



PERTH DIOCESAN TRUSTEES GOVERNANCE

Approved by The Perth Diocesan Trustees
Review Due

July 2014

PREAMBLE

The Perth Diocesan Trustees (“PDT”) are committed to best practice standards of governance.

The ‘Corporate Governance Principles and Recommendations (as amended 2010)’ published by the ASX Corporate Governance Council serve as the guiding principles for the development of Corporate Governance policy within the Diocese. Whilst the ASX recommendations were developed for publicly listed companies and it is recognised that some of the provisions do not therefore apply to PDT, they serve as the benchmark for our approach to Corporate Governance.

Synod, Diocesan Council (‘DC’) and PDT have adopted a strategic plan (Mission Plan 2008-2012), short- and long-term performance objectives, and budgets such that the Diocese has clear directions.

1 LAY SOLID FOUNDATIONS FOR MANAGEMENT AND OVERSIGHT

PDT in consultation with DC has the following overall responsibilities:

- Charting the direction, strategies and financial objectives for the Diocese and monitoring the implementation of those policies, strategies and financial objectives;
- Monitoring compliance with regulatory requirements and ethical standards; and
- Assisting the Diocese fulfil and maintain its mission and carry out its vision.

Within the context of the overall responsibilities set out above and in addition to matters expressly required by law to be approved by the Trustees, PDT have the following **specific** responsibilities:

1.1 Specific Responsibilities of The Perth Diocesan Trustees are set out in the Anglican Church of Australia (Diocesan Trustees) Act 1888, The Anglican Church of Australia School Lands Act 1896 and the Statutes of the Anglican Diocese of Perth including the Diocesan Trustees’ Statute 1952-1990. These and more general responsibilities can be summarised below:

- Hold as registered proprietor all real estate beneficially owned by the diocese, parishes or any trust of which the Trustees act as trustee;
- Administer trusts such as the Cathedral Square Foundation, Bishop Hale’s Trusts and the H1 and H7 Trust on behalf of the respective beneficiaries of those trusts;
- Enter into, enforce and comply with all legal agreements and contracts on behalf of the Diocese and its Worshipping Communities, organisations and institutions which are not separately incorporated;
- Act as the designated employer of people employed by the Diocese and its Worshipping Communities, organisations and institutions which are not separately incorporated;
- Invest on behalf of any trust of which it acts as trustee, any monies or property forming part of that trust;
- Purchase, develop and sell any real estate such as parish and church sites or a trust of which it acts as trustee.
- Constructively challenge and contribute to the development of strategy;
- Take reasonable and proper steps to satisfy themselves that financial information is accurate, and that there are adequate and proper financial controls and systems of risk management and that the controls are maintained and the systems robust;

PERTH DIOCESAN TRUSTEES POLICY 46.1



- Review and where appropriate, constructively challenge proposals presented by management;
- Request additional information where they consider that the information supplied by management is inadequate to support informed decision-making;
- Monitor and assess management’s performance in carrying out any strategies, meeting any objectives and observing any budgets approved by PDT, and to ensure that sufficient resources are available to management for those purposes;
- Ensure that appropriate internal and external audit arrangements are in place and operating effectively;
- Approve commitments in excess of discretionary limits that it may have from time to time delegated (refer delegation policy 20) to the Diocesan Secretary;
- Approve each of the following:
 - the budget, at least annually;
 - significant changes to organisational structure;
 - any changes to the discretions delegated from PDT.
- Review on a regular and continuing basis:
 - Executive succession planning (in particular for the Diocesan Secretary); and
 - Executive development activities.
- In performing the responsibilities set out above:
 - PDT should at all times, act in accordance with the duties and obligations imposed upon them.
 - PDT may delegate its responsibilities to Committees,
- PDT should satisfy itself that processes and plans are in place to maintain an orderly succession of appointments to PDT and an appropriate balance of skills
- Inform themselves to the fullest extent possible of the subject matter of all decisions they are called upon to make
- Approve the sale of any assets to a related party (such as a Trustee, clergy, lay staff, parishioners, relatives of Trustees or Anglican School or Agency) which must be transparent, without favour and at market value; other than that allowed for under delegation Policy 20, Section 6.2.

1.2 Ex-officio Appointments

Individual Trustees are also ex-officio members of the following Associations:

- Diocesan Synod – Clause 1(1)(d) of The Constitution Act of the Diocese of Perth 1871-2003,
- Amana Living Inc (AHI) – Clause 8(b) of the AHI Constitution
- The Amana Living Foundation Inc (AHF) – Clause 11(b) of the AHF Constitution
- Anglican Schools Commission (ASC) – Clause 6(a)(ii) of the ASC Constitution
- Anglican Community Fund (Inc) (ACF) – Clause 5.1(a)
- Anglicare WA (Inc) – Clause 8(1)(b)
- Meath Care (Inc) – Clause 11A of the Meath Constitution
- Parkerville Children and Youth Care Inc – Clause 3(b) of the Parkerville Constitution.

