



sdn

children's services

2016

Annual Report

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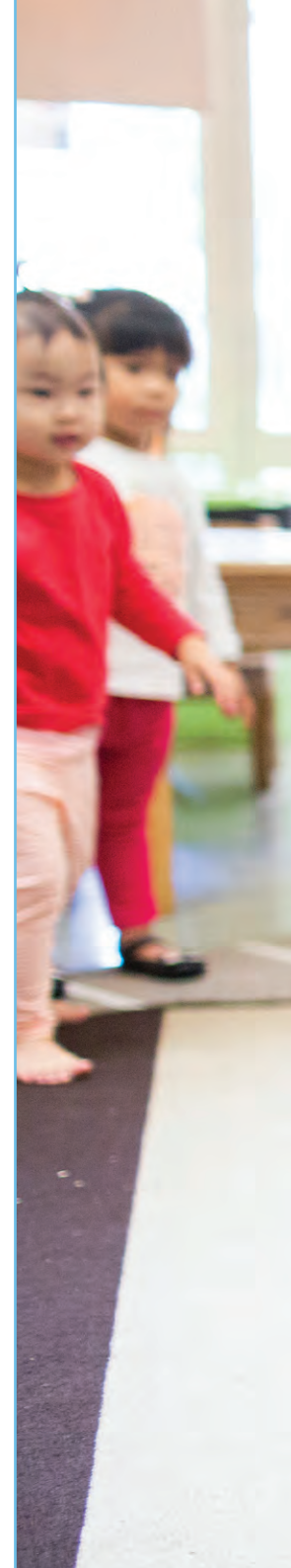
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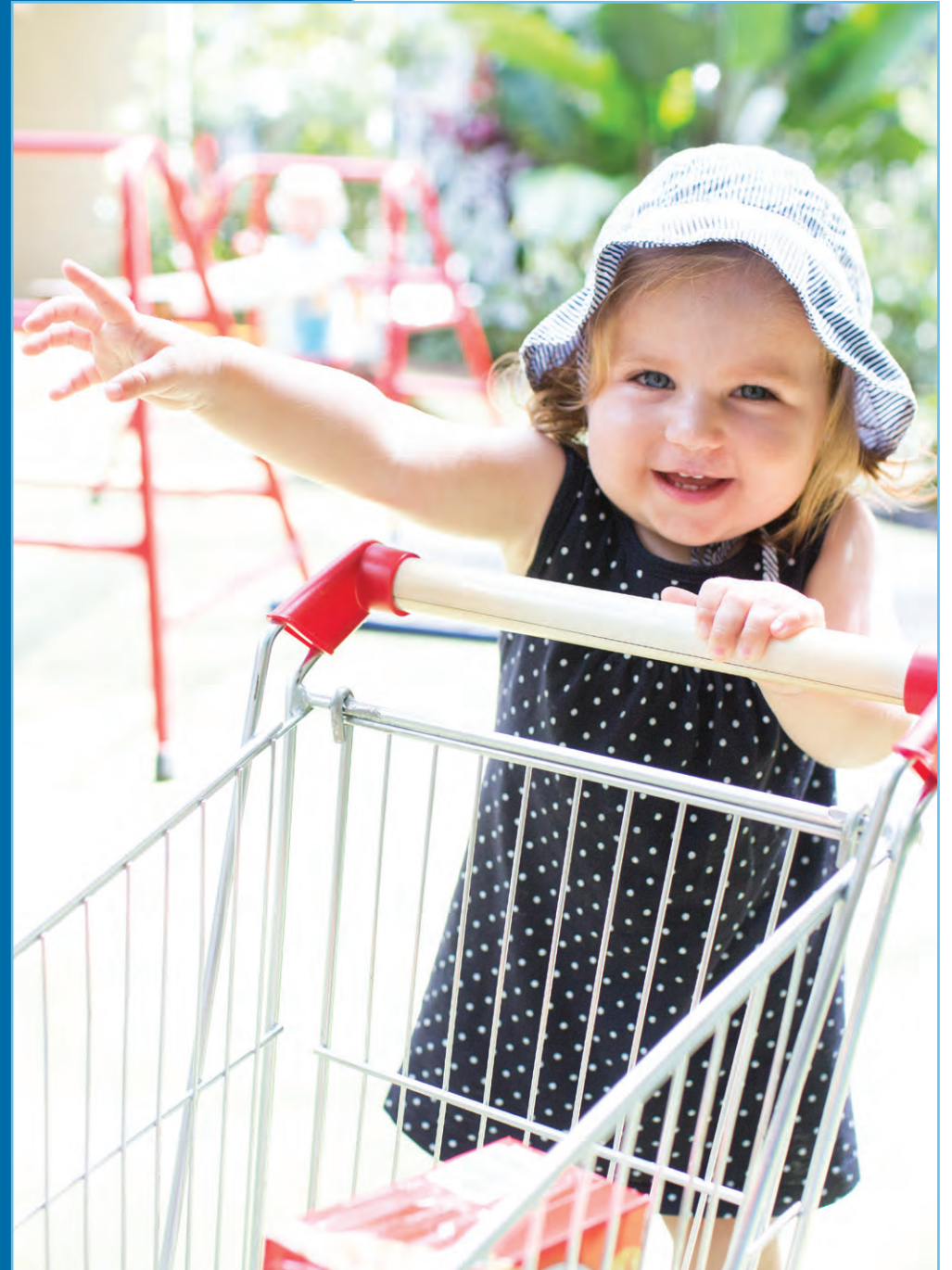
Our philosophy

We believe that every person and every living thing has inherent worth and is owed respect and care.

We believe that we live in an inter-dependent world, where we all belong and are enriched by each other's contributions.

We have always believed, since our beginnings in 1905, that the world can be a better and more equitable place, and that we can help to make it so.

We believe that potentials and possibilities are realised when everyone offers and experiences care, connection and challenge.



Our vision for the world

We are working towards a better, more equitable world where:

The promise and potential of every child is realised.

Families and communities are strong and caring.

Children's services are valued and well resourced.





Our purpose

SDN is here for children from birth, and for their families and communities. We're here for the wellbeing of children, now and for the future.



Our mission

We achieve our vision and fulfill our purpose by:

- providing high-quality, inclusive early childhood education and child care
- strengthening families and communities
- addressing inequalities faced by children.



Our values

In carrying out our mission we commit ourselves to being:

- trustworthy and reliable
- inclusive and respectful
- creative and innovative.



Who we are

SDN Children's Services is a not-for-profit organisation that has been delivering quality early childhood education and child care, disability services, and family support services since 1905. We are proud of our long history of working with children and their families, working with communities, and supporting the development of practitioners and children's services. With more than 700 staff across 30 sites in Sydney, regional NSW and the ACT, we are one of Australia's most respected children's services organisation.



Our services

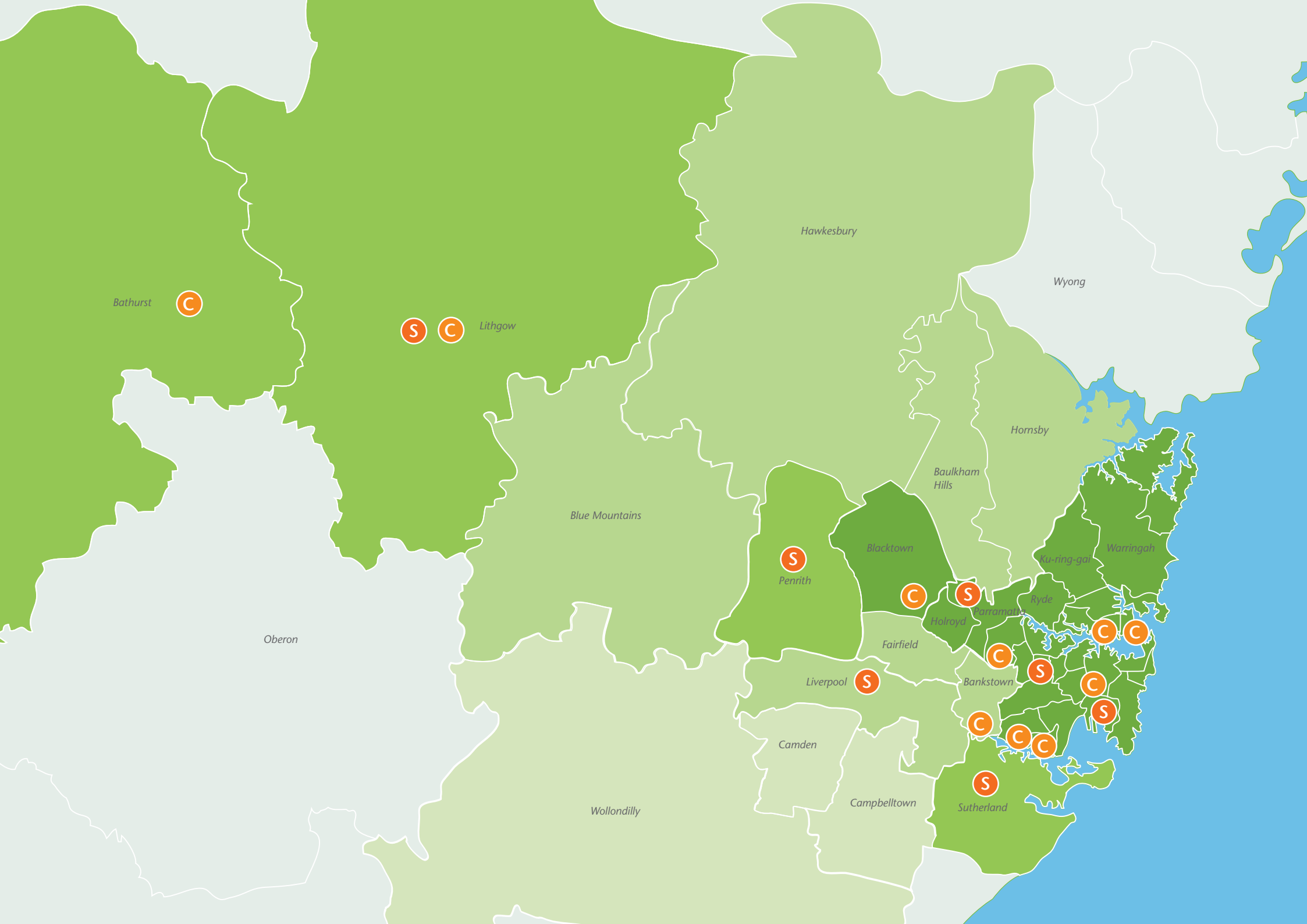
We know from research and our own experience that getting a good start in life means that a range of resources and services are needed, and are more effective if coordinated.

Our mix of professional skills means we are able to provide a range of options for children and families, including:

- ▶ early childhood education
- ▶ child care
- ▶ playgroups
- ▶ parenting programs
- ▶ family support
- ▶ therapeutic intervention
- ▶ practitioner and community capacity building.

Our person-centred, place-based Pathways Approach provides the framework for these different service models to be combined in ways that make sense to families and help children the most.





Bathurst



Lithgow

Hawkesbury

Wyong

Hornsby

Baulkham Hills

Blue Mountains



Penrith

Blacktown



Ku-ring-gai

Warringah

Ryde

Halroyd

Parramatta



Oberon

Fairfield

Liverpool



Bankstown



Camden



Wollondilly

Campbelltown



Sutherland

Where we work

SDN's services operate across the Sydney metropolitan area, regional NSW and the ACT. We have 24 children's education and care centres including 22 long day care centres and two preschools, all combining early childhood education with child care. Our other sites offer one or more of our programs, including our disability services for children, our work with children and their families facing challenges, and our capacity building and professional learning for other services.

Many of our centres are in inner city Sydney, reflecting our origins and history. Our disability services and the services we deliver that are funded by the government are in particular regions or areas. We have a physical office in a central location for those areas, however the children, families and other services we work with are located across the whole of that area.

Our focus is on consolidating our presence in these areas, which in turns helps us to integrate our service delivery. The maps on these pages show the extent of our presence in each region.



Service models



SDN delivers its services based on seven service models. These are based on program logics that outline the evidence that we have about those types of services, what we believe are the inputs and outputs we need to deliver those services, and the short-, medium- and long-term outcomes that we expect to see.

These service models represent our theories of change, and by applying these models we will achieve our mission of providing high quality, inclusive and integrated services to children, families and other children's services.

Not all service models are delivered at every location, however services in many locations combine more than one type of service model in their delivery.

1 Shared Services

Support for our service delivery teams through finance, IT, human resources, communications and marketing, and other business management services.

2 Centre based early childhood education and child care

Group education and child care for children aged from birth to six years, involving regular attendance at a physical location, and including a Preschool program.

3 Playgroups and play support

Children and families are supported to play and learn with each other with a facilitator present to support parenting skills and learning.

4 Practitioner capacity building

Activities that can build practitioner confidence and skills, enhance existing knowledge, and provide capacity building and professional learning resources.

Therapeutic intervention																														
Parenting programs																														
Family support																														
Practitioner capacity building																														
Playgroups and play support																														
Centre based education and care																														
Shared Services																														

BF Brighter Futures
 CECC Children's Education and Care Centre
 DS Disability Services
 IA Interagency
 PRE Preschool
 PLAY Playgroup
 SS Shared Services

ACT	Batemans Bay and Moruya	Bathurst	Broadway	Burwood	Crookwell	Crows Nest	Erskineville	Glebe	Goulburn	Granville	Hurstville	Lidcombe	Lithgow	Liverpool	Marrickville	Milperra	Mosman	Newtown	Paddington	Penrith	Pyrmont	Redfern	Riverwood	Rooty Hill	Surry Hills	Sutherland	Ultimo	Waterloo	Woolloomooloo
CECC, DS	BF, PRE	CECC	SS	BF	PRE	CECC, DS	CECC	CECC, PLAY	CECC	DS, PLAY, SS	CECC	CECC	CECC, DS	DS	CECC	CECC	CECC	CECC, DS, IA, SS	CECC	DS	CECC	BF, CECC	CECC	CECC, BERANGA, DS	CECC	BF, SS	CECC	CECC	CECC

5 Family support

Preventative services that strengthen and support families, are responsive and flexible, and focused on families with young children.

