

Discerning Our Future

(Report 2)

LCA Aged Care & Community Services

Governance Dialogue

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We look forward to dialoguing with you further as we finalise recommendations for the future governance arrangements of these important ministries.

Les Stahl and Terence Corkin.

Executive Summary

This is the second of three reports in the Lutheran Church of Australia's (LCA) 2017 Aged Care and Community Services Governance Dialogue project. The purpose of this report is to present the Reviewers considered draft recommendations following six months of listening and dialogue with the church and its aged and community services ministries and to identify areas where further discussion is needed. This report will be discussed by the sector and the church at the *Discerning Our Future* Conference in Adelaide in October 2017.

The intent of this dialogue based project is to strengthen and build on the rich history of service provided to the community by Lutheran aged and community services. The purpose of the project is to recommend the best future arrangements for governance of the aged and community service ministries within the Lutheran Church of Australia at national, district and agency levels – including the most appropriate governance and leadership standards and capabilities, legal structures and processes.

Report 1 was titled the “*Stocktake, Future Options and Recommendations*” Report. The report outlined the background, rationale and Terms of Reference for this review. It discussed governance at some length including looking at governance through the ‘legal lens’, clarifying the legal context for mission and ministry, as well as understanding governance in the Christian context. Report 1 also listed information about 25 Lutheran aged and community services organisations and presented the results of governance discussions at twenty one of those services. It reported on four options for the future structuring of the Lutheran aged and community services sector as well as 40 draft recommendations for improving governance within this sector.

In summary, in Queensland the Lutheran aged & community services sector consists of a large amalgamated organisation that provides both aged care and community services and some separate stand alone small services; in the Districts of New South Wales, South Australia and Victoria there is a range of small, medium and medium/large aged care services; and there are two significant community services only organisations operating out of Adelaide – Lutheran Disability Services and Lutheran Community Care South Australia and Northern Territory.

Some of these organisations are legally under the control of the four Lutheran Districts mentioned above while some of the organisations are legally independent of the church.

In terms of governance and leadership capability there is wide variance in the competency levels among the twenty one governing bodies visited and the four

Districts. Some organisations are well governed while a few appear to struggle to maintain even minimum legal and governance standards.

This report (Report 2) should be read in tandem with the earlier Report 1. This report mostly does not canvass matters already provided for in the earlier report.

Part A of this Report (and its Appendices) provides additional contextual information for this Dialogue. It reminds us of the proud history of Lutheran service to communities and older folk. It reminds us that things have changed in both the areas of service delivery as well as in 'governance' (that is, funding and policy for these services is increasing being vested in national agencies and there are increasing requirements being placed on any person who wants to be a member of a governing body within Australia). Part A also summarises the trends in eight of these service areas and in six other national churches.

The implications of the recent church-wide 'Cleary' governance review are summarised and some 'elephant in the room' cultural dynamics observed by the Reviewers as part of this project are surfaced. Part A also outlines the results to date of this Dialogue including the discussions at the '*Options For Our Future*' Workshop held at Nundah, Brisbane on 15 July 2017.

The sector supports the Church's vision (outlined in its Strategic Directions) that these services "are at all levels well governed, run with effective structures and processes, financially sustainable, professional and accountable". To achieve this, a number of services would like greater 'support' from the church. The church on the other hand would like to see a better system of governance 'supervisory oversight' in place so it can be better assured that the above vision is indeed occurring within Lutheran aged and community services.

Part B summarises the LCA's detailed vision for its aged and community services ministries. It also contains the Reviewers assessment of recommendations where there appears to be significant agreement about future governance arrangements following earlier consultations and subsequent discussions at the "*Options For Our Future*" Workshop. Fifteen recommendations are presented for endorsement in Adelaide in October 2017.

Part C outlines five important governance issues where consensus is yet to be achieved – structural arrangements, emergency protocols, selection of and 'length of service' for governing body members and branding policy.

In relation to issue 1 (structural arrangements) this report indicates that the decision about future governance structural arrangements for these existing Lutheran aged and community services is primarily not a governance theory

question but a question about what sort of **'culture'** the church wants to have going into the future.

The inherent tension between focussing decision making authority at the responsive and agile local congregational or service level versus achieving the wisdom and stability of collective action at either regional or national level is discussed. Guiding principles for successfully operating within this milieu are outlined. The Lutheran Church is encouraged to discern its future in relation to levels of 'authority' for its aged and community services sector using the key principles of:

1. Subsidiarity;
2. Collective Action for the Common Good;
3. Governance Interdependence (or Mutuality of Rights & Responsibilities);
4. "Arms Length" Quality Assurance (QA); and
5. Performance Triggered Oversight (Freedom within Limits).

Two other important decision making criteria, that of 'future government policy & funding directions' and 'good governance practices', are briefly discussed.

Seven different structural options for the church to provide governance-level 'support' to these services and two structural options for the church to be able to effectively carry out its governance 'QA oversight' responsibilities in regard to these services are outlined. If the church and its aged and community services sector wish the Church to combine both these responsibilities it has to these services in one structure, this report maintains there are only two realistic structural options going forward for the church in this the twenty first century.

The Reviewers indicate that in their opinion, if the Lutheran Church was starting from scratch today in providing services to communities, to people with disabilities and the elderly, it would probably be best for it to form either one single national organisation or two to three large 'regional' (e.g. District-wide) organisations. However as the Lutheran Church is not starting from scratch in these sectors in 2017 and as it has a proud record of aged care, community and disability services achievement over many decades, this option (the 'merge-large now' option) is not seen as feasible by the Reviewers at this time in the life of the Lutheran Church because of widespread feedback received during dialogue consultations and to honour the Terms of Reference of this Review.

For the future, to meet good governance standards, church and community expectations, the Lutheran Church of Australia needs to have quality governance **standards** and **policies** as well as robust governance 'quality assurance' oversight **processes** (business systems) in place in each jurisdiction of the church that is involved one way or another in this ministry to human need.

At this stage of the Dialogue process the Reviewers 'minimum change' advice is for the LCA and its aged and community services to co-design and development for this sector:

- a. a national suite of Lutheran Ethos documents;
- b. an enhanced 'LCA Standards of Governance' document;
- c. a national branding policy; and
- d. a Quality Service Agreement for use with all services.

To further enhance governance with this sector the Reviewers advise LCA to form a national governance support unit and to encourage the merging of the governance functions of some of the smaller services.

In terms of the remaining four issues (emergency protocols, selection of and 'length of service' for governing body members and branding policy), this report indicates that to a large extent the best way forward on these matters depends on resolution of the 'structural issue' question.

Part D outlines the agenda for the conference in Adelaide on the 13th and 14th October 2017 and proposes several draft transition and implementation plan actions for the church and its aged and community services sector following the conference.

Basically the conference agenda spans three topics:

1. 15 Recommendations thought to have widespread support;
2. Five issues yet to achieve consensus (the above five issues); and
3. A 'Way Forward' Implementation Plan post-conference.

This report is written both for the leaders of the Lutheran Church of Australia and those services that see themselves as providing a vital ministry on behalf of the Lutheran Church of Australia to address and meet human need in the areas of aged and community services.

All key stakeholder bodies are invited to provide feedback on this report and its recommendations at the "*Discerning Our Future*" Conference to be held in Adelaide on Friday the 13th and Saturday the 14th October 2017.

Following the discernment conference a final report will be prepared by the Reviewers for submission to General Church Council in early 2018.

Your prayerful consideration of this report is invited.

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"... let your light shine before others, that they may see your good deeds and glorify your Father in heaven." Matthew 5:16 New International Version (NIV)

PART A: Context of this Report

The Lutheran Church and Community Services

In summary, based on what the Reviewers have heard:

1. The Lutheran Faith involves ministering to human need - reference the Constitution of the Lutheran Church of Australia (LCA) which states in Article 3 Objects of the church 3.1.13: “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”.
2. Indeed, ministering to human need is a strategic priority of the LCA (reference its Strategic Directions document).
3. From a historical perspective this is a good time for the Church to be looking at better ways of organising the church’s ministry to human need as now is the beginning of a new half century since two churches came together in union in 1966 to form the Lutheran Church of Australia. In anniversary, it is a time of reflection and change.
4. There are a range of Lutheran services in Australia ministering to human need in the name of or in furtherance of the traditions of the Lutheran faith. Services ministering to human need associated with the LCA include accommodation services, retirement units and villages, home care services, aged care services, children’s services, family services, disability services, counselling services, crisis intervention services, services for the homeless, services for refugees, community development services etc.
5. Where these services are an expression of the ministry and purpose of LCA, LCA has at least a moral responsibility, and in some cases a range of legal and governance responsibilities, in regard to each of those services. Basically the Church will be held accountable by society, even if only morally, for all such ministry conducted in its name and with its knowledge, even if the service is independently incorporated (refer Part B of Report 1 for some example areas). The institutional church is also seen as the ‘responsible party of last resort’ – whether as the ultimate ‘solver of problems’ or ‘funder’. As has been demonstrated in the past, the LCA paid dearly, including financially, for the failure of a Lutheran aged care service. Holding the Church accountable with a ‘buck stops with the Church’ attitude has also been clearly seen in the current Royal

Commission into Institutional Responses to Child Sexual Abuse, not to mention some of the issues that have been in the media recently regarding aged care.

6. Accordingly, the Lutheran Church sets the bar high in regard to the operations and governance of aged and community services ministering in its name – services need to do more than just meet minimum secular legal and regulatory requirements, they need to be quality services as they are ministering in the name of Jesus and are an expression of the witness of the Lutheran Church. As Strategic Priority 3 of the church states “We are at all levels well governed, run with effective structures and processes, financially sustainable, professional and accountable” (p16 Strategic Directions).
7. The church acknowledges that sin exists in both the church and its community services – sins such as ego, self importance, hubris (excessive pride & self confidence), arrogance etc. We, God’s servants, need to work hard to overcome these self defeating limitations and work together in furtherance of God’s work.
8. For the future, to meet good governance standards, church and community expectations, the Lutheran Church needs to have both quality governance standards as well as robust governance ‘quality assurance’ oversight processes and business systems in place in each jurisdiction of the church that is involved one way or another in this ministry to human need.

Visions held for Lutheran Aged and Community Services

In summary, based on what the Reviewers have heard the visions held by stakeholders are:

1. The rich diversity of Lutheran aged and community services continues to joyously grow and be a beacon of light for disadvantaged communities and a point of loving support and care for the many groups of people who access these services.
2. Some of these services may be direct instruments of the LCA – whether congregational, District or nationally run services. Others services may be legally independent of the LCA.

3. All of these services have quality governance and quality operational processes in place. They are at all levels well governed, run with effective structures and processes, financially sustainable, professional and accountable.
4. All of these services work together to mutually strengthen and support each other and to speak with one Lutheran voice to the Australian community and government agencies about aged and community services in Australia.
5. Together the Church and this 'fellowship' of services actively support each other, particularly the smaller services, with strategic policy advice, governance advice and public advocacy and lobbying. The LCA also provides a quality assurance function, providing assurance to members of the church, to the community and to Lutheran aged and community services that all aged and community services are meeting the standards expected by the Lutheran Church, its services and society.
6. Representatives of these services and the LCA work collaboratively with other churches and like minded organisations to further this ministry of the Lutheran Church to meet human need.

The Context of Aged and Community Services in Australia

Community services and aged care services have changed significantly over the last fifty years. Today the community and its various levels of government place high expectations (and requirements) on the operation of these services.

Change is not over with either. Significant reforms continue in the vast majority of service areas addressed by these ministries of the Lutheran Church.

Refer to Appendices 1 to 8 for a summary of the current context of the following services:

- Retirement Living Services
- Aged Care Services
- Disability Services
- Homelessness Services

- Children and Family Services
- Addressing Poverty and Injustice Services
- Community Development and Working with Diverse Cultures Services.

Information about the pressures on aged care services is also outlined later in the “Options For Our Future’ Workshop section of this report (page 14).

Key challenges for these services and the Lutheran Church of Australia are:

1. Better encourage the church to see these services as key ministries of the church and for members of the church to engage more fully with these services
2. Ensuring good governance of these services including ensuring sustainability and the management of risks including reputational and financial risk
3. Managing ongoing government reforms and complexities including consumer, staffing, financial, compliance and competition pressures, and
4. Better influencing the various policy debates within Australia about ‘human need’.

The ‘take-away message’ for the Lutheran Church is three-sided. Firstly, it seems the church and its services are generally doing a good job in ministering to those areas of human need that it has resources to do so. Secondly, both these services and the church are vulnerable to future reputational and financial shocks because modern governance arrangements are just not in place within the LCA in regard to all these ministries. Thirdly the Church needs to act now and make some tough decisions now in order to ensure the sustainability of these ministries into the future – otherwise it is probable that the church will have to make these tough decisions in the future anyway but under crisis, rather than pro-active, circumstances.

The evolving requirements of Governance in Australia

As outlined in some detail in Report 1 of this Dialogue the secular requirements for governance in Australia continue to evolve with increasing regulatory requirements forecast to continue. The rise of the Australian Charities and Not-for-profit Commission is evidence of this trend along with increasing compliance requirements whether from a company, taxation,

accounting, working with children, working with people with disabilities, working with the elderly or an accreditation point of view – just to name a few of the increasing compliance trends.

The governance of organisations and services is also being ‘professionalised’ with ‘governors’ not only expected to have demonstrable competencies in governance but preferably to have governance qualifications and to have in place an ongoing program of professional development. The rise of the influence of the Australian Institute of Company Directors (AICD) and the Governance Institute of Australia (GIA) are but two examples for this trend.

Community Services and other Churches – An Overview

Most of the other major churches are involved in ministering to human need. Many of them oversee or are associated with similar services to those provided by Lutheran agencies that are the subject of this review.

The Reviewers contacted people involved in the governance arrangements of either aged or community services of six other churches to ascertain their informal wisdom about the state of governance arrangements in those aged and community services operating in the name of their church.

Appendices 9 to 14 provide a brief and informal overview of some of the current activity in aged and community services in the following churches – at least as understood by the Authors:

- Catholic Church
- Uniting Church
- Anglican Church
- Baptist Church
- Presbyterian Church
- Churches of Christ.

In summary these other churches are:

1. Recognizing that effective governance of aged and community service ministries is important (some having recognized this for many years) although the churches are employing different strategies to be assured that robust governance arrangements are in place – and some more so than others

2. Recognizing that reform is ongoing in these sectors and that services are becoming more complex and professional, with greater competition for the funding dollar
3. Mostly organised at state and/or national levels to ensure they can speak out with one voice and advocate their cause
4. Some of the churches see the future of these services as large state or national based services to either ensure future survival or achieve better economies of scale
5. Some of the churches either have or are in the process of sharing 'back-of-house' services and/or group purchasing arrangements
6. Some of the churches have formal quality assurance mechanisms in place in regard these services even if the service is small and congregationally managed (e.g. Presbyterian Aged Care NSW)
7. In at least two of the churches a region has divested itself of aged care services.

Recent Governance review of LCA

At its Convention in April 2013 the LCA General Synod adopted a resolution which was the impetus for the General Church Council's commissioning in February 2014 of a church-wide Governance and Administration Review. The Review Report was completed on 20 February 2015 and made 28 recommendations.

Relevant recommendations included:

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

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

Messages conveyed by these recommendations are that governance in this church needs to be improved; governance should be skills based; evaluation of governance performance is important; the church at its national level should provide more governance leadership and management support; and we all need to collaborate and see ourselves as being interdependent and interrelated in pursuit of the mission of the church.

Reviewer conclusions for that review included:

- 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.
- 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.
- The various governing groups at national level and their support services evolve in a collaborative, mission-focused and service orientated way.

Messages from this earlier review are that we need to place the interests of the whole church before our local interests; and that any 'national' governance groups need to be service orientated and collaborative.

'Elephant in the Room' Dynamics

The Reviewers of this current Aged and Community Services Governance Dialogue project have found that the visions of the former, wider church review have not yet all been achieved (which is of course understandable given the short length of time that has passed since that review).

In particular your Reviewers of this Dialogue have on occasion witnessed what appeared to be lack of respect and collaboration between people, between services and between services and the church – and also distrust and lack of confidence in bodies/committees that they themselves are not involved in or that are ‘higher level’ bodies within LCA.

Perhaps because of their experiences or personal passion for their voluntary or paid work in the name of the church, a number of people with whom we have interacted with during this Dialogue have appeared to act as if they think they know better than anyone else in the Lutheran Church in relation to governance matters and sometimes we did not observe common courtesy being extended to others with differing points of view – or the active application of the assumption that others too may have competence and expertise. (Of course, as one would hope, overwhelmingly we found the Lutheran Church and the people of the Lutheran Church and its aged and community services wonderful, caring and committed people).

The above ‘elephant in the room’ dynamic may relate to a culture that appears to exist within those parts of the church we have interacted with where personal and local independence is overly triumphed at the expense of collegial respect and co-operation. At the same time some of the committees and councils of the church may indeed currently lack the competence and expertise to appropriately govern the large, government funded and professionally managed aged and community services going forward into the future.

We note this issue in this report not because we want to but because it is obvious it exists. Yet this dynamic does not have to be a problem going forward – it will only remain a ‘problem’ if people deny it or don’t do anything about it.

One cannot deny that some frustration exists among some of the people managing and/or governing aged and community services in the name of the Lutheran Church. Partly their frustrations (in the opinion of the Reviewers) have a genuine basis. Some of these services may have outgrown the competence of the church, either in the sense of ‘the church’ where it has direct governance responsibility, or ‘the church’ in being able to ‘supply’ enough competent people to serve on local governing bodies which are required to meet LCA governing body membership policies. In this regard the challenge becomes “What is the Church to do and how should the Church respond if the people managing its professional mission services (like aged

and community services or education etc) have more managerial and governance expertise than the governing representatives of the Church?”

Of course looking at this issue from the ‘flip side’, some church representatives are concerned that these professional managers and governors do not see the ‘whole picture’ and how their aged or community service (for example) is not the ‘raison d’être’ for their existence but rather it is only a small but important part of a much larger mission – the mission of the Lutheran Church of Australia. Some church representatives are also fearful (with some good reasons) that when service managers and service governors lose sight of the ‘whole picture’, that the Lutheran service they hold leadership and stewardship responsibilities for can drift away from the Church and become nothing but a secular community service.

Another ‘dynamic’ seems to be differing views in regard to risk. Whilst managing risk in a church and its services in the twenty first century is indeed very important there are different paradigms about how this can be achieved. There is the very well developed literature about identifying and then actively managing identified risks. This is an essential and foundational aspect of managing risk of course. In this approach to managing risk one typically conducts a risk assessment and identifies ‘targets’ to monitor and manage. But to only focus on managing or reducing risk can lead an organisation into becoming fearful and risk adverse – and taken to the extreme the organisation may become ‘anti-growth’, eventually leading to atrophy of the service. Another paradigm for living with risk is to focus on vision and mission, be progressive and innovative (being ‘missionary’ as it were) knowing that many mistakes will occur during the service journey. In this approach to risk, mistakes are seen as indicators that progress is occurring and as opportunities for learning so an even better service can be provided. Rather than ‘targets’ being identified, ‘zones of tolerance’ are monitored.

Many successful businesses competing in the modern world know that to thrive one must be innovative and that this inherently involves risk-taking. The question for the Lutheran Church and its professional, government funded ‘business’ services seems to be “how to maintain a balance between these two ‘competing’ risk paradigms in an increasingly competitive aged care and community services marketplace?”

Looking at these frustrations from yet another perspective (an ecclesial perspective) some would say that Christ’s church of the twenty first century is simply changing – that the traditional ‘congregational based’ church is

changing to a broader understanding of a 'mission based' church which connects with the community in different ways and forms. These people are excited and not fearful about the continuing growth in service delivery and governance competence of mission and ministry areas like education and aged and community services. These people see these services as being the future of the church or, expressed another way, these services are seen as being destined to be a significant expression of the future 'church'. If this vision were taken to the extreme, the church in the long term may well organise itself not with Bishops caring for Synods but perhaps having a national Bishop for Education, a national Bishop for aged and community services, a national Bishop for overseas mission etc. In this future, Lutherans would come together for worship and mutual learning around the congregation of a 'mission field' of their calling - and not in a traditional community based 'congregation'. (Perhaps a more accurate prediction of the church over the next 50 years is that both types of 'congregation' will co-exist).

The reporting of this 'vision' of your future Church in this Report is not because your Reviewers argue for this change but to simply ensure that those engaged with this governance dialogue are aware of these longer term predictions regarding your church.