1.3 Meeting requirements as defined by relevant Statutes

Requirements	PDT
Meetings per annum	Not specified, normally 10 annually.
Quorum	5 trustees
Voting	Each trustee one deliberate vote

PERTH DIOCESAN TRUSTEES POLICY 46.1



Resolutions	Majority of those present if votes are equal the Chairman will have a second or casting vote
--------------------	--

1.4 Role of Trustees, and Senior Executive:

1.4.1 Role of Chairman of PDT (PDT will elect a Chairman from amongst the Trustees)

- Leadership of and effective performance of Trustees
- Setting the agenda for PDT meetings, in consultation with the Diocesan Secretary
- Overseeing the provision of information by management to PDT, and ensuring the adequacy of that information;
- Arranging evaluation of the performance and remuneration of the Diocesan Secretary at least annually in consultation with the Diocesan Treasurer.
- Approving the Diocesan Secretary's leave and expenses.
- The Chairman is an ex officio member of Archbishop's Stipend Sub-Committee (Archbishopric Statute 1978)

1.4.2 Role of Diocesan Treasurer

- PDT shall appoint The Diocesan Treasurer from amongst the Trustees
- The Diocesan Treasurer will:
 - Chair the Diocesan Budgeting Group
 - Chair of the PDT Audit and Risk Committee
 - Perform specific duties as prescribed by the Audit sub-committee and relevant Statutes, including the Assessment Statute 1974.
- The Diocesan Treasurer is an ex officio member of the following:
 - Diocesan Council (Diocesan Council Statute 1888).
 - Archbishop's Stipend Sub-Committee (Archbishopric Statute 1978)
- Co-sign the statement by DC and PDT that is annexed to the audited financial statements before they are presented to Synod.
- Advise the Executive and Management Teams on financial matters, as required.
- Review the salary of the Diocesan Secretary annually in conjunction with the Chair of the PDT.

1.4.3 Role of Diocesan Secretary/Executive Officer

- The Diocesan Secretary is responsible to:
 - PDT through its Chairman in respect to its business and the administration of Diocesan Office;
 - Synod and Diocesan Council through its President (the Archbishop) with respect to its business.
 -
- He or she will provide high level organisational and strategic support to the ministry of the Archbishop and support the Archbishop and Diocesan Council in the implementation of the Diocesan Vision and Mission Plan.
- Within established policy and in accordance with delegated authority, directs and is responsible for the management of the commercial and some non-commercial assets and activities, corporate administration and management services relating to the Diocesan Trustees, Provincial Council and other bodies as may from time to time be necessary.

1.4.4 The functions of Diocesan Council and PDT delegated to management are set out in Policies numbers 9 and 20.

1.5 Gifts to Retiring Trustees

PERTH DIOCESAN TRUSTEES POLICY 46.1



Trustees and DC Members take on their roles as a contribution to society and to the work of the Anglican Church and are not remunerated for their time. While Trustees should not seek to be rewarded for their contribution, it is recognised that the organisations often benefit greatly from the input of Trustees and DC Members, sometimes over an extended period of time.

It is considered appropriate for the Chairman to exercise discretion as to whether a gift to a retiring Trustee or DC Member should be made. No gift is to exceed the value of \$250.

On notification of the retirement of a Trustee the Chairman is to determine whether a gift should be made and inform the Diocesan Secretary who will organise the purchase of any gifts to be made.

2 STRUCTURE TO ADD VALUE

2.1 The Perth Diocesan Trustees

The composition of the PDT reflects the range of experience and skills required both to pursue the strategic directions of the Diocese and to ensure good governance.

The governance structure of the PDT is such that it displays independence from executive management and the PDT is in a position to access independent advice as necessary.

The Diocesan Trustees' Statute 1952-1990 regulates the operation and method of election of the Trustees.

There are 11 Trustees comprising:

- the Archbishop ex officio,
- two clerical Trustees nominated by the Diocesan Council for a term of 3 years;
- two Trustees (at least one of whom shall not be Clergy) nominated by DC for a term of 3 years;
- six lay Trustees elected by Synod for a term of 9 years.

The Trustees elect their own Chairman, select a Treasurer from amongst their number and appoint a Secretary who is thereby Executive Officer and Diocesan Secretary.

A Nomination Committee is in place to make recommendation for appointments of Trustees and the appointments to various Diocesan bodies.

2.2 Committees

PDT may from time to time establish Committees to advise and assist them carry out their responsibilities. The members may be persons who are not trustees. Power delegated to a committee is to be strictly defined and such committee is to report to PDT.

