



**CHANGING GOVERNANCE
EXPECTATIONS:
IMPLICATIONS FOR
FAITH-BASED
ORGANISATIONS**

**GOVERNING FOR SUSTAINABLE
HUMAN DEVELOPMENT AND THE
COMMON GOOD**

Immersion Tour and Roundtable

Patrick McClure, AO

ACNC REVIEW 2018

- 172 submissions, 215 stakeholder consultations
- 48,000 registered charities, \$129 billion economic contribution, 1 million employees
- Sources of revenue: 50% user pay services, sales, member fees; 43% government grants; 7% donations
- 160 very large entities >\$100m revenue; 8,293 large entities > \$1m; 7,471 medium entities \$250K - \$1m; 31,327 small entities < \$250K
- Disruption in sector: outsourcing, global economy, competition from international and national corporates, consolidation, regulation



ACNC REVIEW: BASIC RELIGIOUS CHARITIES (BRCs)

- 8,000 (16%) BRCs with purpose of “advancing religion”
- BRC exemption from financial reporting requirements, governance standards and regulatory power to remove and replace responsible persons
- Opposition to BRC exemption by ALP, Greens, public (no 2 ranked issue in submissions, consultations), especially if BRC receives government funding or tax exemption
- Morrison government: no change; future government:?



ACNC REVIEW: FUNDRAISING

- Fundraising harmonisation across state and commonwealth jurisdictions (No 1 ranked issue)
- Amend Australian Consumer Law (ACL) to ensure application to fundraising, working with state and territory to repeal fundraising laws, and develop a mandatory code of conduct to reduce administrative burden on the sector
- State government support, Commonwealth leadership lacking



ACNC REVIEW: ADVOCACY

- Right to advocate (no 3 ranked issue). Charities Act s12(1): charities may advocate any matter of law, policy or practice linked to their charitable purpose
- Charities Act S11: disqualifying purposes include promoting activities that are unlawful or contrary to public policy; or promoting or opposing political party or candidate for political office
- Ambiguity around threshold between issues-based advocacy linked to a charitable purpose and activities linked to a political purpose that constitute disqualifying purposes
- Test case funding to develop the law in matters of public interest including disqualifying purposes



GOVERNANCE

“A common misconception about corporate governance is that it is only about the board.

In practice, however, it is about the policies, processes, and procedures of the organisation that guide how the company sets strategy, manages risk, monitors its assets and resources, satisfies its legal and regulatory obligations, and communicates with internal and external stakeholders.

Most importantly, corporate governance is about the right tone and culture throughout the entire organisation.”

KMPG, Governance Risk Compliance Journal, Edition 1, 2014



NFP GOVERNANCE PRINCIPLES (AICD)

1. Purpose and Strategy
2. Roles and Responsibilities
3. Board Composition
4. Board Effectiveness
5. Risk Management
6. Performance
7. Accountability and Transparency
8. Stakeholder Engagement
9. Conduct and Compliance
10. Culture

GOVERNANCE LESSONS FROM HAYNE RC 2019

- In whose interest are you acting? Customer, stakeholders and shareholders
- Act in the best interest of the company, for a proper purpose, over the long-term
- Board members need to understand the business and have oversight of risk management: WHS, finance, operations, compliance, complaints
- Competence of the Board to challenge management
- Remuneration incentives: balanced scorecard including customer well-being



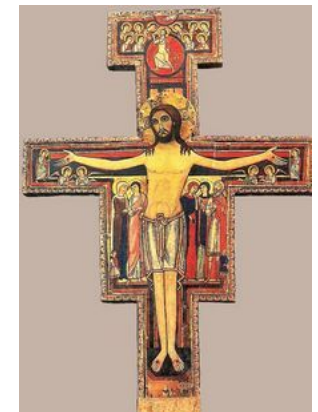
GOVERNANCE AND A CULTURE OF SEXUAL ABUSE

- International challenge for Church and its clerical governance model: commissions and/or inquiries in USA, Canada, UK, NZ, Ireland, Australia, Latin America, Europe, Africa, Asia
- In whose interest are you acting?
- Clericalism: Pope Francis describes it as a “pathology of ecclesial power” which institutionally separates bishops, priests and religious from lay men and women (Luciani, 2017)
- “Sex, Priests and Power: Anatomy of a Crisis” (Sipe, 1995)



“REBUILD MY CHURCH”

- 12th Century context: crusades against Muslims to occupy Jerusalem, inquisition against heretics, Pope as Emperor, hierarchical church, founding of monasteries, rise of universities, commerce and trade
- Francis of Assisi preached the gospel, lived simply (Lady Poverty), worked among lepers and respected creation (Brother Sun, Sister Moon)
- He was a poet and mystic whose inspiration was the person of Jesus and the gospel
- Movement of lay men and women, reform, care of environment and care of outsiders



POPE FRANCIS

- Prophetic role: changing model of church: living the gospel based on relationship with the person of Jesus and not just through the mediation of church structures; a church open to the poor, outsiders, those with different beliefs
 - “Laudato Si (Praise be to You)”:
 - Integral ecology linking care of the natural world to our relationship with God and others
 - Advocates reduction of carbon emissions, clean and renewable energy, access to drinkable water, respect for earth’s biodiversity
- “Pope Francis and the Theology of the People”, Luciani, 2017



MORAL CHALLENGES TO BUSINESS AND SOCIETY

- “Local and global economies must be viewed not only in terms of production and distribution, but also in terms of their impact on the environment and enhancement of the dignity and well-being of people” (Turkson, 2016)
- Business is a vocation that should aspire to:
 - Provide goods and services that serve the common good
 - Offer jobs that enhance personal growth and development
 - Generate sustainable wealth and distribute it justly
 - Use its creativity and resources to address local and global challenges



ENLIGHTENED LEADERSHIP

- IQ, EQ and SQ
- In whose interest are you acting?
- Governance principles, values
- Integral ecology linking care of the environment to relationship with God and others
- Care of the outsider
- “Rebuild my church”: implement this culture in your organisation



Thank you

Patrick McClure, AO