



**LUTHERAN  
CHURCH**

OF AUSTRALIA

*where love comes to life*

**LUTHERAN CHURCH OF AUSTRALIA  
GOVERNANCE AND ADMINISTRATION REVIEW  
FINAL REPORT**

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*The information contained in this  
Final Report offers the findings,  
opinions and Recommendations  
of the Review Consultant.*

*It does not represent the opinions  
of any of the governance groups  
consulted in the process  
of developing this Report.*

*This is the Review Consultant's final Report  
to the General Church Council.*

*The General Church Council will then  
decide which of the Recommendations  
they wish to accept, adapt or not pursue.*



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## PART A

### INTRODUCTION

At its Convention in April 2013 the Lutheran Church of Australia (LCA) General Synod adopted the following resolution:

*THAT the GCC, consistent with the Strategic Direction of the LCA - especially regarding improving our "Governance and Leadership capability" and being "good stewards of our available resources" - undertake a review of the current governance and administrative structures of the LCA including at the National level, District level, Boards, Commissions, Councils and Agencies during the next synodical term.*

The contract for this consultancy was confirmed in February 2014. The substantial work of this Review needed to be completed by the end of 2014 in time for processing for the General Synod Convention in September 2015.

#### **The Objects of the Review:**

The Review aimed to provide recommendations for future LCA governance and administrative arrangements that:

- Are commensurate to a body of the nature and size of the LCA.
- Align with and support the LCA's Strategic Direction and are consistent with its theological foundations.
- Enable the LCA to meet its legal and compliance requirements.
- Are supported by policies in respect to membership criteria, nomination procedures and induction processes.
- Achieve better outcomes by sharing and/or consolidating available human and financial resources.
- Capitalise on available technology to enable effective processes.



## THE APPROACH OF THIS REVIEW

The principles underpinning the Consultant's methodology in conducting this Review were:

1. The whole membership of the Lutheran Church in Australia and New Zealand were to be given the opportunity to participate in the various consultations throughout the Review process.
2. All processes were designed to create an open, transparent and trusting environment.
3. All participants were to be given equal opportunity to have their point of view heard.
4. The process could not move faster than the whole group's ability to embrace change.
5. Flexibility was critical to the unfolding process.

A Reference Group was appointed to provide the Review Consultant with advice from time to time. The Reference Group members are: Ruth Prescott (SA), Brett Hausler (Vic), Nancy Fox (NSW), Michael Stolz (Qld), Mark Altus (WA) and Bishop John Henderson.

The primary methodology was to consult as many members as possible within the time and resource constraints, therefore, information was obtained through a "bottom up" process. So the information collected came from a wide and geographically diverse group.

A group of independent Meeting Facilitators was appointed by Dr Cleary to assist her in the preparation, facilitation and outcome reporting of the Consultation meetings. The facilitators were all highly experienced in working with complex, including religious, organisations. They were: Paul Bullen (NSW), Paul Harney (Qld), Dianne Hearn (Qld), Peter Nicholson (Vic) and Anne Rhodes (SA).

Based on the Review Consultant's Review Plan, GCC decided that there would be three consultation processes. Electronic invitations to attend one of the meetings for the First Consultation were sent to all Pastors and Chairs of congregations and parishes via the Lutherans in Australia Members Portal (LAMP). Invitees were also advised that they could complete a Response Sheet either on line or in hard copy if they were unable to attend a face-to-face consultation meeting. Because of the time limits required to complete the whole consultancy, some invitees felt that the time between receiving the invitation and the opportunity to attend a meeting was too short. Despite these reservations, 280 people met with the Review Consultant and the Meeting Facilitators in 23 sites<sup>1</sup> across Australia and New Zealand.

The Review Consultant also met with over 50 key personnel at District and National level in Australia and New Zealand. A further 30 written responses were received. These meetings considered the paper "Lutheran Church of Australia Governance Review: First Consultation Paper (3 March 2014)"<sup>2</sup>. Hard copies of this Paper were also sent to anyone who could not attend a face-to-face meeting and wished to participate in the process. The First Consultation

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<sup>1</sup> The 23 sites for the First Consultation Meetings were Albury (NSW), Berri (SA), Blair Athol (SA), Box Hill (Vic), Buderim (Qld), Canberra (ACT), Glenelg (SA), Hamilton (Vic), Horsham (Vic), Morley (WA), Mountainside (NZ), NSW District Office (NSW), North Adelaide National Office (SA), Nuriootpa (SA), Queensland District Office (Qld), St Marys (NSW), Sth Australia & Northern Territory District Office (SA) Toowoomba (QLD), Vic & Tas District Office (Vic), WA District Office (Perth), Wagga Wagga (NSW), Wellington (NZ), Wudinna (SA).

<sup>2</sup> This paper is available to download from the LCA Website in association with this Review Report.



Process commenced at the end of February 2014 and was completed by the beginning of May 2014. The results of the First Consultation process were provided to the General Church Council at the end of June 2014. This paper was entitled "Lutheran Church of Australia Governance and Administration Review: Second Consultation Paper (28 June 2014)"<sup>3</sup>.

In the Second Consultation Process, Pastors, leaders of congregations, parishes, boards, commissions and councils at every level of the Lutheran Church in Australia and New Zealand were sent this Paper together with a Response Sheet, a Consultation Meetings Schedule and an RSVP Form for those intending to attend a Consultation Meeting. Meetings were scheduled for 24<sup>4</sup> sites and about 290 people attended these meetings.

In addition, consultation meetings were held with the District Church Council members in New South Wales, Victoria and Tasmania, Perth and Queensland. At a national level, meetings were held with the Chairpersons and Executive Officers of the National boards, committees, commissions and councils. Twenty-three written responses to the Consultation Paper were also received and considered.

A Paper entitled "Lutheran Church of Australia Governance and Administration Review: Third Consultation Paper (10 December 2014)" contained the Review Consultant's Draft Final Report and Review Recommendations.

This Third Consultation Paper was sent to everyone who has been sent previous invitations, to those who attended the face-to-face meetings and to those who sent back written responses. The Review Consultant has endeavoured to ensure that the contact information for all these people and groups is as accurate as humanly possible within the limitations of the LCA information systems. Apologises to anyone who has been overlooked, but LCA members in Australia and New Zealand will understand the communication issues of a Church that is small but spread wide geographically. Members were invited to respond to the Recommendations only either online or in hard copy between the beginning of December and 9 January 2015.

The Review Consultant collated these responses and provided the Final Report to the General Church Council in February 2015.

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<sup>3</sup> This paper is available to download from the LCA Website in association with this Review Report.

<sup>4</sup> The 24 sites for the Second Consultation Meetings were Albury (NSW), Alice Springs (NT), Berri (SA), Blair Athol (SA), Box Hill (Vic), Buderim (Qld), Canberra (ACT), Glenelg (SA), Hamilton (Vic), Horsham (Vic), Morley (WA), Mountainside (NZ), NSW District Office (NSW), North Adelaide National Office (SA), Nuriootpa (SA), Queensland District Office (Qld), St Marys (NSW), Sth Australia & Northern Territory District Office (SA) Toowoomba (QLD), Vic & Tas District Office (Vic), WA District Office (Perth), Wagga Wagga (NSW), Wellington (NZ), Wudinna (SA).



## LIMITATIONS TO THIS REVIEW:

The Review Consultant identifies a number of challenges that have affected the successful completion of this Review.

1. The timeline to conduct the substantial part of this Review between February and December 2014 was too ambitious.
2. There was a financial and time limit to the number of Consultation Meetings that could be held and in which geographic locations. As a result, a number of people who would have liked to attend were unable to do so because of geographic distances.
3. The LAMP is not an accurate or efficient way to contact the whole Church.
4. There is a paucity of organisational information about the Lutheran Church of Australia and New Zealand limited the development of this Review of across two countries.
5. The frame of reference of most members of the Church regarding the meaning of the term "LCA" appears to refer only to their particular congregation, District or national group. Few members spoke of the "LCA" meaning the whole of the Lutheran Church of Australia and New Zealand or had a holistic view of the Church, its people or its potential.
6. Only a limited number of members expressed an expansive view of what the governance of the Lutheran Church of Australia and New Zealand could "look like" as a result of this Review.



## THE STRENGTHS OF BEING LUTHERAN

The First Consultation provided the Review Consultant and Meeting Facilitators with the energetic and positive feedback that the Lutheran Church of Australia and New Zealand is indeed a “pearl of great price”. The Review Consultant then identified the strengths of being Lutheran in the Second Consultation Paper. The participants in the Second Consultation affirmed these strengths and provided rich feedback.

These strengths are now identified as:

1. The deep belief in the value of being a member of the Lutheran Church and its mission.
2. A commitment to the Lutheran congregational structure and its local authority.
3. The right of the local congregation to call their pastor.
4. The generosity of the members in giving support and money at local level.
5. Interested and educated Pastors who are committed to the Mission.
6. A rich history and tradition.
7. A small but significant number of members who have generously given time and commitment to the governance, leadership and administration of the Lutheran Church at every level, especially the local level.
8. A commitment to the importance of mission and ministry.

The Review Consultant notes that in every organisational change process there is “a window of opportunity” for the organisation to embrace and implement change. For all the reasons cited for initiating this Review - declining membership, increasing organisational and governing complexity etc, the Review Consultant believes that the opportunity to initiate change in the Lutheran Church of Australia and New Zealand is now. This Review has demonstrated that there are sufficient members with the energy and will to embrace change.



## SUMMARY OF THE REVIEW RECOMMENDATIONS

The context for the Review Recommendations can be found in each section of this Report that relates to the particular Recommendation.

### ■ RE: MEMBERSHIP OF GOVERNING GROUPS

#### **RECOMMENDATION 1:**

That the governing groups which could benefit from a skills-based model of membership recruitment be identified and then develop models, policies, training and processes to make this transition possible.

#### **RECOMMENDATION 2:**

That a high priority be given to implementing the LCA Strategic Goal to improve governance at all levels”, specifically the introduction of governance policies, improving the recruitment, induction and training of the members of governing groups.<sup>5</sup>

#### **RECOMMENDATION 3:**

That a priority be given to developing the capacity of the whole Church to carry their governing responsibilities, which could include at least strategic and ministry planning, budgeting and gaining access to ideas and resources.<sup>6</sup>

#### **RECOMMENDATION 4:**

Introduce transparent evaluation processes for all governing groups appropriate to the size and responsibility of the group.

### ■ RE: MISSION

#### **RECOMMENDATION 5:**

That a high priority be given to the implementation of Strategic Priority 2 so that there might be a comprehensive articulation and understanding of what “mission” means to all the members of the Lutheran Church in Australia and New Zealand.

### ■ RE: RE-STRUCTURE OF NATIONAL CHURCH FUNCTIONS

#### **RECOMMENDATION 6:**

That the National Church Functions be re-structured to provide leadership, governance and other resources that are Church-wide, mission-focused, service orientated, efficiently delivered and effective in enacting the decisions and direction of Synod.

#### **RECOMMENDATION 7:**

That the advisability and feasibility of having a national board of the General Church Council for Aboriginal Ministry be reviewed.

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<sup>5</sup> Cf. “Lutheran Church of Australia Strategic Direction” document: Strategic Priorities A2:01-04.

<sup>6</sup> Cf. “Lutheran Church of Australia Strategic Direction” document: Strategic Priorities 2, 6:01-03.



## ■ RE: SUPPORT SERVICES PROGRAM

### **RECOMMENDATION 8:**

Establish a National Support Services Program coordinated by the Operations Executive Officer to provide local congregations and District Offices with timely, accurate and accessible governance and management support. This program should lessen the burden on local congregational and parish councils and allow them to become more mission focused, compliant, effective and efficient.

### **RECOMMENDATION 9:**

Build a continuous evaluation system into the implementation of the Support Services Program from its initial conception so that problems can be addressed in a transparent way and those providing the new services remain accountable to those being served.

## ■ RE: COMMUNICATION

### **RECOMMENDATION 10:**

That the "LCA Communications and Engagement Plan 2013-2018"<sup>7</sup> be supported and implemented by all relevant groups and committees of the Church.

## ■ RE: NAME CHANGE

### **RECOMMENDATION 11:**

That the name of the Lutheran Church of Australia be changed to the Lutheran Church of Australia and New Zealand.

## ■ RE: DISTRICT STRUCTURES

### **RECOMMENDATION 12:**

That each District refocus its vision and direction to promote, resource and co-ordinate the growth of a missional culture in all the diverse ministries of the Church.

### **RECOMMENDATION 13:**

That the General Church Council identify and promote strategies through which the inter-relationship of the whole Church is valued and collaboration at every level is energetically encouraged.