2.2.1 PDT shall as a minimum establish the following Committees; all members are appointed by PDT for a term of three years:

Nomination and Governance Committee assists PDT to:

- Make recommendation for PDT appointments to the various Anglican bodies and for the appointment of Trustees.
- Review and monitor governance and controls.

Audit & Risk Committee assist PDT to:

- Discharge its responsibilities for financial reporting and the maintenance of systems and controls including:
 - the improvement and quality of financial reporting,
 - ensuring the Trustees make informed decisions regarding accounting policies and practices,



- and to review the scope and outcome of audits.
- Review annually the Risk Management Policy to ensure all areas of significant risk are identified and appropriate risk management systems and controls are in place.

Strategic Investment Committee with the following sub committees assist PDT to:

- set overall asset class allocation and targets for the Diocese and to reviews these from time to time in light of changing economic circumstances
- Taking into consideration the Trust Funds Statute and composition and objectives set out in Policies 25, 50 and 52.

The following two sub committees will give advice on the investment of assets within their respective allocations and report directly to PDT.

Investment Sub Committee This sub-committee gives advice to Trustees on all investments (other than property related); and are guided by Policies 25 and 52).

Property Sub Committee:

The sub-committee is responsible for analysing property related investments on behalf of the Trustees and particularly those properties purchased as assets for the various trusts managed by the Trustees; and are guided by Policies 25 and 50).

3 PROMOTE ETHICAL AND RESPONSIBLE DECISION-MAKING

The following Code of Conduct for Trustees and Senior Executive is based on the Diocese's core beliefs and principles and the Code of Conduct (as amended) of the Australian Institute of Company Directors and the **following principles:**

- Promote a culture with Trustees that promote active thinking, robust discussion, and challenging (where appropriate) of management reports.
- Encourage staff at all levels to raise issues without fear of retribution.
- Staff at all levels to be treated in a consistent manner for their successes and failures.
- The Diocesan Secretary to be responsible for reporting and investigating reports of unethical behaviour.
- Maintain independence of Trustees
 - Trustees should be independent of management and free of any business or other relationship that could materially interfere with the exercise of their unfettered and independent judgment.
 - If a Trustees becomes aware of any information, facts or circumstances which will or may affect their independence they must immediately disclose all relevant details to the Diocesan Secretary, and or PDT Chairman.
 - Policy 21 addresses in detail aspects of conflict of interest, and pecuniary benefits as they may relate to Trustees.

3.1 Code of Conduct: Diocesan Organisation

Trustees and Senior Executive:

- Must act honestly, in good faith and in the best interests of the Diocese as a whole.
- Must use care and diligence in fulfilling the functions of office and exercising the powers attached to that office.
- Must use the powers of office for a proper purpose, in the best interests of the Diocese as a whole.



- Must recognise that their primary responsibility is to the Diocese as a whole and should, where appropriate, have regard for the interests of Worshipping Communities, and other Diocesan groups and organisations.
- Must not make improper use of information acquired as a Trustee, DC member or Senior Executive.
- Must not take improper advantage of the position of a Trustee, DC member or senior staff.
- Must properly manage any conflict with the interests of the Diocese.
- Have an obligation to be independent in judgment and actions and to take all reasonable steps to be satisfied as to the soundness of all decisions taken by the Trustees, or Senior Executive.
- Must keep confidential information received by a Trustee, or Senior Executive in the course of the exercise of PDT it remains the property of the Diocese and that it is improper to disclose it, or allow it to be disclosed, unless that disclosure has been authorised by that Diocese, or the person or organisation from whom the information was obtained provided, or as required by law.
- Should not engage in conduct likely to bring discredit upon the Diocese or any other Diocese organisation.
- Have an obligation, at all times, to comply with the spirit, as well as the letter, of the law and with the principles of this Code.

3.2 Diversity Policy

Recognising the benefits that arise from diversity, PDT is committed to encouraging diversity throughout the Diocese.

Bearing in mind the constraints of the Diocesan Council Statute 1888 and the Diocesan Trustees' Statute 1952-1990 vis a vis appointments to PDT a transparent process of nomination and review will ensure that diversity is effectively reflected in the overall composition of PDT.

4 SAFEGUARD INTEGRITY IN FINANCIAL REPORTING

PDT has established an Audit Committee and management reporting processes to assure themselves that they are receiving accurate and timely information on the state of the Diocese's finances. Financial statements are audited annually by independent external auditors appointed by PDT.

The composition and objectives of the Audit Committee are set out in Policy number 22.

5 MAKE TIMELY AND BALANCED DISCLOSURE

PDT has established standards and processes that govern disclosure of conflicts and potential conflicts of interest such that decision-making cannot be inappropriately influenced by private and/or personal interests.