The point of including this 'elephant in the room' section in this Report is that whatever steps the Lutheran Church of Australia takes in 2018 and onwards to enhance the governance of aged and community services associated with the LCA, it needs to build in processes (like this Dialogue project has tried to) to ensure issues like 'lack of confidence', 'mistrust' and differing visions of 'church', 'risk management' and 'church governance' are included and addressed.

Governance Review of Lutheran aged and community services (this review)

In November 2015 General Church Council resolved "that consideration be given by GCC to a national 'system' model for the governance oversight of aged care facilities within the LCA." Accordingly this project was commissioned in December 2016 with its scope expanded to include community services.

The intent of this dialogue-based project is to strengthen and build on the rich history of service provided to the community by Lutheran aged care and community services organisations.

This research project is in the process of making recommendations that will strengthen arrangements for governance of the aged and community service ministries within the Lutheran Church of Australia at national, district and agency levels – including the most appropriate governance and leadership standards and capabilities, legal structures and processes.

Important to this review is an effective and efficient governance system for Lutheran aged care and community services that includes:

- being mission focused, with services interacting with congregations and being aligned to the strategic direction of the church;
- having consistent and quality governance standards and policies (including service philosophy, theological identity, staff formation, and employment-related policies);
- having skilled ‘governors’ and managers with reputable appointment processes and processes to ensure the maintenance of ongoing competency in governance;
- being able to manage finances, risk, compliance, accountability and reporting well; and
- having opportunities for ongoing learning, sharing and growing.

Consultations and Service visits made as part of this Review

Significant dialogue and consultation has occurred since December 2016 to date. All twenty six identified aged and community services organisations were contacted, twenty one accepted our invitation to visit with them. Discussions were conducted with members of governing bodies and managers as well as with some Pastors and Chaplains involved in these ministries.

Discussions were also held with representatives of the four Lutheran Districts associated with these agencies including dialogue with Bishops, Assistant Bishops and District Administrators/Executive Officers. Discussions were held with District level gatherings (e.g. South Australian/Northern Territory

Lutheran Aged Care Council and the South Australian Lutheran Aged Care Chaplains network).

At the national level discussions were held with the National Bishop, the LCA Committee for Ministry with the Ageing and the LCA Dialogue Advisory Group.

Submissions received were taken into account.

Although many ideas for improving governance in Lutheran aged and community services were suggested, twenty nine key themes emerged from these discussions and these were outlined in Part C of Report 1.

Two key governance 'needs' surfaced during these consultations – the need for governance 'support' and the need for greater governance 'supervision' of these Lutheran aged care and community services agencies.

A number of the (often smaller) agencies indicated they would like more useful and practical governance 'support' from either the larger services or the church (at District or national level). Support sought after included the provision of:

- model governance policies
- model constitutions
- governance training/training co-ordination
- support and advice to managers of small services
- sector communication updates
- sharing of new opportunities & 'ways of doing things'
- advocacy and lobbying.

The governance need for greater supervision was primarily expressed by church representatives and sometimes by the better organised services. This 'need' is for greater clarity, transparency and assurance that all Lutheran aged and community services are actually meeting the LCA vision for these services – viz "well governed, run with effective structures and processes, financially sustainable, professional and accountable".

Draft Resources from S.A. Aged Care Chaplains

Further consultations with the aged care Chaplains network of South Australia resulted in the group submitting three new draft resources:

- Lutherans in Aged Care – Implications for Practice
- Christian/Lutheran Ethos – Induction Presentation Template
- Aged Care Chaplaincy – Roles & Responsibilities.

These documents have been uploaded to the project website that can be accessed at <http://www.lca.org.au/laccs-gov-dialogue>

‘Options For Our Future’ Workshop 15 July 2017.

On the 15th July people gathered together in the church hall at Nundah Brisbane to review the recommendations made in Report 1 of this Review.

Over 45 people from Lutheran aged care, retirement living, disabilities and community care organisations attended along with District and General Church Council representatives. The gathering was blessed with the attendance of the host LCA Bishop, John Henderson; the local Queensland Bishop Paul Smith and 2nd Assistant Bishop Andrew Ruddell from South Australia.

At the Friday night fellowship dinner an existing ‘executive director’ model of Board composition was outlined as well as a presentation about how a large multi-service, multi-site organisation can still be focussed on local needs and local service delivery.

The following day (Saturday) Geoff Thiel presented the report from the LCA’s representative to the National Aged Care Alliance, Tim Gray. In regards to Lutheran aged care services, it was reported there are 5 significant challenges for us now and for our future:

1. Increasing Competition: Irrespective of organisation size, every aged care facility and service is now operating in a competition based market, some against large national for-profit providers. International trend data was presented that indicated how quickly for-profit organisations were also taking over the aged care market in the United Kingdom, New Zealand and the United States of America.

2. Aged care is now a 'consumer's market': It is no longer a 'provider's market'. More 'user pays' and consumer choice will become the norm. Consumers are becoming more discerning & demanding with higher education levels, expectations and higher clinical needs.
3. More Government regulations for providers are likely in areas such as:
 - Safety
 - Consumer rights
 - Financial reporting
 - Governance
 - Charities and PBI status
 - Encouraging competition and larger entities.
4. Ongoing Government policy reforms: Reform has been underway for the last 20 years, is currently occurring and is planned to continue for the next 20 years. Tighter regulations will apply to retirement living services. Community care will significantly increase. New residents in aged care facilities will require higher levels of care. Average entry age to facilities will increase and length of stay will continue to decrease. Aged care facilities will provide more transitional, high sub-acute care and offer specialist palliative, end-of-life and dementia care services.
5. Consolidations & rise of 'preferred providers': Larger for-profit providers are positioning themselves with the government as preferred providers for the future – this model is very attractive to a federal government, as these providers tend to raise their own capital from equity investors (vs. the heavy reliance on capital funding support from government by the not-for-profit providers historically). Consolidation of services is occurring fast in aged care and it is expected the current number of service providers will halve within the next ten years (from 1200 providers to around 500 providers) in order to achieve sustainable economies of scale.

The two messages received loud and clear from the presentation were:

- for LCA Aged And Community Services to “adapt now or die” and
- improved governance of our services is critical to our future.

The rest of the morning session saw five discussion groups cover almost all of the 40 draft recommendations contained in the “Stocktake, Future Options and Recommendations Report”, along with a number of possible future governance structural options. In summary the vast majority of the draft recommendations were supported by the groups who discussed them. In relation to a few of the recommendations it was agreed that the 'devil was in

the detail' and that those recommendations needed to be fleshed out further. Refer to Appendices 15 to 18 for details of these discussions.

In the afternoon five specific 'key issue' groups discussed five key issues that had arisen from the morning discussions.

Afternoon Group 1 delved into the critical issue of the role & responsibility of the Lutheran Church in regard to those community service organisations whose purpose and activity is about furthering the mission of the Lutheran Church in regard to ministering to human need. The discussion canvassed issues such as 'ownership', 'authority' & 'interface with legal entities outside the structure of the Lutheran Church'. Refer to Appendix 19 for a summary of discussions.

Afternoon Group 2's task was to begin on the assumption that, in terms of good governance, the Lutheran Church has both a moral & legal imperative to intervene in the operations of dysfunctional or financially stressed community service organisations that exist to further the objects of the church. This group focussed on issues such as "when to intervene – under what conditions? What would the triggers be? How should the church intervene? Refer to Appendix 20 for a summary of discussions.

Afternoon Group 3 was formed to acknowledge the requests by a number of small Lutheran aged care service representatives for the Church to provide a greater level of governance and policy support to them in areas such as governance advice, advice on government policy reforms, HR, IR & finance advice etc. The task of this group was to discuss "How the Lutheran Church could best support those community services seeking support from the church?" Refer to Appendix 21 for a summary of discussions.

Afternoon Group 4 looked at what the future requirements should be in relation to the composition & skills of governing bodies of aged and community services associated with the Lutheran Church of Australia. Issues such as members being Lutheran, gender and age balance were canvassed. Refer to Appendix 22 for a summary of discussions.

Afternoon Group 5 continued the discussion from the morning session in regard to fleshing out some criteria that could possibly be used for assessing future governance structural options for Lutheran aged and community services. Refer to Appendix 23 for a summary of discussions.

Key messages from the Nundah Workshop emerged as:

1. The Church wishes to see Lutheran aged care and community services as a vibrant, quality and growing ministry of the Church – not a ministry that is closed down or handed to another denomination or independent bodies or secular society. The workshop acknowledged that significant improvements in governance arrangements are necessary as we wish to ‘adapt’, not ‘die’.
2. Because of the above and per the Terms of Reference for this project, the church therefore accepts it has certain crucial governance responsibilities in regard to those services operating as a ministry of the Lutheran Church – it must provide both adequate ‘support’ to those services as well as adequate ‘supervision’.
3. The Lutheran Church of Australia (on one hand) and all Lutheran aged and community services (on the other hand) have a mutuality of rights and responsibilities. Both ‘parties’ have a right to pursue their mission and exercise their legal authorities but each also has a responsibility to serve the other ‘mission partner’ – a principle of Governance Inter-dependence.
4. The principle of subsidiarity was supported.
5. Having agreed governance benchmarks for Lutheran aged and community services as well as a document for ongoing governance ‘health checks’ was supported.
6. There was broad support for all the quality improvement recommendations from Report 1 to do with ensuring basic good governance within Lutheran aged and community services (recommendations 1, 2, 8 to 16, 18, 20 and 21 in Report 1).
7. Quality induction and governance training for all members, but especially new members, of Governing bodies of Lutheran aged and community services was seen as essential.
8. It was agreed it was important for the purpose, role and limitations of Lutheran aged and community services to be well communicated to members of the Lutheran church of Australia.
9. All but one of the ‘Sound Ownership’ Recommendations from Report 1 (recommendations 3 to 6, 17 and 19) were supported. There was a difference of view in regard to recommendation 17’a’ (the funding of a central body/unit to provide expert advice and support resources for these services).

10. There was majority support for the prime selection criteria for membership of a governing body of a Lutheran aged and community service to be demonstrated skills in governance with a secondary criteria being the person is a practicing Lutheran¹. It was suggested that future policy be that a minimum of 60% of Board members, including the Chair, should be Lutherans skilled in governance, the remainder, if necessary, being chosen primarily on the basis they are Christian with governance skills and they are able to actively work within and support the Lutheran Christian values of the organisation. A fall back option was acknowledged as keeping the existing LCA policy of allowing up to two non-Lutherans on a Board.
11. There was also support for seeing time limited terms (10 years suggested) being introduced as the norm for serving on a Lutheran aged and community service governing body.
12. Significantly, recommendations 19 and 38 regarding having an emergency intervention protocol, were mostly supported (there were strong reservations in one discussion group). It was acknowledged that an emergency intervention protocol may well be in the interest of all stakeholders including service recipients, staff, governing body members, other Lutheran aged and community services and the Lutheran Church itself. Discussion group participants preferred the LCA to be the agency to intervene first rather than either the ACNC or ASIC. However it was also considered that this mechanism needs to be very carefully and clearly defined and implemented to ensure no perverse incentives or disempowerment occurred, and that a 'hierarchy of potential interventions' needs to be in place to ensure that an approach of support and assistance was offered first before any authoritative or structural intervention took place.
13. Those recommendations directed to the 'Districts' of the Lutheran Church in Report 1 that were discussed at this Workshop (recommendations 23 to 27,29 and 30) were supported. It was agreed that Districts wanting an aged care and/or community services ministry need to actively engage with those services. Where it would be prudent in a District to have discussions about more sustainable governance structures for the future it

¹ 'Practicing Lutheran' was not defined although some people indicated this meant the person was an active member of a Lutheran Congregation. More discussion and clarity is required regarding this term.

was seen as important that those conversations occur in the spirit of the church's 'principles of dialogue'.

14. Branding consistency if and when possible (recommendation 40 from Report 1) was supported and seen as a national responsibility.
15. There was not widespread support in a group that discussed the recommendation that the LCA form a governance oversight body at the national level and employ one or two people at the national level to provide governance support to Lutheran aged and community service (recommendations 17'a', 34, 35, 36 and 37). Some of the arguments against enacting this recommendation seemed quite reasonable to the Reviewers. For example it was argued that another layer of 'bureaucracy' would not be helpful; how would the church guarantee governance expertise in such a body?; or that perhaps structurally such support and supervision should occur at a District level or be provided by one or more of the existing larger organisations or an external body? However other arguments put against this proposal seemed (sadly) based on fear or an attitude of selfishness or arrogance rather than in the spirit of the principle of mutual governance inter-dependence. While 'fear' is understandable, thinking based on not wanting to share talent and resources for the greater good or statements that implied their organisation (or they) knew better than anyone else – and their organisation just needed to be left alone and not supervised by any 'mission partner', neither meets modern good governance practice or the vision of LCA for this strategic ministry.

General Acknowledgement

The Reviewers acknowledge that this Dialogue is a work in progress and that several other bodies of 'governance work' are being undertaken concurrently within the Lutheran Church of Australia (e.g. Schools Review, Reviews of Districts and merger discussions between LCC SA&NT & LDS).

"I appeal to you, brothers and sisters, in the name of our Lord Jesus Christ, that all of you agree with one another in what you say and that there be no divisions among you, but that you be perfectly united in mind and thought." 1 Corinthians 1: 10
New International Version (NIV)

PART B OF REPORT – ‘COMMON GROUND’ RECOMENDATIONS:

LCA Vision for Lutheran Aged & Community Services

It was evident at the “*Options For Our Future*” Workshop at Nundah that there is a lot of common ground in regards to both a future Vision for Lutheran Aged Care and Community Services as well as in regard to strategies for enhancing governance within the sector. (There were also areas of difference but the issues on which there is not yet consensus are discussed in Part C of this report).

From the Terms of Reference of this Dialogue it is clear the vision of the LCA in relation to Lutheran aged and community services is one where:

- The mission, governance & leadership in Lutheran aged & community services is enhanced;
- The sector operates in an open, transparent and trusting environment; all key stakeholders are given opportunity to have their points of view heard; and the sector develops commensurate with stakeholders’ ability to embrace change;
- All Lutheran aged and community services organisations deliver the highest possible standard of services and effective missional outcomes;
- Lutheran aged and community services align with and support the LCA’s Strategic Direction;
- Lutheran aged and community services organisations meet the LCA’s requirements for governance and leadership being they “are at all levels well governed, run with effective structures and processes, financially sustainable, professional and accountable”;
- Both the LCA and its aged and community services organisations meet their legal and compliance requirements in an effective and efficient way;
- Effective accountability and risk management is occurring;
- There are opportunities to maximise Mission and Ministry in the local congregation/aged care context;
- Resources are used effectively to maximise equity of aged care service and support for people living in and/or care for by all Lutheran aged and community services;
- There are nationally consistent standards in Lutheran aged care and community services philosophy, theological identity, staff formation, and employment-related policies;

- There is national consistency in the implementation of Church-wide aged care and community services related policies that satisfy both Church and State requirements;
- Responsibilities in respect to financial and risk-related matters (including financial and reputational risk) are clear and appropriate at LCA national, district and individual service levels;
- The most effective accountability and risk management arrangements are in place at national, district and service levels including the most appropriate governance and legal structures to achieve that end;
- All governing bodies are competent to meet their obligations and carry out effective decision-making, particularly in an increasingly challenging market environment;
- Lines of authority and delegations of authority are appropriate;
- Reporting from and to accountable bodies is appropriate;
- There are ongoing opportunities for learning, sharing and growing within the Lutheran aged and community services sector; and
- LCA sees Lutheran aged and community services as an important part of its mission and ministry and appropriately oversees this sector.

In regard to Vision both the church and the service providers appear in agreement with the above statements and that Lutheran aged care and community services should:

- Be seen as an important mission & ministry of the Lutheran faith, addressing human need (and not a ministry that should be closed down, sold off or given away);
- Be confident, vibrant, growing Lutheran ethos based services;
- Be quality services with quality management and governance processes;
- Receive enhanced support from the Lutheran Church of Australia because of the church's inherent governance responsibilities in regard to those services operating as a ministry of the Lutheran Church; and
- Provide enhanced support to each other so as to both increase the sustainability of the whole of this ministry as well as speak with one voice at critical external forums.

In regard to enhancing governance within this sector we therefore make the following recommendations based on six months of consultations and feedback at the “*Options For Our Future*” Workshop.

Recommendations that appear to have majority consensus (following the 'Options For Our Future' Workshop)

General Recommendations:

1. All parties adopt the above LCA Vision for Aged Care & Community Services (as outlined immediately above).
2. All parties adopt as Principles for Lutheran Aged & Community Services the Principles of Subsidiarity; Collective Action; Governance Interdependence (mutuality of rights and responsibilities); and the LCA Principles of Dialogue; etc (refer Appendix 24 for a fuller explanation of these principles).
3. The Lutheran Church and the Lutheran aged care & community services sector co-design and subsequently adopt an LCA Standards of Governance for Aged Care & Community Services (refer Appendix 25 for elements of a draft standard that were supported at the Nundah workshop).
4. The Lutheran Church and the Lutheran aged care & community services sector co-design and subsequently adopt a set of guiding Lutheran theological documents for Lutheran aged and community services. These documents would be written in 'plain English' and be a practical suite of theological resources for use in these services. The suite of resources should include:
 - A concise theological exposition for members of governing bodies, executive teams, chaplains and/or spiritual advisors
 - A concise resource that chief executives can use in developing their culture, formation, employment and other HR policies
 - An induction training package for use with new staff
 - A short (one to two page) handout for staff
 - A short (one to two page) handout for volunteers.

It is recommended a combined concise document could consist of the following:

- Part A: Theological Exposition
 - Part B: A resource for executives & human resource managers
 - Appendix 1: Induction Training Program Outline
 - Appendix 2: Handout for staff
 - Appendix 3: Handout for Volunteers.
5. Together the Lutheran Church and the Lutheran aged care & community services sector develop a Board Member Induction Benchmark Policy

document for LCA aged and community services (refer Appendix 26 for a draft of such a policy).

6. Together the Lutheran Church and the Lutheran aged care & community services sector develop a Board Member 'Continuing Education' Benchmark Policy document for LCA aged and community services (refer Appendix 27 for a draft of such a policy).
7. LLL consider amending future loan requirements in relation to LCA aged and community services agencies in the light of the above recommendations. That is, in the future lend only to those Lutheran aged care and community services that acknowledge and abide by the LCA Standards of Governance for Aged Care & Community Services.
8. That Districts wanting an aged care and/or community services ministry need to ensure they are actively engaging with these services at a governance level. Where discussions should take place about more sustainable governance structures for the future that those conversations occur in the spirit of the church's 'principles of dialogue'.
9. That bodies overseeing or considering merger opportunities ensure a time limited merger oversight committee is set up for each merger, consisting of representatives from the merging bodies and the overseeing body, in order to better ensure a smooth & satisfactory merger of services – or arrange for some other form of effective change management oversight to ensure a smooth transition.
10. That bodies oversighting the merger of governance functions between geographically distant services consider the value of instigating local 'committees of service' to act as advisory and assistance committee to the local service manager. 'Committees of Service' are reported as a simple and inexpensive way of capturing the voluntary enthusiasm, knowledge and skills of local service supporters who are more interested in local service support (e.g. fund raising) than in carrying out the duties in relation to modern governance requirements.
11. That based on feedback to this Review, the church should, as soon as practicable, be supporting those Lutheran aged care and community services that have indicated they would like support such as in the following areas:
 - model governance policies
 - model constitutions
 - governance training/training co-ordination
 - support and advice to managers of small services
 - sector communication updates
 - sharing of new opportunities & 'ways of doing things'
 - advocacy and lobbying.

Recommendations to LCA District Church Councils

12. The NSW District Church Council (DCC) continue to work to achieve a satisfactory and speedy outcome in relation to the service at Gunnedah.
13. The NSW DCC and Lutheran Aged Care Albury (LACA) dialogue to consider the best future arrangements for governance oversight of LACA by the church, including the possibility of transferring such oversight to another District.
14. The Victorian DCC and the South Australian & Northern Territory DCC continue to facilitate discussion within their respective jurisdictions with each service operating within their District with the aim of both clarifying and improving governance arrangements. For some of the existing services these discussions should including consideration of the merging of some governance functions – even if actual service delivery does not need to change.
15. The Queensland DCC continue to act to reduce the complexity in the governance arrangements associated with Lutheran Services – ideally so as to have only one group of qualified persons (on behalf of the Queensland Synod) responsible for the governance of Lutheran Services.