6 Parenting programs

These can be individual or group programs, are targeted and time-limited, with a pre-planned focus on parenting skills.

7 Therapeutic intervention

These services are individualised and highly targeted, and can include speech therapy, occupational therapy, physiotherapy and specialised casework, taking place in play-based settings and drawing on the expertise of a range of practitioners.

President and CEO's report



Darren Mitchell, President and Ginie Udy, CEO

As President and CEO of SDN Children's Services we are delighted to present our 111th Annual Report to our members, supporters, funders, regulators, staff and most importantly, the children and families whose lives we aim to enhance by what we do. It's great to see that according to our newly introduced exit survey for families, this is the case. This survey indicated that only 9% of families said they were unsure about the

benefit of our services for their child, 21% agreed and 70% strongly agreed that their child's wellbeing had been enhanced during their time with us. No family disagreed.

We are very proud of this affirmation, as overall 'child wellbeing' is the high level outcome we have set ourselves as the purpose of all our services for the next three years.

This outcome reflects thinking we did last year to refine our strategic intent for the new Strategic Plan 2016–2018. We wanted to be clear that the aim we have for the children who are beneficiaries of our children's education and care centres, our disability services, and our family support services is that children leave us with a strong sense of being loved and safe, able to learn and contribute to their world.

SDN's belief is that by providing high quality, inclusive early childhood education and child care, and strengthening families, especially those families and children who face inequalities, the world can be a better, more equitable place. Each year we strive to make this 'better' world a reality for as many children and families as possible.

For the most part we can confidently say that this has been the case this year. More children who have disabilities and more children whose families are struggling with poverty, domestic violence, isolation or other forms of disadvantage have been helped by SDN this year compared with last year. More Aboriginal scholarships have been awarded, and we added new scholarships for children with a disability and more support for low income families this year through SDN's Low Income Access Plans. This support is made possible by very generous foundations and individual donors, with an almost equal amount coming from our own retained earnings and from our staff through SDN's payroll giving scheme.

In addition to wonderful financial support from donors, and the fees families pay for some of SDN's services, SDN remains very grateful for the government funding we receive. This is 38% of our income, and when changes are made to government programs, we can be affected. This was the case this year, when we had to finish up one of our federally funded programs designed to provide support to other services around best, inclusive practice. While we are sad to see this program go, our own work with children and families who directly benefit from SDN's expertise has not been diminished.

In fact this year the Board strengthened our commitment to our direct service work as we grappled with another big change in government policy, the National Disability Insurance Scheme (NDIS). We spent many meetings discussing what the NDIS would mean for SDN's provision of services to children with a disability. Finally, the Board decided to invest in developing new systems, service delivery practices, and marketing to ensure we could still keep saying 'children who face challenges have a place with us', the headline statement in our Strategic Plan for 2016–2018.

Change is a constant and not only in our present day. When we read Annual Reports from decades ago, it's amazing how 'current' the reflections of the then Board members sound to us. World wars, the Great Depression, loss of operational subsidy to centres in the 1990s: these are all changes and challenges SDN has faced and risen to in the past.

So we face the coming years of uncertainty around the NDIS with the same optimism and willingness to be courageous as previous Boards and leaders have shown. Part of moving forward and taking on new challenges is acknowledging people and programs that are no longer part of the SDN Community. We thank the staff of our Inclusion Support Agencies (ISAs) that we had to say goodbye to. Their commitment to SDN's vision and ability to carry out our mission was impressive and is missed. We also said goodbye to two Board Members this past year, Tony Gall in March and Natalie Berney in August. Both Tony and Natalie's commitment to, and admiration for SDN was strong and unwavering and we thank them for their years of contribution to SDN's governance.

Finally, as both CEO and President, we want to thank the organisation, and all our supporters for the strong collective leadership and team work that we are so good at demonstrating. We have embedded our approach to integration, our Pathways approach, so seamlessly that it is almost taken for granted.

Taking multiple perspectives into account and transdisciplinary teams are now common ways of working at SDN, and we are both proud to say that everyone at SDN is totally committed to enhancing children's wellbeing.



Sometimes this is easy to do, and sometimes we face difficult decisions and have to make tough choices.

In all circumstances, the question we always ask ourselves is: What is in children's best interests?

The fact that this has always been the case at SDN is one of the contributing factors to our longevity; and continuing to work for children's wellbeing, both for the 'now' and also for children's future, is the focus we believe will see us continue to be here for children and their families for many, many years to come.

Darren Mitchell President

Ginie Udy CEO



110th AGM, held at our Broadway office

Celebrating 110 years

SDN's 110th anniversary was marked throughout the year, with the highlight being the invitation to be guests of our joint patrons His Excellency General The Honourable David Hurley AC DSC (Ret'd), Governor of New South Wales, and his wife Mrs Linda Hurley, at an official Vice-Regal function held at Government House in November 2015.

On the day, we were honoured to be joined by many distinguished guests including Deputy Leader of the Opposition, Tanya Plibersek MP, and John Ajaka MLC, Minister for Ageing, Minister for Disability Services, and Minister for Multiculturalism, as well as many of SDN's long term supporters, long standing staff and friends.

Our 110th anniversary was officially on 7 December 2015. SDN's original long-day nursery, the first of its kind in New South Wales, was opened by the Sydney Day Nursery Association (now known as SDN Children's Services) formed in August 1905. The aim of our founding women was to provide much-needed care for the young children of

working mothers in deprived areas of inner-Sydney. The Association's annual report of 1908 notes it is 'no cold remote charity, but an institution started by fellow women who fully realise the difficulties that beset the paths of working mothers, who are striving to bring up their children decently and healthily'.

Based in a rented terrace house at 126 Dowling Street, Woolloomooloo SDN's first nursery, for a small fee, provided the children with clean clothing, nourishing meals and health monitoring. Thriving under the nurturing care of the nursery within a short time the children, growing in numbers all the time, were moved to larger premises. Over subsequent years SDN opened nurseries in other inner-Sydney areas of need, then further afield in rural New South Wales and the ACT. Many of our services still operate from their original sites today. Indeed, two SDN services recently celebrated significant anniversaries: SDN Linthorpe Street in Newton turned 85 in November 2015, and SDN Hamilton Street in Bathurst turned 65 in February 2016.



SDN was honoured to be invited by our joint patrons His Excellency General The Honourable David Hurley AC DSC (Ret'd), Governor of New South Wales, and his wife Linda Hurley to celebrate SDN's 110th Anniversary.

For more than 110 years, SDN has been committed to providing quality, inclusive holistic care and support for young children and their families. The values of our founders, who responded so determinedly and with such admirable empathy to the plight of 'fellow women' and their children, still resonate in all services we provide.

SDN's original long-day nursery in Woolloomooloo, 1906





The Prince Charles button

Ginie Udy and Hon Tanya Plibersek MP. In the background, pictured from left, Kerry Bennett (past Board member), Susan Salter (past president), Robyn Fry (niece of Joan Fry, past NSTC principal), and Mark Paul (Bartier Perry Lawyers).

A special gift

We were honoured to have Deputy Leader of the Federal Opposition and Member for Sydney, The Hon Tanya Plibersek MP attend our 110th anniversary event at NSW Government House. She brought with her a very special anniversary gift — an historic SDN Prince Charles fundraising button from around 1952, beautifully mounted and framed.

Button Days were regular fundraising events for SDN to raise much needed funds. Specially produced fundraising buttons were sold on the streets of Sydney's city and

suburbs and in regional towns, as well as in businesses (such as factories) and at fetes by our Nursery staff, Nursery School Teachers' College staff and students, Committee members and the children's mothers.

The Prince Charles buttons were sold on Button Day on 26 September 1952, and according to the 1952–1953 annual report raised £2,493.

As well as being the local Federal member for SDN's head office, Ms Plibersek is a former SDN parent. She formally presented the button to SDN's CEO Ginie Udy and it is now proudly displayed in SDN's Archive.



Friends and Members of the SDN community came together at Government House in November to celebrate SDN's 110th anniversary.



Our environment and context

Changes to funding for disability services

The rollout of the National Disability Insurance Scheme (NDIS) continues to be a major source of change and challenge for SDN. SDN's disability services for children are gradually transitioning from government block funding to the NDIS. The NDIS represents major structural change as a new market is created. We anticipate continued teething problems as the changes are rolled out and put into practice in parallel with the need for us to continue to work within existing government policy for our services that have not yet transitioned.

Our underlying practices for working with children with disabilities and their families have not changed, however the change to our funding models as a result of the introduction of the NDIS means we have needed to invest considerable time planning and developing our own internal systems and training staff. This process will be ongoing as we need to make adjustments to our internal systems to respond to the adjustments that are being made to the NDIS as it rolls out.

Proposed changes to child care funding

The proposed changes to funding for child care services as part of the Federal Government's 'Jobs for Families Child Care Package' were introduced into Parliament in December 2015, but were put on hold due to the calling of the federal election in July 2016. The Government reintroduced the legislation without changes to the new Parliament on 1 September 2016, and it was immediately referred to the Senate Education and Employment Legislation Committee, with a report from that Committee

SDN's Approach

We have a wholistic approach based on our belief that the best learning happens when children feel relaxed, safe and secure, and have an interesting environment to explore.





due in mid-October. If passed, the changes will take effect from 1 July 2018. SDN remains concerned at a number of proposals contained in the Bill, including the activity test, and the deemed hourly rate.

Legislative environment

SDN Children's Services is endorsed by the Australian Tax Office (ATO) as a Charitable Institution, with a range of tax concessions. SDN Children's Services has a Building Fund that is endorsed as a Deductible Gift Recipient.

SDN also has a wholly-owned subsidiary company SDN Child and Family Services Pty Ltd. This company manages government program contracts and programs funded by donations. SDN Child and Family Services is endorsed by the ATO as a Public Benevolent Institution and is also a Deductible Gift Recipient.

Legislation forms the legal basis of all our undertakings. We operate in three legal jurisdictions (national, NSW and ACT), and although compliance is an organisational

SDN's Approach

We believe that each child has strengths, capabilities, culture, interests, current knowledge, ideas and experiences regardless of their age.

Our educational programs are informed by these and are tailored for each individual child's learning and development needs.

cost, it benefits children and families, provides stability for staff, an assurance of quality and reliability for our stakeholders, and demonstrates professionalism and competence to our partners and funders.

In addition to the standard legislative requirements (such as those found in the Competition and Consumer Act, Work Health and Safety Act, and the Corporations Act), opposite are some examples of legislation specific to our services:

National legislation

- ▶ Australian Charities and Not-for-Profit Commission Act 2012
- ▶ Charities Act 2013
- ▶ Children (Education and Care Services National Law Application) Act 2010
- ▶ Child Care Benefit (Eligibility of Child Care Services for Approval and Continued Approval) Amendment Determination 2001
- ▶ Health Records and Information Privacy Act 2002
- ▶ National Disability Insurance Scheme Act 2013
- ▶ ANZFA Food Safety Regulations

NSW legislation

- ▶ NSW Disability Services Act 1993
- ▶ NSW Children and Young Persons (Care and Protection) Act 1998
- ▶ Children Legislation Amendment (Wood Enquiry Recommendations) Act 2009
- ▶ Community Services (Complaints, Reviews and Monitoring) Act 1993
- ▶ Children and Young Persons (Care and Protection) Regulation 2012
- ▶ Ombudsmen Amendment (Child Protection and Community Services Act) 1998
- ▶ NSW Charitable Fundraising Act 1991

ACT legislation

- ▶ Children and Young People Act 2008
- ▶ Child Care Services Standards 2009



Our strategic plan

Enhancing the wellbeing of children

We're here for children

Throughout 2015, we consulted extensively on the development of our new strategic plan for 2016–18. The resulting plan clarifies and commits us to our purpose: that we are here for children from birth, and for their families and communities; and that we are here for the wellbeing of children, now and for the future.

The intended outcome of our 2016–18 strategic plan is that children who face challenges have a place in the services we provide, support and advocate for; and the wellbeing of all children is enhanced.

We focus on children from birth because we know that what happens to children in their first five years is critical to their lifelong learning and wellbeing. We also know that families have the most significant impact on their children's lives, and that in turn communities strengthen families. Children's wellbeing is directly influenced by those around them, so we value family and parenting, and always work with children in the context of their family and community.

Children only experience wellbeing when they are safe, secure, loved, have material basics, and have opportunities to learn and participate in and contribute to the communities around them. This is what is SDN is working collectively to achieve.

We're also conscious that not all children start from the same place in life, and so we're particularly focused on making sure that the wellbeing of children who face challenges is enhanced through the services we provide and support.

We will continue to focus on delivering our services for children and families in a coordinated and connected way, as research shows this provides better outcomes for children and families. This drive towards an integrated organisation underpins

everything we do, and is the foundation of our Pathways Approach to working with children and families. This approach encapsulates the practices, culture and systems that enable us to offer our services in an integrated way.

Families, staff and the organisation

Our strategic plan has three streams of supporting outcomes that we need to achieve in order to achieve our overall outcome — we have classified these as outcomes for families, outcomes for staff and outcomes for the organisation.

Because families have the most significant impact on children's lives, we work with families for the best outcomes for their children. We are a values-based organisation with a strong social justice agenda, and we aim for families to recognise what SDN stands for, to understand what we offer and to be clear about how their child's wellbeing has been enhanced at SDN.

None of this can be delivered without skilled, aligned, and accountable staff. Research shows that the quality of services delivered to children and families is correlated to the quality of the staff delivering those services. Because we believe that the first five years of life are the most influential in development, we emphasise the recruitment and retention of staff who are aligned with our values and vision, who are professional and qualified, and who are willing and skilled in delivering a Pathways experience for the children, families, and other service providers we work with.

Finally, we acknowledge that without a responsibly and professionally managed organisation, none of our work will be sustainable. We aim for managed growth, particularly within the changing disability services market, and investment in infrastructure that supports efficient and effective service delivery, governance and staff wellbeing.





Tracking progress of our strategic plan

Our outcome measures

SDN works with children and families across three main streams: our early childhood education and child care services, disability services for children, and family support. We also support other children's services providers with capacity building to help grow and support their skills in working with children with disabilities and developmental delays, and children from culturally and linguistically diverse backgrounds.

How much did we do?