6 RESPECT THE RIGHTS OF INTERESTED PARTIES

PDT has built into the Code of Conduct (in 3.1 above), processes and appropriate disciplines such that the interests of interested parties are considered at all times. The actions of PDT collectively, and of the Trustees individually, should aim to achieve outcomes in the best interests of all interested parties.

The rights of interested parties will be effectively exercised by PDT through the provision of financial and activity reports, and external auditor's reports, at the annual Diocesan Synod, which is a major forum where interested parties of the Diocese can be provided with information on the activities and financial performance of all Diocesan organisations.



Synod members will be encouraged to participate actively in relevant discussion. Appropriate information will also be available on the Diocesan website.

A Code of Statutes will be made available to all clergy licensed to a Worshipping Community Diocesan Statutes and Policies will be accessible on the website to clergy and office holders of all Worshipping Communities.

7 RECOGNISE AND MANAGE RISK

PDT is committed to the management of risk throughout the operations of the Diocese to protect its parishioners, its employees, assets and reputation. PDT have implemented a risk management framework, which is designed to identify the sources of risk, quantify the impact, and control or reduce the risk through practical and cost effective control measures.

This framework includes a management system which requires awareness and action from all employees. In addition, PDT uses risk-financing techniques, including insurance, to reduce the financial impact of any controllable or catastrophic losses. The Diocese carries sufficient insurance for the size and nature of its operation. Adequate insurance is also obtained for the protection of Trustees as detailed below.

7.1 PDT Responsibilities

PDT is responsible for:

- annually reviewing and endorsing the Risk Management Policy;
- reviewing areas of significant business risk;
- providing feedback to the Executive regarding risk management systems and controls.

7.2 Management Responsibilities

Management is responsible for:

- committing to the process and communicating that commitment to clergy, lay volunteers and employees;
- establishing an appropriate framework in which effective decisions and actions can be taken and reviewed annually;
- utilises external specialist as required;
- establishing, maintaining and operating an appropriate framework of organisational controls to ensure that policies and procedures (processes) are implemented and followed;
- establishing a risk-aware culture, which reflects the risk policy and philosophy of the Diocese.

7.3 Responsibilities of clergy, lay volunteers and employed staff

All clergy, lay volunteers and staff are responsible for:

- the adherence to the quality Risk Management Policy;
- communicating potential and actual risks and suggesting required actions.

7.4 Relevant Policies

Policy 39 – Risk Management sets out the processes and reporting arrangements established by PDT to assure themselves that all risks are identified, analysed, managed and reviewed so that the long-term interests of the Diocese are protected and exposure to risk is minimised and controlled.

Policy 45 – Screening of Church workers outlines the requirements for various Church Workers in the Diocese in relation to Police Clearances and Working with Children Checks. These background checks assist with providing Safe Ministry and good corporate governance.



7.5 Liabilities of Trustees, DC Members and Insurance Cover

7.5.1 Trustees need to be aware of some of the areas of law where they face potentially significant liability;

- Employment Law
- Discrimination and Equal Opportunity
- Sexual Harassment
- Environmental Law
- Occupational Health & Safety

7.5.2 The following insurance policies are in place and provide cover to Trustees for any claims made against them in the course of their duties. This is a summary only and cover is subject to the terms, conditions and exclusions of the policy documents.

- Directors & Officer's Liability
- Professional Indemnity
- Statutory Liability
- Public Liability
- Employment Practices Liability

7.5.3 **Professional Indemnity Policy** protects the Diocese, Trustees against any claim made for breach of professional duty by reason of any negligent act, error or omission.

7.5.4 **The Directors and Officers Liability Policy** provides cover in respect of the personal legal liability of the Trustees their errors, misstatements or breaches of duty committed in good faith in their official positions.

7.5.5 **Statutory Liability Policy** provides cover for fines arising out the breaches of some State and Commonwealth legislation.

7.5.6 **Public Liability** provides protection for claims where the Diocese is legally liable for personal injury to or damage to property of third parties.

7.5.7 **Employment Practices Liability** indemnifies employers in respect of claims for breaches of employment practices legislation.

8 REMUNERATE FAIRLY AND RESPONSIBLY

Clergy remuneration is reviewed biannually by the Provincial Stipends Committee. Diocesan Council fixes the minimum stipends and allowances for clergy based on the recommendations of the Committee.

The Senior Stipends Committee meets as required to consider the basis of remuneration of the Archbishop. (Archbishopric Statute 1978).

The Diocesan Secretary's remuneration is reviewed by the Diocesan Treasurer and Chairman of PDT.

PDT is responsible for the recruitment and selection, remuneration and performance management of the Diocesan Secretary.

The terms of employment of other lay staff are set out in PDT Policy 1 – Operational/Lay Employees. Remuneration of these staff, unless linked to a particular award, will be reviewed annually by the Diocesan Secretary and increases approved as part of the budget process.

Superannuation for operational/lay employees is paid in line with government legislation.