Therefore ... being united with Christ, ... sharing in the Spirit, ... ² ... having the same love, being one in spirit and of one mind. ³ Do nothing out of selfish ambition or vain conceit. Rather, in humility value others above yourselves, ⁴ not looking to your own interests but each of you to the interests of the others. Philippians 2:1-4 New International Version (NIV)

PART C: Decisions yet to be made by the Church & ‘Service Providers’

As can be seen from the earlier Part B, the church and its aged care and community services sector are in a position to make decisions and go forward in a range of governance and leadership areas. However, there are still a number of outstanding issues for dialogue in order to find ‘common ground’.

Chief among these issues is ‘future governance structural arrangements’.

Other outstanding issues for discernment include:

- Emergency intervention ‘support’ powers of the LCA
- Key selection criteria for members of governing bodies
- ‘Length of Service’ policy for members of governing bodies, and
- LCA Branding policy for Lutheran aged and community services.

We deal with these issues in this Part in the above order.

A. Issue: Future Governance Structural Arrangements

This issue has been widely canvassed throughout this Dialogue. This issue was discussed during the many consultation visits and meetings with providers and church councils and committees. Based on feedback to the Reviewers, four possible structural options were flagged in Report 1. The matter was further discussed in detail at the Nundah workshop where a small group discussed this matter for most of the day.

The Reviewers took the outcomes of the Nundah discussions (shown in Appendix 23) and tested their feasibility as criteria that could adequately differentiate between competing structural options. Most of the suggested ‘criteria’ identified at Nundah were too broad/generous and were not useful in differentiating options – that is, the Reviewers consider that all likely structural options could be developed in ways that would meet most of the identified draft criteria. However some of the suggested criteria were powerful as differentiators and these have been used and expanded in the following section of this report, along with the considered thoughts of the Reviewers.

The Reviewers also need to declare that in their opinion, if the Lutheran Church in 2017 were working on a ‘blank slate’ or ‘green field site’ as it were in planning brand new aged care and community services for the future across the nation, and the church only wanted to take into account what was in the best interest of recipients of those services, then given that future policy

and funding will mostly be at the national level within Australia, the best structural models to implement would be:

- a. One national Lutheran aged & community services organisation with a national CEO and (say) two or three Regional Managers; or
- b. Two Regional organisations (say 'North' & 'South') with two CEOs; or
- c. Three Regional organisations (say 'North', 'Central' & 'South') with three CEOs.

However, the Church is not starting from a 'blank slate' or 'green field' – it has a lengthy and proud history of service provision in these areas and the Terms of Reference (TOR) of this Dialogue also preclude 'throwing the baby out with the bath water' as it were because the TOR states the intent of the Dialogue is to "strengthen and build on the rich history of service provided to the community by over 20 aged and community service organisations across Australia" and to move "commensurate with the stakeholders' ability to embrace change".

We are required by the TOR however to advise on "a national 'system' model for the governance oversight of aged care facilities within the LCA." The following discussion and advice attempts to meet this requirement.

Future structural arrangements depend on future church culture.

Deciding 'best fit' governance arrangements and structures for the future of Lutheran aged and community services throughout Australia is clearly not a simple task. The task is made easier however when we understand that the critical determining factors are not those to do with good governance practice per se but rather to do with what sort of church does the Lutheran Church of Australia want to be going forward into the future. That is, in the opinion of the Reviewers, the best future governance structural arrangements for Lutheran aged care and community services need to be determined primarily based on the best future cultural arrangements for the church, not on any particular governance model. The structural arrangements for the Lutheran aged and community services needs to be a system that best fits the future 'mission' and 'culture' of the church itself.

This is because both the sector and the church sees the sector as a mission of the church and because whatever structural arrangements the Lutheran Church and its aged and community services decide is the way forward, good governance principles can be applied to ensure the agreed structural arrangements also provide good governance arrangements! *So future structural arrangements for Lutheran aged and community services depends primarily on the desired future function and culture of the church, not governance theory.*

In the above context the Reviewers consider 'mission' to mean what it is the Lutheran Church exists for and what it is to do. In the case of the Lutheran Church of Australia we understand its future mission to be about enthusiastically proclaiming the gospel of Jesus Christ and the free gift that God, through Christ, has given to us all – the freedom we have in Christ to be new people (reference the Great Commission and the Great Command). The Lutheran Church is an evangelical movement in the body of Christ ministering by word and sacrament. Included in this is ministering to human need such as is occurring in the Lutheran aged care and community services.

So if the above paragraph summarises the future mission of the church, what should its future 'culture' be? In this context we consider the simplest useful definition of culture as being "the way we do things 'round here". So what would be the best "way" for the church to "do things" to achieve its mission? The Reviewers are advised that the sort of Christians Lutherans are, given their mission, is to be brave, courageous and risk taking – being active in mission and ministry (in this context) to human need.

Key Elements of Future Structural Arrangements for this Sector

According to the above analysis then, future governance arrangements and structures for Lutheran aged care and community services should involve us enthusiastically being brave, courageous risk takers, actively being new people in ministering to human need. Services should be in touch with and responsive to local needs. Given the increasing national focus for policy and funding of these services they should also be collectively organised at least at the national level to both take advantage of opportunities for greater mission as well as opportunities to influence the very fabric of Australian life and politics through influencing government policy.

Future Loci for Decision-making and ministry

So now, back to structures that are 'fit for purpose', that is, fit for 'culture'.

If the church sees itself in the future as being a church that strongly supports local Christian mission and ministry, local decision making, local innovation, local struggle, local resolution of its mistakes and local 'dying' of services etc, then appropriate governance arrangements for locally based aged care and community services based on this 'culture' of the church can be recommended. In this model, services may each operate differently and would mostly be independent of each other and the church. In this scenario it would be prudent for the church to distance itself in a governance sense from these services, at least in a legal, financial and reputational ways.

If however, the Lutheran Church of Australia in the future is to be a church of concerted collective action, keen to make an impact on the social fabric and social policies in Australia as well as local mission and ministry, it would value collective decision making at the national level for this sector and structure itself for responsive and prompt national action. If this is your church of the

future then, again, there are governance arrangements and structures that would 'best fit' a 'collective action' church culture². If services were not nationalised, this model of governance would require active two way governance engagement between services and the LCA as they would be mutually obligated to one another and mutually 'at risk' from one another.

If the Lutheran Church of Australia in the future is one that organises itself regionally, a 'District' model of governance would be 'best fit' – rather than primarily a local or national model of governance. This model of governance too would require active two way governance engagement between services and their District as they would be mutually obligated to one another and mutually 'at risk' from one another.

And of course, if the church and the sector want authority for decision making to be more integrated (and complicated) by being spread between more than one level, let's say, some authority at local, District and National levels, then a governance model that mirrors that inter-council church culture would be best.

So to solve the question about the best future governance arrangements for Lutheran aged care and community services to a significant extent, the first question in essence becomes, "what is the best future culture for the Lutheran Church of Australia?"

External Influences that impact on future governance arrangements of Lutheran Aged and Community Services.

Although aligning with future church culture is seen as the prime key for resolving future governance arrangements for Lutheran aged and community services, there are at least two other key factors to also consider. The first is future policy and funding imperatives for this sector.

In the opinion of the Reviewers, the overwhelming future impact on this sector will be the continuing nationalisation of much funding & policy and the need to be far more efficient, that is, to be able to do more with less. This latter factor implies 'economies of scale'. Whilst there will continue to be State & Territory (and some local council) policy requirements and funding opportunities going forward, the 'main game' seems to be increasingly emanating from commonwealth agencies for the foreseeable future.

² Note: This option does not automatically mean one national organisation. It just means that as a minimum the Lutheran Church would be sufficiently organised at the national level to be able to actively speak with one voice on behalf of Lutheran aged and community services (a national public 'face' for these services while the services themselves would remain the 'hands' and 'feet' of mission and ministry in their service areas).

So if governance arrangements for Lutheran aged care and community services were to be based on these trends alone the sector would logically be organised with a national model of governance, or at the very least be organised well at the national level and have a strong national capability and advocacy voice.

Modern Good Governance Policy and Practice

The third determining factor in the opinion of the Reviewers is complying with modern 'good governance' policy and practice as outlined in Report 1 of this Dialogue and summarised in Appendix 25 to this report.

Key governance principles for Lutheran agencies

Given all the above, there seems to be three key governance structural principles for the Lutheran church and its aged & community services sector to base any structural discussions on. They are:

1. Principle of Subsidiarity (enabling authority for decision making to be as close as possible to the people involved in day to day mission and ministry);
2. Principle of Collective Action for the Common Good (being effectively organised at least at the national level and in some locations, at the State level too); and
3. Principle of Mutuality of Responsibility where each level of organisation has both rights and responsibilities to every other level in the organisation (this principle is required because of the existence of the seemingly polar opposite principles 1 and 2 above). It is only through principle 3 that principles 1 and 2 can be successfully implemented.

Structural Options for further dialogue and decision making

The rest of this section of this report outlines options for the Church and Sector representatives to consider when we gather together in Adelaide on the 13th and 14th October 2017.

Given that governance involves both 'support' and 'supervisory oversight to management' functions and that both these functions were clearly expressed during this dialogue as 'needs', a number of structural options that best fit the governance 'support' function are outlined below followed by options that would best fit the 'supervision and oversight' function of governance.

Given that the Lutheran Church of Australia currently has three 'levels of operating structure' – Congregations, Districts and National, the following

future governance arrangement options for Lutheran aged care and community services are also presented under these church 'levels'.

This information is presented below firstly in text and then summarised for the reader in a Table.

'Local' Governance 'Support' Options

There appears to be six basic and efficient governance structural arrangements for us to consider if the future loci for church decision making is to be at the local service delivery level – that is, where separate aged and community service organisations fully govern themselves with, say, a Quality Service Agreement³ with the Lutheran Church.

Options for support from the church under this 'local' approach to governance:

- a. The Lutheran Church simply encourages all Lutheran aged and community services to network with similar services or a regional group
- b. The larger Lutheran services provide a support person/unit in their organisation to assist other smaller services
- c. District Offices provide a designated support person/unit in their office to assist aged and community services within their District
- d. A large Lutheran service provides a 'nation-wide support unit' within their organisation to provide support to other services nationally
- e. A national Lutheran sector association at national level is formed where service providers are members. (Refer Appendix 28 for some explanatory information. For the purposes of illustration, the possible association in this Appendix is named Lutheran Aged & Community Services Australia – or LACSA for short)
- f. LCA National provides a national support and advocacy unit with a reference group/management committee (as outlined in Report 1).

The reviewers note that other than options a) and c) above it appears the other 'local' options have not formally occurred to date (although it is acknowledged that a number of services have provided active support to other services over the years).

³ Such a 'Quality Service Agreement' (QSA) could function in a similar way to a franchise agreement. The QSA could contain governance standards such as outlined in Appendix 25 and could specify the rights and responsibilities of each party, including processes to manage disputes and emergencies etc.

'District level' Governance 'Support' Options

There appears to be four basic and efficient structural arrangements for us to consider if the future loci for church decision making is to be at the District level.

Options for support from the church District:

- a. District encourages services to network with other services or a regional group within the District
- b. A large Lutheran service within the District provides a support person/unit in their organisation to assist all other smaller services within the District
- c. District provides a designated support person/unit in their office to assist aged and community services within their District
- d. All services within a District merge into a District wide service & that service provides in-house support.

Regardless of which of these options were chosen, for this sector, there would also have to be a national committee or a national sector association to co-ordinate advocacy and lobbying at the national level.

The reviewers note that only options a) and c) above may have occurred to date (although option d) has mostly been achieved in Queensland).

'National level' Governance 'Support' Options

There appears to be five basic and efficient structural arrangements for us to consider if the future loci for church decision making is to be at the National level.

Options for support:

- a. A national support unit is housed in one or more large Lutheran aged & community services organisation/s
- b. A national sector association is formed (Lutheran sector service providers would be 'members')
- c. A national support unit is formed within the national office of the church (as outlined in Report 1)
- d. All existing aged and community services are merged into two national organisations (one for community services & one for aged care) and those two agencies provide their own in-house support

- e. All existing aged and community services merge into one national organisation and that service provides its own in-house support.

The reviewers note that none of the above options has occurred to date.

Governance 'QA' Oversight of these Services by the Church:

In terms of governance quality assurance (QA) there appear to be only two basic and efficient 'supervision and oversight' structural arrangements for us to consider if the future loci for church decision making is to be at either the local service delivery level or at District level.

This is because a fundamental principle of delegated self governance is that those organisations that have been delegated 'self governance' status should regularly report to the delegating body, providing sufficient and appropriate information in such a way that the delegating body is assured that things are as they should be (the so called 'Arms Length' Quality Assurance principle). So if a Lutheran aged care or community service has its self governing authority delegated to it from a District, then that service should regularly provide 'assurances' back to the District⁴. If a District has direct governance oversight responsibilities for one or more aged and community services then that District should regularly provide assurance to the national level of the church that its governance oversight processes are both sound and fully in operation.

Such an 'arms length' quality assurance system may go a long way to assuring all Lutheran aged and community services, congregations, Districts, the national church and regulatory agencies that the governance oversight processes in the Lutheran church are at least robust ones.

There is also an associated principle – the principle of 'Performance Triggered Oversight' that dovetails into the above practice of 'arms length quality assurance. In summary the application of this principle means that those services that can demonstrate they are operating a quality service with quality business systems and quality governance processes would only require routine oversight but that those services that cannot assure a high level of compliance to quality would trigger greater oversight intervention by the overseeing body. In this approach there can be 'quadrants' or 'spheres' of intervention involving a 'hierarchy of supports'. Using this methodology some services would be seen as 'partners' requiring little or no 'supervision'. Some services may require 'coaching'. Other less well organised services

⁴ For those Lutheran aged and community services that are legally independent of the church they would provide similar assurances to either a District or to LCA National depending on what is in their Quality Service Agreement with the Lutheran Church.

may need significant support and oversight. Appendix 24 includes summary information about this principle⁵.

Given the above two principles, in the future, if the Lutheran Church is to operate either a 'local' or 'District' culture the two obvious 'supervision and oversight' options to consider are:

- a. A Governance 'QA' Oversight Board at District level, and/or
- b. A Governance 'QA' Oversight Board at the National level of the church.

However there appears to be only one basic and efficient structural arrangement for us to consider if the future loci (culture) for church decision making is to be at the National level:

- a. A national Governance 'QA' Oversight Board at the National level.

The Reviewers consider the above options to be the most realistic set of options going forward. Other theoretical options whilst possible are not probable - for example, by the Terms of Reference for this Review, the church has already decided to keep this ministry and not close or sell it.

Although perhaps not desirable in terms of simplicity and efficiency, it should be noted that governance 'support' structures could be set up which would be separate to governance 'oversight' structures.

If however the church and the sector want both functions of 'support' and 'governance supervision and oversight' to be the responsibility of only one structure within the church then only the following two options are likely to be effective:

- a. A Governance 'QA' Support & Oversight Board at District, or
- b. A national Governance 'QA' Support & Oversight Board under the auspices of the National Office of LCA.

To make it easier to compare the above options refer to the following Table. Note that identical options in the Table are shown with identical colour highlight. Although it may seem like more, in reality there are only seven governance options that were outlined above as can be seen by the colour highlighting in the Table (as there are only seven 'colours' in the following table).

⁵ Lutheran Services (Queensland) is in the process of developing this principle for application across its many sites of service provision. Their 'Performance Based Relationships System' (or 'freedom within limits' system) is well developed and may be available for sharing prior to the October 'Discerning Our Future' Conference.

In summary the following Table indicates that the Reviewers consider there are up to seven structural options to consider if the church wishes to separate its governance “support” responsibilities from its governance “supervision” responsibilities. If however the church wishes not to separate its responsibilities in these two governance areas, then realistically the Reviewers consider there are only two structural options for a congregational or District focussed church and only one option for a church of the future that is nationally focussed.

This Table will be discussed at the ‘Discerning Our Future’ Conference.

Table: Governance ‘Support’ and ‘QA Oversight’ Options by Church ‘Level’

	<i>If preferred future loci for decision making is at Service/ Congregation level</i>	<i>If preferred future loci for decision making is at District Level</i>	<i>If preferred future locus for decision making is at National Level</i>
<p>Governance Support Function: (to both the governance & operational functions of services):</p> <p>‘Support’ could include the provision of:</p> <ul style="list-style-type: none"> • model governance policies • model constitutions • advocacy • lobbying • communication updates • training & training co-ordination services • sharing of new opportunities 	<p>1. Encouraging networking with other organisations (e.g. a regional group)</p> <p>2. Support person/unit in a large organisation within the District</p> <p>3. Support person/unit at District</p> <p>4. A national support unit in a large organisation</p> <p>5. A national ‘sector’ association at national level (providers are members)</p> <p>6. A national support unit at national level</p>	<p>7. Encouraging networking with other organisations (e.g. a regional group)</p> <p>8. Support person/unit in a large organisation within the District</p> <p>9. Support person/unit at District (would also have to have a national committee /sector association at national level for advocacy and lobbying at the national level)</p> <p>10. Merge all services into a District wide service & that service provides in-house support (and is a part of a national body at National level for advocacy and lobbying)</p>	<p>11. A national support unit in a large organisation</p> <p>12. A national ‘sector’ association at national level (providers are members)</p> <p>13. A national support unit at national level</p> <p>14. Merge all services into two national organisations (one for community services & one for aged care) and those two agencies provide in-house support</p> <p>15. Merge all services into one national organisation & that service provides in-house support</p>
<p>Governance QA Oversight Function:</p> <p>‘Supervision’ could include:</p> <ul style="list-style-type: none"> - monitoring the quality service agreement (between church & providers) - receipt of annual ‘assurance’ documents - church emergency intervention powers 	<p>16. Governance Oversight Board at District or</p> <p>17. A national Governance QA Oversight Board in the National Office</p>	<p>18. Governance Oversight Board at District or</p> <p>19. A national Governance QA Oversight Board in the National Office</p>	<p>20. A national Governance QA Oversight Board in the National Office.</p>
<p>Have ‘Support’ & ‘QA Oversight’ functions in the one body</p>	<p>Only option 16) or 17) as above with body providing both ‘support’ and ‘oversight’.</p>	<p>Only option 18) or 19) as above with the body providing both ‘support’ and ‘oversight’.</p>	<p>Only option 20) as above with the body providing both ‘support’ and ‘oversight’.</p>

Reviewers Opinion re Culture & Structural Arrangements

Reviewers' opinion re current culture of the Lutheran Church and its aged & community services sector

As independent observers of your current church culture the Reviewers conclude that your church is currently a heterogeneous church with several different 'cultures' operating. But the observed majority culture is one of independence, not wanting to be interfered with by 'outsiders' or any 'bureaucracy'. We observe your church has a prime culture of local witness and service and values local decision making. The advantage of this sort of culture is evident – it is missionary, in touch with local needs and enthuses people involved because of the possibility of self-determinism and real responsive action. The disadvantages of this culture are also evident – it is naturally heterogeneous, somewhat self-focussed and can lack collective wisdom, stability and may not be well organised in areas of collective action.

This culture can also become too embedded and lead to disrespect and a lack of trust and a lack of confidence in others outside your own group – the so called 'them vs us' dynamic. (we discussed this issue earlier in this report on page 8 under the heading of 'elephant in the room' dynamics).

We observe that this culture of independence replicates itself in the Lutheran aged and community services sector. To a large extent the Lutheran Church only has the terrific aged and community services ministries it has today because of the zeal of local Lutherans - but the downside is that in the 21st century the Lutheran Church is still poorly organised at the key level for this sector – the national level. Across the board your 'weaker' aged & community services are not being looked after by the 'strong' and and we have already reported that sometimes we have observed what appears to be selfishness and arrogance (a "we know better than them" attitude).