For children

Across all of 2015–16, we worked with 7,235 children in total, by:

- ▶ Providing 3,305 children with high quality early childhood education and child care through our 24 centres
- ▶ Supporting an additional 2,778 children facing challenges to be enrolled in mainstream settings
- ▶ Providing specialised early intervention for 878 children with disabilities
- ▶ Supporting 274 children in supported playgroups and activities.

For families

In 2015–16, 1,445 families facing challenges were strengthened through our playgroups, family programs, and our Brighter Futures program.

For other children's services providers

SDN is active in supporting the children's services sector to be more inclusive of all children. In 2015–16, we supported 2,250 other services through the following programs:

- ▶ Inclusion Support Agencies — 1,599 child care providers



- ▶ Brighter Futures — 106 services
- ▶ Inner and Eastern Sydney Child and Family Interagency — 128 agencies
- ▶ Child and Parenting Program — 92 agencies
- ▶ Our disability services — 242 services
- ▶ SDN Beranga — 61 satellite centres and 22 other child care providers.

There has been a small drop in the total number of children supported this year compared with 2014–15. The ending of the contract for our Inclusion Support Agencies will mean that the number of children and other services supported through 2016–17 will be lower again. The target in our strategic plan is 4,250 children each year and we anticipate we will be supporting about 650 providers in 2016–17.

SDN's Approach

Our educational program is organised to help each child to be in control of their own behaviour and thoughts (known as *agency*). Children of all ages will learn to make and communicate decisions and influence events and their world while learning the consequences of their choices and influence.





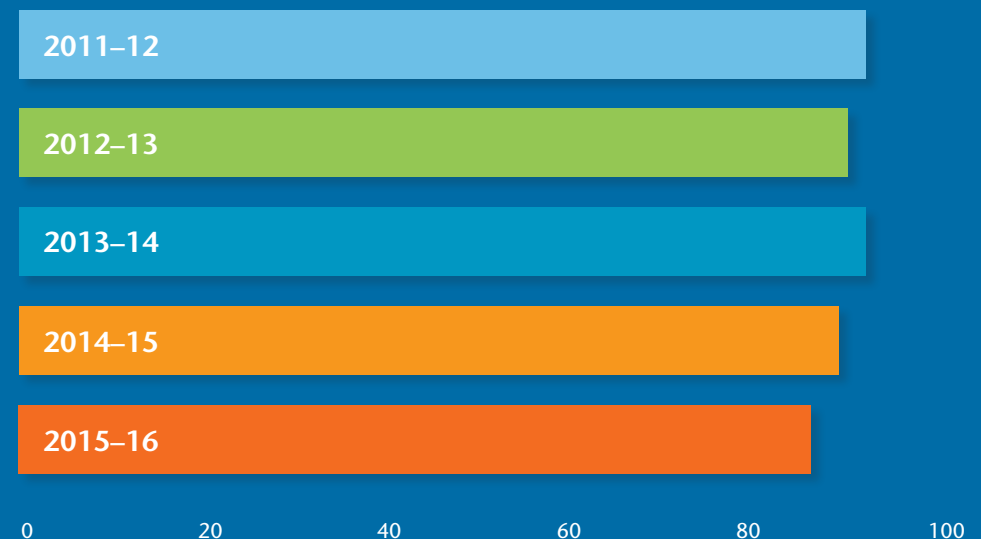
Our priority groups

In our 2016–18 strategic plan we have identified four priority groups of children that we particularly focus on. These children participate in all of our services, some of which are our children’s education and care centres and some of which are through targeted support. When we take a snapshot of the 3,781 children in all SDN services (centres and programs) as at 30 June 2016:

- 245 or 6% were Aboriginal or Torres Strait Islander children
- 515 or 14% were children with a diagnosed disability or delay in development
- 450 or 12% were children meeting SDN’s criteria as Priority 1 (ie children who have been identified as being at risk of harm).

We have a fourth priority group of children identifying as refugees and are still developing data collection methods for some of our services so do not have a complete count.

Five year utilisation as a % of approved places (as at 30 June)





Feedback from families

One of the ways we measure what difference we're making is by tracking feedback from families, children and other external stakeholders. We have a target that 95% or more of feedback we receive from each of these three groups will be neutral or positive.

We collect this feedback a number of ways, including annual surveys of families in our services, exit surveys of families leaving our services, and feedback and complaints made directly to us. In late 2016 we will be running a 'children's voices' research project, using art, photography and video to capture the views of the children in our services. We only began collecting this level of detailed feedback in early 2015, so are not yet able to make detailed year on year comparisons.

In 2015–16 there were 911 instances of feedback received, compared with 772 in 2014–15. Of these 911 instances, 80 were negative and 747 were positive, with the balance being questions or neutral so 91% of feedback was positive or neutral, slightly less than our target. Feedback is reviewed by our leadership team, and trend analysis is reported to the Board.



External assessment and rating of our centres — National Quality Framework

Over the twelve months to 30 June 2016, four of our children’s education and care centres were externally assessed against the National Quality Framework for Early Childhood Education and Care. Two further centres were assessed in September 2016, and one of the centres rated as Working Towards is scheduled to be re-assessed by the end of 2016. This means that 22 of our 24 centres have now been assessed. Of these, two were rated as Working Towards the National Quality Standard, four have been rated as Meeting, and 16 have been rated as Exceeding. Our Board has set a KPI of 100% of our centres being rated as meeting or exceeding the standard. So far we have achieved 91%.

While we have not yet met our own KPI, the results so far compare extremely favourably against all NSW centres. According to the Australian Children’s Education and Care Quality Authority (ACECQA), by August 2016 only 63% of centres assessed in NSW had achieved a ‘Meeting’ or better rating, and of these 24% had been assessed as ‘Exceeding’ the National Quality Standard.

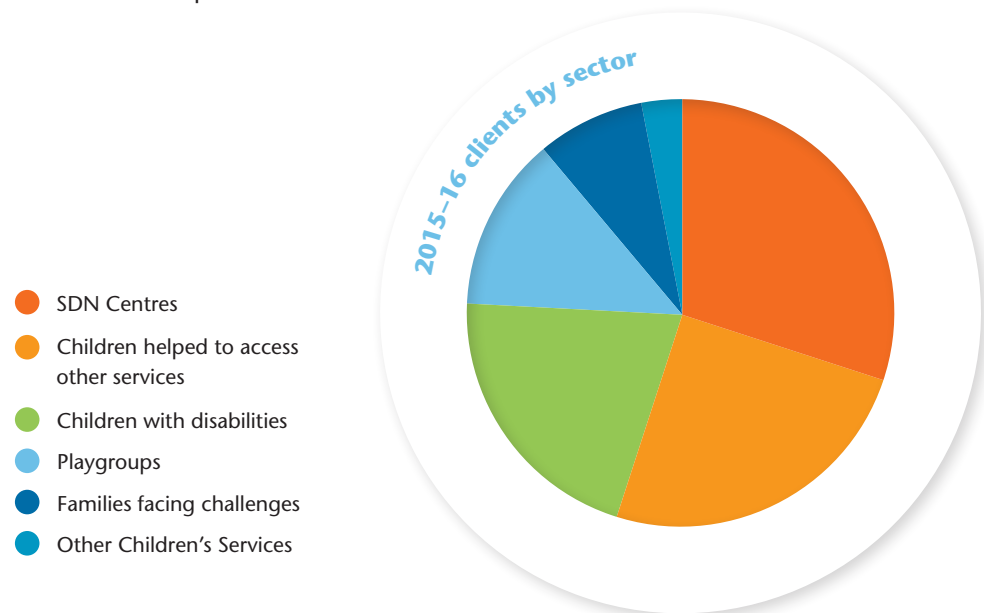
Better outcomes for children at risk

SDN is one of the lead agencies for the NSW Government-funded Brighter Futures program, working in the Sydney metropolitan region and Eurobodalla on the NSW south coast. SDN Brighter Futures works with children at risk of harm or risk of significant harm, and their families, in order to build strong, functional families that promote the healthy development of children.

In late 2015, the NSW Premier Mike Baird identified 30 key priorities for action in NSW. One of the key priorities identified is the need to reduce the percentage of children and young people re-reported as at risk of significant harm by 15%.

The NSW Department of Families and Community Services (FACS) subsequently advised agencies including SDN about their performance against this indicator, using a measure of comparing the per cent of children being reported as at risk of significant harm before they entered the Brighter Futures program with the percent reported as at risk of significant harm within six months of leaving the program. SDN’s Sydney metropolitan services in particular performed well on this measure, with a high ‘before’ percent and a low re-reporting rate.

We were also thrilled that a case study from one of our Sydney metro offices was one of a handful selected for the 2015 *Shining a Light on Good Practice in NSW* report published by the NSW Department of Family and Community Services. This report showcases 16 stories of positive outcomes for vulnerable children, and SDN was honoured to be part of that.



Pathways for families

Outcomes for families is one of the three outcomes we identified in our strategic plan that contribute to our overall outcome of enhancing children's wellbeing. Children's wellbeing is directly influenced by those around them, and it's families who have the most significant impact on their children's lives.

At the core of our work with children and families is our Pathways Approach. We believe that the best way to achieve SDN's vision of the world and enhance the wellbeing of children is for us to use an integrated approach in everything we do. This means that we start from what matters for children and their families, and we plan from there. There is evidence that better outcomes are achieved for children and families when services and organisations operate in this way, and this is particularly the case for children facing challenging circumstances.

In 2013 we commissioned the Social Policy Research Centre at the University of NSW to undertake research over a three year period to track our progress towards becoming an integrated organisation. We felt this was important because, while there is lots of evidence about the value of delivering services in an integrated way, there was no research into how to actually do this successfully.

SPRC published its baseline report in 2014, a mid-project report in 2015, and its final report *Aligning Practice with Vision: Developing SDN's Pathways Approach, 2013-15* (SPRC Report 09/16) in June 2016.

The final report noted that in 2013, SDN staff and leaders were discussing integration as an idea or aspiration, and we were consolidating the resources and capabilities needed to do this. By 2014 the process of change had gained momentum, with staff and leaders beginning to see the positive changes brought about by working in more coordinated and connected ways. By late 2015, SDN had further progressed its journey, with staff reporting that structural and cultural changes in the organisation were enhancing SDN's capacity to achieve its vision and mission and leaders describing how SDN had consolidated practices which would ensure that the increasingly complex needs of children and families in SDN services were met. Cross-agency practice was seen to have improved, and SDN was seeing results arise from partnerships.



SDN's Approach

SDN believes that families and their community make the most important contribution to each child's learning and development. We encourage families to help us to understand the experiences their child has already had and is having, and what they are planning for their child's future education. It is important that what we do connects well to what each child is learning at home.



One of the most important measures of the success of our integrated approach is the proportion of families who say that SDN asks them to provide the same information more than once. We see this an indicator of whether our systems and internal operations are improving, which in turn improve the experience of families as they enter, move through, and exit our services. In other words, how well are we creating pathways for families through our services. It is very encouraging that over the three years of this research, the proportion of families reporting that we asked them for the same information more than once fell significantly from 42 per cent in 2013 to 17 per cent in 2015.

In summary, the researchers reported:

Overall, these findings reflect SDN's successful consolidation of its Pathways Approach from 2013 to 2015. The findings demonstrate how SDN's change processes have aligned the organisation's structures and processes with its vision of an integrated, responsive organisation, which is focused on promoting child wellbeing.

It is very pleasing to have this positive affirmation from the external research that we have made good progress in our journey towards integration, helping us to provide better quality outcomes for children and their families.

We have been applying this spirit of innovation over the past 18 months or so to develop our understanding of the NDIS. With the full rollout to commence from 1 July





2017, the market is in its very early days and there are significant and ongoing learnings for legislators, administrators and service providers, let alone for the adults and children with disabilities and their families and carers.

SDN has been delivering disability services to children for a number of years, through a range of government-funded programs as well as in our centres. The NDIS gives more choice and control to families, and this fits well with our Pathways Approach. We work alongside families as part of a team, in the belief that families know their child best and together we find the best way to reach the goals of the family. We tailor support that is as unique as every child.

This support includes navigating the NDIS together. For a family with a child who is newly diagnosed with a disability or developmental delay, simply dealing with the diagnosis can be a challenge. SDN is committed to supporting families to find services and solutions that best suit them.

A key element of our Pathways Approach is that SDN sees itself as part of a wider community network of support for children and families. Understanding the importance of community as well as family informs our Ngarra Nanga Mai strategy for working with Aboriginal and Torres Strait Islander children, families and our staff.

In August 2014, SDN's Board approved SDN's first Reconciliation Action Plan (RAP). SDN's first RAP is a 'Stretch' RAP, and has been endorsed by Reconciliation Australia. Our

RAP is our public statement that formalises our Ngarra Nanga Mai strategy for working with Aboriginal and Torres Strait Islander staff, children and families by embedding Aboriginal perspectives and practices throughout the organisation. Our RAP documents our commitment to the practical steps we are taking and our goals for developing relationships, showing respect and increasing opportunities for Aboriginal and Torres Strait Islander peoples.

Since the approval of our RAP, we have been working across the three main goals of respect, relationships and opportunities. Our actions under our RAP include developing an Aboriginal and Torres Strait Islander employment strategy, reviewing our policies and procedures to identify whether they include any unintentional barriers for Aboriginal and Torres Strait Islander families to be part of our services or to work for us, and to review our procurement activities including joining Supply Nation, which certifies Aboriginal and Torres Strait Islander services and businesses so that organisations can embed supplier diversity in their supply chains.

One of our success stories is the expansion of our donor funded Aboriginal and Torres Strait Islander early childhood scholarships. You can read more about these on page 72. SDN has begun working on the development of our new RAP to be implemented in 2017.



SDN's Approach

Our staff work in partnership with families to identify each child's strengths and interests, choose teaching strategies, design learning environments, and to connect our service-based learning opportunities with home-based learning.

Pathways for staff



The outcome we hope and plan for in our 2016–2018 strategic plan is that: ‘Children who face challenges have a place in services we provide, support and advocate for; and the wellbeing of children is enhanced’.

This outcome is underpinned by a number of supporting outcomes, including four outcomes for staff. These outcomes focus on staff: providing an excellent experience for those who access our services; having the supports they need to work flexibly, efficiently and safely; being aligned, engaged and accountable; and having opportunities to engage in discussion about organisational, political, legislative or social policy issues and decisions that may affect them.

