good governance within the not-for-profit sector (including charities).

An effective governance framework should have regard to –

- (a) the effectiveness of the governing body,
- (b) the contribution of members of the governing body,
- (c) the way in which governance is applied throughout a parish or organisation,
- (d) the need to take a nuanced approach when it is necessary to balance the purposes of the organisation (and, where appropriate, the purposes and priorities of the Diocese) with conflicting requirements imposed under specific legislation, accreditation requirements or government or other funding agreements,
- (e) the interests of multiple stakeholders (including the Diocese, local churches, employees (past, present and future), students, customers and clients (and their families - past, present and future), governments, regulators, donors, partners and community organisations, among others), and
- (f) the strength of the relationships a parish or organisation fosters with its stakeholders.

Good governance of parishes and organisations is a critical element in protecting and enhancing public trust and confidence in the structures of the Diocese.

51. The Policy is not intended to apply to the Synod as a whole since the powers of the Synod are granted under the *Anglican Church of Australia Constitutions Act 1902* (i.e., broad powers to make ordinances

¹⁷ Section 6 of the *Anglican Church of Australia Act 1976* (NSW) provides that a person shall not, for the purposes of, or in connection with, any business, trade or profession use, or cause or permit to be used, names and descriptions relating to the Anglican Church of Australia unless the person is authorised to do so pursuant to a canon of the General Synod. "Church name" is defined in the *Use of Church Names Canon 1989* to mean –

- (a) each of the names or descriptions "Church of England", "Church of England in Australia", "Anglican Church of Australia" or "Anglican", and
- (b) any name, initials, word, title, addition, symbol or description which, either alone or in conjunction with other matter (i) refers to the ACA or an instrumentality of the ACA, or (ii) implies, or tends to the belief, or indicates, or is capable of being understood to indicate, or is calculated to lead persons to infer, that it is a reference to the ACA or an instrumentality of the ACA.

The *Use of Church Names Canon 1989* authorises the Archbishop-in-Council to issue and withdraw a certificate authorising the use of a "Church name" and impose conditions on the issue of such a certificate.

concerning the order and good government of the ACA and the regulation of its affairs within the Diocese) and, when in session, the primary responsibility of members of Synod is legislative.¹⁸

52. However, the Policy is intended to apply to the Standing Committee as a body established by, and granted powers, by the Synod as the Policy is intended to apply to all incorporated or unincorporated bodies (including trustees of a trust) which are constituted by ordinance or resolution of the Synod, or in respect of which, or whose property, the Synod may make ordinances, or the Archbishop-in-Council may impose legally binding conditions.¹⁹ All of these bodies are accountable to the Synod.

¹⁸ The fact that the ACNC cannot take enforcement action against parishes and organisations which are basic religious charities for a breach of the ACNC Governance Standards (which largely reflect basic principles of good governance) reinforces the importance of the Synod exercising its responsibility to facilitate both responsible and effective governance of, and communication, collaboration, and coordination amongst, parishes and organisations.

¹⁹ See the definition of "organisation" in the Policy.