Reviewers' opinion re medium term governance structural options for the Lutheran Church and its aged & community services sector

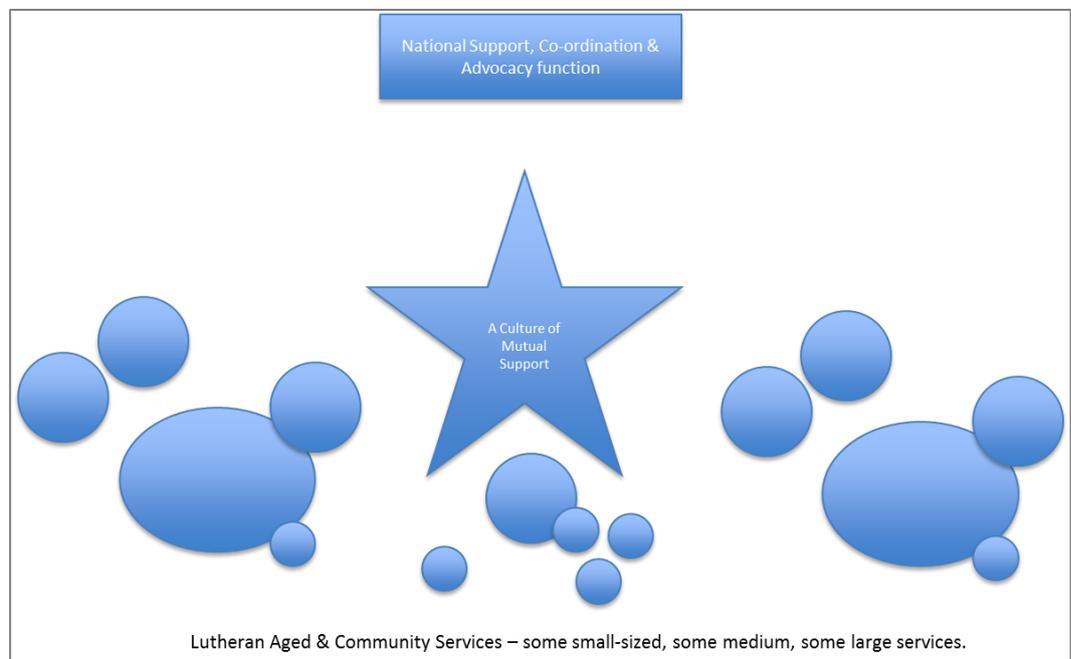
Based on discussions to date, the Reviewers consider that for at least the next twenty years your church is likely to remain a congregationally focussed church continuing the majority culture of local witness with maximum local decision making but with support, co-ordination and governance oversight for congregations coming primarily from a national church office – or from some 'Super-Districts'. From our perspective a number of current 'Districts' are likely not to exist in twenty years' time.

Given this scenario, and the trend for future government policies, the Reviewers suggest that the minimum best future governance arrangements for this Lutheran sector should be one of local service delivery with maximum local decision making (where competent) with clear and strong national

support, co-ordination and governance 'quality assurance' oversight. That is, for your church, it may well be best for your aged and community services sector in the known future to continue to consist of a number of separate sustainable organisations along with a well organised 'collective action' national support function (which may or may not be based in the Lutheran Church National Office). As now, these many separate organisations would variously be congregationally based, some state-wide services, others legally independent of the Lutheran Church.

However, to enable this Lutheran sector to remain strong into the future, services should be of a sufficient size to achieve economies of scale otherwise, instead of church 'District' and national personnel spending their time supporting the sector to thrive, they will in most probability be spending their time resolving issues of unsustainability and all the stress and conflict those situations seem almost always to involve. In other words some services need to merge, some sooner than others. (Remember the report we were provided with at the 'Options For Our Future' Workshop from the LCA representative to the National Aged Care Alliance⁶ – that is, one research group is predicting that the number of age care organisations in Australia will halve within the next ten years).

Refer following diagram depicting a possible future of a number of different sized (some District-wide) Lutheran Aged & Community Services operating within a culture of mutual support and supported by a national level support, co-ordination and advocacy team.



⁶ Outlined on page 14 of this Report.

Reviewers' opinion re short term governance structural options for the Lutheran Church and its aged & community services sector

Minimum Change Required Recommendations

In our opinion, the minimum change required in relation to the governance arrangements for Lutheran aged and community services is as follows (more substantive and more effective change is proposed next).

Given:

- a. The LCA Vision for governance in Lutheran aged & community services (outlined earlier on pages 21 and 22),
- b. The Lutheran aged & community services sector is heterogeneous, to a large extent mirroring the different District 'cultures' of the LCA,
- c. Policy and funding is increasingly becoming national centric; and
- d. The recognition by both LCA and the Lutheran aged & community services sector that all parties need to improve the effectiveness of governance arrangements to support the future mission of Lutheran aged & community services,

Then:

1. The LCA and its aged & community services sector should co-design:
 - 1.1. A 'plain English' Lutheran Ethos suite of documents;
 - 1.2. An LCA Standards of Governance for Aged & Community Services;
 - 1.3. An LCA Branding Policy for Aged & Community Services.
2. The LCA and its aged & community services sector should co-design a Quality Services Agreement (QSA) where all Lutheran aged & community services associated with LCA agree to:
 - 2.1. Meet or exceed agreed standards to maintain a Lutheran Ethos within their services;
 - 2.2. Meet or exceed agreed LCA standards of governance and management of their service;
 - 2.3. Abide by the LCA branding policy for Lutheran aged & community services;
 - 2.4. Provide to LCA National or an LCA District (as appropriate⁷) a copy of their Annual Report, Annual Financial Report and the results of their Annual Governance Assessment appraisal; and

⁷ The point of this criterion is for a governing body to provide assurance to a higher level body within the church that it is overseeing a quality service with quality governance processes in

- 2.5. Participate in an annual governance 'Quality Assurance' discussion with LCA National or the LCA District (as appropriate⁸) in regards to the above undertakings.
 3. As part of the QSA, all LCA bodies with governance 'Quality Assurance' responsibilities for a Lutheran aged & community service as per 1.4 and 1.5 above (i.e LCA National or Districts) agree to:
 - 3.1. Live out the Lutheran ethos in their liaison with services in accordance with the LCA Principles of Dialogue;
 - 3.2. Meet or exceed agreed LCA standards of governance and management of their own body;
 - 3.3. Take an active interest in services for which they have governance 'Quality Assurance' responsibilities; and
 - 3.4. Meet at least annually with these services to conduct the annual governance 'Quality Assurance' discussion.
 4. LCA National, in liaison with Lutheran aged & community services create structures and/or processes whereby:
 - 4.1. Services can meet at least biennially to discuss matters relevant to service delivery & governance;
 - 4.2. Advocacy and lobbying can occur at the national level in a co-ordinated way with advocates able to speak out with 'one voice';
 - 4.3. Information critical to the sector can be disseminated to all services;
 - 4.4. Small Lutheran aged & community services can be better supported by their larger Lutheran service peers or the Church.
-

place. In practice this would mean a congregational based governing body would forward the information required in point 2.4 to their District Office and have a meeting with relevant personnel from that District. If however the service was a District wide service with the governance responsibility for that service being located with a District then that District would forward the information required in point 2.4 to LCA National and have a meeting with relevant personnel from the National Office. If the service was completely independent of the Church legally, the governing body of that service could choose to provide the information required in point 2.4 to either an LCA District Office or to the LCA National Office as agreed in their Quality Services Agreement.

⁸ This could be the formation of a committee at national level that undertakes work similar to that formerly undertaken by BLACA; or the creation of a Lutheran Aged & Community Services Association (LACSA); or this function could be outsourced to one or more of the large Lutheran service providers.

More effective changes to Governance of this Sector

In addition to the above recommendations, more effective long term sustainability for the Lutheran aged & community services sector, in the opinion of the Reviewers, would be assisted by:

- the establishment of a staffed national governance support & ‘QA’ unit and
- the merging of the governance function of some of the existing smaller services, that is, the merging of some governing bodies (this may result in little or no change to local service delivery unless service delivery changes are also required in particular instances).

The Question of ‘Costs’ and ‘Who Pays’

This is a question we have heard throughout this Review.

In the opinion of the Reviewers, the more important question is “what is the cost to the church of not investing more resources into the governance of Lutheran aged and community services?” The stark truth is probably that if more effort is not put into supporting good governance processes within this Lutheran sector not only will the vision of the Lutheran Church in regard its aged and community services sector (as outlined on pages 21 and 22 of this report) not only not come to fruition, the following outcomes may well occur instead:

- reputational damage from a sub-standard service or one that has to close;
- financial costs associated with a service that has accrued significant debt but is unable to meet loan repayments;
- church personnel being busy ‘fire-fighting’ operational or governance crises rather than supporting the mission of these services in pro-active ways; and
- the number of Lutheran aged and community services organisations may dwindle within the next ten to twenty years.

To answer the question of “who should pay for enhanced governance processes and/or structures?” one only needs to ask the question ‘who would benefit from enhanced and more sustainable aged and community services?’

It would seem the following people and agencies would benefit:

- service users;
- Lutheran aged & community services organisations (small services because of the extra support they would be receiving; large organisations because of the reduction in reputational risk they would otherwise have to weather);

- The Lutheran Church of Australia (reduction in financial & reputational risk and ongoing achievement of one of the strategic priorities of the church); and
- LLL (reduction in the risk of bad loans to this sector).

Perhaps the simplest way of funding a quality assurance program to enhance the quality of governance and service delivery in this Lutheran sector is to structure funding such that all four of the above beneficiary groups pay – or at least the last three groups listed above.

These structural options and the Reviewers recommendations outlined earlier will be discussed at the Discernment Conference in Adelaide in October 2017 with the aim of that conference finding common ground and providing a majority recommendation to the Reviewers.

B. Issue: Emergency governance intervention powers for the church

It is considered the resolution of this issue to a large extent depends on the decisions made in regard to Issue A above.

A key principle here seems to be that if you are a ministry operating on behalf of, or in the name of, the Lutheran Church of Australia there should be clear and robust governance ‘support’ and governance ‘QA oversight’ mechanisms by the church in operation. This would include powers for emergency intervention.

Options for discernment at the October Conference include:

Option 1: Make no changes in this area (i.e. keep the status quo whereby the church can intervene in those services in which it is currently entitled to do so but it will not be able to intervene in emergencies into those services where it is currently not entitled to do so).

(Note, this ‘solution’ does not enable emergency intervention support by the church to occur other than as now or on an ‘invitational only’ basis. This option does not by itself reduce any of the current reputational and financial risks posed to the Lutheran church and this sector by any one Lutheran aged and community service).

Option 2: All Lutheran aged and community services agree to provide an agreed minimum data set to the LCA on a regular basis (eg annually) concerning the operations and governance of their service. Such a minimum data set could include:

- Copy of annual report including financial and auditor reports

- Annual list of Governing body member names, their Lutheran status, their governance related qualifications and list of governance training undertaken in that year by each governing body member
- Copy of the annual work plan of the governing body.

It should be noted that whilst this may enhance communication between services and the LCA (which would be good) it may also make the LCA more exposed to future law suits if the church doesn't have the capability to actively understand and act, where appropriate, on the information provided to it in the minimum data set.

Option 3: An emergency intervention protocol that is in the interest of all stakeholders including service recipients, staff, governing body members, other Lutheran aged and community services and the Lutheran Church itself is developed by co-design. Further that this mechanism is very carefully and clearly defined to ensure no perverse incentives or disempowerment is likely to occur, and that a 'hierarchy of potential interventions' is developed to ensure that an approach of support and assistance is offered first before any authoritative or structural intervention by the church. The downside of this strategy is that it clearly links the church to these services at the governance oversight level and the church would need to be competent to intervene and actually intervene when necessary. Refer Appendix 29 for further thinking in regards to an emergency intervention protocol.

C. Issue: Key selection criteria for members of Governing Bodies

It is considered the resolution of this issue to a large extent depends on the decisions made in regard to Issues A and B above.

Options for discernment at the October Conference include:

Option 1: Existing LCA policy in this area remains unchanged, that is, allowing up to two non-Lutherans on a governing body (refer Appendix 30 for copy of existing LCA policy).

Option 2: That a new policy (as proposed at the recent 'Options For Our Future' Workshop) be:

- a. The prime selection criteria for membership of a governing body of a Lutheran aged and community service to be demonstrated skills in governance; with a secondary criteria being the person is a practicing Lutheran (or at least an active Christian); and
- b. For the immediate future the policy be that a minimum of 60% of Board members, including the Chair, should be practicing Lutherans

skilled in governance, the remainder, if necessary, being chosen primarily on the basis they are a practicing Christian with governance skills and they are prepared to actively work within and support the Lutheran Christian values of the organisation. (As acknowledged earlier in this report, more work needs to be undertaken to more clearly define 'practicing Lutheran').

D. Issue: 'Length of Service' policy for members of governing bodies

It is considered the resolution of this issue to a large extent depends on the decisions made in regard to Issues A, B and C above.

Options for discernment at the October Conference include:

Option 1: Have no model policy (i.e. keep the status quo).

Option 2: A new policy (as proposed at the recent 'Options For Our Future' Workshop) be: Taking modern governance principles into account, 10 years be encouraged as the maximum term for an individual serving on a Lutheran aged and community service governing body.

E. Issue: Branding policy for 'Lutheran' services

It is considered the resolution of this issue to a large extent depends on the decisions made in regard to Issues A, B, C and D above.

Options for discernment at the October Conference include:

Option 1: Have no model policy (i.e. keep the status quo).

Option 2: That LCA (national) co-design with the sector a policy on branding consistency particularly in regard the use of the word 'Lutheran', the acronym 'LCA' and Lutheran marks and symbols by any Lutheran aged or community service. (Such a policy issue would address all key branding issues including the use of the word Lutheran for those services that may not want Lutheran in their title. For example, recommended by-lines could be agreed to such as "a ministry of the Lutheran Church of Australia" or "a member of Lutheran Aged and Community Services Australia").

A policy suggestion for the immediate future is that all services agree to a moratorium on changing their names for the next twelve months until this branding matter is resolved, extenuating circumstances excepted.

"Now to him who is able to do immeasurably more than all we ask or imagine, according to his power that is at work within us, to him be glory in the church and in Christ Jesus throughout all generations, for ever and ever! Amen.
Ephesians 3: 20-21 New International Version (NIV)

PART D OF REPORT – DRAFT IMPLEMENTATION PLAN RECOMMENDATIONS:

Agenda for October 13th & 14th Discernment Conference

The following agenda is proposed for the Discernment Conference in October in Adelaide:

Day 1: Friday 13th October:

- 0830 Registration & arrival tea & coffee
- 0900 Welcome, Overview of Agenda, Introductions & Opening Devotions (including brief Q&A time)
- 0930 Project Recap and brief Q&A time
- 1000 *TASK 1: Confirming Agreement on matters of 'common ground'*
- The Vision for Lutheran Aged Care & Community Services
 - Agreed key governance principles for this sector (Appendix 24)
 - Agreed interim governance standards for Lutheran Aged Care & Community Service organisations (Appendix 25)

Morning Tea

- 1100 *TASK 2: Discerning 'common ground' on matters yet to be agreed*
- Future governance structural arrangements for Lutheran Aged Care & Community Services
 - Emergency governance intervention powers for the Lutheran Church of Australia
 - Key selection criteria for members of governing bodies of these services
 - Length of service policy for members of these governing bodies
 - Branding policy for these services

1230 *Lunch break*

- 1315 *TASK 2 continued:*
- Continuing discussion as required

Afternoon Tea

1700 Closing comments and close.

1900 **Conference Dinner** courtesy of the Lutheran Church of Australia.

Day 2: Saturday 14th October:

- 0845 Arrival tea & coffee
- 0900 Welcome, Brief Recap of Yesterday & Overview of Day (including short debrief time)
- 0915 *TASK 2 continued if required:*
- Continuing discussion as required
- 1230 *Lunch break*
- 1300 *TASK 3: Discerning a draft implementation plan as a way forward (The Way Forward Plan)*
- Discussion & agreement on key actions (refer next section of this report for a draft of possible actions)
- 1500 Closing Session (including closing comments & closing prayer)
- 1530 Close of conference.

Possible Post-Conference Actions

It is recommended the Lutheran Church of Australia and Lutheran aged and community services consider the following Implementation Plan actions post the conference on 13 and 14 October:

Actions for LCA to take the lead on

Action LCA1: Expand the Terms of Reference of this project's 'Dialogue Advisory Group' (DG) or institute a new Lutheran Aged & Community Services Governance Enhancement Committee (LACSGEC - consisting of LCA and service provider representatives skilled and experienced in governance and change management) to begin the process of aged care and community services change management within the church.

Action LCA2: After '*The Way Forward Conference*' concludes the Reviewers and the Dialogue Group (or LACSGEC), in consultation with GCC, further develop "The Way Forward" Plan for Lutheran Aged Care and Community Services.

Action LCA3: The Dialogue Group (or LACSGEC) circulate a draft "The Way Forward" Plan to GCC, Districts and Lutheran Aged Care and Community Services in order to achieve "in principle" sign off from all stakeholders.

Action LCA4: The Dialogue Group (or LACSGEC) modify “The Way Forward” Plan for Lutheran Aged Care and Community Services as necessary based on feedback from circulation of the Plan.

Action LCA5: LCA oversees the submission of the Plan to all consenting governing bodies for their formal approval.

Action LCA6: LCA oversees the implementation of the Plan.

Action LCA7: LCA holds discussions with any services that chose not to participate fully in the Plan.

Actions for Service Providers to take the lead on

Action SP1: Service Provider Chair (or chief executive) fully brief their organisation’s governing body and management about the likely “The Way Forward” Plan for Lutheran Aged Care and Community Services.

Action SP2: Service Provider Chair (or chief executive) ensure their organisation fully understands the implications and expectations of “The Way Forward” Plan and the organisation begins to review their governance and operational policies & practices in the light of the results of “The Way Forward” Plan.

Action SP3: Service Provider Chair (or chief executive) ensures their organisation participates in “The Way Forward” Plan for Lutheran Aged Care and Community Services as agreed by their governing body.

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See over for Appendices...

APPENDICES

Appendix 1: Context of Retirement Living Services in Australia⁹

How these Services currently operate in Australia:

There are a variety of independent living options available throughout Australia. Not including the general rental market and boarding houses etc, there are generally three main categories:

1. Rental Villages for people over 50
2. Manufactured Homes Villages for people over 50, and
3. Retirement Villages for people over 55 years of age and not in full time employment.

In some cases a person's abode can be provided with some care services. However, in most situations they are indeed independent living options. If eligible, government-funded support may be able to be made available to some residents; often through a third-party provider.

It is important to note that most independent living villages are State or Territory regulated. Accordingly, legislation and regulations differ between states and the legislation is reviewed/updated at different times by different governments. Currently there is pressure for standard federal government legislation to be applied to all states.

There are also many different legal structures for retirement living organisations, including being a company, a unit trust, strata title, community title, a loan/lease village structure or operating under the relevant manufactured homes legislation.

There are also different 'departure (exit) fee' structures in-place for various operators.

Current policy changes/reforms underway for these services:

Increasingly, independent living services are coming under scrutiny by both regulators and the media (reference the recent Four Corners program on the

⁹ Acknowledgement is paid to Tim Gray, Geoff Thiel and Matt Johns for their assistance in drafting this Appendix.

ABC). This trend is predicted to continue as the Australian population ages with the baby-boomer 'TV' generation being much more vocal and demanding than previous generations.

Some of the changes/reforms underway now include:

- Increased government oversight (mainly contractual fairness)
- Delivery of Home Care services (could be sub-contracted)
- Client preference to being co-located with an aged care service, or with a provider that has a relationship with a nearby Residential Care Provider.

How these services are likely to operate in the future:

Generally, consumers will be more discerning, have more information at their disposal, and have more legislated 'consumer rights'.

Other changes in the future are likely to include:

- Client expectations will increase (i.e. 2 bedroom, 2 bathroom, 2 garage etc.)
- Economy of scale (i.e. larger villages or mergers) will become increasingly important for financial viability
- Retirement villages will be perceived by clients as an economic method of achieving an affordable basic level of care, with additional social benefits
- As with AVEO (for example), private providers will seek to increase their involvement in retirement living and develop extra service facilities in their villages (e.g. serviced apartments)
- There will continue to be opportunities for faith-based organisations, running ethical and efficient villages
- The above challenges will continue, be significant, and will continue to evolve.

Key Challenges going forward for the Lutheran Church and its services (given the above):

1. Keeping on top of ongoing policy changes and reforms, including managing and complying with more government regulations
2. Strong possibility of a federally administered accreditation system being introduced
3. Increasing competition through market consolidation (mergers) and from private providers
4. Future clients being more discerning and demanding about the type and quality of services they want. This will require that we build new

independent living units (ILU's) that meet increasing expectations and are flexible in use

5. Managing ongoing potential reputational and financial risk due to the diverse and disparate governance structures and competencies within the Lutheran aged and community services sector
6. Managing the inevitable merger, sell-off, or closure of a number of existing Lutheran ILU services (depending on risk and viability)
7. Lutheran services do not take a creative approach to the challenges, they may become irrelevant and be ultimately replaced by other providers.