SDN continues to invest in, develop, train and work with our staff as we know they are the key to the successful delivery of our integrated services for children and families.

New Disability Services Networks

As we can now offer our disability services anywhere in NSW, we can expand our services into new geographical areas where gaps in service availability have been identified. To reflect the changes in the areas in which we want to work, we created six Disability Services Networks, which will cover extensive areas across the Sydney metropolitan area, the Blue Mountains, NSW Central Tablelands, Southern NSW and the ACT. The Networks are managed by Disability Services Network Managers, who manage a team of education and allied health professionals, support business growth, engage with new and potential clients and facilitate strong community relationships. Each Manager oversees staff across several offices.

Employment strategy for Aboriginal and Torres Strait Islander staff

This year SDN employed 11 Aboriginal or Torres Strait Islander staff in various roles across the organisation. As well as being skilled professionals, they have a wealth of knowledge and experience to share with other SDN staff on appropriate ways to work with Aboriginal communities. SDN’s cultural awareness training and Aboriginal staff mentoring program are part of our organisation-wide Learning and Development strategy, emphasising our commitment to two-way learning as part of our Ngarra Nanga Mai Aboriginal and Torres Strait Islander strategy.

As part of our ongoing commitment to making our services more welcoming and inclusive of Aboriginal and Torres Strait Islander children and their families, we have developed an employment strategy for Aboriginal and Torres Strait Islander staff. We aim to attract Aboriginal and Torres Strait Islander staff; to retain Aboriginal and Torres Strait Islander staff; to support career pathways for Aboriginal and Torres Strait Islander staff; and to be a culturally competent organisation. This strategy is one of the actions in our RAP and is supported by our Ngarra Nanga Mai strategy of embedding Aboriginal and Torres Strait Islander perspectives and practices throughout the organisation.

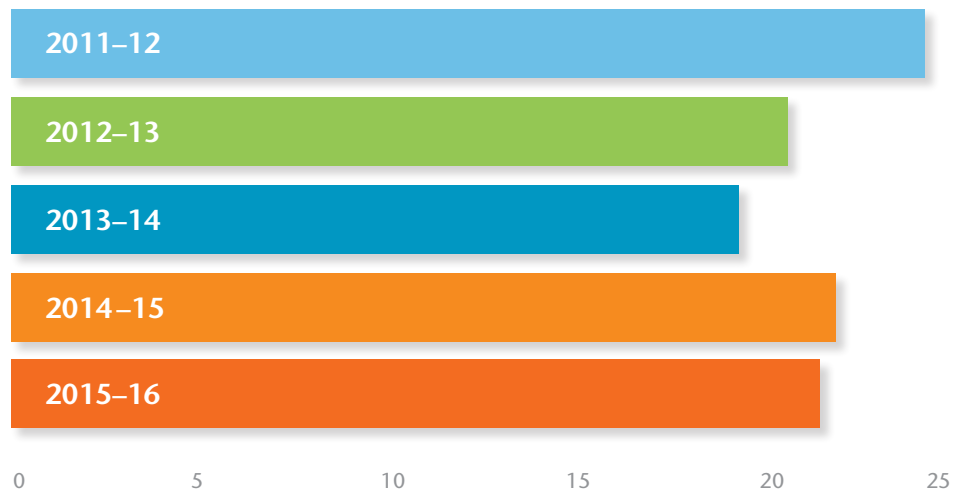


SDN's Approach

Children with more positive child-adult relationships appear more able to make use of the learning opportunities available and are better able to adjust to the demands of more formal education. So best practice in early childhood education requires a strong focus on staff building positive and trusting relationships with children and families.



Staff turnover (%)



Inclusion Support Agency (ISA) contract ends

As announced last year, from 1 July 2016 the Inclusion Support Programme (ISP) replaced the Inclusion and Professional Support Program (IPSP), including Inclusion Support Agencies (ISAs). With the ending of SDN's ISA contract, our 40 ISA staff were offered redeployment and redundancy options.

Shared services changes

All of SDN's services continue to be directed through geographically focused communities, which are managed by a Community Leader. To support the development of our business, in 2016 we increased the number of communities from seven to eight, leveraging the expertise and reputation of our service hub at SDN Beranga by creating a new Beranga Hub community to support families in the St Mary's/Penrith area.

Additionally, to fund new roles to support the development of our disability services and to build on the organisational changes SDN made last year with the creation of the Organisation and Business Development and Marketing and Customer Experience teams, this year some shared services roles were adjusted and refocused, while some positions became redundant.



SDN Enterprise Agreement 2016

SDN's Enterprise Agreement (EA) sets out the terms and conditions of employment for staff, allowing staff and SDN to agree on more flexible working arrangements that suit the needs of both parties. SDN implemented its first EA in 2010, and a subsequent EA was negotiated in 2013. Negotiations for the 2016 EA commenced in October 2015, and it is anticipated that the 2016 EA will be submitted to, assessed and approved by the Fair Work Commission by the end of 2016.



Staff breakdown

As at 30 June 2016, we employed 764 staff:

711 Women

53 Men

426 Full time staff

228 Part time staff

110 Casual staff

11 Aboriginal and Torres Strait
Islander staff

239 Educators (Certificate III) (152 permanent, 34 contract, three trainees and 50 casuals)

144 Early Childhood Teachers (51 teachers, 40 in advisory roles, 36 in managerial roles and 17 casuals)

135 Senior Educators (Diploma) (99 permanent, seven contract, one in a managerial role and 28 casuals)

60 Administration staff (7 Executive Assistants, 16 Office Managers/Administrators, 27 Centre Administrators and 10 casuals)

56 Social workers (seven in managerial roles)

40 Allied Health Professionals (four in managerial roles, one casual)

23 Cooks (four casuals)

15 Specialist Business Professionals

9 HR and WHS staff

8 Community Leaders

7 Finance staff

5 Directors of Shared Services functions

5 Communications and Marketing specialists

4 Practice, Learning and Development staff

3 Payroll staff

3 Designated Aboriginal roles

3 Members of the Executive

2 Archivists

2 Property staff

1 CEO



SDN's Approach

We document each child's program and progress and make it available to families, and our educators share educational aims with them.

Work, health and safety

SDN is committed to providing a safe and healthy environment and to promoting staff wellbeing. Under a legislative framework we use a two-tiered model of prevention and management of injury and incidents.

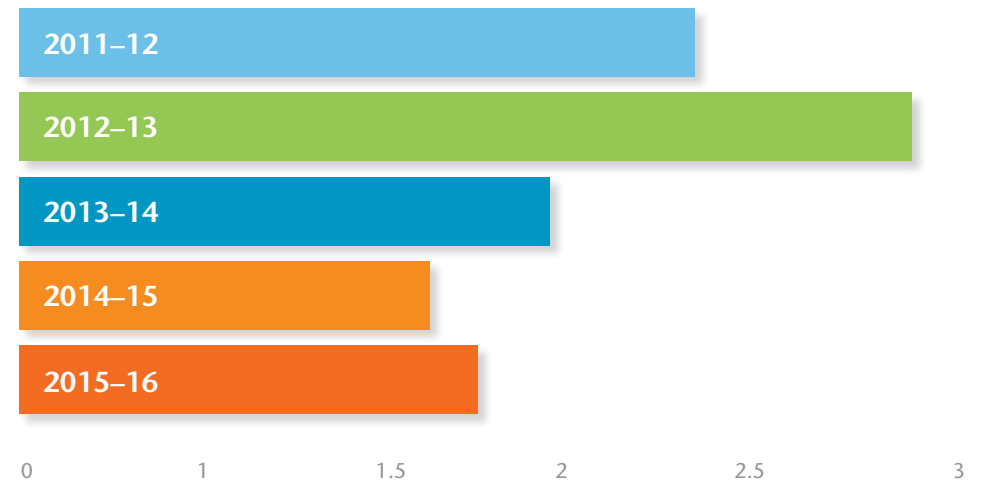
This includes regular site visits to conduct inspections to identify hazards, undertake risk assessments, and to provide coaching and guidance to staff within SDN services in relation to safe work practices.

The introduction of online training tools now enables SDN staff to undertake WHS training and refresher training at their usual workplace, removing the need for staff to be away from their service to attend off-site training. There was an increase in staff attending WHS training related to their specific job roles, ensuring a broader number of staff were trained in relevant safe work practices.



Through the year we developed a new WHS Register as part of our organisation-wide WHS management system, ensuring it is in line with our business process based risk management framework.

Workers compensation premium cost as a % of wages





SDN staff giving

Research shows that access to quality early childhood education helps to set children on a positive trajectory for their future schooling and their social, emotional and physical wellbeing.

The SDN Staff Giving initiative, through which staff voluntarily commit to making regular donations, was launched in July 2012. Since then, 18 Aboriginal and Torres Strait Islander Early Childhood Scholarships have been issued through this program. It is very exciting to see the 'dream' of SDN staff to give Aboriginal children a head start in life become a reality — SDN Staff Giving is now a major contributor to SDN's Aboriginal and Torres Strait Islander Early Childhood Scholarships program.

In July 2016 we launched our new Access and Inclusion Scholarships. These scholarships will support children with an Autism Spectrum Disorder, physical and/or intellectual impairments or developmental delays to attend one of our centres.

One scholarship of \$6,000 supports a child to attend an SDN children's education and care centre for three days per week for one year prior to starting school. The mother of one of the children who received an Aboriginal and Torres Strait Islander Early Childhood Scholarship this year said to us, 'For every single one of you that donate your hard earned money, you have no idea what kind of a difference you will make to that little person's life and their family... me and my family are forever grateful.'

Learning and development

SDN offers learning and development for staff across all areas of the organisation. Training delivered to staff during 2015–16 included work health and safety training, our monthly corporate induction and cultural competency training for new staff, our End of Year Conference, professional development such as responding to children at risk of harm and the Hanen® program supporting the development of language, social and literacy skills in young children, and our communications development program. We also implemented a leadership development program for all leaders in the organisation that ran through all of 2016. During the financial year we delivered a total of 9,750 hours of training, or just under 13 hours of training per staff member.

Annual staff survey

Each year SDN carries out a voluntary Staff Survey. In 2015 the survey was distributed to all permanent members of staff, including those on parental leave, a total of 700 employees. This year's survey was implemented by independent company 'Voice Project'.

The survey assessed multiple indicators of SDN's performance across a broad range of HR and general management practices and outcomes. Our performance was benchmarked against 72 other Community Service organisations (other than health) in the Voice Project's database, and estimated the relative importance of our practices for maximising 'passion' (organisational commitment, job satisfaction and intention to stay) and 'progress' (organisation objectives, change and innovation and customer satisfaction).

The survey gives staff an opportunity to articulate how they think SDN is performing, as an organisation, in relation to what they think is important at work. Responses from the survey are analysed and results are fed back to our Board, leaders and staff. The results help us to develop our goals and see how we are improving in areas prioritised for action.

The overall response rate was 72% (432 individual respondents), which is a good response rate for a voluntary survey (as against 73% industry average), and the percentage of respondents was slightly higher than 69% in 2014. Our engagement index once again rose in this period, from 78% in 2014 to 82% in 2015.

Our top rated items were our commitment to diversity, staff's commitment to SDN's mission and values, staff's understanding of their roles and how these contribute to SDN's purpose, and the value of teams and colleagues. On all of the survey items, even those that were rated lowest, SDN scored above the benchmark. However we will be focusing on some areas of improvement including career progression, how change (of any kind) is communicated to staff, technology and cross team communication.

Recognising the service of our staff

Anniversaries as at 30 September 2016

40 years and over

Peggy Lane Marrickville 42

30 years and over

Anne Irving Northern Suburbs 36
 Megan Brophy Paddington 36
 Patricia Lumdsaine Marrickville 31
 Sandra Jenkins Gumnut 31

25 years and over

Penelope Saxton Various 29
 Fiona Harvey Broadway 28
 Leanne Matthews Various 28
 Doreen Levensmith Batemans Bay 28
 David Farrell Linthorpe Street 27

20 years and over

Maryann Peterson Northern Suburbs 23
 Doris Lam Fong Redfern 22
 Carol Muldoon Bathurst 22
 Purnima Chand Paddington 22
 Michelle Briscoe Woolloomooloo 21
 Helen Price Crookwell 21
 Rama Sama Marrickville 21
 Pennie Hudson Lithgow 21
 Ritu Gupta Surry Hills 20

15 years and over

Kay Turner Broadway 19
 Harminder Kaur Riverwood 19

Behrooz Arzani Ngallia 19
 Karen Whittaker Various 19
 Louise Casey Glebe 19
 Leean Weekes Lady McKell 18
 Joka Milicevic Riverwood 18
 Anne Reeves Crookwell 18
 Glynis Chang Broadway 17
 Elleni Nicholoso Linthorpe Street 17
 Jing Zhang Marrickville 17
 Lorraine Smart Lady McKell 17
 Tina Robinson Granville 17
 Kay Daley Northern Suburbs 17
 Ngai Lau Various 17
 Marian Achkar Ultimo 16
 Micheline Azar Hurstville 16
 Myint Sein Linthorpe Street 16
 Bronwyn Amos Gumnut 16
 Piyasa Barua Erskineville 16
 Janelle Collins Lady McKell 16
 Victoria Marsden Surry Hills 16
 Margaret Halliday Lady McKell 15
 Lili Guo Hurstville 15
 Amanda Brown Pyrmont 15

10 years and over

Ginie Udy Broadway 14
 Amra Mujezinovic Gumnut 14
 Nibedita Samantaray Lois Barker 14
 Sudipta Rahman Woolloomooloo 14
 Qun Ding Hurstville 14

