



Refresher: Church Leadership & Governance Issues

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Introduction

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Church Leadership & Governance Issues

³⁵ Jesus went throughout all the cities and villages, teaching in their synagogues and proclaiming the gospel of the kingdom and healing every disease and every affliction. ³⁶ When he saw the crowds, he had compassion for them, because they were harassed and helpless, like sheep without a shepherd.

³⁷ Then he said to his disciples, “The harvest is plentiful, but the laborers are few; ³⁸ therefore pray earnestly to the Lord of the harvest to send out laborers into his harvest.”

Matthew 9:35-38 (ESV)

Church Leadership & Governance Issues

1. Who are the controllers of your organisation?
2. Extent of governors' powers
3. Dealing with termination of office bearers
4. The importance of governing rules and policy alignment

1. Who are the controllers?

Ultimate control → Members

Representative control → Management Committee /
Board of Directors / Trustee

Operational matters → Executive or Management team /
Ministry leaders

1. Who are the controllers?

Members

- Generally a minimum of 3 individuals, majority unrelated (or 1 corporate)
- Incorporated associations – minimum of 7 individuals
- Entitled to receive notice of, attend, and vote at general meetings
- Vote on changes to the constitution
- Appointments to and removal from board / management committee
- Members Register
- Members minute book (hard copy or electronic)

1. Who are the controllers?

Board / Management Committee / Trustee

- Minimum of 3 individuals, majority unrelated
- Accountable to the members (usually elected by the members)
- Representatives (i.e. able to enter contracts on behalf of a CLG)
- Power to make decisions between general meetings, subject to restrictions in the Church's governing rules or policies
- Governors, responsible to oversee the Church and take steps to comply with governing rules, policies, and legal standards
- Board minute book (hard copy or electronic)

1. Who are the controllers?

Board / Management Committee / Trustee

“Responsible Persons” under the ACNC Governance Standards

- Standard 1: Purposes and not-for-profit nature
- Standard 2: Accountability to members
- Standard 3: Compliance with Australian laws
- Standard 4: Suitability of Responsible People
- Standard 5: Duties of Responsible People
- Standard 6: Maintaining and enhancing public trust and confidence in the Australian not-for-profit sector

1. Who are the controllers? Board / Management Committee / Trustee

ACNC Governance Standard 5: Duties of Responsible People

- to act with reasonable care and diligence
- to act honestly and fairly in the best interests of the charity and for its charitable purposes
- not to misuse their position or information they gain as a Responsible Person
- to disclose conflicts of interest
- to ensure that the financial affairs of the charity are managed responsibly, and
- not to allow the charity to operate while it is insolvent.

ACNC summary: <https://www.acnc.gov.au/for-charities/manage-your-charity/governance-hub/5-duties-responsible-people>

1. Who are the controllers?

Board / Management Committee / Trustee

Accountable for compliance with External Conduct Standards

- Standard 1: Activities and control of resources (including funds)
- Standard 2: Annual review of overseas activities and record-keeping
- Standard 3: Anti-fraud and anti-corruption
- Standard 4: Protection of vulnerable individuals

2. Extent of governors' powers

- Understand your structure, the entities in it, and the rules for each:
 - › Unincorporated Association – Constitution
 - › Incorporated Association – Constitution & *Associations Incorporation Act 1981* (Qld)
 - › Company Limited by Guarantee – Constitution & *Corporations Act 2001* (Cth)
 - › Enterprise Trust or Property Trust – Trust Deed
- For an Unincorporated Association & Property Trust:
 - › Constitution
 - › Trust Deed

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2. Extent of governors' powers

- Understand your governing rules and policies
- Act with the approval or within the delegation of the Board
 - › Individual Board members (including the Senior Pastor)
 - › Board committee
- 'Inclusive' Delegations policy
- 'Exclusive' Limitations policy
 - › Limitations policy preferred for delegation of authority to Senior Pastor – 'exclusive', and otherwise full day to day leadership

3. Termination of office bearers

- Are they office bearers of more than one entity in your structure?
Link them
- Are they an employee as well as an office bearer?
Link between the two
- Companies need to comply with ss 203D & 203E of the Corps Act
- Are they also a church member / company member?

4. Governing rules and policies

- Governing rules generally do not include operational rules
 - › Unless desirable in the circumstances (i.e. non-negotiable rules)
- Importance of alignment between governing rules for different entities within your structure
- Ensure Constitutions / Terms of Trust are aligned and up to date
 - › If you have two Companies – are the Constitutions consistent?
 - › If your Property Trust is more than just an asset holder – do you need to consider a restructure (as otherwise trust may be operating outside power)?
 - › If you have a Property Trust, you might need to consider taking advice on maintaining the Trust's entitlement to state revenue concessions.

4. Governing rules and policies

- Importance of alignment between governing rules and policies
- By-Laws / Regulations / Delegations Policy / Position Descriptions / Policies (such as Conflicts of Interest & Related Party Transactions)
 - › Ensure all are up to date and aligned
 - › If you change one, consider changes that need to be made to the other
 - › Later documents may not fully consider earlier documents and inconsistencies arise
- Importance of understanding and adhering to policies (not just having them)



QUESTIONS?

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