### **RECOMMENDATION 14:**

That the Executive Officer Operations and District Administrators monitor and evaluate the transfer of services (as identified in Part F) from district to national level in order to identify potential problems, areas for improvement and the time and resources needed at district level.

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<sup>7</sup> This Plan was approved by General Church Council in December 2013 and is available to download from the LCA Website in association with this Review Report.



**RECOMMENDATION 15:**

That the Executive Officer Operations provides regular reports to GCC about the implementation of the Support Services Program.

**RECOMMENDATION 16:**

That the General Church Council initiates a Review of the Governance and Administration of the Districts as operational units of the Lutheran Church of Australia and New Zealand.

**RECOMMENDATION 17:**

That the Review of the Governance and Administration of the Districts be appropriately connected to the implementation of the Recommendations of this Review Report.

**■ RE: LUTHERAN EDUCATION, AGED AND COMMUNITY CARE**

**RECOMMENDATION 18:**

That GCC initiates a governance review of LCA's aged and community care organisations with a view to identifying the various models of service provision how they fulfil the Object of the Church to: "Minister to human need in the name of Jesus Christ our Lord in the spirit of Christian love and service, and to provide institutions and agencies for this purpose".

**RECOMMENDATION 19:**

That a joint Working Party be established between representatives of Lutheran Education Australia (LEA), LCA's aged and community care providers and the national Communications Department to design strategies to raise the awareness of the whole Church about the ways in which these entities are fulfilling the Objects of the Church.

**RECOMMENDATION 20:**

That GCC enters into serious dialogue with the LEA Board about their desired governance structure.

**■ RE: REVIEW THE CALL PROCESS**

**RECOMMENDATION 21:**

That a review of the "Call Process" should be incorporated into the Terms of Reference of the College of Bishops' research project "Pastoral Ministry in LCA: An Assessment of Current Needs and Trends".

**RECOMMENDATION 22:**

That lay input be sought and encouraged in the research project "Pastoral Ministry in LCA: An Assessment of Current Needs and Trends".

**RECOMMENDATION 23:**

That the opinions and discussion on the Call Process provided by the participants in the 1st and 2nd Consultation on the Governance & Administration Review be given to the College of Bishops for incorporation into their research on their project "Pastoral Ministry in LCA: An Assessment of Current Needs and Trends".



## ■ RE: RESOURCES AND FUNDING

### **RECOMMENDATION 24:**

That in accordance with the Strategic Priorities of the Church and in the interest of access and equity, the GCC develops a proposal by which congregational funding of the Church goes directly from congregations to the national Church.

### **RECOMMENDATION 25:**

That the General Church Council develops a funding formula for the allocation of funding to Districts.

### **RECOMMENDATION 26:**

That General Church Council considers external borrowing of funds to develop the required resources for capacity building and the support services program.

## ■ RE: BY-LAWS

### **RECOMMENDATION 27:**

That the By-laws be reviewed, after decisions have been made about the outcomes of this Review, to ensure that all By-Laws are flexible enough to meet the contemporary needs of the Church in Australia and New Zealand in a variety of settings and circumstances.

## ■ RE: CONCLUSION

### **RECOMMENDATION 28:**

That GCC establish an Implementation Team to plan, oversee, coordinate and evaluate the implementation of the approved Review Recommendations.



## PART B

### A GOVERNANCE FRAMEWORK

The Review Consultant found that the understanding of governance in the Church was generally limited to a discussion of compliance, financial management and risk management. Rarely, was the mission raised as a central determinant of governance decisions. Yet, research and best practice in nonprofit and religious organisations indicates that the best performing organisations are mission-centric. The following governance framework is offered as basis for discussing governance in this Review to provide the governing bodies of the Church a framework to expand their understanding of governance as more than a sum of the tasks performed by governing groups.<sup>8</sup> The Review Consultant endorses the Church’s effort to discuss the governance of the Church in its “Governance Framework” document.<sup>9</sup>

### GOVERNING MODES VS GOVERNANCE AS TASKS

For many, governance has been understood as a set of board tasks rather than a series of governing modes or mindsets. When task focused, governance becomes a series of routines: overseeing budgets, receiving audits, mitigating risk, hearing reports, approving plans etc. Governing groups may be multi-taskers but they usually cannot move between multi-modes. The governance multi-modes used as a basis for the discussion in this Review places Mission at the centre of governing with all other modes integrated with and founded on the Mission.

### GOVERNING MODES



<sup>8</sup> The term “governing group(s)” used in this Report refers to any group within the Lutheran Church in Australia or New Zealand that has some governance roles and/or responsibilities. This might include groups that are called synods, boards, councils, commissions or committees.

<sup>9</sup> The Lutheran Church of Australia Governance Framework” was approved by General Church Council December 2012 and is available to download from the LCA Website in association with this Review Report.



## GOVERNANCE AS MISSION-CENTRIC

The leaders of the Lutheran Church in Australia and New Zealand have a responsibility to communicate the mission to all parts of the Church. The mission provides a theology, a reference point, an anchor and a source of hope in times of change. When it connects with the values of the Church members, it brings purpose and meaning to those who are fulfilling the mission and provides the impetus for spiritual development, creativity, productivity, quality service and personal development. The mission becomes the lens through which all governance decisions are assessed. Part D of this Report provides a summary of the various conversations that occurred in this Review about mission.

## GOVERNANCE AS LEADERSHIP

Exercising leadership in religious organisations is unique in the gamut of nonprofit organisations because religious organisations exist with two types of law and authority – a religious law and authority pertaining to their particular religious tradition and the civil law and authority pertaining to the various civil entities where the organisation is located. The members of governing groups in the Lutheran Church in Australia and New Zealand must embody the Church's values in what they do and how they do it. Otherwise, there will be no congruence between the Church's values and the behaviour of members of governing groups. Governing religious organisations requires that members demonstrate their leadership when they 'work from the heart' in order to inspire trusting relationships which results in effective decision-making. They must stand up for the things they believe in and profess values that are important to the Church as a whole. Those leaders who can adapt quickly to change, embrace the unknowns and constantly innovate will lead their governing groups to a certain and productive future. Those who resort to complacency will not.

## GOVERNANCE AS RELATIONSHIP BUILDER

Mission-centred governing groups know that the good of the whole organisation, its purpose and members, is more important than the perspective or wishes of any one person or group. When governing groups act in this way, it leads to a cycle of trust, respect and openness. When the members have a deep mutual respect for each other, and the staff and volunteers who serve the Church, then trust naturally develops. When people trust they openly share information. Because they all have the same information, they can challenge one another's conclusions. Spirited discussions become the norm. Members become participants in a robust social system in which they feel free to ask themselves and others important questions about their participation in decision-making.

The term 'spirited' does not mean insensitive, domineering, disrespectful or closed interactions. Members of governing groups are not threatened by a spirited discussion when they feel united in achieving the best possible decision for the whole Church and its members. Intense discussions conducted in this way will give energy and contribute to a positive climate in the governing group or committee. The primary purpose of a governing group is to make the best possible decision for the good of the whole organisation with



the best possible advice and information. Spirited discussions, in a non-judgemental environment lead to good decision-making. This can only happen if good relationships exist between the decision-makers. Good governance is fundamentally relational.

## GOVERNANCE AS STRATEGY

Cultivating and concentrating time on processes that sharpen organisational priorities is foundational to being a strategic organisation. This means that the governing groups are focused on the “ends” of the organisation – their focus is long term. Once the governing group is clear about the Church’s priorities it then organises its “governance work” in the light of these priorities. It will not allow itself to be distracted. It is the responsibility of the entire governing group, not just the Chairperson, to ensure that this does not happen. When a governing group works to develop its strategic directions, makes the decision to implement those directions, makes sure that the appropriate resources are available to enact the strategy and then puts a reporting process in place to monitor the implementation, then the governing group is working in the mode of governance as strategy.

The extent that the various governing groups in the Lutheran Church in Australia and New Zealand can carry out the above strategic processes will depend on the size of the part of the Church they are governing and the issues under consideration by each group. For example, it would be expected that the General Church Council or GCC boards will have high-level strategic thinking abilities and processes while an individual congregational council would be more likely to address more management-focused issues eg. the maintenance of the Church buildings. However, the management-focused issues must have a strategic intent. For example, the strategic questions regarding buildings maintenance might be – Does a maintenance plan exist for the next five years and how are we budgeting to meet those needs? Attending to maintenance needs just as they occur and hoping there will be enough funds to pay for the repairs is not strategic thinking.

The large governing groups who are aware of the need to be strategic do not attempt to micro-manage. This type of governing group trusts the advice from the professional management staff to whom they have delegated certain day-to-day authority. Otherwise, they act in a way that undermines the very delegations they have authorised. In this case, neither the governing group, the staff or volunteers is able to carry out their responsibilities effectively.

The Review Consultant acknowledges the importance of the Church’s “Strategic Direction”<sup>10</sup> document which General Synod approved in 2013. Unfortunately, this excellent document remains largely unknown to most of the Church members who participated in this governance and administration review. However, the Review Consultant has found that some of the recommendations that she could make have already been articulated in the “Strategic Direction” document. Therefore, she has affirmed the relevant strategies in this Review Report.

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<sup>10</sup> “Lutheran Church of Australia Strategic Direction” was approved by General Synod in April 2013 and is available to download from the LCA Website in association with this Review Report.



## GOVERNANCE AS CAPACITY BUILDING

Capacity building is the process by which individuals, groups and organisations increase their abilities to perform core functions, solve problems, define and achieve objectives and understand and address their development needs in a comprehensive and sustainable manner. Fundamental to increasing organisational capacity is for all governing groups to exercise leadership in creating support for measuring performance and identifying problems and possibilities for improvements. It is one thing to provide funding for services but quite another thing to ask and know whether the services continue to be relevant given the changing needs of the Church and its congregations. The Church is a steward of other people's resources, it is the responsibility of governing groups to ensure that these resources are used in an efficient and effective manner in line with the mission.

Sometimes the attitudes of those governing may be too narrow to support investment in capacity building and performance. It may be seen as an expenditure that takes money away from the real beneficiaries. There may be only modest support for organisational systems, yet they are a necessary cost to ensure that the organisation is functioning in an efficient and accountable way. Investment in systems that build capacity will keep quality and responsiveness in sharp focus. In the Church context, these accountability systems ensure that national and district programs and resources remain a community resource.

## GOVERNANCE AS COMPLIANCE

This is the mode that is usually best understood by governing groups. The external sanctions associated with non-compliance tend to put this mode high on the agenda of most governing groups. This is the mode where governing groups are concerned with the stewardship of tangible assets and compliance with relevant laws and regulations. Risk management concerns are at the heart of the Church's stewardship of tangible assets. Without this mode, the governing group would have no legitimacy.

The real challenge for governing groups is not just the regulatory compliance of "rules, reports and rubber stamps" but to ensure that sufficient resources are available to "steward" so that the mission will be sustained and developed. Linked to this is a justice imperative that all members and those receiving the Church's services are receiving the best quality service which the available resources will allow. From this arises need to develop systems that link compliance with performance.

For example, a comprehensive set of audited financial statements is only the first part of the story. The governing group also needs to be able to relate the expenditures (which have received the auditor's tick) to the quality of the outcomes based on the strategic directions of the organisation. While tasks such as the financial management, risk management and fiduciary duty are essential, they do not provide any information on how well the organisation is performing or how it can be improved or indeed whether or not it is achieving its mission based on the values proclaimed by the organisation.



## GOVERNANCE AS ACCOUNTABILITY

In this context, accountability is the obligation of an individual or a governing group to account for its activities, accept responsibility for them and to disclose the results in a transparent manner. Providing reports is a traditional form of accountability which, on its own, is not an effective means of being accountable in the complex work of governing a religious organisation.

Accountability systems are usually, at best poor but more likely to be non-existent in religious organisations. Accountability and the practice of authority in religious organisations are intrinsically linked. What makes religious organisations different from civil structures is that its most basic understanding of authority is theological. Authority in religious organisations is first and foremost a power that derives from a relationship with God. Relating the degrees of authority with the ultimate “goodness” of God may lead to linking understandings of goodness with both the formal authority in the religious tradition and by default with the person occupying that role. Unfortunately, some of those who exercise authority in a religious organisation may believe that they are the guardians of the structures of that organisation and act as if they are substitutes for the God whom the structures represent. This is not a situation in which accounting for activities, accepting responsibility (for success and failure) and disclosing results is readily embraced.