Alice Anable Lady McKell 14
 Hasina Aziz Woolloomooloo 14
 Akhtari Khan Ultimo 14
 Karen McIntosh Crookwell 14
 Carol Soleymanbik Northern Suburbs 14
 Farida Khan Ultimo 14
 Reeta Koirala Riverwood 14
 Georgette Khalil Riverwood 13
 Min Zhang Riverwood 13
 Nasrin Islam Surry Hills 13
 Roslyn Grose Gumnut 13
 Sarojini Outschoorn Bluebell 13
 Deborah Ferris Granville 13
 Bettina Loydell Hamilton Street 13
 Kerry Stephenson Lady McKell 13
 Michelle King Bluebell 13
 Kanela Skiadopoulos Erskineville 13
 Consuelo Blake Paddington 13
 Lindy Church Hamilton Street 13
 Olena Lois Barker 13
 Odnostalchenko Lois Barker 13
 Bahareh Linthorpe Street 12
 Shah-Roknadini Linthorpe Street 12
 Lei Wang Woolloomooloo 12
 Esther Mya Various 12
 Leanda Rodham Gumnut, Lithgow 12
 Huong Nguyen Marrickville 12
 Emerena Marsh Bluebell 12
 Anoma Jornsomjit Paddington 11
 Ann Cheung Northern Suburbs 11

Catherine Anderson Integrated Services 11
 Maree Friend Lady McKell 11
 Leah Brunton Bluebell 11
 Pushpa Suryavanshi Woolloomooloo 11
 Helen Manolias Linthorpe Street 11
 Vicki Walden Ultimo 11
 Colleen Brown Pyrmont 11
 Farzana Ambareen Surry Hills 11
 Sarah Locke Broadway 11
 Ru Li Riverwood 11
 Margaret O'Connor Lady McKell 11
 Kate Van-Veen Gumnut 10
 Rubayyat Haider Linthorpe Street 10
 Kriryot Kaewpijit Redfern 10
 Kiet Su Marrickville 10
 Geraldine Beltran Broadway 10
 Amanda Santos Hurstville 10
 Julie Watson Hurstville 10
 Chi Duong Bluebell 10
 Rebecca Lindenbauer Marrickville 10
 Annalise Cotterill Lady McKell 10
 Hanna Czapnik Ultimo 10
 Elizabeth Webber Various 10
 Tracey Brunton Hurstville 10
 Leanne De Matos Linthorpe Street 9
 Tina Nigro Petersham 9
 Amanda Wooll Crookwell 9
 Rebecca Johnson Sutherland 9
 Glenda Storrie Gumnut 9

Pathways for the organisation



Ongoing growth for SDN

The continuing rollout of the National Disability Insurance Scheme (NDIS) means that SDN is no longer restricted to providing disability services for children only in the regions for which the government has previously funded us to operate. As a result, this year our Board approved a one-off budget investment of \$1 million for 2016–17 to grow our disability services. This investment includes the recruitment of additional resources needed to focus on the transition to the NDIS, allowing our staff to continue to deliver services to children and their families while we establish the new systems and training we need. The investment also includes an amount for marketing and advertising to launch our services to new families and in new areas.

Investing in Marketing and Customer Experience

Responding to prospective and current customer expectations and needs and communicating clearly and responsively is one of the supporting outcomes for the organisation in our 2016–18 strategic plan. Our Marketing and Customer Experience Team was created in 2015 to help us become better at understanding how and why individuals and families make decisions and choices and therefore know how we need to ‘market’ to them, not only for the NDIS but also in our centres. This year we have continued to build our capacity to promote our current services and support new business development, especially our disability services for children. We are using traditional marketing strategies as well as increasing our presence on social media platforms to build greater awareness of the suite of services and programs we offer for children.

Buildings and property

We continued with our capital works program that included general improvements and maintenance work to the interior of centres, garden landscaping, fit outs and upgrades of new and existing office locations across NSW and the ACT, as well as larger construction projects at various sites. Major landscaping and playground works were completed at SDN Paddington and SDN Hurstville, and both playground and building works were completed at SDN Mosman and SDN Hamilton Street, Bathurst. The project at SDN Hamilton Street created a new foyer, office and programming area, expanded the infants’ space and veranda and gave the centre new gardens. The works at SDN Mosman extended the centre’s infants’ room so they could enrol children aged under 12 months, providing much needed spaces for families with babies in the community. A new room was built with a new bottle-preparation area, the front yard was upgraded and the fence was replaced. We have also commenced a major playground renovation at SDN Woolloomooloo, which will be completed in October 2016.

2016 Risk Management Plan

SDN places great importance on systematic and transparent governance and professional management as the foundation for a strong organisation and to ensure



SDN's Approach

Being able to make social connections lays a foundation for wellbeing, including mental health. Our staff give each child as many opportunities as they can to develop social connection with others, to contribute to group decisions and activities, and to be exposed to a range of ideas and ways of knowing and doing.



long-term viability. Over the past few years we have been deliberately building our capability and systems in risk management in order to support our governance practices.

Our more comprehensive and systematic Risk Management Plan this year represented a change from our previous scenario-based risk management approach to a process-based approach. This new approach reflects a 'whole of organisation' view of risk, identifying gaps in processes, rather than managing risk in silos and focusing on particular impacts or scenarios. The plan covered all principal business processes across the organisation, and identified risks across Governance, Finance and Operational segments. Continuous improvement actions were identified, and we are progressively working through an action plan. Further development of our risk management framework included development of a new WHS Register during 2016, and in 2017 we will be reviewing and revising our Business Continuity Plan to bring it into line with our new framework.

Technological infrastructure

SDN operates in a complex and changing environment. As the organisation grows and diversifies there are opportunities to leverage technology to support productivity and enhance user engagement. This year we have begun introducing new technologies with a focus on improving business processes and enhancing our communication with families.

This year we began outsourcing our IT support. This is a cost effective way for SDN to manage our IT support needs, and enables us to access IT professionals who have extensive skills, knowledge and expertise in a range of areas. Outsourcing our IT support will also help us to effectively manage the increasing IT support needs that we will have as we continue to roll out our IT strategy. This strategy includes upgrading our network and systems to streamline our business operations and improve our customer service.

We are currently working on a project to introduce a web based portfolio system for our children's education and care centres so that our staff can share children's



learning stories, photos and videos with their families via a secure and interactive online environment. Android and iPhone apps will be available for families to download so that they can access their child's portfolio via their mobile phone, tablet or notebook. The interactive system is designed so that families can also make comments and share their stories and ideas and collaborate on their children's learning, and they will also be able to authorise others, such as other family members, to read and contribute to their child's online learning portfolio.

A project team was also formed this year to build a staff rostering system for centres to help ensure consistency and predictability for children and their families. To support this project, Riteq workforce management software was trialed in several of our centres to assist us to analyse current processes and to develop and introduce rostering rules to create consistent shift patterns to support best educational practices. The software and new business processes will be rolled out across all of SDN's centres over the next 12 months.

SDN's Approach

The early years period is one of rapid and significant change when early experiences shape identity and change the structure of the brain. This period has a strong impact on current and future wellbeing, which is important for learning.

SDN's Pathways Customer Relationship Management (CRM) system is under development to become the central source of information about the children and families we service in all of our services. The Pathways CRM is pivotal to SDN's growth and our journey in being an integrated organisation. This long term project, which began in July 2015, once completed will significantly improve our capacity to meet reporting requirements, find trends and enable data driven decision making.

One of the key features of the CRM is a new, streamlined and centralised waitlist system which was launched in our children's education and care centres in the latter half of 2016. This function has an online application process feeding straight into the CRM, where the priority of access of families will be calculated. Once a centre has had contact with a family and collected verbal information about their child care needs, this information can then be saved in CRM and will be available to other centres who may wish to make contact with the family. This streamlined system will enable centre administrators to identify and contact families who are on the waiting list for other nearby SDN centres. This will be particularly helpful for centres with smaller waiting lists and those with vacancies.

This year we embarked on a major long-term project to redevelop the SDN website, with phase one to be launched in December 2016. The new-look website is being developed to conform to Web Content Accessibility Guidelines (WCAG) 2.0, which define how to make web content more accessible to people with disabilities. As future phases of this project roll out we will be introducing features to the website that will improve its interactive functionality for current and new SDN customers, as well as potential employees.

Advocacy

SDN has a long history advocating for quality, inclusive early childhood education and care. We are committed to working towards a future where the promise and potential of every child is realised and that families and communities are strong. We continue to believe, as a not-for-profit organisation, that we have a responsibility to keep advocating for policies that are in the best interests of the children and families we work with.



In May 2015, the Australian Government announced its proposed Child Care Assistance Package, including the Child Care Safety Net. A Regulation Impact Statement was released in 2015, and SDN submitted a response to this, expressing our concern about the impact of the new activity test proposed under this policy. As service providers in the early childhood education and child care sector, SDN believes the test is impractical to apply and will be a barrier to families being able to access fee support and therefore afford child care. This will particularly affect lower income families and single parent families, and children who would benefit the most could miss out. Simplification of this test will help more families to be able to afford early childhood education. Following a delay due to the federal election, the legislation was re-introduced into parliament in September 2016, and SDN will continue to monitor and respond to the progress of this proposed legislation.

SDN's Approach

The curriculum content of our educational program gives equal importance to both educational and social development for all ages.

End of our Inclusion Support contract and closure of SDN Petersham

Since 2006, SDN has been running Inclusion Support Agencies funded by the Australian Department of Education and Training (DET) to support other early childhood services to include children with additional needs and from culturally and linguistically diverse backgrounds.

In June 2015, DET announced that it was restructuring its Inclusion and Professional Support Program and creating a new Inclusion Support Programme, with the intention of appointing one provider across each state, rather than a number of providers in each state, each allocated a region. DET called for tenders in February 2016 to deliver its new program, and SDN submitted an extensive and detailed tender as lead agency in a consortium bid. Unfortunately, we were not successful with our tender, and our Inclusion Support Agencies ended on 30 June.

In August we were sorry to announce the permanent closure of our children's education and care centre SDN Petersham from 23 September 2016.

This centre is in the grounds of the West Street campus of Sydney Institute of TAFE at Petersham, and the site is being taken over by the NSW Department of Education. The centre was originally established to support the child care needs of staff and students at the TAFE, and SDN took over management of the centre on that basis in 2002. Our current licence agreement with TAFE also includes the right to operate SDN Ultimo, located in the Ultimo campus of Sydney TAFE. We will be negotiating a new agreement with TAFE for SDN Ultimo and expect to continue to operate that centre into the future.

Supporting Tertiary Students

SDN has continued to place over 95 students this year through our Student Placement Program, delivering placement opportunities to Education, Social Work, Speech Pathology and Disability Services students. In addition, we awarded seven scholarships to exceptional students studying through our partner universities.

We understand how important practical experiences are in developing further skills as an educator as well as building the foundations to a career in early childhood education and care. With our centrally managed approach to student placements, we are able to support students achieve their practical experience goals and objectives. The student program has also contributed to growth in employment rates, with over 18 students employed post placement as casual or permanent SDN staff members.

Our scholarship program has helped to support students on their academic journey, and highlights SDN's commitment to learning and development within the sector. Each scholarship recipient is awarded between \$2,000 and \$3,000 to aid with study expenses as well as the opportunity to complete their practical placement within an SDN service.



2015–2016 scholarship recipients

SDN Aunts Fry Gift Scholarship

Natalie Papaellinas, Macquarie University

Kate Brew, Notre Dame University

Frances Harrison, Notre Dame University

SDN Whiting Scholarship

Freya Collins, Macquarie University

SDN Elizabeth Town Scholarship

Lee Jia Hao, Macquarie University

SDN McElhone McCallum Scholarship

Katelyn Parker, Notre Dame University

SDN Philips Scholarship

Natchanok (Natalie) Siriteerajads, University
of Wollongong

Sharing our knowledge and expertise

SDN believes it has a responsibility to take an active role in the political, legislative and public policy environments that we operate in, so we can advocate for the wellbeing of children, families, and our staff, as well as the sustainability of the organisation. Following are examples of key activities that we undertook during 2015–16 to share our knowledge and expertise.

Conference presentations at three conferences, including:

Glynis Chang (with Charlotta Oberg), 29–30 July 2015, NSW Department of Families and Community Services 'Cultural Competency in Disability' Conference; *Cultural Competency in Organisational Development*

Lynn Connolly, 25–26 September 2015, Gowrie NSW and Child and Family Research Centre, Institute of Childhood, Macquarie University 'Infants and Toddlers: Research, Pedagogy and Practice' Conference; *Educating infants and toddlers: what's attachment got to do with it?*

Helen Gray and Wendy Daniel, 27–28 November 2015, AASW National Symposium 'Social Workers as Leaders and Change Agents'; *Managing change within an early intervention child protection program, using a team perspective.*

SDN responded to 17 government and sector enquiries or consultations, including:

Inquiry by the Education and Employment Legislation Committee of the Australian Senate regarding the *Jobs for Families* Bill

Consultation by NSW Department of Family and Community Services on the Reform of the Targeted Early Intervention Program

Consultation by the NSW Board of Studies, Teaching and Educational Standards (BOSTES) on the Draft Provisional and Conditional (Teacher) Accreditation Policy

Review by the Australian Government of the National Disability Advocacy Framework
Department of Social Services Review of the National Quality Framework

SDN's specific participation was sought on 37 occasions, including:

ACT Government Child Development Services Working Group

Brighter Futures presentation at a teaching day at Westmead Children's Hospital for advanced trainees in paediatrics

Participation in Australian Human Rights Commission 'Cultural Diversity and Racial Prejudice in Early Childhood Project'

Guest lecture at Notre Dame University, 'Career pathways for early childhood graduates'

Invitation to speak on a panel by Federal Department of Education and Training, 'Indigenous Early Learning Engagement'

Hosted visits at the request of senior staff from NSW Department of Education, the Federal Department of Social Services, and NSW Minister for Disability and Ageing John Ajaka

SDN staff have been invited to assist government or other organisations by participating in committees, reference groups, or roundtables, including:

Institute of Early Childhood Advisory Board, Macquarie University

Macquarie University Children and Families Research Centre Advisory Board

Early Childhood Australia


Early Childhood Intervention Australia

NSW Board of Studies, Teaching and Educational Standards (BOSTES) Early Childhood Professional Learning Working Party

National Centre of Indigenous Excellence (NCIE) — 2015 Inner City NAIDOC Committee

Association of Major Community Organisations (AMCO) Financial Staff Network

Australian Society of Archivists, School Archives Special Interest Group



SDN is a member of a number of local networks, state and national associations, and major peak bodies, including:

ACECQA Forum

ACT Education and Training Directorate — ACT Children's Services Forum

Association of Children's Welfare Agencies (ACWA)

Australian Community Children's Services (ACCS)

Association of Major Community Organisations (AMCO)

Community Child Care Co-operative (CCCC)

Early Childhood Australia (ECA)

Early Childhood Intervention Australia

Families Australia

Inclusion Support Agency (ISA) NSW/ACT and National Alliances

National Disability Services (NDS)

NCOSS Council of Social Service of NSW

NSW Children's Services Forum

NSW Family Services Inc (FaMS)

NSW Forum of Non-Government Agencies (FONGA)

Secretariat of National Aboriginal and Islander Child Care (SNAICC)

Our senior leadership team

Our Senior Leadership Team implements organisational strategy and monitors performance against financial, operational and service quality targets.