Appendix 2: Context of Aged Care Services in Australia¹⁰

How these Services currently operate in Australia:

An older person can either pay for these services themselves (self-funded) or, if eligible, they can access government subsidies. Government subsidised aged care services are now mostly funded by the Commonwealth Government. There are several service 'types'.

A person residing in a typical domestic home can receive 'home help' or 'community care' support services. A worker may do gardening, house cleaning or can assist with the activities of daily living such as showering, cooking, or assisting with shopping and medical appointments. Some nursing and allied health services may also be available.

An older person requiring significant care and support however typically resides in an aged care facility. Although funded significantly less than hospitals, these services provide 24 hour care and support, including access to some nursing and allied health care in most facilities.

An older person may also be able to access short term 'respite' care in an aged care facility in order for either them or their personal carer to have a 'break'.

The aged care industry is one of the most highly regulated industries in Australia. Up until the recent past, who received what services and when was somewhat haphazard due to the former regional based allocation of 'licensed places'. From a funding perspective, rural services are typically not as well funded as metropolitan services; mainly due to less affluent clients and reduced provider competition.

Current policy changes/reforms underway for these services:

Due to the rapidly increasing older population, Australia cannot afford the future cost of aged care services without significant changes to the system. Hence this sector has been undergoing reform for the last 20 years and is predicted to do so for at least another 20 years.

New information channels (e.g. government website) and new eligibility assessment processes have been recently introduced. New policies in relation to consumer empowerment are being progressively introduced.

¹⁰ Acknowledgement is paid to Tim Gray, Geoff Thiel and Matt Johns for their assistance in drafting this Appendix.

Greater accountability by providers is also part of the reform process. Many new 'for-profit' providers are entering the aged care market, mainly aimed at more affluent clients.

How these services are likely to operate in the future:

Older persons will be able to be assessed for these services promptly when needed and will be placed on a national waiting list until government funding becomes available for the assessed level of care. The older person (or their advocate) will have greater power to choose services when and how they want them and who will deliver them. Consumer directed care will become the norm. 'User pays' will increase.

Providers will need to be much more efficient and customer focused in order to survive.

It is likely both consumers and providers will be asked to 'do more with less' in real terms. Large financially sound providers seem to be increasingly 'preferred' by governments throughout the world, including Australia. Rural services may continue to struggle in terms of sustainability.

Key Challenges going forward for the Lutheran Church and its services (given the above):

1. Keeping on top of ongoing policy changes and reforms including managing and complying with more government regulations
2. Influencing government policy, especially from a faith based perspective
3. Increasing competition through market consolidation (mergers) and the rise of private providers and 'preferred providers'
4. Readjusting our services and cultures from a 'providers' market to the new 'consumer' market, with future clients being more discerning and demanding about the type of services they want
5. Managing ongoing potential reputational and financial risk because of diverse and disparate governance structures and competencies within the Lutheran aged and community services sector
6. Managing the inevitable merger, sell off, or closure of a number of existing Lutheran aged care services
7. Maintaining and overseeing governance and service standards in Lutheran aged care facilities.

Appendix 3: Context of Disability Services in Australia¹¹

The Productivity Commission made an extensive enquiry into disability care and support in 2011 which has shaped the future direction for disability services in Australia. The Commission found that Australia's system of disability support was inequitable, underfunded, fragmented, inefficient and gave people with disability little choice and no certainty of access to appropriate supports. The Commission recommended a new national scheme to provide insurance cover to all Australians in the event of significant disability. The Productivity Commissions report gained bipartisan support and the NDIS (National Disability Insurance Scheme) was born.

The NDIS is a major, complex national reform that is the largest Australia has experienced since the introduction of Medicare. The NDIS is a new insurance model scheme designed to transform the way that support and care are provided to people with permanent and significant disability. The aim is to create the opportunity for people with a disability to live an ordinary life. It is based on an individualized approach where participants are able to exercise choice and control over the services that they receive. The scheme is person centred, placing the person with a disability at the centre of all supports which are determined by an assessment of individual needs.

The NDIS funds reasonable and necessary supports for children and adults with permanent and significant disability. Reasonable and necessary supports are those that help participants live as ordinary a life as possible, including support to build their skills and capacity, so that they can engage in education, employment and community activities.

The scale of the NDIS is enormous and will increase funding in the sector from \$8billion per year to \$22b in 2019/20. There will be an estimated 475,000 participants in the scheme and the industry will require an additional 70,000 disability support workers (or around 1 in 5 of all new jobs created in Australia over the transition period). In addition to the NDIS individualised funding, the NDIS is also funding ILC (Information, Linkages and Capacity) services aimed at catering for an additional 4.3 million people with disability as well as SDA (Specialist Disability Accommodation) funding to assist in investment into housing for people with a disability.

The key challenges for disability service providers under the NDIS include the following:

¹¹ Acknowledgement is paid to Janine Lenigas for drafting this Appendix.

1. The implementation and roll out of the NDIS has been done with little lead time for planning. Many have likened the experience of the NDIS implementation to that of an aeroplane being built in mid-flight. Continual changes and challenges to the NDIS has meant many organisations have suffered and it is expected that there will be many further changes that will continue to challenge every provider
2. The introduction of the NDIS has changed service provision from a block funded welfare model to a commercially driven environment where not for profits are now competing with each other and with for profit service organisations
3. The NDIA have, at this stage, regulated pricing for services with many prices being challenged as not sustainable in a commercial environment
4. Many organisations are reporting a significant challenge in recruiting the quality and quantity of staff required to service the growth they are experiencing
5. The new service environment has required a significant investment into sophisticated software and operations to provide services on an individualised basis
6. It is anticipated that there is going to be a significant shortage of suitable, affordable housing for future participants.

Appendix 4: Context of Community Services in Australia¹²

Community Services in Australia provides a wide range of assistance for homelessness, family support, financial literacy and settlement services. The support includes early intervention and prevention to crisis response and post-emergency recovery. This requires various levels of intensity, staff competency and volunteer involvement.

Many Christian denominations provide community services through their service agencies. The challenge is to maintain the faith base and ministry focus while meeting the requirements of funding contracts, policy pressures and increasing need. This is an important ministry with those who are most vulnerable in our community.

The Lutheran Church has always provided care at a local level. However, it is only in the last 50 years that it has developed a professional service arm to equip its congregations to serve their communities and also provide opportunities for volunteers. In Appendices 5 to 8 following are some areas that would be assisted by the Community Services sector.

¹² Acknowledgement is paid to Helen Lockwood for drafting this Appendix.

Appendix 5: Context of Homelessness Services¹³

How these Services currently operate in Australia:

One in 200 people are homeless on any given night in Australia. This number could be even higher if practices such as couch surfing or living in overcrowded accommodation are taken into account.

Support for people who are homeless, or at risk of homelessness is a complex issue. Specialist services support people through the transition from emergency housing to supported housing and finally out of homelessness. These services address a raft of underlying issues and connect people with relevant services that cater for individual circumstances.

There are also specialist Domestic Violence services which house those fleeing from violent situations. There are some outlets that provide food and support for those who are sleeping rough.

Social and public housing are available for those on low incomes. The mix of ownership differs from state to state with some states handing over large numbers of houses to Not-for-profits to manage. The waiting lists for public housing can be up to 9 years for some.

Funding for these services comes from both Commonwealth and State Governments.

Current policy changes/reforms underway for these services:

Recently there has been discussion about the future of this sector and the lack of affordable housing. For many, home ownership is not an option. This, in turn, puts pressure on the rental market. Those on low incomes find that they cannot afford even the most meagre rents which forces them into homelessness. Two groups experiencing an exponential growth in homelessness are older women and families with children.

Prior to the May 2017 Federal Budget there were attempts by the Federal Government to withdraw homelessness funding which had previously been given to the states on a short term basis. The funding was continued. However, there are currently discussions in each state about reforms which might need to be made in order to receive this funding.

¹³ Acknowledgement is paid to Helen Lockwood for drafting this Appendix.

The 'no wrong door' gateway intake policy means that teams often support more families than specified in contracts.

The focus is to work with people as soon as there is any risk of losing tenancy to prevent a return to the homelessness cycle.

It is becoming more of a struggle for those in the middle income bracket to keep up with mortgage payments.

How these services are likely to operate in the future:

Governments seem to be divesting themselves of housing stock. This means that many not-for-profit organisations are exposing themselves to significant financial risk to take over this responsibility.

Since the challenges facing people who are homeless are increasing in complexity, there will be a need for ongoing holistic casework to bring about a better outcome for people.

There are some attempts to work with social impact bonds to provide housing and support.

Homelessness services need to forge strong relationships with private real estate firms to enable a more seamless transition for those who are ready to move into private rental situations.

Key Challenges going forward for the Lutheran Church and its services (given the above):

1. Increasing complexity of issues for those who are homeless and ensuring we have highly-qualified staff;
2. Maintaining partnerships with other providers;
3. Larger for profit businesses moving into this sector;
4. Cost of compliance and ensuring the safety of staff who often attend in dangerous situations.

Appendix 6: Context of Children and Families¹⁴

How these Services currently operate in Australia:

Children and Family Services operate on a continuum which includes:

- Parenting and child development education groups;
- Supported playgroups and home visiting;
- Intensive family support;
- Child protection involvement in removal of children, and;
- Recruitment and placement in foster families.

Relationship education and counselling also support families through a variety of life stages.

Family Relationship Centres help families through separation and divorce. Domestic Violence services provide for those experiencing family and domestic violence and also to hold perpetrators accountable.

These services are funded by both Federal and State governments through competitive tender processes. There is little coordination between the tiers of government. Most services are provided free of charge for those on low incomes. Many are run by not-for-profits who work hard to provide integrated services for families. This is often hampered by the silo nature of government and the inflexibility of contractual arrangements. Child Protection is a state government responsibility and so operates differently in each state and territory.

Current policy changes/reforms underway for these services:

Recent Royal Commissions into child protection systems, child sexual abuse in institutions and juvenile detention centres, and an escalation of domestic violence, all highlight the need for reform in our society and its institutions. It also confirms the need for more family support.

This has also led to an increasingly risk-averse sector and community, resulting in more reports of child abuse and neglect without a corresponding increase in support for struggling families. In some states this has led to the outsourcing of out-of-home care services to non- government organisations and increased investment in prevention work. In some parts of the sector, particularly out-of-home care, the introduction of a 'unit costings' approach to

¹⁴ Acknowledgement is paid to Helen Lockwood for drafting this Appendix.

funding rather than 'block funding' system makes it more difficult for smaller organisations to enter new programs.

Working with families and children is most effective when a holistic approach is adopted which includes the extended family and community support.

How these services are likely to operate in the future:

Hopefully there will be a stronger emphasis on supporting families through all stages of life in a more holistic way. This work will need to be done in partnership with education, health and community services. However, while we have a crisis in the child protection system, the focus will be on reform and responding to child abuse and neglect. One disturbing trend is the high number of Aboriginal children who are being removed from family and culture. Some predict that in a few years the rates of removal will be as high as it was during the 'stolen generation'. This system is in need of reform.

Domestic Violence response will need more resources to work with perpetrators if we really want to break the cycle of violence in our homes.

Key Challenges going forward for the Lutheran Church and its services (given the above):

1. Overwhelming need with scarce resources. Keeping up with compliance requirements for working with children;
2. Developing partnerships in order to provide seamless services without the resources to maintain partnerships;
3. Recognising the needs of families and the informal and formal supports that are needed to keep families resilient and strong. Getting the community to realise that the safety and care of children is everyone's responsibility. Helping the church community to see the needs of struggling families;
4. Funding the early intervention services as well as the crisis services in order to build strong families and communities when government funding is becoming more difficult to secure;
5. Recognising and responding to Domestic Violence and Child Abuse.

Appendix 7: Addressing poverty and injustice¹⁵

How these Services currently operate in Australia:

There are nearly three million people who live in poverty in Australia including 731,300 children.

Currently these families and individuals can access emergency relief services which provide food, pharmacy scripts, household goods and clothing. They also have access to financial literacy and counselling support. Most of these services are provided by non-government organisations. If they receive government funding it only covers the material support and not the cost of staffing and coordination. The Federal Government has moved towards funding Financial Wellbeing Hubs which offer emergency relief, financial literacy and counselling and no interest loans schemes. These hubs often cover large regions. For example, in Central Australia, the Alice Springs Hub covers Alice Springs and over 30 remote communities. The current income support rates for New Start are not enough to live on if you have to pay rent and utilities as well as food and clothing. Services are seeing more people in mortgage stress and families who are not coping with job loss and illness.

Organisations often take the opportunity to advocate for those whose voices are not heard and are trapped in the poverty cycle. The peak body, Australian Council of Social Services, provides commentary and speaks into government. Many of the larger faith-based organisations have national bodies who speak out about injustice.

Current policy changes/reforms underway for these services:

The current policy drivers for government are to get people off income payments and into work or volunteering. There is little sympathy for those who are not coping or able to find work. Mental health issues, homelessness and domestic violence all contribute to the need for emergency relief. Financial counsellors are seeing more complex cases impacted by payday loans, scams, gambling, drug and alcohol addictions.

The basics card and the cashless debit card are being introduced to prevent spending on alcohol and gambling. There are mixed reactions to the introduction of this policy.

¹⁵ Acknowledgement is paid to Helen Lockwood for drafting this Appendix.

There is a greater understanding that the crisis emergency response needs to be followed up by support, education and case management.

How these services are likely to operate in the future:

Governments will continue to rely on non-government organisations to find discretionary funding to supplement emergency relief. The demand will continue to grow as the cost of living and energy prices continue to rise. Some people with complex financial issues will find it difficult and could even end up in prison.

Non-government organisations will have to rely on volunteers to deliver some of these services.

The Cashless Debit Card could be introduced across the country.

Key Challenges going forward for the Lutheran Church and its services (given the above):

1. Raising the discretionary funding to continue to run these programs;
2. Volunteer recruitment and training;
3. Finding the resources and appropriate people to speak on systemic injustice;
4. Addressing the stigma attached to those who are on income payments and encouraging congregations to reach out to those in their communities who are struggling.

Appendix 8: Community Development and working with diverse cultures in Australia¹⁶

How these Services currently operate in Australia:

Individualism has influenced much of contemporary life in Australia. Many people feel isolated and disconnected from family and community supports. Those who are new arrivals to this country, particularly those with a refugee background, come with a traumatic past. They find themselves separated from family and face language and cultural barriers.

Community Development works with the local community to find ways of building trust and providing services and community spaces where connection and mutual support can grow. This can be in the form of community centres, community gardens, family support hubs, home visiting services and community visiting in aged care facilities. Volunteers and community groups are given skills development opportunities so that they can work effectively with people who visit the centres. Teaching living skills is part of the way in which people can connect and gain confidence to move on to other educational opportunities.

Refugees who arrive through the humanitarian program are supported through the Humanitarian Settlement Program for the first 12 months and then are supported through the Settlement Grants Program. These programs are tendered for through a competitive process and run mainly by not-for-profit organisations. Individuals and families are supported through case management and are connected to the services they require. The funded agencies also help the various cultural groups to gather as communities to support each other.

Those refugees who come outside of the humanitarian framework are often not supported and have a difficult time coping in a difficult environment. Many live in fear of deportation, suffer from despair because they know they will not be able to be re-united with their families under the current immigration laws and experience racism where they live. Some community services have unfunded welcome centres and work with new arrivals to gain language and workplace skills.

Community Development is strengths-based and organisations support communities to find their strengths and then to equip them to build and become self-sufficient. Working with Aboriginal Communities needs to

¹⁶ Acknowledgement is paid to Helen Lockwood for drafting this Appendix.

recognise the resilience of the culture and community. There needs to be recognition of the damage done to the First Peoples and to work together with local experience and knowledge to foster stronger communities.

Current policy changes/reforms underway for these services:

In some states funding for community development has been severely cut in the last decade. However the impact on communities, the increase in crime and suicide rates and the breakdown in families is making society realise that we cannot thrive as a society without community strength.

Refugee Services are going through some changes with larger organisations being favoured to take on service delivery and those with the on-the-ground connections are being overlooked.

Current Government Policy around refugees and asylum-seekers encourages fear of those who are different and sets the scene for conflict between racial groups. Lack of support and proper treatment for trauma will see growing issues around mental health for new arrivals.

Discussions around constitutional recognition, indigenous housing policy, the number of children being removed from Aboriginal families and the high rates of incarceration of Aboriginal people point to the need for changes in policy and practice and the need to work together towards building a strong multicultural society based on respect and mutual service.

How these services are likely to operate in the future:

There are signs that funding for services to Aboriginal communities may change and be given only to Aboriginal run organisations.

The community attitudes to new arrivals will mean there needs to be more connecting of people from different backgrounds, so more community development and less silos in service delivery.

These two areas will face many challenges in the next year or so.

Key Challenges going forward for the Lutheran Church and its services (given the above):

1. Fostering a culture of welcome and inclusion in church and society so that isolated and displaced people have a safe place to connect with others;
2. Equipping volunteers and congregational people to support those who are working in a professional capacity with people who feel isolated and unsupported;

3. Funding being given to larger organisations who do not have grass roots connections and so some people fall through the safety net;
4. Speaking out against injustice in the treatment of Australia's First Peoples and the latest arrivals who have fled persecution and war;
5. Engaging in deep conversations with Aboriginal people as we work out how best we can work together and learn from each other as we seek to serve across the country. Building on the best of the past, but recognising the present and the future will need to respond to different circumstances.

Appendix 9: Catholic Aged Care & Community Services in Australia – A Brief Perspective

Note: This is simply a very brief overview of key activities relating to service delivery in the name of the Catholic Church from the understanding and perspective of the non-Catholic Authors of this report. Accordingly it is acknowledged by the Authors that this brief summary may contain omissions, misinterpretations and/or errors.

The Catholic Church is a parish, diocesan and religious orders based church.

Accordingly Catholic services to older people and people in need are therefore typically provided under the independent auspices of Dioceses, Religious orders or by Catholic lay organisations (such as St Vincent de Paul, the Knights of the Southern Cross etc). Some of these services are structured as bodies within the church, some are incorporated associations and others are structured as companies. The need for competency in governance well recognised.

Frequently the Bishop is the Member for a service which is governed by a Board or Management Committee.

There are around 80 Catholic aged care ‘approved providers’ and these provide residential aged care for approximately 25,000 people and community care and support to 33,000 people throughout Australia. Independent living options are provided through approximately 7,000 retirement and independent living units.

Collective representation and policy action at the national level for Catholic health and aged care services is organised under the auspices of Catholic Health Australia. Similarly, collective decision making and action at the national level for Catholic social and welfare services is organised under the auspices of Catholic Social Services Australia. Both these bodies are member based and they both typically provide national advocacy, policy analysis, resources support and a communication function to member organisations.

Catholic Social Services Australia represents a national network of 52 Catholic social service organisations that provide direct support to hundreds of thousands of people in need each year providing a diverse range of support from assisting women and children escaping family violence, housing and homelessness support, to mental health and disability services. They also work in partnership with Indigenous people, and offer support and services to people seeking asylum and those who are refugees.

Some of these services compete with each other, whether intentionally or unintentionally, and accordingly there is a desire within this catholic services sector for, where feasible, greater collaboration between catholic services.

Recognition that smaller Catholic aged and community services can pose a governance and/or financial risk to both the recipients of services as well as the wider Catholic Church has been recognized for many years. In 1997 Catholic Health Australia actively led the way in encouraging services to see the benefits and opportunities in merging or integrating with like minded catholic services. Since that time the Catholic aged & community services sectors have become much more effective and efficient due to these 'rationalisations'.

Today Bishops and religious leaders continue to look at further opportunities for integration. One of the desires from some leaders within the Catholic aged care services sector is to see integration continue even further so that existing Diocesan and religious order aged care services merge into larger state and nation wide services so they can maximize the potential opportunities and efficiencies that size brings. Some services are already large such as Catholic Healthcare Ltd that operates in NSW & South East Queensland providing services for more than 6,000 people in over 50 locations not including their community care services.

The challenge of moving from organisational service structures that are led by religious to lay leadership has been long recognized resulting in Church owned entities merging, amalgamating and being re-auspiced as public juridic persons.

A number of Catholic public and private hospitals and aged care services share group purchasing arrangements and other 'back-of-house' services.