The capacity of the Lutheran Church in Australia and New Zealand to evaluate itself at all levels, with openness and integrity is directly proportional to the degree of trust between the members. While the Church could initiate some “tick the box” evaluation processes, the legitimacy of the outcome of these processes might be questionable in a Church which has endorsed strongly that “trust” is a significant challenge for its members.

Increasing the organisational capacity (benchmarking, quality systems and service evaluation) will assist the Church to evaluate itself in relationship to its mission. Distinctive Church assets, including commitment to service, teamwork and people empowerment, can give an important advantage in building better organisational systems that produce better outcomes, provide accountability and build trust.



## PART C

# REVIEW FOCUS AREA – MEMBERSHIP OF GOVERNING GROUPS

### REVIEW CONSULTANT'S SUMMARY:

From the beginning of this Review, a constant theme emerged that the traditional representational model of appointing Lutheran members to governing groups is now inadequate. The Reviewer was encouraged to explore the possibility of changing to “Skills-based membership for governing groups”.

The conversation around this matter raised two main issues. They were:

1. Whether or not to recruit Lutheran members to governing groups, who had the skills to undertake the governing responsibilities rather than to have a representational membership.
2. Whether it was possible to recruit non-Lutherans to governing groups.

#### *Recruitment of skills-based governing groups with Lutheran members only versus representational model with Lutheran members only*

Enacting this proposal would be a fundamental change from the traditional practice of the Lutheran Church in Australia and New Zealand of appointing members based on geographic representation. It was noted that some governing groups had successfully moved to skills-based recruitment. This move had principally occurred in the boards of schools, community and aged care organisations where public accountability was significant. All these groups reported that this change was successful and led to better governance practice. A representational model invariably means that the appointed person is well-known to those making the appointment and often becomes the preferred appointment to other groups as well. The Review Consultant's observation is that gender diversity may require particular attention.

#### *Recruitment of skills-based governing groups with some non-Lutheran members*

This conversation was more contentious. Some schools and aged care facilities had already moved to recruiting a few members who were non-Lutheran, but likely Christian, because they did not have Lutheran members with the required competency to meet the complexity of the governing requirements of their facility. They reported that, largely, this had been a positive move. Those who had not had a good result were able to report that their recruitment, induction or ongoing formation processes were either non-existent or poor.

The consultation participants requested that this Review Report might identify the processes that would be essential to the potential success of either of the above options.



## Possible processes to consider regarding skills-based recruitment

The move to a skills-based recruiting process will mean that new information systems and processes will be required that will, at least:

- a. Provide Church-wide, district-wide or congregational-wide nominations forms appropriate to each type of governing group which can be completed by Church members at any time.
- b. Keep the nominations forms on file as the need for new members arise.
- c. Have the governing group identify the strategic decisions they will need to make for the next 1, 2 or 3 years.
- d. Have the governing group identify what skills and experience they need to meet these strategic decisions.
- e. Identify the gaps in the present membership.
- f. Have the governing group or committee make recommendations for membership to the appropriate decision-making group or person, based on (e).

### *Recruiting some non-Lutheran members*

This model fundamentally would require the implementation of the same information systems and processes as No 2 above. However, it will require the additional steps. The recruiting group would need to:

- a. Clarify their articulation of the mission of the Lutheran Church, in a language that is accessible to a non-Lutheran nominee.
- b. Clarify the Lutheran values that would be foundational to all decision-making.
- c. Decide the number of non-Lutheran members that could be appropriate to the particular group and the skills area to draw these particular members.
- d. Develop a step in the recruitment process which informs the potential nominee of (a) and (b) and which gives the nominee an opportunity to decide if they could govern in this way.
- e. Interview each nominee to assess "their fit" with a Lutheran Church governing group.
- f. Design an orientation program for the new appointee.
- g. Design an ongoing education process for all members of the governing group with extra attention being given to the development of the non-Lutheran member(s).

## CONSULTATION RESULTS REGARDING MEMBERSHIP OF GOVERNING GROUPS:

**All the groups who participated in the Second Consultation process endorsed the recommendation on the recruitment of skills-based governing groups with Lutheran members only.**

The groups were not specifically asked to indicate their preference for some non-Lutheran members on governing groups. However, this issue continued to emerge in the conversation.



The following comments by the participants provide an insight into their conversation on this topic:

*“An important consideration is whether the person is ‘compatible’ with the Lutheran faith.”*

*“We can’t divorce our faith from our governance.”*

*“It should be done in a way that supports our Lutheran identity”.*

*“What are the control mechanisms that ensure that we don’t lose our Lutheran identity?”*

*“We have different understandings about ‘governance’. Governance is not about abiding laws but it is about enabling the mission in flexible ways.”*

*“Unless there is ownership of the fear and mistrust, no progress is possible.”*

*“What has evolved is a need for governance capacity. We struggle to govern our schools and some congregations.”*

*“The representational question raises the issue - are we big enough to have representation?”*

*“Who defines what skills are required? Will this promote a closed shop? How can we ensure that skills will promote growth or just sustain the status quo?”*

*“In challenging times of decreased congregational membership, it becomes even more difficult to recruit active members of the Lutheran Church to vital board/council positions. Consequently many members hold multiple governance roles within the LCA. This has the potential to cause board fatigue and increases the likelihood of potential conflict of interest situations arising for governing members on multiple boards.”*

*“We need more information on how this would be implemented. If we are to look outside, how would we go about this?”*

*“Governance training and development need to be priorities in implementing skills-based recruitment.”*

*“Maybe we could include some regional people in our local congregational councils. This should be possible with increased conferencing equipment.”*

*“Representation brings a particular power base. Skills-based will change the balance of power and may reduce the perceived power of the representatives.”*

*“There are examples of people coming in with new skills but not understanding the ethos of the Church, pastoral values etc. This leads to difficulties.”*

*“Should there be an emphasis on developing the requisite skills within Church members?”*

*“We are trying to do a lot of things as a Church that we are not equipped to do. It is a sign of the overall decline of our Church.”*

*“How can we ensure that we stay true to our Lutheran identity? What are the control mechanisms to make sure we don’t lose this identity?”*

*“Skills-based recruitment might be appropriate in human resources or finance but not in mission or ministry.”*

*“Their Christianity is important, not their Lutheranism.”*

*“Policies need to be flexible for size and population.”*

**RECOMMENDATION 1:**

That the governing groups which could benefit from a skills-based model of membership recruitment be identified and then develop models, policies, training and processes to make this transition possible.

**RECOMMENDATION 2:**

That a high priority be given to implementing the LCA Strategic Goal to improve governance at all levels”, specifically the introduction of governance policies, improving the recruitment, induction and training of the members of governing groups.<sup>11</sup>

**RECOMMENDATION 3:**

That a priority be given to developing the capacity of the whole Church to carry their governing responsibilities, which could include at least strategic and ministry planning, budgeting and gaining access to ideas and resources.<sup>12</sup>

**RECOMMENDATION 4:**

Introduce transparent evaluation processes for all governing groups appropriate to the size and responsibility of the group.

**Governance Modes supported by this Recommendation:**

- **Governance as Mission-centric** – the concern that Lutheranism would not be diminished in any recruitment policy and process keeps governance linked to mission.
- **Governance as Leadership:** The necessity for the appropriate governance person or group to make the decision about the change to skills-based recruitment keeps governance linked to Leadership.
- **Governance as Relationship Builder:** The implementation of a recruitment strategy that relies on having an in-depth knowledge of the skills and values base of a governing group nominee keep governance linked to relationship building.
- **Governance as Capacity Building:** The implementation of a recruitment, selection, induction and training program for all nominees will increase the capacity of the governing group and consequently the decision made with regard to the organisation the group is governing.
- **Governance as Compliance:** The introduction of governance policies will clarify the compliance responsibilities of governing groups.
- **Governance as Accountability:** The introduction of evaluation processes will ensure that all governing groups are accountable to the group who auspices them and to Church members.

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<sup>11</sup> Cf. “Lutheran Church of Australia Strategic Direction” document: Strategic Priorities A2:01-04.

<sup>12</sup> Cf. “Lutheran Church of Australia Strategic Direction” document: Strategic Priorities 2, 6:01-03.



## **PART D**

# **REVIEW FOCUS AREA - MISSION**

## **REVIEW CONSULTANT'S SUMMARY**

From the beginning of this Review, the Consultant has held the position that a foundational principle for this Review was that good governance and administration enables the mission to be vibrant and life-giving. This rationale is explained in a previous section of this paper called "Governance as Mission-centric" on page 12.

The results of this Review overwhelmingly suggest that the members of the Lutheran Church believe that mission and ministry hold a central position in the Church's life. There was a strong plea at Congregational level to be relieved of the administrative burden of local level governance so that they could do more "mission and ministry". However, there did not seem to be any comprehensive articulation of what "mission" meant in the Lutheran Church or what it might look like if you were doing it.

The first Object of the Church, as defined in Article III of the LCA Constitution is to "fulfil the mission of the Christian Church in the world by proclaiming the Word of God and administering the Sacraments in accordance with the Confession of the Church laid down in the preceding Article II". From the Review Consultant's perspective it appears that the way to fulfil the mission is to "proclaim the Word" and "administer the Sacraments". This could be interpreted to be the role of the ordained minister not the lay members of the Church.

However, when analysing the "Lutheran Church of Australia Strategic Directions" document Strategic Priority 2: Go as God's People" it is seemingly addressed to the whole Church. It states: "As a Church where love comes to life, we are active in mission. We intentionally identify and initiate new opportunities to reach out with Christ's love, in word and action, in our local communities and beyond". It then goes on to identify seven Goals which adequately address the type of clarifications and practical processes being called for by the Review's participants.

The Review Consultant's conclusion is that the general membership is unaware of these Goals in the "LCA Strategic Direction" document and that further communication and education about the goals would help to clarify the concerns of those who participated in this Review. In this Review congregational members made a plea to be relieved of some of the burden of their governance responsibilities so that they could be freed-up to do mission and ministry. Strategic Priority 2 provides ample suggestions of the mission opportunities they could embrace.

## **CONSULTATION RESULTS REGARDING THE MISSION:**

While no formal recommendation regarding mission was put to the groups who participated in the Second Consultation process, the following comments by the participants provide an insight into their conversation on this topic.



*“There is no common understanding of mission in this Church.”*

*“The change may take a generation. If we don’t get it right our Church will die.”*

*“How do we become more mission-focused? If we become mission based we can get in front, rather than behind, just dealing with problem.”*

*“The Church needs to discover its servant heart. It exists to serve the world and one another.”*

*“The Church can be a refuge from the constant change that is out there in the rest of the world. For a few hours on a Sunday I can withdraw from all that. That is one of the big challenges of change. The world is changing and we are seeking a haven.”*

*“We are very reluctant to stop having committees, but there are so many roles we can’t find people for. We are a busy Church in just surviving. It’s out of balance. We need to be more focussed on looking out, on ministry.”*

*“If we are inward looking all the time, we are never going to grow because we don’t have the fire! We are comfortable, we are getting older we are going to die off.”*

*“Members acknowledge the importance of mission and ministry but they need to learn ways of doing it. There is a disconnect between what they know and what they can do about it.”*

*“We talk about mission but there does not seem to be a natural ‘outreach’. We want full Churches but we don’t do anything to attract new members.”*

## **RECOMMENDATION 5:**

That a high priority be given to the implementation of Strategic Priority 2 so that there might be a comprehensive articulation and understanding of what “mission” means to all the members of the Lutheran Church in Australia and New Zealand.

### **Governance Modes supported by this Recommendation:**

- **Governance as Mission-centric:** The implementation of all of Strategic Priority 2 “Go as God’s People” will ensure that the Lutheran Church of Australia and New Zealand will increase its capacity to be a mission-centred Church. However, it is critical that resources are allocated in a way that the desired ends can be achieved.
- **Governance as Leadership:** By providing the resources which enables the training of all the Church to be more mission-centred, the leadership of the Church is linking governance and leadership.
- **Governance as Relationship Builder:** Most of the strategies suggested in Strategic Priority 2 involve Church groups co-operatively working together and resourcing each other. This will help continue to build the relationships in the Church.
- **Governance as Capacity Building:** The articulation of the training needs, trialing of innovative mission partnership models, and the sharing of information and resources are capacity building activities.
- **Governance as Compliance:** The strategy to “help build the capacity of communities to carry out mission plans, including professional support and financial assistance” will assist local congregations in their compliance obligation



## PART E

# REVIEW FOCUS AREA - RE-STRUCTURE NATIONAL CHURCH FUNCTIONS

## REVIEW CONSULTANT'S SUMMARY

The overwhelming wish from Church members carrying out governance responsibilities at local level, and to a lesser extent at District level, was to be better resourced in their roles and responsibilities. This led to the recommendation in the Second Consultation that there should be a restructure of the functions of the Church that occur at national level.