The Leaders oversee the day-to-day operations of SDN and, through the CEO, are accountable to the Board for the overall management, performance and health of SDN.



Ginie Udy

MBA *UNE*, BEd, MA(Hons) *Macq*

Chief Executive Officer

Ginie has a long standing concern for the educational needs of all children and the wellbeing of their families, having started her career in 1983 as a teacher at Murrawina, an Aboriginal long day care centre in Redfern, and being the first teacher in charge of the Lithgow Early Intervention Program in 1985.

She has held national policy and leadership positions within large community service organisations and in 2011 she was one of 14 child and family experts invited to join the national Children and Family Roundtable, convened by Minister Julie Collins.

She has been on the Board of NSW Family Services and is currently the Chair of the Association of Major Community Organisations. Ginie is a passionate advocate for socially cohesive communities that respect and include all children and families.

Ginie is Company Secretary, and as CEO is a member of SDN's Executive team. Ginie is also on the Board of subsidiary company SDN Child and Family Services Pty Ltd.



Kay Turner

MSocSc(Child and Youth Studies) *UWS*, BEd(Early Childhood) *Macq*

Deputy Chief Executive Officer

Kay is passionate about children's education, inclusion and wellbeing, and supporting their families and communities. Bringing experience from roles in small and large community organisations and at the Department of Education, Kay joined SDN to lead and develop SDN's integrated services in Western Sydney. She has gone on to hold roles across a broad range of SDN functions including the roles of Director of Child, Family and Children's Services Programs;

Executive Director, Integrated Services and Organisational Development; and Head of Organisational and Business Development. She has been the lead in the development of SDN's integration and SDN's Pathways Approach.

As Deputy CEO Kay is a member of SDN's Executive team, and oversees SDN's service delivery; Human Resources; Practice, Learning and Development; and Organisational and Business Development and is a Level Two certified organisational coach.



Peter Rae

BCom(Acc) *Griff*

Chief Financial Officer

Peter joined SDN in October 2014 as Chief Finance Officer and is responsible for the financial functions of SDN's companies and the management of SDN's payroll and property services. Peter is a member of SDN's Executive team. He is a Fellow of the Institute of Chartered Accountants with 19 years' experience in the UK and Australia in financial and management accounting across both not-for-profit and for-profit industries at senior financial management level including Financial Controller.



Dianne Speakman

MCom(Marketing) *UNSW*, BA(Hons)(Psych) *USyd*, GradCert(Public Relations) *USQ*

Head of Communications

Dianne joined SDN in March 2012. Dianne is an experienced communications specialist and has more than 25 years' experience in marketing communications and stakeholder management across different areas of the not-for-profit sector. Dianne is a member of SDN's Executive, and leads a team that

supports all areas of SDN's service delivery and shared services across four main streams, including strategic communications, stakeholder relationship management, issues management including oversight of risk management and coordination of policies and procedures, and maintaining and growing SDN historical Archive.



Glynis Chang

DipTeach(ECE) *NSTC*

Director, Practice, Learning and Development

Glynis joined SDN in 1998 as an Early Childhood Intervention Teacher bringing 17 years of experience leading collaborative practice in Community based early childhood education. Drawing on her commitment to play, outdoor environments and resources for play, she also contributed to the establishment of the SDN Child and Family Resource Centre. Glynis became the Manager of Child and Family Services programs in 2006 leading a multi-disciplinary team and offering service delivery in supported playgroups, home-based and Centre based early childhood intervention service and with oversight of the Inclusion Support Agencies.

Glynis now leads our Practice, Learning and Development Team and is responsible for developing and leading inclusive practices including Learning and Development across SDN.



Kate Frost

BCom&Adm(Mktg) *Victoria University of Wellington*

Director, Organisational and Business Development

Kate joined SDN in May 2014 in a project management capacity and became a member of SLT in March 2015. Kate's role is to identify and implement process improvements and respond to new business opportunities. Kate previously worked for SDN in 2010 in SDN's Ngara Nanga Mai Aboriginal unit. Kate's background is primarily in operational management roles in education sector organisations spanning from early childhood through to tertiary level. Kate is currently studying at Macquarie University towards a Bachelor of Arts (Sociology).



Adrienne Jerram

BA(Comm) *Macq*, MA(Comm Mgmt) *UTS*, MLitt(Creative Writing) *USyd*

Director, Marketing and Customer Experience

Adrienne joined SDN in February 2016. She has more than 25 years experience in marketing and communications in the education, government and not-for-profit sectors. Adrienne is passionate about establishing and telling a compelling brand story and has written extensively on the implementation of word of mouth marketing and communications campaigns. Adrienne is skilled at using social media and other online tools to propel the brand story. Also a project manager, Adrienne is the veteran of a number of website launches. Adrienne is passionate about health and fitness and is a qualified personal trainer, master functional trainer, outdoor climbing instructor and yoga teacher.



Joe Magri

Master of Community Management (MM) *UTS*, BA(Hons) *USyd*

Director, Integrated Services

Joe joined SDN in July 2012 as the Inner Sydney Regional Manager and was appointed into the role of Director of Integrated Services in June 2015. Joe has more than 20 years experience in the community sector, having worked in NGOs in Australia, Europe and South America. Joe is currently undertaking a Diploma in Law to further his interests in children's law and human rights.



Zarin Medhora

MBS (HR Mgt) *Massey*, LLB (Industrial/Labour Law) *Bombay*, BSc (Chem) *Bombay*

Director, Human Resources

Zarin joined SDN in October 2014 as Human Resource Director. Zarin is a highly experienced HR professional and has more than 15 years' experience in senior HR roles. Zarin has managed all areas of HR function. Her generalist HR experience was gained across various industries including 11 years in the not-for-profit sector, government organisations and the finance sector.

Our board

SDN's Board provides strategic leadership and stewardship to ensure we meet our mission and operate according to our values. All Directors work for SDN in a voluntary capacity, and we thank them for their dedication and commitment to SDN. Our Board as at September 2016 was:



Darren Mitchell

Chairman and President

BEC, MEc USyd

Joined November 1996

Darren has had a 30 year career in the NSW Public Service, including five years as the Director, Office for Veterans Affairs. Darren was awarded a 2010 Churchill Fellowship to investigate war memorials and sustaining community remembrance. Darren is a doctoral student in the Department of History at the University of Sydney, and runs a commemorations and memorials advisory practice. Darren served as President from November 2005 to December 2008, and chairs the Board's Executive and Remuneration committees, and is a member of the Finance committee. Darren is also chair of the Board of SDN Child and Family Services.



Rosalie Wilkie

Vice President and Treasurer

BCom UoN

Joined November 2012

Rosalie is a partner with PricewaterhouseCoopers and has over 20 years of experience. Rosalie specialises in providing audit services and accounting advice to clients. Rosalie completed her Bachelor of Commerce at the University of Newcastle. She is a Fellow of the Institute of Chartered Accountants and a Registered Company Auditor. Rosalie chairs the Board's Finance Committee, as well as being a member of the Executive and Remuneration Committees. Rosalie is also on the Board of SDN Child and Family Services.



Angela Donohoe

Vice President

BCom (Accounting, Finance and Systems), CPA, MAICD, F FIN

Joined June 2014

Angela is a Certified Practising Accountant and business executive who has worked in a variety of senior executive roles in financial services and government over her 30 year career. Roles have spanned accounting, technology, general management, risk management and strategy development in organisations including the Bank of New York, Societe General and Cuscal. Angela is now Chief Information Officer, The BPAY Group. She is a trustee of the Worldwide Orphans Australia Foundation and has held a number of voluntary Committee roles in childcare and education. Angela is a member of the Board's Executive, Risk and Compliance, Remuneration and Governance committees.



Cynthia à Beckett

DipKT, GradDipEdSt, BA (Hons) PhD UNSW

Joined August 2013

Cynthia is an experienced early childhood teacher and academic, currently a Senior Lecturer in Early Childhood Education at the University of Notre Dame Australia, Sydney Campus. Her tertiary qualifications combine degrees in early childhood and sociology culminating in her doctoral thesis entitled *Playing in the in-between, new views on the way relations form: implications for early childhood education*. She has presented her work both nationally and internationally. She also served as an executive member of NSW Branch of Early Childhood Australia for ten years. Cynthia chairs the Board's Research Ethics Committee, and is a member of the Board's Risk and Compliance committee.



Kirsty Albert

BA (Hons), LLB *USyd*, GAICD

Joined February 2010

Kirsty continues a long family association with SDN, being the fourth generation to work with the organisation. Kirsty is now Legal Counsel for Bayer Australia Ltd. She has 20 years experience across both law and human resource and organisational development, working across a range of industries in Australia and India. Kirsty is a graduate of the AICD. She is a member of the Board's Governance and Risk and Compliance committees.



Frier Bentley

BA Communication *CSU*, Sydney Leadership Program

Joined February 2014

Frier has worked in public affairs for more than 20 years with experience in government and the private and not for profit sectors, across a range of industries and organisations, including AGL, IBM, the NSW and Victorian Governments and The Smith Family. She has held leadership roles across the spectrum of public affairs disciplines, including corporate affairs, marketing and stakeholder engagement. Frier chairs the Board's Risk and Compliance committee, and is a member of the Finance Committee.



Theresa Collignon

BCom, MBA, DipFinMkts, GAICD

Joined December 2008

Theresa brings to the board more than 20 years of leadership roles in the not-for-profit education sector in Australia and overseas. Currently CEO of Macquarie Community College, Theresa has worked with TAFE Directors Australia, The Smith Family, AFS Student Exchanges, the Securities Institute, and the Australian Graduate School of Management. She has also worked in consulting and the retail sector. Theresa has been involved in a range of committees and boards in a voluntary capacity over the years including St Vincent's College, Little Nicholson St Play Centre, AGSM alumni and the Balmain Public School P&C. Theresa served as President from November 2012 to November 2014 and is currently also on the Board of SDN Child and Family Services.



Glenn Hughes

BCom, LLB *UNSW*, MLM *AGSM*

Joined August 2014

Glenn is a partner at Russells. Glenn has a commerce/law degree from the University of NSW and a Masters of Law and Management from the Australian Graduate School of Management. Glenn chairs the Board's Governance committee and is a member of the Finance committee.



Barbara Wise

BA (Hons), *MIntS USyd*

Joined December 2014

Barbara has 15 years' experience in public policy, mainly in education and transport. She has worked for state and federal ministers and in government agencies in policy, planning and operational roles. Barbara is now the NSW Point to Point Transport Commissioner. Barbara is on the Board of SDN Child and Family Services, and is a member of the Board's Finance committee.

SDN Child and Family Services Board

SDN's wholly-owned subsidiary SDN Child and Family Services Pty Ltd has a separate Board that in turn reports to the Board of SDN Children's Services. As at 30 June 2016, the SDN Child and Family Services Board consisted of four members of the Board of SDN Children's Services and SDN's CEO Ginie Udy as an executive director.

Chair: Darren Mitchell **Non-Executive Directors:** Theresa Collignon, Rosalie Wilkie, Barbara Wise **Executive Director:** Ginie Udy

Governance report



SDN Children's Services

SDN Children's Services is a not for profit company limited by guarantee. It is overseen by a Board of volunteer directors with diverse business and sector backgrounds who are responsible for determining SDN's strategic direction and for the overall governance and performance of the organisation.

The Board consists of Directors who must be Members of the company. The Board must have at least eight directors, up to a maximum of 12. SDN holds Directors and Officers Insurance for all Board members.

The Board oversees the CEO and the Senior Leadership Team to ensure that resources are used effectively to achieve the company's goal, in accordance with its philosophy, vision, mission, and values.

SDN Child and Family Services Pty Ltd

SDN has a wholly-owned subsidiary company, SDN Child and Family Services Pty Ltd which holds Public Benevolent Institution (PBI) status from the Australian Tax Office and has Deductible Gift Recipient status. This subsidiary is responsible for managing government program contracts and programs funded by donations.

SDN Child and Family Services has a separate Board that reports to the Board of SDN Children's Services. During 2015–16, the SDN Child and Family Services Board consisted of four members of the Board of SDN Children's Services and an executive director, Ginie Udy.

Role of the Board

The Board of SDN Children's Services meets at least six times per year. Papers include financial and operational reports for both SDN Children's Services and SDN Child and Family Services. Board meetings include regular presentations from the Senior Leadership Team.

The Board of SDN Children's Services appoints the Chief Executive Officer and sets the scope of her authority to establish and administer centres, programs, budget and finances, and to otherwise manage the organisation.

The Board is also responsible for:

- ▶ providing overall strategic direction
- ▶ working with the CEO and Senior Leadership Team to develop the strategic plan, and monitor its implementation through regular reports to the Board
- ▶ exercising due diligence, fulfilling its fiduciary responsibilities, and guarding against undue risk
- ▶ approving and monitoring the annual budget, and ensuring sufficient funds are available to meet financial commitments and obligations as they fall due, based on monthly financial information obtained through the Finance team and the Finance Committee

- ▶ ensuring compliance with statutory requirements and regulations set by government
- ▶ establishing Board committees as needed to help it carry out its work
- ▶ reviewing and approving all high level policies in accordance with an agreed policy framework
- ▶ promoting and protecting SDN's interests
- ▶ communicating with Members as required, including through the Annual General Meeting and the Annual Report.

Board structure and committees

The Board appoints Committees to assist it in carrying out its work. The purpose of each committee is to undertake the activities defined in its Terms of Reference or delegated to it by the Board. Committees operate at Board level, not at an operational level, and do not make decisions on behalf of the Board unless explicitly authorised by the Board.