Key matters for our reflection:

- *Heterogeneous services*
- *Competency in governance well recognised*
- *Well organised at national level*
- *Desire for more collaboration & less competition*
- *'Larger' services encouraged*
- *Some shared 'back of house' services.*

Appendix 10: Uniting Church Aged & Community Services in Australia – A Brief Perspective

Note: This is simply a very brief overview of key activities relating to service delivery in the name of the Uniting Church from the understanding and perspective of the Authors of this report. Accordingly it is acknowledged by the Authors that this brief summary may contain omissions, misinterpretations and/or errors.

The Uniting Church is an inter-conciliar based church. Decision making is shared between Congregations, Presbyteries, (State) Synods and the National Assembly.

Whilst there are some small locally based community services, increasingly most services are large state level services in terms of governance arrangements.

Aged and community services are provided by Uniting Church agencies at over 1,600 sites throughout Australia, employing 40,000 staff supported by the work of over 30,000 volunteers. The network includes a number of organisations with or without direct UnitingCare branding, such as Blue Care in Queensland, Uniting in NSW and ACT, Somerville in NT, and Juniper in Western Australia. Importance of good governance recognised.

Services are provided to children, young people and families, Indigenous Australians, people with disabilities, the poor, disadvantaged and homeless, people from culturally diverse backgrounds, people with mental health and addiction issues and older Australians in urban, rural and remote communities.

As the Uniting Church in Australia is established with Synods in each State it is not surprising that many aged care services are rationalizing into large synod based organisations. Some large parish formed missions however continue to operate such as Wesley Mission and Parramatta Mission along with many small congregational based community services.

The merging of services has been a feature of recent years. In NSW approximately 14 years ago there were 58 aged and community services Boards operating under the broad governance of UnitingCare – now there is only 1. In NSW, Uniting provides the bulk of aged care, children and family services. In Queensland aged & community service structures are not dissimilar to NSW.

In South Australia and Victoria most aged and community services are separately incorporated. Victoria appears however to be currently in the

process of actively amalgamating community service boards (but not ageing services).

UnitingCare Australia (based in Canberra), is an agency of the National Assembly of the Uniting Church in Australia and is the national body for the UnitingCare network, which is made up of the Uniting Church in Australia's community services agencies. It is a sister body to UnitingJustice Australia, and UnitingWorld. All are agencies of the Uniting Church in Australia, National Assembly.

UnitingCare Australia gives voice to the Church's commitment to social justice through advocacy and strengthening community service provision. UnitingCare Australia works with and on behalf of the UnitingCare Network to advocate for policies and programs that will improve people's quality of life. UnitingCare Australia is committed to speaking with and on behalf of those who are the most vulnerable and disadvantaged, for the common good.

The UnitingCare network is looking at various arrangements for the sharing of back-of-house services where practicable and also co-operation generally including service delivery.

Key matters for our reflection:

- *Competency in governance well recognised*
- *'Large' merged services trend*
- *Well organised at national level*
- *Looking at some shared 'back of house' services.*

Appendix 11: Anglican Church Aged & Community Services in Australia – A Brief Perspective

Note: This is simply a very brief overview of key activities relating to service delivery in the name of the Anglican Church from the understanding and perspective of the non-Anglican Authors of this report. Accordingly it is acknowledged by the Authors that this brief summary may contain omissions, misinterpretations and/or errors.

Aged and community services of the Anglican Church of Australia are primarily provided through Anglicare organisations. Anglicare agencies are local independent organisations that provide social services in their respective communities.

There are approximately 34 Anglicare organisations in Australia across every Australian state and territory, and six 'associate members' in New Zealand, Papua New Guinea and Singapore. With a joint budget of over \$1billion, and a workforce of 12,600 staff and 7,800 volunteers, the Anglicare network contributes to more than 50 service areas in the community, catering to the specific or integrated needs of over 931,000 people and supporting them to identify pathways to participate meaningfully in society.

About 51,000 older people are provided with aged care services by Anglicare agencies from 126 different sites: ranging from care and support in the home to high level residential care in regional, remote and metropolitan locations. Approximately 880,000 people are in receipt of other services such as childrens services, family services, counselling services and services for the disadvantaged and/or homeless.

Anglicare agencies choose to come together as part of the national Anglicare network (Anglicare Australia) to strengthen their effort in responding to the multiple and complex needs of people and families across Australia, to match local presence to national strength and ultimately to bring positive change to Australia. Anglicare Australia is an incorporated association, separate to the Anglican Church, and Members fund Anglicare Australia on a proportional basis. Accountability to the church is written in the Anglicare Australia Strategic Plan and the Chair of the Anglicare Australia Council must be an Anglican.

There are two membership categories of Anglicare Australia. Organisational membership eligibility is restricted to any Anglican organisation, diocese or parish of the Anglican Church of Australia that is involved in the pursuit of justice and care. These members enjoy full voting rights and access to all benefits. Associate membership is also available to eligible organisations outside Australia and individuals within Australia who have an interest in the

pursuit of justice and care. These members do not have voting rights nor automatic access to other benefits.

Although separate to the church in a legal sense most, if not all, Anglicans enjoy good relationships with local parishes/Dioceses. There can be overlap in membership between some Diocesan bodies and Anglicare Boards.

Importance of good governance recognised. Issues such as risk, whether reputational, financial or compliance related, are acknowledged by the Anglican Church and the Anglicare network but there are no current plans to change the current governance relationships between the Anglicare network of agencies and the Anglican Church. It appears the richness and nimbleness of diverse, place based services is seen as more important than further standardisation of governance arrangements at either Diocesan or national levels.

Key matters for our reflection:

- *Smaller independent organisations*
- *Organised as a network at the national level (incorporated Association including Associate Membership)*
- *Good relationships with local parishes/Dioceses*
- *The 'risk' of local organisations & local governance currently acceptable*
- *Importance of good governance well recognised.*

Appendix 12: Baptist Churches Aged Care & Community Services in Australia – A Brief Perspective

Note: This is simply a very brief overview of key activities relating to service delivery in the name of the Baptist Church from the understanding and perspective of the non-Baptist Authors of this report. Accordingly it is acknowledged by the Authors that this brief summary may contain omissions, misinterpretations and/or errors.

The Baptist Union is an association of independent congregations. Decision making is principally made by Congregations. Congregations are organised into Conferences. Conferences provide mutual support and encouragement and provide of a small number of services for the congregations.

With respect to aged and community services the Baptist Church is structured under an umbrella organisation called Baptist Care Australia for all services except for the Ashfield congregation.

Affiliated services have an annual turnover of more than \$700 million, employ in excess of 9000 staff, and engage with more than 2500 volunteers annually. The importance of good governance is recognised.

Baptist Care Australia members provide

- 1626 Nursing Home Beds
- 3698 Retirement Village Units
- 546 Community Housing Units
- 18 567 Home Care Clients
- 164 345 Community Services Clients.

Baptist Care Australia is the national body which has a co-ordinating role with the separately incorporated state Baptist Care organisations all of which existed before the national body. Roles include:

- Give a voice to those who are unable to advocate for themselves;
- Propose innovative solutions to unmet social need through research;
- Advocate for the role of the faith-based community benefit agencies in society; and
- Optimise the collective capabilities of our members.

This is done through advocacy, research, lobbying and leveraging member capabilities.

Each of the state bodies has their own governing boards which includes some local church representation. Not all State bodies use “Baptist Care” as their brand.

Baptist Care Australia is an affiliated body of the National Council of Australian Baptist Ministries (The Baptist Union of Australia). They are represented on the National Council by their CEO.

Key matters for our reflection:

- *Incorporated state organisations*
- *Most services affiliated with national umbrella organisation*
- *The importance of good governance recognised*
- *Not all State bodies use “Baptist Care” as their brand*
- *Baptist Care Australia is represented on the national council of its Church.*

Appendix 13: Presbyterian Aged Care & Community Services in Australia – A Brief Perspective

Note: This is simply a very brief overview of key activities relating to service delivery in the name of the Presbyterian Church from the understanding and perspective of the non-Presbyterian Authors of this report. Accordingly it is acknowledged by the Authors that this brief summary may contain omissions, misinterpretations and/or errors.

The Presbyterian Church of Australia, through its state-based aged care organisations, provides over 1,840 residential aged care beds, over 550 community care packages and related community care services and seniors housing. These state level bodies were created, in part, for ensuring good compliance and governance of Presbyterian community services.

There is some variability in the way services are provided and structured between the states.

In relation to aged care in NSW & ACT there is Presbyterian Aged Care NSW & ACT (PAC) that reports through a committee to the General Assembly of the Presbyterian Church of Australia (New South Wales). The Committee provides the Trustees with regular reports and is responsible for the residential aged care facilities, home care and seniors housing operated by the Presbyterian Church in NSW and the ACT.

Aged care properties are owned by the Presbyterian Church (NSW) Property Trust, and it is actually the Property Trust, trading as Presbyterian Aged Care NSW & ACT which is the approved provider under the Aged Care Act 1997.

Most Presbyterian aged care services in NSW & ACT are directly managed by PAC although a few small services (mostly independent living units) remain under congregational control. However in accordance with the Assembly's requirements in relation to good governance and risk management, each of these congregational controlled services submit reports to PAC and must provide PAC with any proposals regarding new contracts etc.

The state aged care bodies in Queensland, Victoria and Western Australia are also not separate legal entities from the church and operate in a not too dissimilar way to NSW & ACT.

However in South Australia and Tasmania the state bodies are structured as incorporated associations 'owned' by the church.

Tasmania has recently sold its aged care services to a non-church private entity and currently only focuses on providing funding for community services under an investment fund model based on a philanthropic trust.

There is no national body for Presbyterian aged care but the Presbyterian Church aged care sector organises itself so as to provide 'one voice' advocacy and lobbying through the informal Presbyterian National Aged Care Network. This network consists of Braemar Presbyterian Care (WA); Dunbar Homes Inc (SA); Kirkbrae Presbyterian Homes (Victoria); Presbyterian Aged Care NSW & ACT; Presbyterian Care Tasmania Inc; and PresCare Queensland. The Presbyterian National Aged Care Network is a member organisation of the National Aged Care Alliance (NACA). Each State-based entity decides separately on its membership of aged care industry peak bodies, with all bar Victoria belonging to Aged & Community Services Australia (ACSA).

An operational vision of the Presbyterian National Aged Care Network is to develop a national management service so that Presbyterian aged care services can better share back office infrastructure and services such as IT, procurement etc, though limited progress has been achieved to date. Recent discussions in the Network have included discussions about strengthening a memorandum of agreement between Members including a proposal for a 'Brand Promise'.

Presbyterian community services are provided in NSW, Queensland, Victoria and Tasmania. In relation to community services, NSW has a separate Social Services Committee for services such as Counselling, Family Services, Disability Services etc.

In the other states Presbyterian community services are organised under the same legal entity as aged care.

Key matters for our reflection:

- *Mostly State based aged care organisations (some small services)*
- *Good governance a key focus*
- *Special 'quality assurance' processes for small services*
- *Some variability in structure between States (some 'legally' at 'arms length')*
- *National advocacy etc organised via informal national network*
- *Looking at shared 'back of house' services, MOU and a 'Brand Promise'*
- *Tasmania recently sold its aged care services.*

Appendix 14: Churches of Christ Aged Care & Community Services in Australia – A Brief Perspective

Note: This is simply a very brief overview of key activities relating to service delivery in the name of the Churches of Christ from the understanding and perspective of the non-Church of Christ Authors of this report. Accordingly it is acknowledged by the Authors that this brief summary may contain omissions, misinterpretations and/or errors.

The Churches of Christ is an association of independent congregations. Decision making is principally made by Congregations. Congregations are organised into five Conferences – Western Australia, NSW / ACT, South Australia / Northern Territory, Victoria / Tasmania and Queensland. Conferences provide mutual support and encouragement and provide of a small number of services for the congregations.

With respect to the governance of aged and community services the practices for the Churches of Christ vary across Australia. However there is one resource / structure that is used in several Conferences.

CareWorks was launched at the National Convention of the Churches of Christ in 2002. The purpose is to provide a vehicle for partnerships with local congregations that are engaged in charitable works. Through use of a Memorandum of Understanding it is possible for local congregational ministries to access tax deductibility through CareWorks. It is also possible to access support for the oversight of local services. Each Conference has incorporated its own CareWorks entity and has its own Board.

Western Australia

Around 2009 the Conference of the Churches of Christ in Western Australia decided that the conducting of aged care services was not a core business for them and so they divested all that work into a separately incorporated Board. The organisation has no structural relationship with the church but maintains some informal relational links.

South Australia / Northern Territory

Community service delivery through local congregations is supported through the Board of Churches of Christ in S.A. & N.T. Community Care Inc (CareWorks). This Board has been financially supported by the Conference of the Churches of Christ but that support is reducing.

The Board works with local congregations by assisting them in their governance roles in relation to a wide variety of community services through the provision of best practice advice and resources. Through a Memorandum of Understanding with CareWorks it is possible for these groups to access PBI status.

NSW / ACT

The Churches of Christ aged and community services have two areas of focus – CareWorks and Living Care.

CareWorks works with local congregations by assisting them in their governance roles in relation to a wide variety of community services through the provision of best practice advice and resources. Through a Memorandum of Understanding with Care Works it is possible for these groups to access PBI status.

Living Care covers independent living units at seven sites, aged care services at nine sites, and a number of in home care packages.

These services used a shared back office for many common functions.

Victoria / Tasmania

In 2011 three aged care and four retirement villages in Victoria were handed over to Queensland to govern and to manage. This action was taken due to the cost and resource efficiencies that were able to be achieved.

With respect to general welfare services local congregations have a significant role here and as with some other Conferences CareWorks partners with them through a Memorandum of Understanding.

Queensland

Queensland has the largest set of services within the Churches of Christ. It provides services in 190 locations and covers areas such as children, youth and family services; community housing; retirement living; home and community care; and residential aged care services. It describes its origins as going back to 1930.

The Churches of Christ in Queensland is incorporated under Letters Patent. All services, except housing (which is a company limited by guarantee) operate under this incorporation.

Churches affiliated with the Churches of Christ appoint a Conference Council. The principal roles of the Council include appointing the Board, and fostering the mission and objectives of the organisation. The Board is the Board of Churches of Christ Queensland Care.

The Chair of the Council is a member of the Board and the Chair of the Board is a member of the Council. The Council endorses the CEO appointment which is made by the Board.

The principal roles of the Board include overseeing the governance of the organisation, approving and reviewing the strategic plan and generally undertaking whatever course of action is necessary to ensure that the objectives of Churches of Christ in Queensland are achieved. There is not one brand for all community care services in Queensland. The Board has PBI status. The Board addresses itself not only to areas of community services but also to the congregational life of the church.

The link between the services and the congregations is a shared sense of mission and not a legal or governance one. This linkage is sustained and made effective through the Strategic Action Leadership Teams (SALT). These teams are made up of community services leadership, Pastors and Elders. These teams engage in a process of discernment before any new work is undertaken. It is here that alignment with the Board strategic plan is located. There are high levels of integration across the church and its community services.

The move to this model of operation arose due to a crisis that the church faced in 2007. In 2009 the new Constitution was put in place and has been operationalised since then.

There is no national advocacy group in the Churches of Christ.

Key matters for our reflection:

- *Governance practices vary across Conferences – many congregational based but also a conference wide structure as well as a large legally independent Board*
- *A 'CareWorks' structure at national and Conference levels that provides support for the oversight of services including having an MOU in use*
- *Some share 'back of house' services*
- *Strategic Action Leadership Teams*
- *Aged care transferred from Victoria/Tasmania to Queensland*
- *No national advocacy group.*

Appendix 15: Views from the ‘Quality Improvement’ Discussion Group at the Nundah “Options for our Future” Workshop¹⁷

‘Quality Improvement ‘(QI) Recommendations

There was broad support for the QI recommendations from Report 1 (recommendations 1, 2, 8 to 16, 18 and 20 in Report 1).

Additional specific comments included:

- Support for LCA developing some ‘model’ constitutions
- Some constitutions need to be updated to enable casual vacancies to be filled
- Current LCA position on non-Lutheran, but Christian board members queried
- Need to clarify church owner rights over church-aided services (e.g. a fear that inappropriate constitutions and the ACNC “agenda” may give NFPs the right to hold surpluses and not pay legitimate church costs (i.e. district “levies”?) that the NFP might deem as not for charitable purposes
- Consider making governance training for new members of governing bodies mandatory - AICD one-day course or Governance Institute or the LCA bringing together all new directors for a tailored course were suggested
- Suggestion to look at ways to involve younger members and spot those that could serve - perhaps as an “observer” or as a member of a committee or advisory board
- Support for some sort of ‘compliance’ template being developed to assist governing bodies in this responsibility
- Support for a template of a ‘Board Annual Work Plan to be developed to assist in annual planning.
- Suggested that we may need better Chairman training or a company secretary type role training in order for governing bodies to be able to conduct an annual planning session effectively
- Regarding “ensuring controversial policy areas are not ignored” by governing bodies, there was strong support for the LCA at the national level to provide guidance in these sensitive matters. There was a feeling in the group that currently such enquiries and questions to LCA go into a

¹⁷ The Reviewers thank the discussion group facilitator for making these notes available for this report.

void and are either not responded to or not responded to in a timely manner

- Regarding “Collaboration with other Lutheran services where possible” there was support for an annual or bi-annual meeting of aged care boards and management - similar to ACLE in the Lutheran education space
- Regarding “ensuring a continual learning and seek “help early” culture” there is a need to have available a skilled person from whom to seek help
- Some concern was expressed about the wrong people serving on boards, particularly those who have been serving for a long time and feel entitled to the position. A suggestion was to consider imposing a maximum term of 10 years. There was also support for training/mentoring to be available for Chairmen to assist them in appropriately and sensitively moving off directors who are no longer appropriate from a skills or culture viewpoint
- There was support for developing a quality induction package for new board members which would include the Constitution, Other Board Members bios and contacts, minutes of last year’s board meetings, last set of financials, auditors report, other pertinent policies, org chart of management, best practice expectations etc.

Appendix 16: Views from the ‘Sound Ownership’ Discussion Group at the Nundah “Options for our Future” Workshop¹⁸

“Sound Ownership” Recommendations (recommendations 3 to 6, 17 and 19 in Report 1)

Recommendation 3, was supported. (*That those organisations where the governing body is not appointed by Synod or some other church body but rather are structurally independent, increase membership to at least double the size of the governing body +1; and that non-director members in particular be strongly encouraged to attend member meetings*).

It was agreed that there always needs to be an arms-length mechanism for being able to sack a non-performing or incompetent governing body.

Recommendation 4, was supported. (*Members of the organisations to which governing bodies are accountable, whether church or member based associations, be offered clear guidance and / or training on their responsibilities in relation to the governing bodies that report to them*).

Recommendation 5, was supported. (*A ‘skills based’ approach be taken to the composition of Lutheran governing bodies and the suitability of each member of a Lutheran governing body – each member of a governing body should bring a significant governance skill to the Board such that together the governing body is competent to govern*).

It was noted that although historically the church policy has been being a Lutheran is more important than possessing governance competency in selecting members of governing bodies, the national church is moving to a skills basis rather than a representational model of governance. There was support for recruitment to the governing bodies of aged and community services to be skills based.

Recommendations 6, was supported. (*That the owners of these Lutheran organisations give consideration to how it would be possible to maintain the Christian and Lutheran ethos in its aged and community care services without the requirement that the majority of members of the governing body be members of the Lutheran Church*).

¹⁸ The Reviewers thank the discussion group facilitator for making these notes available for this report.

It was suggested that future policy be that a minimum of 60% of Board members, including the Chair, should be Lutherans skilled in governance, the remainder, if necessary, being chosen primarily on the basis of their governance skills and their preparedness to actively work within and support the Lutheran Christian values of the organisation.

Recommendations 7, was supported. (*That in governing body recruitment, the appointing body be careful to ensure the governing bodies have the requisite skills and its members exemplify the character and ethos of the organisation. That Lutheran aged and community services consider the ACNC recommendations for governing body recruitment. Much greater rigour should be introduced into appointing persons to these governing bodies; for example completion of a skills matrix gap analysis before recruiting, using a rigorous appointments process such as suggested by ACNC, and adopting the form and processes set out in Appendix 5*).

It was agreed that people cannot/should not be nominated from the floor of Synod unless rigorous checks had already been undertaken.