There was no suggestion that these functions would be more efficiently carried out at District level. In fact, the feed-back was that the services provided at District level lacked uniformity and quality across the whole of the Church which meant that Church members did not have the same equity and access to support. Their access to support was directly in relation to the amount of money that individual congregations could raise and how much of that money the District chose to send on to the national Church.

It seemed practical then to recommend that the functions of the Church that occur at the national level should be re-structured so that all the national Commissions, Committee and Departments could work in a more integrated way and provide comprehensive services to Districts and local Congregations so that all groups could have equity and access to resources and assistance.

The positive response to the proposal indicated that local groups needed assistance and were ready to receive that resourcing. While local autonomy was highly valued, it was not considered to be "absolute".

## CONSULTATION RESULTS REGARDING A NATIONAL RE-STRUCTURING:

The recommendation on national re-structuring was endorsed by the majority of groups who participated in the Second Consultation process. The following comments by the participants provide an insight into the conversation of this topic.

*"Trying to understand the Church from a theological perspective and our understanding of Church from an organisational perspective will always be in tension."*

*"The challenge is to hold the unity of the whole Church within the diversity of local congregations."*

*"Do not develop a large bureaucracy."*

*"Make sure that any centralisation does not disenfranchise congregations further."*

*"The governance and administration which takes place at 'higher' levels within the Church is not really seen as God's action."*



*“Find a way to ensure continuity in the national structure that does not change with each new National Bishop or Chief Executive Officer.”*

*“Clearly delineate what decisions and tasks are done at the national level and which ones are carried out at District level in order to avoid duplication.”*

*“Where possible, situate some national functions outside of Adelaide.”*

*“We need to have a serious conversation about how the activities of the whole Church work together for the sake of the Gospel – Congregations, schools, aged and community care, Districts and national bodies.”*

*“The cultural change we need as a Church is to grow in trust and to develop a national identity.”*

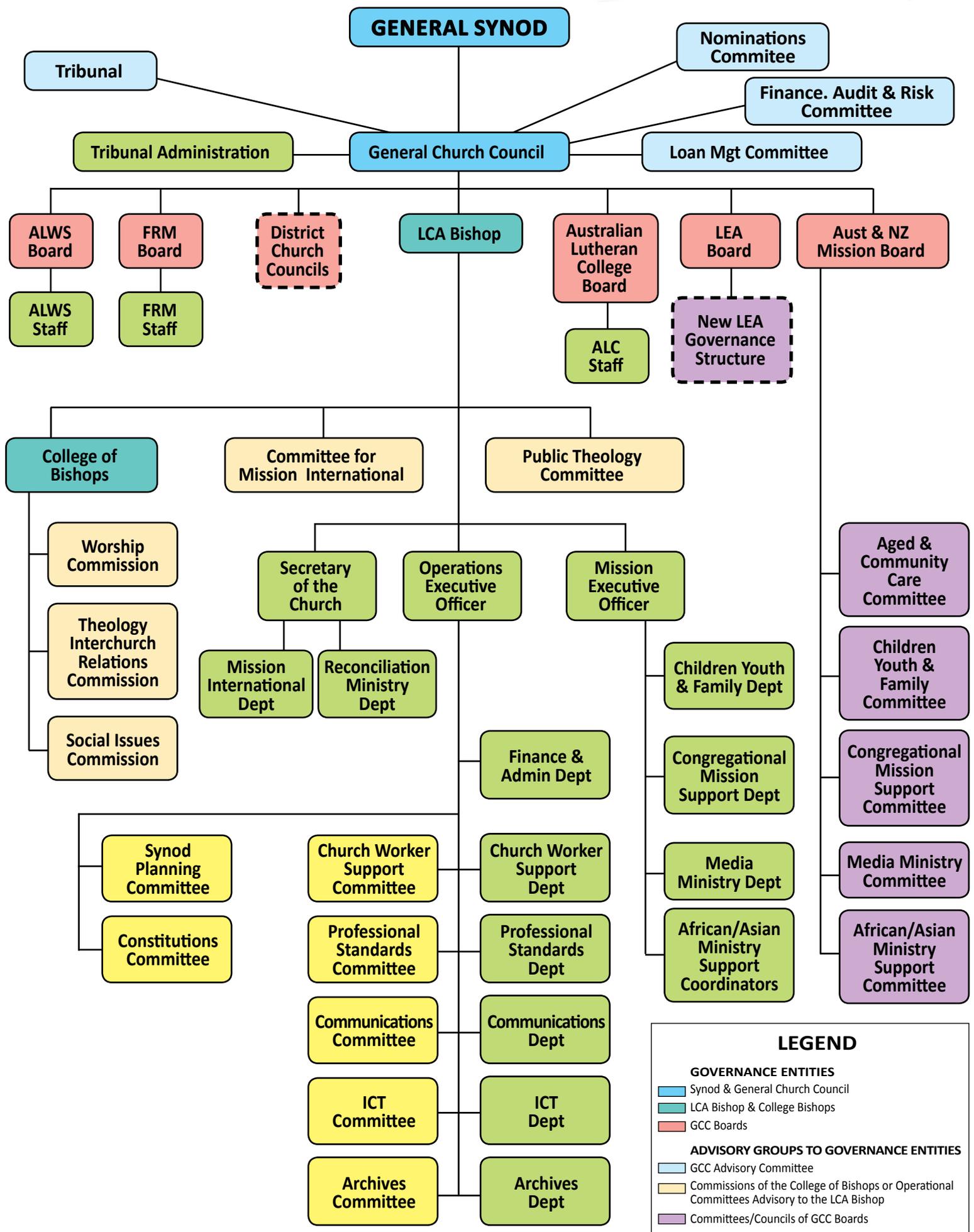
*“How do we hold together competing priorities? Our understanding of the Church is local but there are national priorities.”*

*“We have to understand the purpose of our structures. The structures are there to support something. We need to clarify what it is supporting.”*

*“People are disengaged. People in the pew are not interested in Synod because they feel disengaged but this does not necessarily translate to “Local authority.”*

*“This is already happening. It is a natural progression.”*

# REVIEW RECOMMENDED NATIONAL GOVERNANCE & MANAGEMENT STRUCTURE



### LEGEND

**GOVERNANCE ENTITIES**

- Synod & General Church Council
- LCA Bishop & College Bishops
- GCC Boards

**ADVISORY GROUPS TO GOVERNANCE ENTITIES**

- GCC Advisory Committee
- Commissions of the College of Bishops or Operational Committees Advisory to the LCA Bishop
- Committees/Councils of GCC Boards

**MANAGEMENT STRUCTURE**

- Management Positions and Administrative Departments
- Operational Committees Advisory to the Operations Executive Officer and the Mission Executive Officer



## NOTES ON RE-STRUCTURE OF NATIONAL CHURCH FUNCTIONS

1. At the commencement of this Review there was no organisational diagram of the National Church Structure. The existing structure appears to have developed in response to particular needs and directions with no priority to co-ordinate and integrate functions.
2. The diagram provided has been through at least five versions working with the National Bishop and the Executive Officer of the Church. A consultation meeting was held with the national board, committee and council chairpersons and the chief staff persons servicing those boards/committees and councils. The diagram was revised again after that meeting.
3. It is important to note that there is very little difference between the number of councils, boards, commissions and committees presently in existence to the number identified in the new diagram. The existence of this diagram does not mean that there has been an increase in the “bureaucracy” at national level but rather there is now a clear diagram to reflect a national structure.
4. The ‘Districts’ box in the diagram has a “Dotted Line” for the reasons given in ‘Part I - Review Focus Area - District Structures’
5. Only boards reporting to the General Church Council will require By-laws. All other Commissions, Committees and Councils will have a “Terms of Reference” document which can be modified by General Church Council according to the GCC strategic priorities and operations. This will allow an agility and flexibility to changing needs.
6. The fact that all the National Church Functions would be coordinated at the National Office does not imply that all of those functions would be physically located in Adelaide.
7. This structure decreases the number of boards directly reporting to General Church Council. This will enable GCC to focus on the Strategic Priorities of the Lutheran Church of Australia and New Zealand by having a reduced number of groups reporting to it.
8. There is ONE more senior staff position in this structure compared to the existing structure - the Mission Executive Officer and ONE more Operational Department - the Church Worker Support Department.
9. The Department for Lay Ministry will cease to exist.
10. The Church Worker Support Department has two main functions; one to provide support to lay workers and pastors and the other to manage the human resources functions of employees, lay workers and pastors. This Department will be advised by a new Operations Committee - the Church Worker Support Committee - that will advise this Department on both of its functions. Two new staff will be employed to manage the new Human Resources Information system for the whole Church. The two staff that have previously provided support to lay workers in the Lay Ministry Department will be transferred to the Church Worker Support Department and will also provide support to pastors, as agreed by the College of Bishops.
11. The Mission Facilitator will be located in the Congregational Mission Support Department and the other resources of the Lay Ministry Department will also become part of this Department.



12. The Local Mission Board will also become part of the Congregational Mission Support Committee.
13. The Board for Pastoral Support, the Commission on Salaries and the Tertiary Ministry Committee will cease to exist.
14. There will be two more advisory committees formed. The Public Theology Committee will assist the National Bishop to interpret the LCA's public role in society. It will help him to explore issues, events, and trends in the light of Lutheran teaching, and when helpful articulate an LCA response, based whenever possible on existing agreed LCA Doctrinal Statements and Theological Opinions. Examples could include statements on Australian refugee policy, social welfare, marriage, sexuality, or euthanasia.
15. The second advisory committee will be the Professional Standards Committee which is an Operational Committee advisory for the Professional Standards Department. This Committee will provide advice on professional standards policy, processes, training and relevant compliance issues.
16. The Committee for Mission International replaces the Board for Mission. This Committee is an Operational Committee advisory to the LCA Bishop.
17. All former boards or committees that focused on some aspect of the Church's mission will now become Committees of the Australian and New Zealand Mission Board. Bringing these committees together under one board whose focus is the mission of the whole Church in Australia and New Zealand, will provide GCC with the in-depth advice they require regarding the policies, direction and resourcing of mission activities.
18. Putting the majority of the operational departments into groups enables the staff in those departments to co-ordinate and plan the primary focus of their area assisted by the leadership of the Operations Executive Officer or the Mission Executive Officer. This grouping will also provide a forum to develop new ideas and directions, cut down on duplication and enable a coordinated approach to communication.
19. The Managers of the Children Youth & Family Department, the Congregational Mission Support Department, the Media Mission Department, and the African/Asian Mission Support Coordinators will continue to be the Executive Officers of their respective Board Committees of the Australian & New Zealand Mission Board.
20. The Aged and Community Care Committee is reviewing its role and will be serviced by the Mission Executive Officer until that review is finished.
21. The appointment of a Mission Executive Officer will give a higher profile to the mission activities of the Church at GCC level through the LCA Bishop.
22. The administrative needs of all staff, Departments, Committees, and Commissions will be assessed in the new structure. This might involve a re-allocation of tasks for some of the present administrative staff.
23. National staff must have clear lines of responsibility and accountability to a senior staff person who holds the delegated responsibility for the management of those staff. This would assist GCC's compliance with industrial relations legislation and best practice as an employer.



24. National staff, in an integrated structure, can increase their knowledge and understanding of the work of all groups and staff, not just their department.
25. An integrated structure will enable information to be shared, which can be used as a basis for the evaluation of programs, boards and committees and the effective use of resources.
26. There was a suggestion that the Archives Committee and Department should be placed under the Mission rather than the Operations area. However, an examination of their Terms of Reference/Rules indicated that their role includes both records management and archives management. It is suggested that Archives stays under Operations Executive Officer for the present and evaluated as the new structure is implemented.
27. The Finke River Mission Board is the only aboriginal mission present at national level while the Lutheran Church in Australia has an extensive presence and long history in aboriginal ministry in various parts of Australia. It could be possible in the future to review this situation and give all the work of aboriginal ministry a national profile.

### **RECOMMENDATION 6:**

That the National Church Functions be re-structured to provide leadership, governance and other resources that are Church-wide, mission-focused, service orientated, efficiently delivered and effective in enacting the decisions and direction of Synod.

### **RECOMMENDATION 7:**

That the advisability and feasibility of having a national board of the General Church Council for Aboriginal Ministry be reviewed.