The Board has six standing committees, being:

- ▶ Executive Committee ▶ Finance ▶ Governance ▶ Remuneration
- ▶ Research Ethics ▶ Risk and Compliance.

All committees meet regularly (or as needed) and report back to the SDN Children's Services Board. SDN's CEO is also the Company Secretary.

Roles and responsibilities of the Board committees

Each Board committee has Terms of Reference approved by the Board and reviewed as required. The Terms of Reference outline the committee's purpose, duration of appointment, responsibilities, membership, meeting frequency and key objectives. Each Board committee has the role and responsibility of assisting and advising the Board in fulfilling its responsibilities in a particular area as follows:

Executive Committee

Concerned with SDN's strategic direction, strategic matters and goals.

Finance

Oversees and monitors SDN's audit processes including internal control activities, financial reporting and financial risk management.

Governance

Assists the Board with selection and appointment of directors, formal documents and

Board selection and evaluation

The Board regularly reviews its composition to ensure that the mix of skills, experience and cultural fit is appropriate, having regard to SDN's history, philosophy and strategic direction. Through the Governance Committee, the Board has in place a process for identifying the skills needed within the Board and for seeking new directors. The Board has deliberately sought people with experience in strategy, risk management, law, finance, general management and the sectors in which SDN works.

To encourage board renewal, the Board has instituted succession planning in relation to the Board, the president, vice presidents and honorary treasurer. Succession planning is the responsibility of the Governance Committee (in discussion with the President), with final approval given by the Board.

The Board conducts a regular review of its performance, policies and practices, the most recent being in 2015. That review recommended several priorities for the Board to focus on, which were addressed throughout the year by the Board and Governance Committee.

processes related to Board governance, development of the Board's capacity to govern effectively and succession planning for key board roles.

Remuneration

Assists the CEO in determining the Executive Team's remuneration, assists the President on behalf of the Board in determining the CEO's remuneration and benefits, makes recommendations to the Board regarding the CEO's annual review and about CEO succession planning, and reviews the overall remuneration framework of the organisation.

Research Ethics

The Research Ethics Committee makes decisions regarding the approval or otherwise of Applications for Research and Evaluation at SDN in accordance with ethical principles identified in the Guidelines for Research and Evaluation at SDN, monitors compliance by those granted approval, deals with any complaints about research and evaluation practices deemed to be unethical, reports approved research and evaluation projects to SDN's Board, and provides advice on policies and procedures pertaining to research and evaluation at SDN.

Risk and Compliance

Oversees SDN's risk profile, focuses on risk oversight, risk management and internal control. Financial risk is overseen by the Finance Committee.

Responsibilities of management

The Board has delegated to the CEO the day-to-day running of the organisation and its children's education and care centres, programs, services, and consultancy and management operations.





Training and development

The Board is committed to director induction and professional development and has a budget for such development. The Board has formalised its induction program for new Board Members, which includes attending a corporate induction session, a briefing with the CEO and Company Secretary prior to the Director's first meeting, a six month check in with the President, and visiting centres and programs with an experienced director. Board Members also attend training courses that are approved on a case-by-case basis by the President.

Remuneration

Board Members serve on a voluntary basis and do not receive remuneration. They can be reimbursed for a reasonable amount of expenses directly related to Board activities.

Board Governance Charter

The Board's Governance Charter outlines the responsibilities and duties of the Board and Directors. The Governance Charter includes the Board's terms of reference, and its approach to key corporate governance issues (such as Board structure and composition, relationship between the Board and the CEO and management, powers retained by



SDN's Approach

Children learn through watching, listening, copying and by being engaged and doing. Play is one important way that a child uses their brain and learns, and is a key part of a child's life. Play is a child's right, providing opportunities to learn, discover, create, improvise and imagine.

the Board, Board meeting procedures, Board evaluation, and director protection and development). It also sets out responsibilities of Directors concerning risk management and financial management, and its approach to dealing with conflict of interest, and with the nomination of Members.

Policies and procedures

SDN works within a regulatory framework that requires compliance with a range of legislation and regulations, including work health and safety and the Children's Education and Care National Quality Framework. It is essential that we are able to demonstrate not only that we have the policies and procedures in place, but also that we are meeting and preferably exceeding the requirements of those policies and procedures.



SDN's high level and operational policies and procedures are reviewed and approved by the Senior Leadership Team and the Board on a rolling schedule, and new policies and procedures continue to be developed as gaps are identified. High level policies are regularly reviewed by the Board according to an agreed calendar.

Conflict of interest

It is expected that Board Members will be sensitive to any conflict of interest that may arise. Board Members are required to disclose and declare the following to the Board:

- ▶ any existing or potential conflict of interest including any material personal interest, as defined in the Constitution and the Corporations Act
- ▶ any direct or indirect interest in contracts with SDN
- ▶ any related party transaction.

Depending upon the nature of the conflict of interest, a Director may need to leave a Board meeting where a matter relating to the conflict is being discussed or voted upon.

The Board has established a register of Directors' interests and records therein any conflicts. The Register is a standing agenda item at the beginning of all Board meetings.

Risk and compliance

The Board is responsible for ensuring that adequate measures are in place to manage risk. The Board's Risk and Compliance Committee meets four times each year, and reviews SDN's organisation-wide Risk Management Plan that identifies, assesses and prioritises potential risks and SDN management's plans to manage and mitigate the most significant risks. The Committee also reviews the effectiveness of SDN's approach to ensuring compliance with all applicable laws, regulations, licence and Government funding conditions, key business contract obligations and company policies.

Risk information is regularly reported to the Board through the Board Papers including the CEO's reports and through the Risk and Compliance Committee's minutes and reports, as well as in the event of a serious incident or breach.

Throughout 2015, SDN undertook a major project to develop a new risk register across all of the major business processes in the organisation. SDN's new process-based Risk Management Plan was approved by the Board in February 2016.

The 2016 Risk Management Plan runs across three major risk segments — Governance and Infrastructure, Finance, and Operations. The Plan includes:

- ▶ all risks identified for each business activity
- ▶ a list of relevant best practice controls



SDN's Approach

Our indoor and outdoor learning environments are designed to be safe and to support wellbeing, as well as to help each child feel that they belong. Our learning environments also help children to understand what is expected of them and what the rules are while encouraging positive interactions, facilitating learning, and inspiring exploration and mastery of new skills.

- an assessment of whether and how well these controls are in place
- continuous improvement actions.

In total we have three segments, made up of 17 categories, with 158 identified risks and 503 controls in place. These are broken down into:

- **Governance and Infrastructure segment** Four categories within this segment, consisting of 21 principal business activities that include 33 identified risks with 146 controls in place
- **Finance segment** Four categories within this segment, consisting of 20 principal business activities that include 33 identified risks with 100 controls in place

- **Operations segment** Nine categories within this segment, consisting of 49 principal business activities that include 92 identified risks with 257 controls in place.

SDN has a Business Continuity Plan in place that is linked with specific disaster recovery and crisis management plans.

Work Health and Safety

SDN is committed to providing a safe and healthy environment and to promoting wellbeing. The Board uses a two-tiered model of prevention and management of injury and incidents, under a legislative framework. Throughout 2016 SDN has been revising its WHS Register to align it with our new risk management approach. Our WHS Register is part of the wider WHS Framework that we are developing, which includes our policies and procedures, training, and quality assurance processes.

SDN's prevention of injuries and incidents processes:

- ensure appropriate documentation of our Work Health and Safety system is in place
- use a risk management framework with regular monitoring
- ensure safety and wellbeing is promoted with an aim of decreasing and eliminating risks
- provide and maintain healthy environments
- ensure safety and health are considered in all planning and workplace activities
- involve employees from all levels in decision making about WHS issues.

SDN's management of injuries and incidents processes:

- include a return to work program
- are transparent, fair, timely, and efficient
- ensure injuries and incidents are investigated and the causes controlled, and injuries are effectively managed
- include evaluation and follow up.

More information

You can find more information about the Board of SDN Children's Services on the SDN website at www.sdn.org.au, and in our annual Financial Statements, also available on our website.

Our financial performance

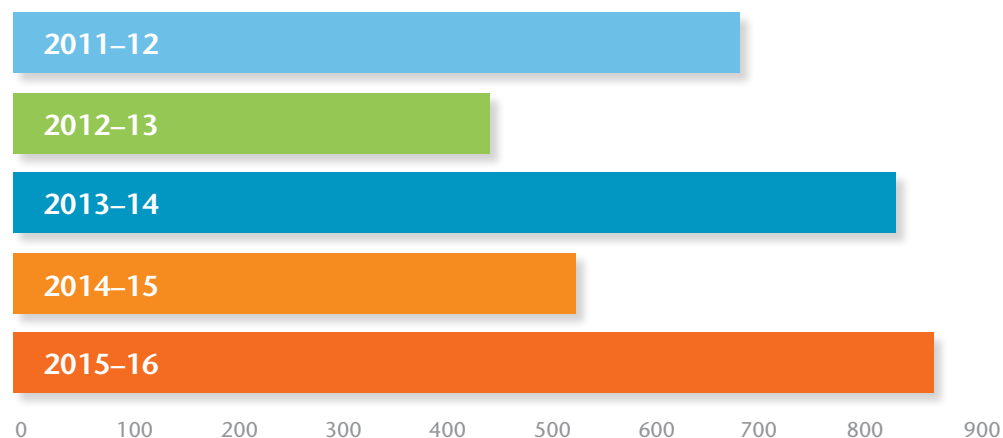
SDN Group reported a net surplus for the financial year of \$855,915, which represents 1.6% of revenue, an increase of \$349,611 from \$506,304 in 2014–15. The consolidated surplus includes SDN Child and Family Services Pty Limited, which reported a deficit of approximately \$141,127 (a decrease of \$397,411 from \$538,538 deficit in the prior year) after further investments in the roll out of our Disability Service program in the ACT and Nepean Blue Mountains Districts.

Revenue

Total group revenue was \$53,649,415, an increase of 7% or \$3,563,018 compared with the previous year's revenue of \$50,086,397. The overall increase in revenue was mainly due to increase in child care fees and government funding. Despite a reduction in utilisation, revenue from child care fees increased to \$31,851,017, an increase of 7% or \$2,082,606 compared with \$29,768,411 in 2014–15. Child care revenue continues to represent 59% of SDN's total revenue.

Disability services NDIS generated revenue increased to \$695,955 from \$68,817 in 2014–15. SDN has continued to develop its disability services in line with the roll out of

Consolidated surplus (\$'000s)



the National Disability Insurance Scheme (NDIS) through the Nepean Blue Mountains Region. Grant funding from Ageing Disability and Home Care (ADHC) for the Early Childhood Links (ECL) program is being phased out of this region in line with the roll out. In 2015–16 we have continued to provide disability services to children in both the ACT and the Nepean Blue Mountains regions under the NDIS model.

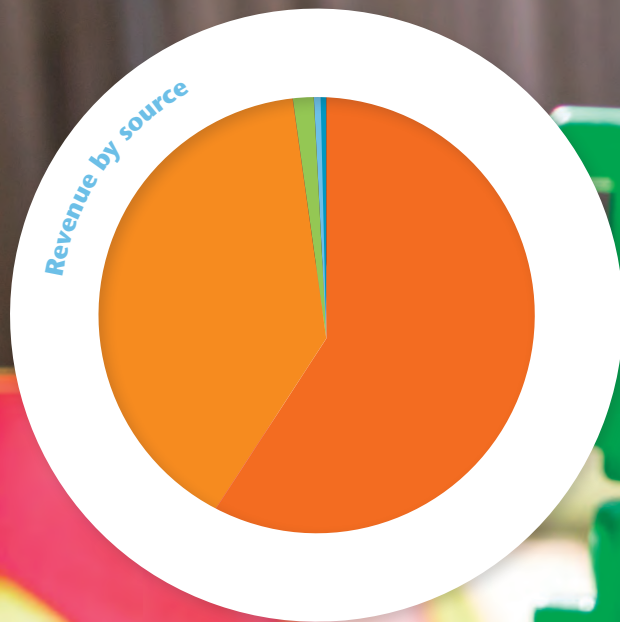
Income from government-funded programs and grants made up 38% of group revenue at \$20,647,698, an increase of 5% or \$913,649 compared with \$19,734,049 in 2014–15. Government funds are for the delivery of specific programs and projects, and are the result of successful tenders, grant applications, and direct allocations. The largest contributor to grant funding increase was a \$1,104,781 increase in disability services funding from ADHC.

The contracts we hold for the programs we deliver have a range of completion dates. The funding from the NSW Government for our ECL program was maintained in the Sydney South, Sydney North, Cumberland and Liverpool regions, however except for the Sydney South region this will be phased out during 2016–17 in line with the roll out of the NDIS in those areas. SDN also received a grant of \$55,000 from the NDIS Early Childhood Early Intervention (ECEI) program to transition families in the Lithgow area to NDIS providers where they had been granted an NDIS package or to support families outside of the scope of the NDIS. This funding will be continued in 2016–17.

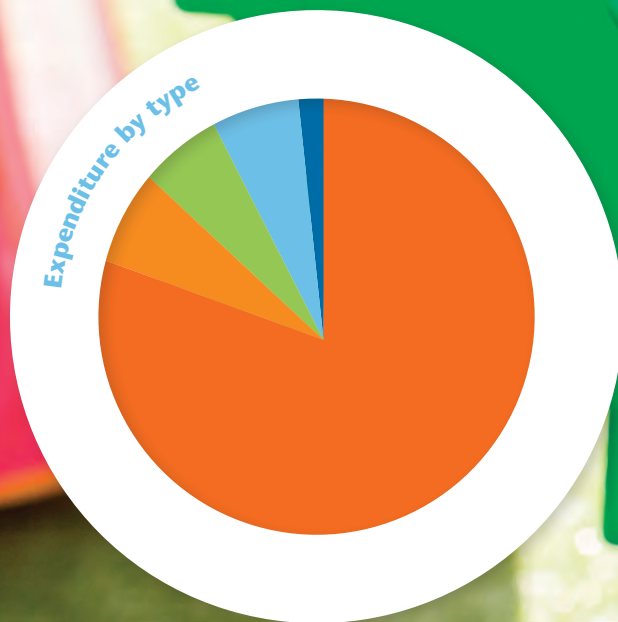
Our funding from the Federal Department of Education and Training for Inclusion Support Agencies (ISA) expired in June 2016. This funding supported children with ongoing high needs to be enrolled in eligible child care and early learning settings by providing support to the staff of these services. Whilst the loss of the ISA is disappointing it has allowed efforts to be further directed towards the development of disability services provided directly to children and families.