Recommendations 17a, was partially supported. (*Lutheran aged and community services actively engage in a process of exploration about the most appropriate mechanisms through which to deliver higher quality outcomes; including but not limited to funding a central body (at District or National level) to provide expert advice and / or resources in the areas of legislative change, templates for key policies, and advice on best practice for governing bodies*).

The need is recognised but the issue is whether a central national body is the solution. It was recognised that smaller agencies would benefit from this support service and structure but that large organisations probably would not. It was also agreed that if this service was to be formed it had to be sufficiently staffed to really provide a benefit and not just be a token service; that it should not add another layer of bureaucracy; and that funding would have to be worked out. The advantage was seen as being a real strategy to assist in mission and reduce risk to the wider sector and church and that it is already a proven model in LEA/LSA. Another option is to organise the sector such that large organisations support the smaller organisations on a voluntary basis.

Recommendations 17b, was supported. (*Lutheran aged and community services actively engage in a process of exploration about the most appropriate mechanisms through which to deliver higher quality outcomes; including but not limited to merging the governance of services at the District or sub-District level*).

It was noted that some exploratory conversations were likely to progress but others would not.

Recommendations 19, was supported. *(All governing bodies of Lutheran aged and community services sign an agreement with the Lutheran Church of Australia (or its delegated entity such as a national committee expert in the governance of aged and community services - refer recommendation 34) granting the Church the right to take over and control the local governing body in agreed extenuating circumstances. Such an agreement would specify the circumstances under which the LCA (or its delegated entity) could intervene, sack the existing governing body, appoint a short term Administrator and appoint a new governing body for the organisation).*

It was agreed that an emergency intervention protocol was in the interest of all key stakeholders including the service recipients, staff, governing body members, other Lutheran aged and community services and the Lutheran Church itself. The group was unanimous in preferring the LCA being the agency to intervene first rather than either the ACNC or ASIC. However it was also agreed that this mechanism needs to be very carefully and clearly defined, that a hierarchy of interventions sees an approach of support and assistance being offered first before any punitive or structural interventions such as sacking the governing body. As per Recommendation 18, it was agreed there also needs to be space for the struggling Board to ask for assistance. It was noted there were several options as to what body should have the power to intervene – e.g. the District or a national LCA body?

Appendix 17: Views from the ‘District Level’ Discussion Group at the Nundah “Options for our Future” Workshop¹⁹

Recommendations to the Lutheran Church – District Level:
(recommendations 23 to 30 in Report 1)

Active Ownership

Recommendation 23 was supported. (*Districts should be ‘active owners’ and meet regularly with the governing bodies of these services including making greater use of technology such as video conferencing where appropriate*).

Comments included that this regular connection needs to include governance training (to achieve economies of scale) and it was considered participating organisations would be willing to pay for this. It was also suggested that it would be good to be able to access pastoral care via the District for a CEO who is in the process of being dismissed.

Recommendation 21 was strongly supported. (*Governing Bodies should each evaluate how they can best ensure they have access to an appropriately skilled spiritual advisor from the Lutheran Church*).

Recommendation 24 was supported on a general basis (*Districts should endorse, and where it is within their capacity to require an outcome, adopt and implement recommendations 1 and 2 and 4 to 22 above in relation to their aged and community services*).

There was not enough time to discuss the other recommendations referred to in recommendation 24 individually or at length, but a strong sense that all recommendations in the final report should be supported and that the District should support services to implement them.

Better Governance & Structures

Recommendation 25 was supported in principle only. (*The Victorian & South Australian Districts should actively engage with local governing bodies of aged care services in exploring the possibility of merging several governing bodies as a means by which to deliver higher quality governance outcomes for these services and the Church. Several ‘mergers’ may be appropriate in both South Australia and Victoria*).

¹⁹ The Reviewers thank the discussion group facilitator for making these notes available for this report.

Comments included it should be explored given the results of this project to date but there was some antipathy to the idea of 'forced takeovers' happening. It was acknowledged that if services are to continue to retain the 'Lutheran' identity and brand that was so precious to those who founded the service/facility that they had to be functioning services that didn't bring the church into disrepute. The Lutheran distinction between the Right Hand and Left Hand Kingdoms (church and spirituality vs. temporal and physical including government requirements) seemed to resonate with the group. It was acknowledged that in any discussions about mergers that the 'dialogue principles' would be vital to this process.

Recommendation 26 was supported (*The NSW District should continue to work to achieve a satisfactory and speedy outcome in relation to the service at Gunnedah*).

It was noted that it is important for a service to know when to stop.

Recommendation 27 was supported in principle (*If these Districts decide to support the merger of governing bodies they should instigate a time limited 'merger oversight committee' for each merger, consisting of representatives from the merging bodies and the District, in order to ensure a smooth & satisfactory merger of services – or arrange for some other form of effective change management oversight to ensure a smooth transition*).

It was agreed any merger needed to be done well.

Recommendation 28 was left in abeyance (*In relation to any services whose governance function is merged, Districts should consider establishing local 'committees of service' to act as advisory and assistance committee to the local service manager. (It became apparent during our site visits that some members of existing governing bodies would prefer to serve on a management support committee, such as a 'committee of service', rather than serve on a governing body that focuses on governance matters)*).

This concept was not discussed in detail as the group was still focusing on the 'merger' issue of recommendation 25. It was evident that some members of the group have a strong sense of ownership of 'their' services and that it may be difficult for them to relinquish the power/control that governance brings.

Recommendation 29 was supported (*The Queensland District should reduce the complexity in the governance arrangements associated with Lutheran Community Care (LCC) Qld – ideally so as to have only one group of qualified persons (on behalf of the Queensland Synod) responsible for the governance of LCC Qld*).

Recommendation 30 was supported (*The South Australian District should actively consider merging the governance function of LCC SA&NT and Lutheran Disability Services*).

This group also discussed the importance of ministry as a significant factor in the work of these services. In this discussion it was suggested that it would be good to have a centralised way of delivering home care packages to residents within Lutheran services.

Appendix 18: Views from the ‘National Level’ Discussion Group at the Nundah “Options for our Future” Workshop²⁰

Recommendations for the Lutheran church – National level
(recommendations 31 to 40 in Report 1)

Principle of Subsidiarity

Recommendation 31 – there was agreement with this general principle. (*The Lutheran Church of Australia adopt for its Lutheran aged and community services the principle of ‘subsidiarity’ whereby authority to make governance decisions is placed whenever possible at the level of available governance competence closest to service provision. This approach may help manage a key three way tension within the LCA – that of local independence vs. a church where most legal and governance matters are necessarily intertwined and where most policy and funding requirements of aged and community services is increasingly emanating from national agencies*).

Comments included:

- There will be a lot of work to do on policies and procedures to sit behind this to ensure clear delegations and authorities around who decides what and who has accountability for those decisions. This was seen as critical to the success of this principle.
- There are some roles which need to be done nationally for example the church ‘speaking with one voice’ on issues in the community and at government level.

Governance Benchmark Document

Recommendation 32 was supported. (*The Lutheran Church of Australia and all Lutheran aged and community services adopt the 12 Disciplines of good governance and its 124 indicators of good governance as used by the Reviewers in this project (or something similar) as the governance benchmark for Lutheran aged and community services and that it be an ongoing governance health check document available to all Lutheran aged and community services*).

Comments included:

²⁰ The Reviewers thank the discussion group facilitator for making these notes available for this report.

- This document represents best practice and is a good start on improving the standard of governance across the LCA
- This is a good example of a national document that would become policy sitting behind the subsidiarity principle.

Purpose & scope of these services

Recommendation 33 – there was agreement with the intent of the recommendation. *(The Lutheran Church of Australia make clearer to members of the Lutheran Church the purpose and ‘scope of service’ of its aged and community services sector (so that these services are understood to be an active charitable ministry of service by the church to the targeted clientele of these services, and not seen as services that exist primarily to support congregations with funding or preferential service etc).*

Comments included:

- The recognition of regulatory and PBI requirements of receiving government funding is important
- This issue is thought to occur with small services with a close link to congregations with expectations in both directions (congregation supports the service with volunteering fundraising etc and in return the service will provide care when this is needed and perhaps priority)
- This outcome could be achieved in a more positive and gentler way (e.g. if the service is seen as an outreach ministry of the church and the congregation is actively engaged in outward focus rather than setting something up for their own ultimate benefit they may be able to focus on helping the needy and feel this is worthwhile work in the church).

New governance structures:

Recommendation 34 – there was not a lot of support in the group for setting up another committee and increasing the complexity of governance and reporting. *(A committee, expert in governance in aged and community services, be set up reporting to General Church Council (GCC), with the responsibilities of ...).*

Comments included:

- Recognition that this idea may have emanated from a need to risk manage services that are not performing and
- Recognition and acknowledgement that the LCA has a responsibility to protect the name ‘Lutheran’ and the mission of the Lutheran church
- Recognition that this idea may have emanated from expression from smaller services that they would value a central repository of expertise, advice, communication of national/government issues etc

- It was recognised that the larger organisations would have more capacity to do this work ‘in-house’
- There was agreement that there needs to be some common principles supported by education, rather than a centralised ‘function’, and the attitude should be one of coaching rather than enforcement
- This may have been an expression of a need for Governance standards and training. Questions were asked such as is there anything unique about aged care governance? ; Could this be governance more broadly?; Is there a need to do this function ‘in house’ with so many other governance institutes and training organisations outside the church which could be utilised?

Recommendation 35 – there was not a lot of support in the group for employing people nationally to do this. (*That the committee proposed in recommendation 34 above employ and supervise at least 1 FTE National Governance Support Officer and at least a .5FTE Administrative Support Officer. The prime responsibilities of the National Governance Support Officer being...*).

Comments included:

- No clarity around who pays for this service – The larger organisations may be called to pay but they least need the service and the smaller organisation may not be able to pay
- Regarding point ‘c’ – some concern that a single individual should not be making decisions about the performance of services – on what basis would these decisions be made and would this mean that this person would have access to all the services documents and finances and regularly audit all the services. (Note: point ‘c’ was only about ‘alerting’, not ‘decision’ making)
- Regarding point ‘f’ – It was noted ‘liaising with representatives’ and ‘representing’ are different things. Support for mandated representatives may be reasonable but the person would need to be suitably qualified and selected to be a ‘representative’
- There may be other ways this body of work could be achieved as aged care and community services are already highly regulated and this would add another level
- There was some support for provision of information about governance, training, government policy change etc which may be useful particularly for smaller organisations

Recommendation 36 had mixed support. (*The National Governance Support Officer/s be responsible for maintaining a national electronic clearing-house of essential information for governing bodies and chief executives. Such a clearinghouse should include...*).

Comments included:

- Recognition that consistency of documentation and ready access to this documentation is desirable
- Recognition that there is a voiced need for this kind of information particularly in the smaller organisations
- No clarity about who pays and where this funding would come from.
- There may be other ways in which these outcomes can be achieved. For example, mentoring, particularly new CEOs, was suggested. This could also be applied to boards
- If there was a mechanism for increased connection and collaboration between organisations these functions may be able to be achieved. A suggestion was made for reinstating a conference. (It was noted the BLACA conferences became complex and costly and have not happened for a few years).

Recommendation 37 was not seen as possible under current terms of reference and delegations. (*The LCA Committee for Ministry with the Ageing take on as an active part of its responsibilities: a). overseeing the 'national voice' function of representing Lutheran aged and community services views to government and other funding agencies at the national level and b). representing Lutheran aged & community services at national meetings and forums such as the National Aged Care Alliance, as well as ensuring information gleaned from attending national meetings is passed through to the chief executives of each aged and community service organisation associated with the Lutheran Church of Australia. If it is considered not to be appropriate that this function be a responsibility of the Committee for Ministry with the Ageing, that this function be given to another group such as proposed in Recommendation 34 above).*

Comments included:

- The CMA now sits under the board for local mission. The role has changed to focus on ministry with the ageing in community, congregations as well as RACF. The focus is on ministry with the ageing. As such it now has a broader membership not all of whom are Aged care industry experts. It is an advisory committee with little delegation
- The CMA does have in its TOR the selection of the NACA representatives, however this does not have to be from the committee and is likely not to be going forward. The NACA representatives have a responsibility to communicate with the CMA and the organisation CEOs all of whom pay a levy for this function. The NACA representatives have sat as consultants to this committee
- Community services sit outside the board for local mission and are not covered by any of its committees. The CMA does not include community services so where do they fit in

- There could be a role for CMA in advocacy and doing some of the work around the ‘national voice’. Even if not the spokesperson, preparation work for church responses could be contributed to.

Recommendation 38 had mixed support and mixed concerns. (*The LCA national aged & community services expert governance committee be given the reserve powers to take over any Lutheran aged or community service, sack the existing governing body, appoint an Administrator and subsequently appoint a new governing body in any service that in the opinion of the expert committee is in breach of the ‘Governance Agreement’ between it and the LCA*).

Comments included:

- There is recognition that while ACNC already has the power to do this, it would be better if the LCA dealt with its own people before it got to that stage.
- Who would be delegated to make these decisions and on what basis? There is a risk that these decisions could be poorly made, based on the value set of the committee members and authority could be inappropriately used unless there was a robust system of accountabilities.
- There would need to be a very robust system of parameters to consider before this action was taken. It would need to be based on evidence of poor performance and poor governance practices.
- It could create a perverse incentive and be seen as a ‘safety net’ where services may worry less about their obligation to good governance, as someone else will take over if we go wrong.
- This potential intervention could be disempowering for those services making more innovative decisions and may encourage ‘status quo’ and ‘steady as you go’ thinking which may not be what is needed to ensure services survive and thrive in a changing environment.
- Selection of this committee if put in place, would need to be robust and the best minds and expertise would need to be selected.

Lutheran Theology Benchmark Document

Recommendation 39 was supported. (*That the LCA refine the several documents it has in regard to a Lutheran theological identity for aged and community services into one document. Currently there may be at least four documents...*)

Comments included:

- This is another example of a foundational policy document that could be used by all services

- LCC SA/NT has just received a grant from LCA to work on a comprehensive document, considering the documents already in existence as above.

Better Branding if all services are well governed:

Recommendation 40 was supported in principle. *(If the above recommendations are adopted it is recommended there be greater branding consistency between all aged & community services associated with the Lutheran Church of Australia (e.g. the name “Lutheran” be included). However, if most of the above recommendations are not adopted and implemented by LCA and its aged and community services organisations this recommendation would not be appropriate as it would place the current well governed services at greater reputational risk by being publicly associated with less well governed services”).*

Group discussion:

- Agreed this would be a national responsibility.

Appendix 19: Views from a Discussion Group at the Nundah “Options for our Future” Workshop about “What is the Role of the LCA (national) in terms of ownership of, authority over, and interface with the legal entities of the Lutheran aged and community services?”²¹

Comments included:

- The objects of the LCA are expressed in the constitution and these articulate a common purpose
- Aged care and community services are an expression of the common purpose
- The LCA holds the national identity and has an appropriate role in advocacy for the church and interacting at national level with other bodies such as government
- The LCA can enable education and teaching which allows for better participation by more people
- If services have ‘Lutheran’ in their name the LCA may be at risk reputationally, even if not legally and therefore the LCA has a role in controlling the use of the Name ‘Lutheran’. The LCA could set parameters that have to be met to use the name Lutheran and oversight these parameters. This may require constitutional change in some organisations
- If all services/organisations have Lutheran in the title, well performing services may be put at risk by other poorly performing services as the media and the general public will not differentiate between organisations
- In the governance dialogue, all services expressed a wish to be part of the church. This creates the potential for unity of mission. The LCA therefore has a role in expressing the common mission of all the services in aged and community services. The LCA may have a role in guiding the choice of opportunities, towards those opportunities that align with common purpose
- The LCA has a role in oversight of prevention of abuse of all types including spiritual abuse
- The LCA has theological oversight of all services. There are reference committees and theologians already in place to work in this space
- In order to be able to assess risk and liability in the aged and community services, the LCA would need visibility into organisations (for example financial trends) at a deeper level than it currently has. Organisations do not report to a national body in any formal way. This would require

²¹ The Reviewers thank the discussion group facilitator for making these notes available for this report.

constitutional amendment in separately incorporated organisations. Care would need to be taken that this authority was not used to disempower the local board and set up a second tier of governance. Reasons for doing this would need to be clearly articulated and controlled

- There would need to be a large body of work around policy and procedures to have clear authorities and delegations about national responsibilities, district responsibilities and local responsibilities.

Appendix 20: Views from a Discussion Group at the Nundah “Options for our Future” Workshop about “If the Church should ‘intervene’ into a Service, what should the triggers be, when should it intervene, and how?”²²

Comments included:

- The ‘triggers’ are hard to define. The group struggled to stay at a high enough level in Governance, and we think a lot more needs to be done regarding this question
- Suggest using ‘assist’ or ‘help’ rather than just ‘intervene’
- The degree of assistance or help needs to suit the issue
- Early assistance can be helpful. For example, if an organisation is struggling, opportunities may exist for not accepting a merger for example low net asset value. Need to intervene before organisations are at risk, not after
- The moving on (dismissal) of Board members should be a last resort
- Currently the Districts are very different, so it will be difficult to have one system
- Many potential challenges could be avoided or resolved by up-skilling Boards; perhaps through AICD.

A suggested way forward was that the church adopt a two pronged approach – a proactive and a reactive strategy.

The Proactive Strategy should involve a monitoring process or checklist or indicators as part of the system that governing bodies would be required to adhere to. There is a similar process in the schools system. There would be permission and capacity of self-reporting, e.g.:

- Annual Governance Health Check (independently)
- Benchmarking of staff and customer surveys across organisations (again independently).

It was thought this could be done by:

- Secretariat, or
- Peer assessment process of organisations within the church (audit process).

²² The Reviewers thank the discussion group facilitator for making these notes available for this report.

The reactive strategy would be intervention of some form by the Church. Two types of 'triggers' for such intervention were identified as:

- Voluntary – please come and help us – this would be supportive intervention
- Involuntary – LCA decides it must intervene – this would be authoritative intervention. There could be a continuum of such "intervention" from asking questions through to conducting an investigation or appointing an Administrator.

Possible criteria and triggers (Lead and Lag) for instigating 'involuntary' intervention by the church were identified as:

1. ACNC intervention criteria
2. Local governing body think that being Lutheran is just an option (i.e. secularisation risk)
3. Very poor financials indicating probable future insolvency(e.g. based on annual Auditors Report sent to District)
4. Service not able to meet loan obligations
5. Negative service assessment reports from accrediting body (e.g. a negative unannounced site visit reports in residential aged care)
6. Serious reputation risk such as:
 - a. Controversial death
 - b. Personnel scandal
 - c. Demonstrably poor organisational culture
 - d. Sanctions imposed in Residential Care or Work, Health & Safety.

It was considered that intervention occur as soon as reasonably possible depending on the trigger.

The type of intervention would depend on the severity of the trigger and level of risk.

It was identified that intervention:

- should be at District Level
- could be by engaging a paid professional Company Director Chair.

It was identified that the LCA could be notified several ways including:

- CEO says 'I have a dysfunctional Board'
- Board says 'I don't know what to do with our CEO'
- Confidential LCA hotline for whistle blowers.

Appendix 21: Views from a Discussion Group at the Nundah “Options for our Future” Workshop about “How should the Lutheran Church support those services seeking governance and policy support from it?”²³

Comments included:

- It is important that we share resources rather than re-invent the wheel constantly
- It would be good to have an LCA Clearinghouse which could make available documents and expertise e.g.:
 - Model constitutions
 - Policy documents
 - Agreements (for ILUs)
 - Prayers
 - Hymns and other worship resources that are appropriate for ageing and for people who have dementia
 - Links to grants
 - Links to the ACNC resources and to JusticeNet
 - A chat room where questions can be raised and discussed
- Would it be possible to seek a grant to establish the Clearinghouse as was done for the Commission on Worship
- Communication – not everyone had received the CfMA newsletter. How is this being distributed?
- Smaller services have had to buy in (at top dollar cost) expertise such as HR, salary administration. Would it be possible for larger facilities to provide these services at cost to smaller ones?
- A couple of CEOs had received no information at induction. They have had no contact or support from the District. It would be good to develop a CEO induction package that includes:
 - Access to LAMP – or an LCA year book so that they can see who else is providing services
 - A list of ‘who’s who’
 - Introduction to a buddy/mentor
- Resources for staff training in the Lutheran ethos are required
- Is it possible to share some staff training across facilities – the church to organise such opportunities
- Aged care conferences should be held every year or two

²³ The Reviewers thank the discussion group facilitator for making these notes available for this report.