### **Governance Modes supported by this Recommendation:**

- **Governance as Mission-centric:** The new structure provides greater co-ordination of the mission direction of the whole Church by co-ordinating all board committees that focus on an aspect of the mission of the Church. The Appointment of a Mission Executive Officer will also provide the opportunity to co-ordinate the work of the mission-focused departments.
- **Governance as Leadership:** The people involved in the mission will be able to exercise greater leadership based on increased communication and information. Duplication will be less likely to occur which will provide for a more efficient and effective use of resources.
- **Governance as Relationship Builder:** The new structure is designed to maximise the opportunity for networking and sharing. This will build better relationships.
- **Governance as Capacity Building:** The additional sharing of information, integration of policy and systems will build capacity.
- **Governance as Accountability:** The expectation that all governing groups will institute evaluation system will increase accountability.



## PART F

# REVIEW FOCUS AREA - SUPPORT SERVICES PROGRAM

## REVIEW CONSULTANT'S SUMMARY

The level of resources, at national and District level, to meet the governance and management needs of the Church in Australia and New Zealand is inadequate and inequitably distributed. There has been no co-ordination of the development of policies, programs, training and structures to support the needs of congregations and some of the smaller Districts. This has led to duplication of services and programs which are wasteful of time, money and human capital.

The level of public accountability has increased the compliance costs at every level of the Church. This has been felt most acutely at congregational level. At the same time, some useful resources have been developed but there has not been sufficient resources available to coordinate the distribution of these resources or communicate with the wider Church about their availability.

The results of both the First and Second Consultation processes resulted in a heart-felt plea from congregations and some Districts for external resourcing that could lift the governance and compliance burden. The clear intention was that congregations and Districts would then have greater time to devote to increasing their activities in mission and ministry.

## CONSULTATION RESULTS FOR A NATIONAL SUPPORT SERVICES PROGRAM:

The recommendation regarding a national support services program was endorsed by all the groups who participated in the Second Consultation process. Many said that they "strongly supported" the proposal. The following comments by the participants provide an insight into the conversation of this topic.

*"We struggle with governance and ministry because the governance should be supporting the ministry. The focus can become on fulfilling the letter of the law rather than the ministry itself."*

*"Trust could improve if some people in the National and District Offices could be 'of service'. This means they would work respectfully with people in Congregations and not boss them around."*

*"It needs to be adapted for each District but if we can do this, it would be awesome. This is an excellent idea."*

*"The service needs to be cost neutral for local congregations."*

*"If it means paying a levy, we would not support."*



*“The recommendation is right but the implementation is going to be complicated to get right.*

*“Some people do not want to be on committees because it is like a lifetime death sentence. You can’t get off the committee once you are on it.”*

*“People need to feel freed and feel like they can get more support.”*

*“We need to see the facts about people, their ages, the size of Districts, the income of Districts etc. If we can’t see the facts we will just dance around the issues and not get anywhere.”*

*“Compliance issues are a major barrier to people joining our boards and councils.”*

*“This strategy must be paid for out of national funds. Congregations do not have the money to contribute.”*

*“The advice needs to be competent and not contradictory.”*

*“There are many policies that have been left in draft form for 5 or 6 years. We need to know that this implementation will not drag on like that. We need something to happen quickly.”*

*“We need clear lines of accountability and to reduce the number of levels in an approval process so that decision can be made more quickly.”*

*“Communication and relationships are critical to the success. National Office needs to work hard at this.”*

## SUPPORT SERVICES PROGRAM

### EXPLANATORY NOTES

1. All Congregations will be expected to participate in the Support Services Program.
2. The participants in the Second Consultation universally rejected the “Opt In – If You Wish Basis” as it could still leave duplication and inequity of advice according to the different resources of District Offices.
3. The Operations Executive Officer and the District Administrators will monitor the transfer of agreed management and administration support services from District Offices to the National Office to ensure that areas of duplication are removed and the newly available time and resources allow for more engagement with congregations in mission and ministry.
4. The Support Services provided might include, but are not limited to, governance and management support and/or advice and/or resources in:
  - Church Worker Support Department (inc. Human Resource Management)
  - Financial management
  - Professional Standards – Child protection
  - National policy development and implementation
  - Risk management
  - Governance training
  - Building inspections
  - Copyright requirements
  - Records management
  - Identifying best practice resources currently available at congregational and district levels and to make these resources available to the whole Church.



5. Some of the above services are already in the development or implementation stage.<sup>13</sup> A staged Implementation Plan for each would be developed to ensure that the services provided are as complete and accurate as possible before they are “rolled out” to congregations.
6. The formation of an Implementation Team to plan, oversee and evaluate the implementation of these services would be advantageous.
7. Some short-term project staff or consultants would be required to provide professional support to this Program. These project staff or consultants should be engaged on the basis of their professional experience not solely because they are members of the Lutheran Church.
8. All involved with National Church boards, committees and organisations would undergo training in providing service delivery to LCA members, District entities and other LCA organisations based on Gospel values and the best practice principles in values-based service delivery.

### **RECOMMENDATION 8:**

Establish a National Support Services Program coordinated by the Operations Executive Officer to provide local congregations and District Offices with timely, accurate and accessible governance and management support. This program should lessen the burden on local congregational and parish councils and allow them to become more mission focused, compliant, effective and efficient.

### **RECOMMENDATION 9:**

Build a continuous evaluation system into the implementation of the National Support Services Program from its initial conception so that problems can be addressed in a transparent way and those providing the new services remain accountable to those being served.

### **Governance Modes supported by this Recommendation:**

- **Governance as Mission-centric:** The implementation of Recommendation 8 will free up resources at District and congregational level to devote to mission activities.
- **Governance as Leadership:** Congregational councils and boards will provide a more focused leadership with the help of the Support Services Program.
- **Governance as Relationship Builder:** The necessary interaction between Church members and the national, district and congregational levels will increase and deepen relationships and so improve the governance capacity of congregational governing groups.
- **Governance as Capacity Building:** The required systems development and coordination at national level will increase the Church’s capacity to identify service gaps, policies required and resources needed which will provide solid data for recommendations to the relevant governing groups.
- **Governance as Compliance:** The availability of advice, particularly in the area of human resource management, legal requirements and financial management will assist districts and congregations to meet their compliance requirements.
- **Governance as Accountability:** The incorporation of an evaluation process into the implementation from its inception will ensure a continuous quality and accountability mechanism.

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<sup>13</sup> A Proposal for a “LCA HR Information System” was developed over 12 months by an external consultancy company with a National Office advisory group. It was approved by General Church Council in August 2014. It has three main parts. The first part to be implemented is the Payroll Service to relieve Treasurer’s of this burden and ensure consistency across the whole Church. The second part includes various HR management processes such as compliance tracking and training as well as professional development tracking. The third part to be rolled out last is the Congregation Records and Database system.



## PART G

# REVIEW FOCUS AREA - COMMUNICATION

## REVIEW CONSULTANT'S SUMMARY

Communication was a vexed area in this Review. Increasing the organisational capacity in this area is an urgent need. Good communication builds trust, energy and commitment.

The Communications Committee and Department together with the Executive Officer have recently completed "A LCA Communications and Engagement Plan 2013 – 2018" based on the "Strategic Priority 3B: Communications and Engagement". It is the Review Consultant's opinion that this is a professional, comprehensive and realistic plan with the potential to dramatically improve communications within the Lutheran Church in Australia and New Zealand. This Plan also pays attention to many of the communications issues and suggestions raised in the First Consultation.

## CONSULTATION RESULTS REGARDING COMMUNICATION:

A recommendation regarding the development of an integrated communications strategy was endorsed by all the groups who participated in the Second Consultation process. The following comments by the participants provide an insight into the conversation of this topic.

*"We get too much stuff. I really agree that the communiqués need to be rationalised. I hope this doesn't delay getting communication out by adding a layer. Protocols need to be agreed up front between National and District and adhered to."*

*"We are past video conferencing, we are not into webinars and this is more cost effective and flexible."*

*"We need to balance face-to-face and remote arrangements. We need to determine when we need personal contact in order to develop relationships."*

*"If you look at the LCA website, the information is all there and the links are there. However, different congregations don't have the skill set to maximise technology like a website."*

*"The fundamental priority is how we communicate with congregations. We have older members who still need print."*

*"Our requests are often ignored by central offices. You have to get really aggressive and nasty to get a response from them. We need a co-ordinated approach to communication."*

*"Throw out the LAMP and start again!"*

*"We get too much information from too many sources."*

*"We get repeat information, again and again."*



*“There are gatekeepers for information in the present arrangements. How is this changed or developed appropriately?”*

*“Can we have a way to share theological, worship and sacramental resources?”*

### **RECOMMENDATION 10:**

That the “LCA Communications and Engagement Plan 2013-2018”<sup>14</sup> be supported and implemented by all relevant groups and committees of the Church.

### **Governance Modes supported by this Recommendation:**

- **Governance as Relationship Builder:** Good communication builds trust. Trusting relationships lead to spirited discussions and good governance decisions.
- **Governance as Capacity-Building:** The integration of all the communications strategies intended in the Communications Plan will assist the capacity building of the organisation of the Lutheran Church in Australia and New Zealand.

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<sup>14</sup> This Plan was approved by General Church Council in December 2013 and is available to download from the LCA Website in association with this Review Report.



## PART H

# REVIEW FOCUS AREA - NAME CHANGE

## REVIEW CONSULTANT'S SUMMARY

The Review Consultant has had extensive experience in restructuring religious organisations, bringing together separate groups within the one country or merging groups from multiple countries. Her experience indicates that the naming of the new organisation must reflect all the groups that have merged. This is essential for the identity of all concerned. The Review Consultant was surprised that the name "Lutheran Church of Australia" did not recognise the Church in New Zealand. Her consultation with the Church in New Zealand indicated that most members in New Zealand thought that Australia was the dominant Church and therefore, they would not be recognised in the name. The Review Consultant included a recommendation in the Second Consultation regarding a change of name to include the New Zealand membership represented in the Church.

## CONSULTATION FEEDBACK

There was universal acceptance of the proposal to change the name from the Lutheran Church of Australia to the Lutheran Church of Australia and New Zealand by all the groups who participated in the Second Consultation process. There was very little discussion as most wondered why it had not been done before. A few participants were concerned about the costs involved. It was explained that all web-based references could be changed easily and that stationery and printed publications could be changed when due. It may also be possible to use the inclusion "the Lutheran Church of Australia, trading as the Lutheran Church of Australia and New Zealand" in many situations. The Church members in New Zealand were very accepting of this inclusion.

### **RECOMMENDATION 11:**

That the name of the Lutheran Church of Australia be changed to the Lutheran Church of Australia and New Zealand.

### **Governance Mode supported by this Recommendation:**

**Governance as Relationship Builder:** The relationships, between the members of the Church in the two countries, has the potential to be more respectful.



## PART I

# REVIEW FOCUS AREA – DISTRICT STRUCTURES

## REVIEW CONSULTANT'S SUMMARY

At the commencement of this Review, some Church members voiced the opinion that an unstated purpose of this Review was to remove the District structure in the Lutheran Church of Australia and New Zealand. The Review Consultant constantly re-assured these members that this was not the case. A consistent criticism of the process of the Review has been that methodology and progressive finding did not give sufficient attention to District-level governance.

The chosen methodology for this Review was to engage as many people as possible in the consultation process across Australia and New Zealand. Naturally, this gave a “bottom up” perspective. At the same time the Review Consultant was consulting with GCC, the College of Bishops, the Chairs of boards, commissions and councils and senior staff personnel at national Church and district level. During the Second Consultation she also attended District Church Council meetings in all Districts except Western Australia. Two of the Meeting Facilitators met with the WA Bishop and representatives of the District Church Council on different occasions.

The overwhelming response from the Consultation meetings was the expressed need for governance and management support for congregational councils and boards. The Review Consultant, from her consultations at national and district level, had already reached the conclusion that while District Offices were providing a range of useful resources to congregations, the staff of these offices were already over-stretched in responding to local congregational governance needs. It was also evident that there were problems in equity and access to these services across the whole Church.

In order to increase the availability of these services to congregations and avoid further duplication, the Review Consultant formed the opinion that these services would be best provided at national level. Hence, the recommendations in the Second Consultation were to:

- “Establish Support Services Unit within the National office, which could provide local congregations and District offices with timely, accessible and clear advice, policies and procedures in certain agreed areas” AND
- “Develop a plan for the restructuring of all the National Church Functions co-ordinated at the North Adelaide office to ensure that there are sufficient professional resources to support Districts and congregations in their governance, management and administration needs so that District offices are freed up to engage in more mission and ministry activities.”

The Review Consultant predicted that if both of these recommendations were implemented then the type of services provided at District level would intrinsically change which would consequently affect the role of the District and its services. The Review Consultant does not support the removal of district or regional level entities because of the need to build and



maintain personal relationships with congregational members in a local context, particularly with regard to engaging in mission and ministry.