We continued to seek fundraising and philanthropic grants and donations from a variety of sources throughout the year. Grants and donations received in 2015–16 totaled \$141,593 a 7% increase on 2014–15's \$132,347.

A valued aspect of our children's education and care centres is fundraising by families. Many of our children's education and care centres benefit from the additional equipment purchased from fundraising activities of families.



- Child care fees
- Government funding
- Disability services
- Interest
- Other



- Staff costs
- Occupancy expenses
- Administration expenses
- Service delivery expenses
- Other



Our grant funding

Australian Government grant funding

Department of Education and Training

ISA (Inclusion Support Agency)	\$4,375,481
ISA Flexible Support	\$698,714
SDN Glebe Occasional Care Support	\$44,370
Long Day Care Professional Development Programme	\$312,335
	\$5,430,900

Department of Social Services

Children and Parent Support Services	\$277,068
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Department of Prime Minister and Cabinet

Children and Schooling Programme	\$126,116
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National Disability Insurance Agency

Early Childhood Early Intervention	\$55,000
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Total funding from the Australian Government \$5,889,084

State Government grant funding

Department of Families and Community Services: Ageing, Disability and Home Care (ADHC)

SDN Beranga	\$1,381,510
Family Support, Cumberland Prospect	\$1,455,052
Family Support, Northern Suburbs	\$559,285
Family Support, Southern Suburbs	\$1,256,587
Early Childhood Links, South West Sydney	\$1,245,258
Early Childhood Links, Lithgow	\$151,903
Early Childhood Links, Penrith	\$399,432
	\$6,449,027

Department of Families and Community Services: Community Services

Mobile Playlinks	\$199,583
Inner/Eastern Interagency	\$75,711
Brighter Futures Eurobodalla	\$374,815
Brighter Futures Sydney Metro	\$6,250,330
Aboriginal Playgroup, Glebe	\$30,690

\$6,931,129



Department of Education

Resource Library	\$35,850
Intervention Support Program	\$304,480
Preschool Disability Support Programs	\$61,605
Children's Services Programs (Long Day Care and Preschool)	\$1,219,305
Long Day Care National Partnership	\$259,425
	\$1,880,665
Total Funding from the NSW Government	\$15,260,821

Total Government funding \$21,149,905

Expenditure

SDN group expenditure was \$52,793,500 a \$3,213,407 (6%) increase from \$49,580,093 in 2014–15. The major component of SDN's expenditure is the cost of employment; in 2015-16 this was \$42,606,793. This represents 81% of total expenditure (slightly up from 80% in 2014–15). The main drivers of this increase are the changed educator to child ratio mandated by the National Quality Framework (NQF), and increased workers compensation premiums due to NSW government changes in premium calculations. Administration overheads remained at 6% of total expenditure and dropped to 5.5% of revenue.

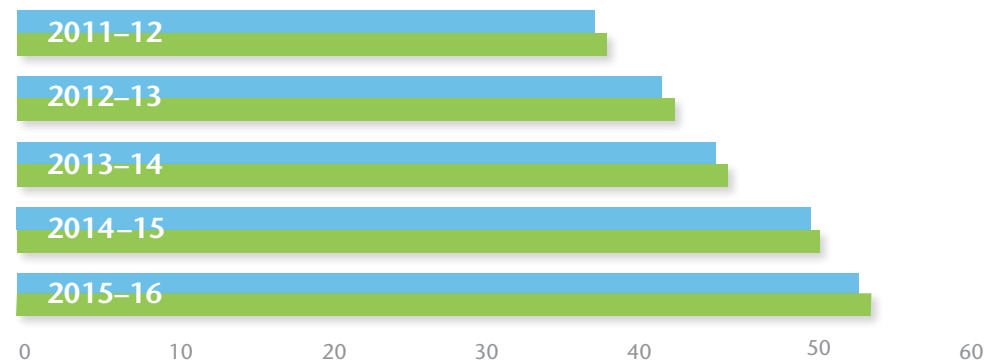
Capital

SDN invested \$639,998 in its Client Relationship Management (CRM) systems during the year, bringing the total investment to \$798,398. The CRM software is used in our children's education and care centres and by our disability services and Brighter Futures program and will become the single data source for all SDN services. Creating a single data source allows us to keep visible, accurate and accessible data to enable well informed decision making and planning. Our capital works program continued to ensure our owned and managed centres and offices were continually upgraded during the year. Expenditure on capital improvements during the year totalled \$1,009,838.

Cash flow

SDN generated total cash receipts of \$56,163,993, up from \$52,704,675, with cash holdings of \$12,869,083, down by \$1,435,886 from \$14,304,969 as at 30 June 2015. This is due to the development of the CRM, upgrades of the property portfolio and investments in operating in the new NDIS environment.

Consolidated revenue v expenditure



Financial statements

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2016

	2016	2015
	\$	\$
Revenue	53,649,415	50,086,397
Employee benefits expenses	(42,606,793)	(39,445,303)
Occupancy expenses	(3,357,952)	(3,136,377)
Administration expenses	(2,997,932)	(3,160,545)
Service delivery expenses	(3,010,464)	(3,222,502)
Depreciation expenses	(820,359)	(573,437)
Loss on write off of property, plant and equipment	—	(41,929)
Surplus before income tax expense	855,915	506,304
Income tax expense	—	—
Surplus for the year	855,915	506,304
Other comprehensive income, net of tax	—	—
Total comprehensive income for the year	855,915	506,304

SDN's Directors' Report, full financial statements and accompanying notes are available on SDN's website www.sdn.org.au

Statement of financial position

As at 30 June 2016

	2016	2015
	\$	\$
Current assets		
Cash and cash equivalents	12,869,083	14,304,969
Trade and other receivables	391,741	383,218
Assets held to maturity	63,366	61,877
Other current assets	184,775	223,484
Total current assets	13,508,965	14,973,548
Non current assets		
Property, plant and equipment	31,978,312	30,827,578
Total non current assets	31,978,312	30,827,578
Total assets	45,487,277	45,801,126
Current liabilities		
Trade and other payables	7,607,057	8,583,095
Provisions	4,456,474	4,909,506
Total current liabilities	12,063,531	13,492,601
Non-current liabilities		
Trade and other payables	1,863,762	1,863,762
Provisions	1,698,542	1,414,223
Total non-current liabilities	3,562,304	3,277,985
Total liabilities	15,625,835	16,770,586
Net assets	29,861,442	29,030,540
Equity		
Reserves	19,406,642	19,431,655
Retained earnings	10,454,800	9,598,885
Total equity	29,861,442	29,030,540

Statement of changes in equity

For the year ended 30 June 2016

	Retained earnings	Asset revaluation reserve	Fundraising reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2014	9,092,581	19,305,753	189,467	28,587,801
Surplus for the year	506,304	—	—	506,304
Other comprehensive income	—	—	—	—
Total comprehensive income for the year	506,304	—	—	506,304
Transfers to and from reserves — fundraising reserve	—	—	(63,565)	(63,565)
Balance at 30 June 2015	9,598,885	19,305,753	125,902	29,030,540
Surplus for the year	855,915	—	—	855,915
Other comprehensive income	—	—	—	—
Total comprehensive income for the year	855,915	—	—	855,915
Transfers to and from reserves — fundraising reserve	—	—	(25,013)	(25,013)
Balance at 30 June 2016	10,454,800	19,305,753	100,889	29,861,442

Statement of cash flows

For the year ended 30 June 2015

	2016	2015
	\$	\$
Cash flows from operating activities		
Receipts from customers	33,774,147	31,903,358
Receipts from government	22,172,136	20,491,881
Interest received	217,710	309,436
Payments to suppliers and employees	(55,627,297)	(51,708,061)
Net cash provided by operating activities	536,696	996,614
Cash flows from investing activities		
Payments for assets held to maturity	(1,489)	(1,823)
Purchase of property, plant and equipment	(1,971,093)	(1,598,069)
Net cash used in investing activities	(1,972,582)	(1,599,892)
Cash flows from financing activities		
Repayment of borrowings	—	(54,045)
Net cash used in financing activities	—	(54,045)
Net (decrease)/increase in cash held	(1,435,886)	(657,323)
Cash and cash equivalents at beginning of financial year	14,304,969	14,962,292
Cash and cash equivalents at end of financial year	12,869,083	14,304,969

Our supporters

Aboriginal and Torres Strait Islander Scholarships

Mrs Elizabeth Albert
Mrs Kirsty Albert
Mrs Ruth Armytage AM
Ms Frier Bentley
Mr Peter Bidencepe
Mrs Robin Blackwell
Mrs Susan Braham
Mrs Denise Brewer
Mrs R.D. Bridges OBE
Mrs Angela Donohoe
Mr David Eastwood
Eureka Benevolent Foundation (managed by the Myer Family Company)
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Mrs Carol Field
Dr Joy Goodfellow
Mr Peter Graham QC

Mrs Hillary Hannam
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Mrs Jennifer Hill
Dr Leone Huntsman
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Mr Arthur and Mrs Elizabeth Krust
Mr Bill and Mrs Pat Locke
Mrs Adrienne Miles
Mrs Coral Miller
Mrs Ann Mitchell
Mrs Sue Perdriau
Revirisco Management Pty Ltd
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Mrs Audrey Sewell
Mrs Pat Sinclair
Mrs Nanette Swinburn
Mrs Marion Taylor
Mrs Joan Thomson
Mr George Thurgoose

Mrs Beth Vernon
Mrs Rosalie Wilkie
Dr Peter Williamson
Drs Andrew and Lian Wines and family
Mrs Barbara Wise
Plus 60 SDN staff members

SDN Access and Inclusion Scholarships

Mrs Denise Brewer
Mrs Nancy Lefmann
Mrs Coral Miller

SDN Beranga

Mrs Jenifer Hill
Mrs Susan Salter
Mrs Margot Starkey

Building Fund

Mrs Helen Fairfax
Mrs Prudence Finlay
Mr Tony Gall
Mrs Tonia Goddard
Mrs Jan Harvey-Smith
Mrs Mary Hill
Mrs Alice Killen
Mrs Emma Longworth
Mrs Jenifer Longworth
Mr Ian Philip
Mrs Dianna Southwell-Keely
Mrs Marina West
Mr Whitney

Life members

Ruth Armytage AM
Effie Bland OAM
Mrs R.D. Bridges OBE
Mary Hill

The SDN Staff Giving initiative was launched in July 2012. Since then 18 Aboriginal and Torres Strait Islander Early Childhood Scholarships have been issued through the program.



Be involved

Part of SDN's vision is of a world where the promise and potential of every child is realised. We believe it is the right of all children to access high quality early childhood education and care, regardless of economic circumstances, developmental status or cultural background. It is part of our mission to address inequalities faced by children. As a not-for-profit organisation, many of our programs are supported by government funding, however we do need to find additional funds so we can achieve our mission.



Fundraising

Many of our children's education and care centres are supported by volunteer fundraising committees run by the families who use the centre. The funds raised are used to buy additional equipment for the centre, or for special excursions. We also receive donations from corporations and foundations to buy equipment for specific programs, such as our playgroups and our centre for children with an autism spectrum disorder, SDN Beranga. If you would like to support a local centre, please contact us to find out how.

Make a donation

We accept donations from philanthropic foundations, businesses and individuals for our work with our three priority areas, including:

- ▶ Aboriginal and Torres Strait Islander Early Childhood Scholarships
- ▶ Working with children with disability, including our Access and Inclusion Scholarships for our children's education and care centres, and our work at SDN Beranga
- ▶ Working with children and families facing challenges
- ▶ Our Building Fund.

Our subsidiary company, SDN Child and Family Services, is endorsed by the Australian Tax Office as a Deductible Gift Recipient, and donations greater than \$2 are tax deductible.

SDN Aboriginal and Torres Strait Islander Scholarships

In 2007 SDN established its Aboriginal and Torres Strait Islander Early Childhood Scholarships as it was apparent that many Aboriginal children were not accessing mainstream child care and preschool due to cultural barriers and costs.

These scholarships are one of the few funded education scholarship programs in Australia offered to Aboriginal children in the early years before school. They cover the cost of a child attending an SDN Children's Education and Care Centre three days a week for two years. The scholarships aim to give Aboriginal and Torres Strait Islander children access to high-quality early education and lay the foundations for lifelong learning, ensuring more Aboriginal and Torres Strait Islander children can start school on an equal footing.



Recipients of SDN's Aboriginal and Torres Strait Islander Scholarships create a collaborative artwork at their morning tea scholarship presentation.

Zarin Medhora presenting our 80th Aboriginal and Torres Strait Islander Scholarship



Our SDN Hurstville playground upgrade gets the seal of approval!



Since 2007, we have provided scholarships to 88 children, which have only been made possible thanks to donations from philanthropic foundations and individuals, including SDN staff through our Staff Giving program. You can see our list of supporters on page 70 of this report.

SDN Access and Inclusion Scholarships

In 2015 SDN established its Access and Inclusion Scholarships to help to reduce financial barriers and increase participation for children with disabilities by covering the cost of a child to attend an SDN Children's Education and Care Centre, up to three days a week for up to two years. Our inaugural four scholarships were awarded thanks to funding from the Jenour Foundation, and from 1 July 2016 we will be expanding our Staff Giving program to include support for these scholarships.

SDN Building Fund

In 1992 SDN set up a tax deductible Building Fund to assist with the upkeep and repair of SDN's buildings. This Fund is supported by donation only. This year the Fund allocated \$51,175 for three projects for minor and major works at SDN children's education and care centres.

More information

To find out how you can be involved, call us on (02) 9213 2400, visit our website www.sdn.org.au, email us on info@sdn.org.au, or follow us on Facebook or Twitter [@sdnchildren](https://twitter.com/sdnchildren).





SDN thanks everyone who contributed to this report and gave their permission for their photograph to be used and stories to be told.

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Joint Vice-Regal Patrons: His Excellency General The Honourable David Hurley AC DSC (Ret'd)
Governor of New South Wales, and Mrs Linda Hurley