- LCA to organise governance training for boards at a District or Regional level
- There is a discussion group on LinkedIn for Aussie charities and NFPs
- It would be good to have a database of governance talent that boards seeking new members could access
- A specific course – maybe 4 week intensive – for chaplaincy training through ALC
- Is there any way to access marketing through the LCA?
- Advertise units that are for sale through The Lutheran
- It would be helpful to know of a resource person to phone if faced with a business dilemma such as: If we were to undertake this activity, would we still be eligible for our PBI status?

Appendix 22: Views from a Discussion Group at the Nundah “Options for our Future” Workshop about “Board Composition & Member Skills”²⁴

Comments included:

- Lutheran Membership: Current policy is maximum of 2 non-Lutheran board directors. Comfortable to stay with this but need to do better at recruitment, development and support
- Maintaining a database of potential directors is very important
- Need to clarify the “casual vacancy” issue in Constitutions
- Length of terms for Board Members should be considered. There is a national conversation developing for a 10 year maximum. All boards have regular elections but renominations are common as are long terms. How will this work in aged care boards?
- Boards need to establish minimum standards and if necessary require new board members to undertake training (at board’s expense) in the first year of their term
- Group agreed re importance of cultural diversity with recognition of the need for competency and current limited cultural diversity in the Lutheran ‘pool’.

²⁴ The Reviewers thank the discussion group facilitator for making these notes available for this report.

Appendix 23: Views from the ‘Structural Options’ Discussion Group at the Nundah “Options for our Future” Workshop²⁵

This discussion group considered two questions:

1. The ‘Sounder Ownership’ suite of recommendations from Report 1
2. The Structural options recommendations from Report 1.

Sounder Ownership Recommendations

Group discussion resolved the following:

Recommendation 3 (*Ensuring an adequate number of non-Director Members*) was supported but there was some lack of familiarity with the terms used

Recommendation 4 (*Organisational Members be given guidance/training on their responsibilities*) was supported

Recommendation 5 (*Ensuring ‘skills based’ governing bodies*) was supported

Recommendation 6 (*Ensuring a Lutheran ethos in the governing body & in the service*) was supported. It was considered Directors should be selected on the basis of, firstly governance skills and secondly because they are Lutheran or at least a practicing Christian

Recommendation 7 (*Recruitment processes to governing bodies be more rigorous*) was supported but the question was raised about who would do this?

Recommendation 17 (*Funding a central support body and merging the governance of some services*) had mixed support – there was some scepticism about creating another level of bureaucracy? Where would funding come from?

Recommendation 19 (*Granting of emergency intervention powers to LCA*) was supported but for emergency intervention only.

²⁵ The Reviewers thank the discussion group facilitator for making these notes available for this report.

Structural Options to Consider

Firstly the group identified at least three other structural options to consider being:

1. Sell/divest all Lutheran aged care & community services
2. Combine these services with another denomination
3. Determine a set of criteria for these services and then design a structure that best meets the agreed criteria.

Criteria for decision-making process

It was agreed the process should be:

1. Identify criteria
2. Weight them by importance (high, medium or low)
3. Assess identified structural options against the criteria.

Following further discussions the group identified twelve possible criteria which were then refined into the following list. The group then conducted a quick (and incomplete) ratings assessment of whether a national, district or local governance structure best met the identified criteria as shown in the following table:

Criteria for decision making process	National	District	Local
Effective Missional Outcomes			
Alignment with LCA Strategic Direction & Plan	✓	✓	✓
Lutheran Ethos (values, beliefs & culture)	✓	✓	✓
Local Member Engagement			✓
Collaboration with other Christian Organisations	✓	✓	✓
High standard of service	✓	✓	✓
Governance			
Consistency/effectiveness (in line with LCA Governance Review)	✓	✓	✓
Compliance/Legal (e.g. Constitutions)	✓		✓
Effective Accountability/Risk management (including opportunities)	✓		✓
LCA Strategic Direction	✓		
Policies/Guidelines	✓	✓	✓
Subsidiarity	✓	✓	✓
Ensures Sustainability & Growth			
Resilience			✓
Support	✓	✓	
Adaptability (nimbleness & responsiveness)			✓
Collaboration	✓	✓	✓
Support			
Repository of Learnings & research	✓		
Collaboration	✓	✓	✓
For Local Services possible (e.g. finances)			
Resources			
Finances			
Staffing			
Feasibility			
Communication			
	✓	✓	

Appendix 24: Key Governance Principles for Lutheran Aged & Community Services

The six governance principles outlined in this Appendix may help manage a key three level tension within the LCA – that of local independence vs a church where most legal and governance matters also involve District and national levels of the church.

Principle of Subsidiarity

This principle encourages ‘authority to make governance decisions’ to be placed whenever possible at the level of available decision making competence closest to service provision – that is, as close as possible to the people involved in day to day mission and ministry. This principle encourages decision making authority not to be placed centrally except for those decisions that are best made from a central position. For example, if a service can be governed and operated competently at a local level it should be allowed to do so.

Principle of Collective Action (for the Common Good)

This principle encourages us to think of the greater good or the ‘common good’ and is a critical principle to prevent selfish or silo thinking and behaviour. This principle highlights the usefulness of collective wisdom, stability and strong concerted action as opposed to many disparate voices or approaches. In this Lutheran aged and community services sector the Lutheran voice will not be heard, nor heard as ‘one voice’, in national policy debates unless services value and are committed to working together and investing time and resources at the national level. (This principle also means valuing being effectively organised at other levels too as required e.g. District level).

Principle of Governance Interdependence (or mutuality of rights and responsibilities)

This principle reminds us that we are neither alone, nor God. It reminds us that in interacting with others we have both rights and responsibilities. In complex organisations it reminds us that as a service or a ‘unit’ in the organisation we have certain rights but that as we are also part of a larger network, movement (or in our case) a church, that we also have certain obligations and responsibilities to the other parts of the Church and to be a ‘team’ player. This is the principle that reminds us that even if we have the delegated authority to self govern, we have a responsibility in a networked organisation to provide assurance to our network peers that we are governing ourselves well. This principle is critical if an organisation also supports the

principles of subsidiarity and the principle of collective action as these two principles pursued to extremes can become polar opposites.

Principle of 'Arms Length' Quality Assurance

This principle highlights one of our 'mutuality responsibilities'.

It reminds people and bodies with governance oversight responsibilities to be 'arms length' and objective in relation to the service they are overseeing. It reminds them they need to be properly assured that the service is operating appropriately and that this assurance task is a solemn governance responsibility.

If we are the person or body required to do the 'assuring', this principle reminds us of the good reasons and necessity for us to always act as a 'servant' manager or 'servant' governor demonstrating our stewardship to those in oversight positions above us (such as Members, Owners or Owner representatives).

Principle of Performance Triggered Oversight

Said simply, this principle means that those persons, units or agencies that are performing well need less supervision and oversight than those that are not.

Typically key performance indicators (KPIs) are agreed between the parties involved along with triggers for supervisory support and/or intervention. The KPIs are monitored. Over time those units or services that consistently achieve all, or the majority of, their KPIs are given more scope for self governance and a less restrictive quality assurance reporting regime. Obviously those units or services that consistently struggle in achieving the agreed KPIs require more support and supervision by the overseeing body.

LCA Principles of Dialogue

1. Communion: Because God has gathered us in communion with one another, there is freedom to dialogue with one another on potentially contested matters
2. Trust: Because God has made us brothers and sisters in Christ, we can trust God to use our communion to build us up in love and overcome any mistrust that may affect our capacity to dialogue openly with each other
3. Listening: As we listen we will grow in understanding of ourselves, of other people and the opinions they hold, and of God's will
4. Speaking: As we speak we will grow in understanding of ourselves, of other people and the opinions they hold, and of God's will
5. Patience: We can be patient in listening and speaking with each other, trusting that God will deepen the unity he has already given us.

Appendix 25: LCA Governance Standards for Lutheran Aged & Community Services

Based on the quality improvement recommendations in Report 1 of this Dialogue and the subsequent discussions at the 'Options For Our Future' Workshop at Nundah, there appears support for the LCA to co-design with the Lutheran aged & community services sector a set of enhanced governance standards for these services.

This appendix is a first draft attempt based solely on the matters that found general agreement in the discussion groups at Nundah. (It is acknowledged other 'standards' could also be included in subsequent drafts such as the minimum standards outlined in the LCA Governance Framework and LCA Strategic Directions – as well as those from peak governance bodies).

Current LCA Governance Vision

"We are at all levels well governed, run with effective structures and processes, financially sustainable, professional and accountable" (LCA Strategic priority 3, LCA Strategic Direction p16).

Draft Agreed Governance Standards (per feedback)

1. Constitutions are up to date and ensure the purpose and scope of the service is clear
2. The service operates in a way that meets or exceeds all registration and regulatory requirements placed on it such that it can be assessed independently as a 'quality service'
3. For those services for which the church is not the sole Member, there is an adequate number of non-Director Members so as to enable Members to exercise due control over the governing body as and when required
4. The Governing Body meets or exceeds ACNC Member accountability requirements
5. Organisational Members are regularly provided with guidance/training on their responsibilities by the organisation
6. Members of governing bodies are primarily recruited based on their demonstrated skills in governance and are recruited in a rigorous and transparent way
7. A Lutheran ethos is assured within the governing body & in the service, by the service utilising all the LCA endorsed theological resources for this sector and by the governing body having regular access to an accredited Lutheran spiritual advisor

8. A discussion about the duties and responsibilities of members of governing bodies is conducted and minuted by the governing body at least annually
9. All members of governing bodies undertake regular governance training to ensure they remain up to date in regard to modern governance principles and practices
10. Governing Bodies work to a formal and documented 'work plan' to ensure that all areas of governance oversight are adequately addressed by the governing body over a reasonable period of time (e.g. annually)
11. The Governing Body ensures that there are adequate governance & strategic 'lead' policies/by-laws for the organisation and that these policies are documented and being implemented
12. The Governing Body ensures that any 'cutting edge' and/or controversial policy areas are addressed in a way that gives clear guidance to the managers and/or operators of the service
13. The Governing Body ensures there is an adequate strategic plan in place
14. The Governing Body is active in overseeing compliance
15. The Governing Body ensures there are adequate risk management systems in place for the service and is active in monitoring risk, including reputational and financial risk
16. The Governing Body ensures there is a 'continual learning' & 'seek help early' culture in both the governing body and the service
17. The Governing Body ensures there is a quality induction process for new chief executives and that any person reporting to the governing body is adequately supported and supervised utilising modern human resource practices (such as regular performance feedback sessions)
18. Services collaborate with other Lutheran services where possible
19. Services maximise opportunities to connect with Lutheran congregations
20. Services actively participate in the wider network and fellowship of the Lutheran Aged & Community Services sector
21. The Governing Body arranges on a regular basis to have its performance as a governing body assessed and the governing body subsequently acts to improve its performance.

Appendix 26: LCA Quality Induction Process for New Members of Governing Bodies²⁶

An indication of good governance in a church not-for-profit board is reflected in the on-boarding/induction process of new members of governing bodies. If done well, induction sets the tone of governance that is expected and makes it clear to a new director what is required.

The best governing bodies provide new directors a type of "Directors Handbook", either in hard cover in a binder or in an electronic library where all of the documents are accessible. (Note, some members of governing bodies prefer the hard copy binder because they can place it on a shelf as a resource and access it when needed).

Such a handbook would include:

Purpose of the organisation & key powers & policies of the governing body:

- The organisation's Constitution
- Listing/Summary of any By Laws
- Listing/Summary of Governing Body policies (including conflict of interest policy)

Strategic Documents:

- The organisation's Strategic Plan
- Any Long Term Finance Plans
- Any Property Development Plans

Key Operational Documents:

- Most recent Annual Report
- CE's current Annual Operational/Business Plan
- A current set of financial accounts and the contact information for the organisation's auditor
- Those operational policies of the service which are pertinent to the work of the governing body (e.g. care for the dying, anti-discrimination, privacy, confidentiality, whistleblower policies, etc.)

Key Governance Documents:

- Summary sheet or chart about how the organisation interfaces with the church

²⁶ The Reviewers thank Nancy Fox for her assistance in developing this Appendix.

- List and Summary of Board Committees
- Board Minutes for the last 12 months
- A copy of the D & O policy and Deed of Indemnity if appropriate

Administrative Helps:

- The list of governing body members showing their key skill areas, contact details, committee membership and tenure.
- A more detailed Board 'skills matrix' if the governing body maintains one
- An organisation chart for the service.

One could also consider that as part of the induction process, CEOs and Board members are installed into their roles during a church service.

Appendix 27: LCA Continuing Governance Education Benchmark Document

This is a draft policy relating to the continuing education of members of Lutheran aged and community services governing bodies.

Draft Policy

Importance of Ongoing Professional Development

All members of the governing body recognise the importance of undertaking regular governance training to ensure they remain up to date in regard to modern governance principles and practices.

Annual 'Continuing Education' Plan

Annually the governing body discusses and agrees on what continuing education each member of the governing body should achieve over the next twelve months.

These agreements are minuted.

Options for such continuing education (based on the skill levels and needs of individual members) could include (in preference order):

1. Attendance at a governance skills course (such as offered by the Governance Institute of Australia or the Australian Institute of Company Directors)
2. Governing Body organised speaker
3. Attendance at a relevant Governance conference
4. Governance discussion at Board meeting
5. Governance discussion a relevant external meeting
6. Private readings.

Appendix 28: Possible 'LACSA' Membership Structure & Requirements

This is a very simple draft outline of a possible Lutheran Aged and Community Services sector national association for discussion purposes only. Solely for the purposes of this Appendix the association is titled Lutheran Aged & Community Services Australia (LACSA).

Purpose of LACSA

To both support LACSA members and to provide a governance 'quality assurance' function on behalf of the Lutheran Church of Australia.

Ownership of LACSA

The Lutheran Church of Australia, jointly between GCC and DCCs (delegated to GCC).

Membership of LACSA

Aged care and community services organisations that meet LACSA membership requirements (see below).

Size of LACSA

LACSA is envisioned to be a 'lean machine' and not a large body in the foreseeable future employing only one or two staff.

Governing Body of LACSA

- Governing Body is a seven person Board of Management
- GCC appoints 4 persons to the Board of LACSA (two being governance experts, one a GCC representative and one a 'District level' representative)
- Member organisations elect 3 persons to the Board of LACSA.

Membership Classes

1. Small Unregulated Services (annual income less than \$500,000)
2. All other Small Services (annual income less than \$1,000,000)
3. Medium size Services (annual income between \$1m & \$10m)
4. Large size Services (annual income over \$10m).

Membership Requirements

1. An application by an organisation seeking membership would be interpreted by a jury of reasonable people that the purpose of the organisation seeking membership is to further the objectives of the Lutheran church in the areas of aged care and/or community services
2. The applicant meets the LACSA minimum requirements for governance.

Funding of LACSA

LACSA is jointly funded by Member organisations and the Lutheran Church of Australia.

Appendix 29: Emergency Intervention Protocol by LCA

Context for this Policy

The Lutheran Church of Australia wishes to see a thriving and growing ministry to human need through the many aged care and community services associated with the LCA. It also hopes this sector will operate independent from church intervention because of the calibre of the people involved in the governance and management of these services and because of the quality and effective governance and management processes in place within each of these services. That is, the LCA sees intervention by itself into the governance or management of these services as an action of 'last resort'.

Purpose of this Policy

This policy is to enable the LCA to fulfil its support and supervisory responsibilities in regard to aged and community services associated with the LCA and to provide assurance to the many Lutheran aged and community services that the church has the interest of the sector as a whole at heart.

Triggers for implementation of this policy by LCA

- The governing body or it's senior manager requests the LCA to intervene
- There is evidence that ACNC Standards are being breached or the ACNC or other regulatory or accrediting body indicates it is about to intervene
- The ACNC or other regulatory or accrediting body places sanctions or other serious notices and/or restrictions onto a service
- There is evidence of a breach of the LCA Standards for Governance in aged & community services - refer Appendix 25 (for example, evidence of impropriety, evidence of insolvency, evidence of loans failure, evidence of very poor service delivery, controversial death, personnel scandal, serious cultural issues such as mismanagement or secularisation of service)
- LCA receives complaints (e.g. by a 'whistleblower') about the service that it assesses as credible and serious enough for intervention (i.e. serious breach of the LCA Standards for Governance in aged & community services).

Principles that will Guide Intervention by LCA

- Principle of Fairness and Due Process
- LCA Principles of Dialogue
- Principle of Subsidiarity
- Principle of Collective Action
- Principle of Mutuality of Governance Rights and Responsibilities
- Principle of 'Arms Length' Quality Assurance
- Principle of Performance Triggered Oversight.

(an explanation of the last six principles above can be found in Appendix 24).

Framework for Intervention by LCA

Except for emergency or criminal matters:

- The LCA will liaise with the relevant governing body in the first instance about the intervention issue and offer support
- A hierarchy of support options will be offered by the LCA before it considers any ‘forced’ intervention options. Such a hierarchy of requested support could include:
 1. Clarifying if the issue is valid
 2. If the issue is proved invalid assisting the service in its communications and public relations about the issue
 3. Informally facilitating discussions to resolve issue
 4. Organising coaching/mentoring support as requested
 5. Brokering appropriate supports for the organisation so it can overcome the issue
 6. Formally mediating discussions to resolve issue
 7. Appointing an observer/mentor to the governing body
 8. Appointing an observer/mentor to the service manager
 9. Overseeing the review of policies
 10. Overseeing the review of a specific course of action
 11. Conducting a formal review of the issue
 12. Arbitrating discussions to resolve the issue.
- A hierarchy of ‘forced intervention’ options will be identified from the least intrusive to most intrusive and this hierarchy will be followed except in exceptional circumstances. Such a hierarchy would include all of the above listed interventions and typically only then followed by:
 1. Terminating the services of one or more members of the governing body (including the Chair if necessary)
 2. Terminating the services of all members of the governing body and putting a short term replacement mechanism in place (e.g. an Administrator).

In criminal matters the issue will be referred to police on the advice of LCA lawyers and any other actions by LCA will be consistent with the following.

In other emergency or exceptional circumstances it may not be possible to follow the intervention hierarchy outlined above. Decisions in these circumstances will be guided by (in order):

- Relevant law
- The needs of Service Users
- The good name of Lutheran Aged Care and Community Services sector
- The good name of the Lutheran Church of Australia.

Appendix 30: Existing LCA Policy in Regard to Governing Body member recruitment

(This policy was adopted by General Synod 2006).

MEMBERSHIP OF GOVERNANCE BOARDS IN SPECIAL CIRCUMSTANCES

UNDERLYING PRINCIPLES

The Lutheran Church exists to achieve its objects. All national, District and local bodies have a primary focus on the achievement of these objectives.

The church consists of people who subscribe to the confessions of the church and its mission to the world and have a personal calling to service and witness. The church has established various arms and institutions to help it carry out its mission to provide worship, nurture and fellowship to assist its members in their service and witness.

The church has established a range of Institutions to assist in its mission.

Governance:

Governance bodies are defined as those who typically set policy, appoint key staff and generally oversee the running of various institutions in keeping with the policies of the Church.

Lutherans, who by virtue of their membership of the LCA commit to the mission of the church, should undertake governance of Lutheran organisations.

On occasions there may be specific circumstances where it may not be possible for all positions on governance bodies to be filled by members of the LCA and the appointment of a non-Lutheran is required. Such an appointment may also be necessary where specific expertise is needed or where it is desirable to have representation from a particular section of the community that is being served.

This policy stands except in those cases where arrangements with governments have prescribed community representations (e.g. the governance bodies of some pre-schools).

Principles for Appointing Non-Lutherans:

The following circumstances will be considered for approval for non-Lutheran membership of a governance body.

The body that normally elects or appoints the Governance body may appoint a non-Lutheran member (NLM) on the following conditions:

- i) not more than two (2) or a maximum of 20%, whichever is the lesser of the total membership of the governing body, may be NLM.
- ii) all NLMs will be practising members of a Christian congregation,
- iii) NLMs may not hold the positions of Chair, Vice-Chair or Secretary nor vote on constitutional issues.

Notwithstanding the above policy a special concession may be granted to governance boards of Lutheran aged care services on the following basis:

Clause i) may be altered to read 'three (3) or a maximum of 25% whichever is the lesser

Where that concession is granted, the following words are inserted into clause iii) after "vote on constitutional" and foundational policy issues, and a new clause iv) is added to read

- iv) the body which elects or appoints shall determine which issues are foundational and constitutional.

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