The implementation of the proposal for the “Desired Structure for the Governance of Lutheran Education Australia” would have a significant impact on the role and work of the District Church Councils in the regions which have schools and early learning centres.

## CONSULTATION FEEDBACK

While no formal recommendation regarding District governance structures was put to the groups who participated in the Second Consultation process, the following comments by the participants provide an insight into their conversation on this topic.

*“Congregations are cynical about what the priorities of the District actually are.”*

*“There is no accountability at District level to the congregations that contribute financially. Why this lack of trust?”*

*“We all support the re-structuring of the National Church functions but the District and Regional boundaries must be reviewed as part of this process.”*

*“We don’t need three level of governance in the Church. Do away with Districts”*

The following recommendations are interdependent on each other.

### **RECOMMENDATION 12:**

That each District refocus its vision and direction to promote, resource and co-ordinate the growth of a missional culture in all the diverse ministries of the Church.

### **RECOMMENDATION 13:**

That the General Church Council identify and promote strategies through which the inter-relationship of the whole Church is valued and collaboration at every level is energetically encouraged.

### **RECOMMENDATION 14:**

That the Executive Officer Operations and District Administrators monitor and evaluate the transfer of services (as identified in Part F) from district to national level in order to identify potential problems, areas for improvement and the time and resources needed at district level.

### **RECOMMENDATION 15:**

That the Executive Officer Operations provides regular reports to GCC about the implementation of the Support Services Program.

### **RECOMMENDATION 16:**

That the General Church Council initiates a Review of the Governance and Administration of the Districts as operational units of the Lutheran Church of Australia and New Zealand.

### **RECOMMENDATION 17:**

That the Review of the Governance and Administration of the Districts be appropriately connected to the implementation of the Recommendations of this Review Report.



## PART J

# REVIEW FOCUS AREA – LUTHERAN EDUCATION, AGED AND COMMUNITY CARE

## REVIEW CONSULTANT'S SUMMARY

The Lutheran education, aged and community care ministries in Australia are a very significant part of the Lutheran Church. Unfortunately, the time constraints of this Review prevented the Review Consultant from conducting the in-depth analysis that these ministries deserved to be part of this Review.

### Aged and Community Care Facilities

The main reason for the difficulty in making a legitimate comment about the aged and community care facilities is the fact that they do not exist as a system in any way nor is there any comprehensive data available at a national level about all these facilities under the auspices of the Lutheran Church of Australia. The exception to this is the Queensland District's aged care facilities. To be able to make any comments about these facilities, the Review Consultant would have had to consult a significant sample of the boards of these facilities which are geographically spread over a large area and have a diversity of governance arrangements and types of services offered. Certainly, the representatives of those facilities whom the Review Consultant met in the process of this Review, demonstrated impressive commitment to the Lutheran mission and values in this work. They certainly appeared to work passionately according to the Object of the Church to "Minister to human need in the name of Jesus Christ our Lord in the spirit of Christian love and service, and to provide institutions and agencies for this purpose."

### **RECOMMENDATION 18:**

That GCC initiates a governance review of LCA's aged and community care organisations with a view to identifying the various models of service provision how they fulfil the Object of the Church to: "Minister to human need in the name of Jesus Christ our Lord in the spirit of Christian love and service, and to provide institutions and agencies for this purpose".

### Lutheran Education Australia (LEA)

The LEA, on the other hand, does have a rudimentary governance system based on a regional structure. The Review Consultant was surprised that LEA had not moved to an integrated national governance system which is evidenced in other religious schools systems across the country. The Review Consultant attended a series of District Church Council meetings in all Districts, except Western Australia, and noted the significant amount of time that the "schools and early childhood education agenda" took up at these meetings. The Review Consultant questions:



- If this time commitment to education is to the detriment of the rest of the mission and ministry of the District?
- If the mode of selection of District Church Councils could possibly deliver Council members with the in-depth educational knowledge and comprehensive oversight of school and ECE which is required in order to deliver quality educational outcomes within the Lutheran tradition?
- If the continued funding, compliance and accountability requirements of these schools and ECEs was best served by this diversified system?
- If this District governance arrangement could possibly ensure a high quality education to all the students receiving Lutheran education in Australia which, in justice, the parents and pupils deserve?

The time constraints of this Review prevented the Review Consultant from finding answers to these questions. Not surprisingly, two meetings with the LEA Board indicated that this Board has been grappling with the same questions for some time and had developed a proposal for a desired governance structure for Lutheran Education Australia. The new governance structure would strengthen the governance of LEA, provide a System Funding Authority (which is the preferred model for funding agencies), remove the duplication of services in the various Regions, ensure greater accountability for quality educational outcomes and the Lutheran mission and values. An explanation of this Proposal is found later in this paper.

Again, the Review Consultant was impressed by the commitment of the educators and governors of LEA to deliver educational outcomes within the mission and values of the Lutheran Church. This was reinforced by a litany of examples where the Lutheran values were “alive and well” in the schools and childhood education centres.

### **“They are now just businesses”**

Finally, the Review Consultant feels obliged to comment on the recurring theme “They are now just businesses” which was repeatedly heard throughout this Review in the consultations with local congregations. There is a disconnect between the opinion of many members at congregational level and those in LEA about the “Lutheranism” of the LCA’s aged and community care facilities and schools and ECEs. This may be because since 1839 congregations founded, governed and managed these facilities, principally for the members of the Lutheran Church.

Since that time, providing these important community and educational services has become more complex. The dependence on government funding has brought its own accountability challenges. The result is that many congregations have had to relinquish their management of the schools and aged care facilities to a professional District or regional management department. It may be that many people at congregational level have failed to understand the necessity of this change and imagine that a consequence is that these facilities are no longer being managed according to Lutheran traditions and values. Maybe the communication between these professional management units and these local congregations has been inadequate which has fuelled the concerns of



local congregations. Anecdotally, where local congregations have been provided with opportunities to be involved in the mission and ministry of these entities, there is not so much disconnect.

As indicated in an earlier paragraph, the aged care and community agencies appear to be firmly situated with the Object of the Church to “Minister to human need in the name of Jesus Christ our Lord in the spirit of Christian love and service, and to provide institutions and agencies for this purpose.” The work of LEA also exists within this Object as the needs of children, adolescents and parents become more complicated and the school or ECE is expected to meet social as well as educational needs. Schools are also mentioned in another Object of the Church to “Establish and maintain schools and other institutions and to foster all other means whereby the members of the congregations receive Christian education.” This Object appears to be too narrow for today’s lived reality and may be another explanation for the disconnect between LEA and some local congregations.

## CONSULTATION RESULTS REGARDING AGED AND COMMUNITY CARE AND LUTHERAN EDUCATION

All groups who participated in this Review voiced disappointment that the Review did not focus on aged and community care and Lutheran education. The following comments by the participants provide an insight into the conversation of this topic.

*“Years ago congregations had involvement with schools and aged care. Now these organisations are businesses. Congregations need some sense of ownership with the ministries they have started.”*

*“There is a strengthening of congregations that are located in schools and a weakening in the traditional congregations.”*

*“The mission that goes with schools and aged care is being lost. The people in their central body do not have a Lutheran perspective.”*

*“There is a feeling of disenfranchisement from the schools and aged care by Congregations. They started the schools in good faith as a way to spread the Gospel but are now not sure.”*

*“The challenge in Aged Care is to get the skills set we need on the board while maintaining that 70% of the board must be Lutheran. We are bound to deliver government outcomes which are inclusive, but we have a commitment to the Lutheran community.”*



## THE PROPOSAL FOR A DESIRED GOVERNANCE STRUCTURE FOR LUTHERAN EDUCATION AUSTRALIA

### Rationale

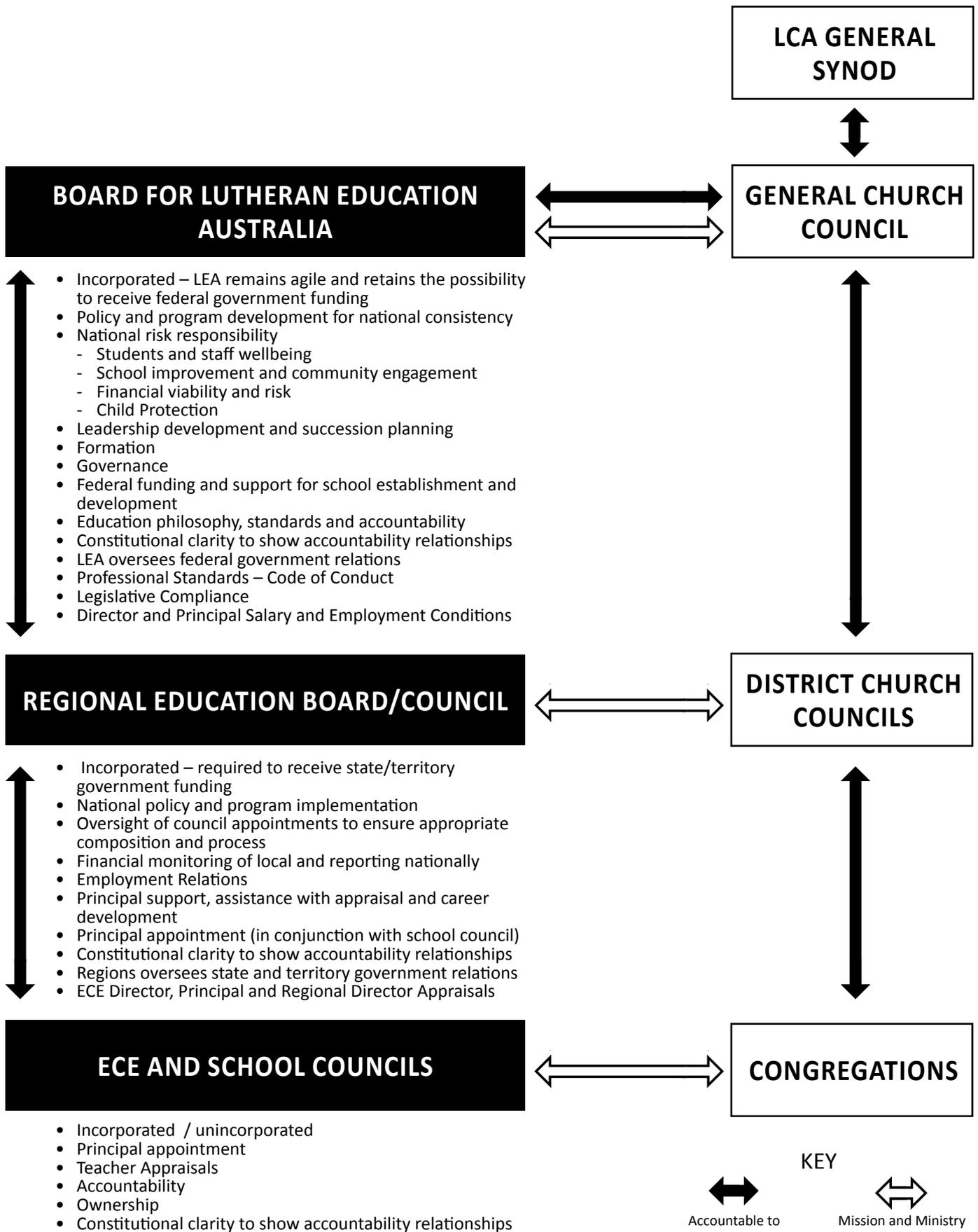
It is important to note that the following information is the first articulation of a “desired structure” by the LEA Board. It is a work-in-progress and should be read in this light. No decisions have been made about this proposal. It is offered, by the Review Consultant and the LEA Board, as a document for discussion. The new governance structure would further strengthen and build on the rich history and tradition of Lutheran education in Australia. It would recognise the LCA’s expectations and oversight of its schools and ECEs, through LEA, as an important part of its mission and ministry.

It is proposed that this governance structure will:

1. Recognise LEA’s authority as the body responsible and accountable for all schools and ECEs of the Church.
2. Provide the LCA, the Federal Government and other peak educational bodies one point of contact for all issues relating to Lutheran education in Australia.
3. Provide a continuation of local/District ownership of schools and yet enhance the protection of the local congregation, respective District and LCA.
4. Heighten the opportunity for the respective Districts to focus on local mission and ministry planning with schools and congregations by eliminating the need to focus on finance and risk.
5. Enable LEA to be agile and responsive in the development of schools and ECEs linked to the mission and ministry in a particular location, endorsed by the relevant Church body.
6. Give LEA the responsibility to ensure tertiary training programs for the purposes of leadership and theological formation are provided with national consistency and equity for all Lutheran schools.
7. Ensure that regions are resourced at an appropriate level to ensure national consistency and equity in the provision of theological formation, leadership and governance programs.
8. Allow for a funding mechanism which would spread the financial risk across all Lutheran schools.
9. Enable the LCA guarantee of last resort for school loans to be enacted through a funding mechanism should there be a loan default.
10. Facilitate the allocation of additional financial resources to schools experiencing financial distress.
11. Facilitate a nationally consistent approach to financial reporting and risk assessment of schools.
12. Enable funds to be allocated to all schools on a needs basis, regardless of state or territory.



# Board for Lutheran Education Australia Desired Governance Structure for Australian Lutheran Schools and Early Childhood Centres





## HOW THE DESIRED STRUCTURE WOULD WORK

### Re: Board & Council Members:

1. The Directors of the Board for Lutheran Education Australia (BLEA) would be active communicant members of LCA.
2. Early Learning Centres (ECEs), schools/colleges, and regional education boards/councils are governed by council members with broad and appropriate skills and a deep understanding of Lutheran education. The majority of council members would be Lutheran.

### Re: Mission and Ministry Opportunities

3. Congregations are encouraged to work collaboratively with ECEs/schools/colleges to maximise mission and ministry opportunities.
4. District Church Councils work collaboratively with regional education boards/councils to maximise mission and ministry opportunities.
5. The General Church Council (GCC) and the national LCA organisations work collaboratively with the Board for Lutheran Education Australia to maximise mission and ministry opportunities.

### Re: Accountability and Risk Management

6. All ECE/school/college constitutions to contain accountability links to respective regional education board/council and Board for Lutheran Education Australia, consistent with the schematic model proposed.
7. Financial risk management including loans is a BLEA responsibility to ensure that the liabilities of all ECEs/schools/colleges and regions are covered on behalf of the LCA.
8. A governance, risk and accountability framework is established between ECEs/schools/colleges councils, regions, BLEA and GCC.
9. Regional offices would maintain accountability links to their respective regional education board/council and BLEA
10. ECEs/schools/colleges work in cooperation with their respective regions to ensure ongoing state/territory registration.
11. Teacher registration and appraisal is the responsibility of the local ECE/school/college council.
12. ECE Director and school/college principal appraisals are the responsibility of the respective regional director and the ECE director and local ECE/school/college council chairperson. Such appraisals to be conducted in line with a national appraisal process prepared by LEA.
13. Regional and LEA Director appraisals are the responsibility of the respective regional education board/council chairperson and the BLEA Chairman. Such appraisals to be conducted in line with a national appraisal process prepared by LEA.



## Re: Board/Council and Staff Appointments

14. The LEA Executive Director is appointed by the Board for Lutheran Education Australia (BLEA) in consultation with GCC.
15. Lutheran Education Australia (LEA) staff are appointed by the LEA Executive Director in consultation with BLEA.
16. Regional Directors are appointed by the respective regional education board/council, in consultation with the Executive Director of LEA.
17. Regional Directors are responsible to their respective regional education board/council.
18. Regional staff are appointed by the Regional Director in consultation with the regional education board/council.
19. The ECE directors and school/college principals are appointed by the local ECE/school/college council in consultation and agreement with the respective regional director.

## Re: Other Aspects

20. The Board for Lutheran Education Australia (BLEA) focuses on formation, leadership, governance at the various levels, finance and risk management (all aspects), educational philosophy, standards and accountability and other matters as required.
21. The structure of the national and regional governing bodies is to be sufficiently agile to ensure the benefits available to, and respond to needs of, ECEs/schools/colleges, so that the educational opportunities for their students are maximised.
22. Minimum national standards for principal salaries, conditions and employment-related matters are to be established and maintained by LEA in consultation with key stakeholders.
23. Minimum national standards for director salaries, conditions and employment related matters are to be established by the BLEA chairman and the respective regional education board/council chairperson/s.
24. The formation of hubs and clusters is encouraged to enable groups of schools to work together with a view to streamlining the governance responsibilities of individual ECE/school/college councils.

### **RECOMMENDATION 19:**

That a joint Working Party be established between representatives of Lutheran Education Australia (LEA), LCA's aged and community care providers and the national Communications Department to design strategies to raise the awareness of the whole Church about the ways in which these entities are fulfilling the Objects of the Church.

### **RECOMMENDATION 20:**

That GCC enters into serious dialogue with the LEA Board about their desired governance structure.

### **Governance Modes supported by this Recommendation:**

All governance modes would be evidenced in the "Desired Governance Structure for Lutheran Education Australia".



## PART K

# REVIEW FOCUS AREA – REVIEW THE CALL PROCESS

## REVIEW CONSULTANT'S SUMMARY

Feedback on the Call Process was significant from both consultation processes. The discussion was wider than the Call Process and also included a variety of comments about the Pastor's appointment and ministry within a congregation. The following comments provide a sample of the breadth of conversation on the topic. The recommendation to review the Call Process was endorsed by the vast majority of groups who participated in the Second Consultation process.

## SOME CONSULTATION FEEDBACK

The following quotes provide 'a flavour' to the discussion on the review of the Call Process:

*"There needs to be lay input into the research project being undertaken by the College of Bishops. Lay people must also be part of shaping the Terms of Reference."*

*"The reality of being a member of the clergy in today's society is that it is a hard gig. It is hard on the individuals and hard on their families, their spouses and children."*

*"The call process needs to acknowledge the realities of people's lives and not continue with idealistic pretence."*

*"Our experience of calling the pastor was good and it strengthened our Congregation. It made our Congregation become more involved and not leave it all with the pastor. It shook us up from our lethargy. It has empowered people through the process."*

*"I believe that congregations should have a major say in who is to be their pastor. However, there should be some guidance from the District. What sort of confessionalism should the pastor follow? What do we need in terms of the experience of the new pastor? We had a massive census and got a good result in the end."*

*"This process is really dead. There are so many hidden agendas; everyone runs their own fiefdom. We are the world's best Church at achieving democratic mediocrity. We are too worried about who did what to whom in the past and not focused enough on Jesus Christ with whom we live our faith."*

*"The District support during our two years call process was great. We had strong leaders in the Congregation. I imagine some Congregations are finding it difficult."*

*"We need to work more as a synodical Church. The Bishop can consult the Congregation and then appoint."*



*“This may have been a strength in the past. It is now a weakness.”*

*“The Call System seems to vary greatly from district to district. Some would like to hold onto it as is. Some do not believe that the system is ‘broken.’”*

*“The right to call the pastor might not be ‘a pearl.’”*

*“The call document has become a millstone around our necks. It desperately needs to be re-visited.”*

*“This tradition needs to be kept. It is so important to get the right pastor for the right congregation and this takes effort.”*

*“The financial pressures on small congregations make it very difficult to go through the call process.”*

### **RECOMMENDATION 21:**

That a review of the “Call Process” should be incorporated into the Terms of Reference of the College of Bishops’ research project “Pastoral Ministry in LCA: An Assessment of Current Needs and Trends”.

### **RECOMMENDATION 22:**

That lay input be sought and encouraged in the research project “Pastoral Ministry in LCA: An Assessment of Current Needs and Trends”.

### **RECOMMENDATION 23:**

That the opinions and discussion on the Call Process provided by the participants in the 1st and 2nd Consultation on the Governance & Administration Review be given to the College of Bishops for incorporation into their research project “Pastoral Ministry in LCA: An Assessment of Current Needs and Trends”.



## PART L

# REVIEW FOCUS AREA – RESOURCES AND FUNDING

## REVIEW CONSULTANT'S SUMMARY

The sole purpose of this Part is to address the Consultation participants' concerns about the funding of the Recommendations of this Review as well as the obvious inequity in the funding of Districts. It is not, nor does it intend to be, a review of the Church's resources and funding mechanisms.

The Review Consultant had numerous conversations with the Executive Officer Operations from which she was able to ascertain that a full analysis was being conducted by the national finance department into the LCA's reserves and funds accounts to ascertain the original purpose for their development and the possibility of committing those funds to some present day needs. In the course of this Review, a variety of contradictory opinions were expressed about funding and the use of resources in the Church. Some of the opinions are:

1. Local congregations do not have enough resources to fund the Support Services Program.
2. Some congregations have significant funds in their bank account.
3. There are very significant funds invested in the Lutheran Layperson's League (LLL).
4. Congregations fund districts, districts send a percentage to the national Church but neither the district Churches nor the national Church receive sufficient funds from this source to sustain the need for services.
5. The amount of funding coming from congregations is diminishing as the congregational members age or retire.

## CONSULTATION RESULTS REGARDING FUNDING

All groups who participated in this Review supported the Recommendation that new sources of funds be identified to fund the outcomes of this Review. The following comments by the participants provide an insight into the conversation of this topic.

*"We like new ways, whatever they are."*

*"We could end up the wealthiest Church in the graveyard."*

*"Every month our Bishop spends about a week and a half at meetings in Adelaide – most of the time on the plane. Pastors also are going off to meetings at District or national level. Who's paying for all this?"*

*"Where the Congregation cannot meet the basic needs for its survival there cannot be the possibility of energy and attention for mission. We need to structure ourselves so that our resources are husbanded so that we can re-focus on a purpose beyond survival."*



*“We are running out of money. We are going broke and we are trying to get out of this mess.”*

*“We need to articulate our mission so that people will financially support the Church and our mission.”*

*“How can the National Office give members the confidence that they are making informed decisions and doing the due diligence on big financial planning decisions?”*

*“Possibly we should be talking about stewardship rather than funding.”*

*“In this matter, we have ostrich behaviour – burying our head in the sand.”*

*“There is something of a contradiction with finances in the LCA. On one hand we want to be good stewards, on the other hand we want to be dependent on God. These two ideas can pull in different directions.”*

*“We should be encouraging regular electronic giving. It’s an efficient way of raising funds.”*

*“LCA must ‘come clean’ about the financial position. If they are honest and transparent, the general membership may well get behind them.”*

*“Should we sell our local properties and join with other congregations and share the rent?”*

*“Is all the property in North Adelaide necessary?”*

*“The redevelopment of North Adelaide is causing major angst at local level.”*

*“Make property assets work as a source of income generation.”*

*“The majority of loans go to schools so congregations are missing out.”*

*“Maybe congregations should fund the national Church and the national Church then funds the districts.”*

### **RECOMMENDATION 24:**

That in accordance with the Strategic Priorities of the Church and in the interest of access and equity, the GCC develops a proposal by which congregational funding of the Church goes directly from congregations to the national Church.

### **RECOMMENDATION 25:**

That the General Church Council develops a funding formula for the allocation of funding to Districts.

### **RECOMMENDATION 26:**

That General Church Council considers external borrowing of funds to develop the required resources for capacity building and the support services program.



## PART M

### REVIEW FOCUS AREA – THE BY-LAWS

A reading of a wide sample of the Church's by-laws soon indicated to the Review Consultant that these documents were very legalistic, in some parts were inflexible and often contradictory. It could be that the intention of this style of documents is to control rather than enable good governance. They may be an impediment to good order and discipline when it seems they exist for that explicit purpose.

The rate of change in the external environment today means that organisations need to be flexible and agile in their ability to meet the challenges of constant change. In order to do this, Constitutions need to contain the fundamental religious and legal precepts on which the organisation is based together with the statement about the enduring structures. The Constitution has to have a degree of permanency about it, which means it requires a formal process and significant time frame in which it can be changed. In the Lutheran Church of Australia and New Zealand, changes would occur appropriately at Synod.

In other nonprofit organisations, their by-laws or equivalent have become more flexible in style and can be changed by the appropriate governing group. They are usually written simply on a particular topic and contain statements of policy rather than prescribed procedures. In their current form, the by-laws may be hindering, not serving, the missional culture of the Church. It is the Review Consultant's opinion that the by-laws could be replaced by a document called, for example, the "Rules of the Church" that would be:

- Appropriate to the type and purpose of each governing group.
- Flexible to meet contemporary needs in a variety of settings and circumstances.
- Accessible to the reader.
- Might not require that they "be approved" by another group.

### CONSULTATION RESULTS REGARDING BY- LAWS

All groups who participated in this Review supported the Recommendation that the By-Laws should be reviewed. The following comments by the participants provide insight into the conversation of this topic:

*"By-laws should reflect the way we want to operate, not be a set of rules."*

*"Changes to the by-laws should be left until all the agreed recommendations of this Review are in place and settled."*

*"The By-laws definitely need to be more understandable."*

*"The centralisation of power in the Bishop is happening. We need to be clear if this is necessary and why this is happening."*

*"There is room to rationalise by-laws, committees and structures."*



*‘They need to be current, user-friendly and in line with our practices. Sometimes, our practices get in front of the By-laws.’*

*‘We don’t want a lot of congregational energy to go into this.’*

*“The By-Laws need to be addressed after the decisions have been made about the re-structure.”*

**RECOMMENDATION 27:**

That the By-laws be reviewed, after decisions have been made about the outcomes of this Review, to ensure that all By-Laws are flexible enough to meet the contemporary needs of the Church in Australia and New Zealand in a variety of settings and circumstances.



## **PART N**

# **IMPLEMENTATION OF APPROVED REVIEW RECOMMENDATIONS**

The Review Consultant strongly believes that the following recommendation is critical to the successful outcome of the approved Review Recommendations:

### ***RECOMMENDATION 28:***

That GCC establish an Implementation Team to plan, oversee, coordinate and evaluate the implementation of the approved Review Recommendations.



## PART 0

# RESULTS OF THIRD CONSULTATION ON RECOMMENDATIONS

The process and timing of the Third Consultation is found on page 6 of this Report.

50 individual people, one District Council and one National Board responded. They were from: SA/NT (39%), VIC/TAS (20%), QLD (14%), ACT (9%), NSW (9%), WA (7%), NZ (2%).

The majority of respondents were:

- Male, under 60 years of age and had previously participated in some part of the Governance & Administration Review process.
- They all held a role or multiple roles in the Lutheran Church of Australia and New Zealand.

The statistics below indicate the support given for each recommendation. The percentage support was calculated by adding together the responses for "Support" and "Strongly Support" for the Recommendation.

Most respondents also provided extensive comments. Many of the comments were a repeat of comments provided in the previous consultations which this Final Report has attempted to address. Most other comments focused on the "how" of implementing the approved Recommendations. These are matters for those charged with the responsibility of managing the implementation process and are outside the parameters of this Review to develop. A reoccurring theme in the comments was a hope that any changes would increase the accountability and transparency of the decision-making in the Church.

## RECOMMENDATIONS THAT RECEIVED 90-100% SUPPORT

### **RECOMMENDATION 2 (96% Support):**

That a high priority be given to implementing the LCA Strategic Goal to improve governance at all levels, specifically the introduction of governance policies, improving the recruitment, induction and training of the members of governing groups.

### **RECOMMENDATION 13 (95% Support):**

That the General Church Council identify and promote strategies through which the inter-relationship of the whole Church is valued and collaboration at every level is energetically encouraged.

### **RECOMMENDATION 28 (94% Support):**

That GCC establish an Implementation Team to plan, oversee, coordinate and evaluate the implementation of the approved Review Recommendations.



**RECOMMENDATION 5 (93% Support):**

That a high priority be given to the implementation of Strategic Priority 2 so that there might be a comprehensive articulation and understanding of what “mission” means to all the members of the Lutheran Church in Australia and New Zealand.

**RECOMMENDATION 15 (93% Support):**

That the Executive Officer Operations provides regular reports to GCC about the changes at district level due to the implementation of other recommendations in this Report.

**RECOMMENDATION 17 (93% Support):**

That the Review of the Governance and Administration of the District entity be appropriately connected to the implementation of the Recommendations of this Review Report.

**RECOMMENDATION 10 (90% Support):**

That the “LCA Communications and Engagement Plan 2013-2018” be supported and implemented by all relevant groups and committees of the Church.

**RECOMMENDATION 19 (90% Support):**

That a joint Working Party be established between representatives of Lutheran Education Australia (LEA), LCA’s aged and community care providers and the national Communications Department to design strategies to raise the awareness of the whole Church about the ways in which these entities are fulfilling the Objects of the Church.

**RECOMMENDATION 23 (90% Support):**

That the opinions and discussion on the Call Process provided by the participants in the 1st and 2nd Consultation on the Governance & Administration Review be given to the College of Bishops for incorporation into their research on their project “Pastoral Ministry in LCA: An Assessment of Current Needs and Trends”.

**RECOMMENDATION 27 (90% Support):**

That the By-laws be reviewed, after decisions have been made about the outcomes of this Review, to ensure that articles are removed that limit the accessibility, flexibility and agility of the Lutheran Church of Australia and New Zealand to respond to needs as they arise.

**■ RECOMMENDATIONS THAT RECEIVED 80-90% SUPPORT**

**RECOMMENDATION 3 (88% Support):**

That a priority be given to developing the capacity of the whole Church to carry their governing responsibilities, which could include at least strategic and ministry planning, budgeting and gaining access to ideas and resources.



### **RECOMMENDATION 9 (88% Support):**

Build a continuous evaluation system into the implementation of the Support Services Program from its initial conception so that problems can be addressed in a transparent way and those providing the new services remain accountable to those being served.

### **RECOMMENDATION 12 (88% Support):**

That each District refocus its vision and direction to promote, resource and co-ordinate the growth of a missional culture in all the diverse ministries of the Church.

### **RECOMMENDATION 16 (88% Support):**

That the General Church Council initiates a Review of the Governance and Administration of the District, as an entity, with a view to developing clarity about its purpose.

### **RECOMMENDATION 18 (88% Support):**

That the GCC initiates a governance review of LCA's aged and community care organisations with a view to identifying the various models of service provision based on the Object of the Church to: "Minister to human need in the name of Jesus Christ our Lord in the spirit of Christian love and service, and to provide institutions and agencies for this purpose".

### **RECOMMENDATION 21 (88% Support):**

That a review of the "Call Process" should be incorporated into the Terms of Reference of the College of Bishops' research project "Pastoral Ministry in LCA: An Assessment of Current Needs and Trends".

### **RECOMMENDATION 6 (85% Support):**

That the National Church Functions be re-structured to provide leadership, governance and other resources that are Church-wide, mission-focused, service orientated, efficiently delivered and effective in enacting the decisions and direction of Synod.

### **RECOMMENDATION 4 (84% Support):**

Introduce transparent evaluation processes for all governing groups appropriate to the size and responsibility of the group.

### **RECOMMENDATION 20 (83% Support):**

That GCC enters into serious dialogue with the LEA Board about their desired governance structure.

### **RECOMMENDATION 1 (81% Support):**

That the governing groups which could benefit from a skills-based model of membership recruitment be identified and then develop models, policies, training and processes to make this transition possible.



### **RECOMMENDATION 8 (81% Support):**

Establish a National Support Services Program coordinated by the Executive Officer Operations to provide local congregations, and District Offices with timely, accurate and accessible governance and management support. This program should lessen the burden on local congregational and parish councils and allow them to become more mission focused.

## **■ RECOMMENDATIONS THAT RECEIVED 70-80% SUPPORT**

### **RECOMMENDATION 14 (79% Support):**

That the Executive Officer Operations and District Administrators monitor and evaluate the transfer of services from district to national level in order to identify potential problems, areas for improvement and the time and resources needed at district level.

### **RECOMMENDATION 22 (78% Support):**

That lay input be sought and encouraged in the research project "Pastoral Ministry in LCA: An Assessment of Current Needs and Trends".

### **RECOMMENDATION 7 (75% Support):**

That the advisability and feasibility of having a national board of the General Church Council for Aboriginal Ministry be reviewed.

## **■ RECOMMENDATIONS THAT RECEIVED 60-70% SUPPORT**

### **RECOMMENDATION 11 (66% Support):**

That the name of the Lutheran Church of Australia be changed to the Lutheran Church of Australia and New Zealand and that the acronym be changed from "LCA" to "LCANZ".

### **RECOMMENDATION 24 (60% Support):**

That in accordance with the Strategic Priorities of the Church and in the interest of access and equity, the GCC develops a proposal by which congregational funding of the Church goes directly from congregations to the national Church.

## **■ RECOMMENDATIONS THAT RECEIVED 50-60% SUPPORT**

### **RECOMMENDATION 25 (51% Support):**

That General Church Council develops and allocates funding to Districts according to a funding formula which pays attention, at least, to district size, existing district investments and the amount of funding coming from congregations.



## ■ RECOMMENDATIONS THAT RECEIVED 30-40% SUPPORT

### **RECOMMENDATION 26 (35% Support):**

That General Church Council considers external borrowing of funds to develop the required resources for capacity building and the support services program.

## **COMMENT ON THE RESULTS OF THE THIRD CONSULTATION**

These results indicate that 25 of the 28 Recommendations received over 75% support from respondents. This was not a surprising result as the Second Consultation indicated a strong support for the directions of the Recommendations provided in the Third Consultation.

The 66% support for Recommendation 11 was a surprise. The Second Consultation meetings gave universal acceptance for this Recommendation. On closer reading of the comments from the Third Consultation regarding this Recommendation, it is obvious that the respondents had a problem with the acronym "LCANZ" rather than the substantive issue of acknowledging the New Zealand church members in the name.

Taken the preoccupation of so many members on money, finances and funding in the Review, it was not surprising that there was a diversity of opinion and support for Recommendations 24 & 25.



## PART P

# REPORT CONCLUSION

At its Convention in April 2013 the LCA General Synod adopted the following resolution, which was the impetus for the General Church Council's commissioning this Governance and Administration Review:

THAT the GCC, consistent with the Strategic Direction of the LCA - especially regarding improving our "Governance and Leadership capability" and being "good stewards of our available resources" - undertake a review of the current governance and administrative structures of the LCA including at the National level, District level, Boards, Commissions, Councils and Agencies during the next synodical term.

In putting this resolution to Synod, GCC identified a range of factors that were impacting on the Lutheran Church of Australia and New Zealand at this time. These included the fact that the Church is a relatively small Church which is geographically dispersed with a significant number of governing bodies engaged in providing oversight to the national and district Churches, schools, aged care and community facilities. Of particular significance to these governing bodies is the increased reporting and compliance requirements and quality standards now required by the communities and governments in Australia and New Zealand. The pressures created by these external groups and bodies has been exacerbated by a declining and ageing membership base from which to draw the required skills and experience to meet the increasing demands of governing the Church's various entities.

It is the Review Consultant's conclusion that all these factors are putting in jeopardy the Church's ability to bring to life the Objects of the Church, as defined in Article 111 of the Constitution. While these factors are a serious concern, this Review indicates that there is a small, but significant, group of Church members from across the whole Church who embraced this Review, were articulate about its aims and were passionate about their love for and commitment to the Lutheran Church in Australia and New Zealand.

The Review Consultant believes that the Recommendations presented in this Review will start to address the multiple governing issues presented provided that:

1. The health and development of the mission and ministry of the Lutheran Church in Australia and New Zealand is the foundational principle for evaluating the Recommendations of this Report.
2. The General Church Council can seize their consolidated leadership potential and embrace the changes necessary even if some of those changes might appear to disadvantage them locally.



3. The members of all Church governing groups recognize their need to expand their “governance framework” through participating in ongoing training and development.
4. There is recognition, across the whole Church, that a representational method of selecting governing group members is no longer adequate to addressing the increasing complexity of making governance decisions.
5. Opportunities are created for Church members to clarify their articulation of the mission of the Lutheran Church in a language and expression that is accessible to all, not just the theologically accredited.
6. The General Synod and all governing groups recognise the great potential of processes that enable the “power of influence” to be chosen over “the power of control”.
7. The various governing groups at national level and their support services evolve in a collaborative, mission-focused and service orientated way.
8. The District Church Councils are prepared to relinquish some governing responsibilities of Church entities, for example, Lutheran education to provide more effective leadership and resourcing in mission and ministry for their Pastors and congregations.
9. The whole Church, through good communication strategies are able to access reliable and coordinated information which enables them to expand their view of Church and become more effective in their respective roles in the Church.
10. Equity and access to information and resources become a foundational principle in decision-making at national and district levels.
11. The style and accessibility of the Church’s governing legislation be simplified to give the Lutheran Church of Australia and New Zealand a greater flexibility and agility to respond to missional and other needs as they arise.

## **A NOTE OF THANKS FROM THE REVIEW CONSULTANT**

It is an awesome responsibility to work as an external consultant in a religious organisation. One walks on the “sacred ground” of faith, tradition, commitment and service. I wish to thank the General Church Council for trusting me to carry out this Review. I have been constantly assisted in this task by the conversations, insights and professional expertise provided by Bishop John Henderson and Peter Schirmer.

I am deeply grateful to the Bishops, the Reference Group, Pastors, Chairs and Members of Boards, Committees and Councils and LCA employees who have generously shared their time and insights with me. Their knowledge has helped me shape the direction of this Review.

Finally, I wish to thank my Meeting Facilitators who were always prepared to journey to the four corners of Australia to provide gentle, respectful and professional facilitation of the Consultation meetings.