

Annual Report

2015

110th
ANNIVERSARY

sdn
children's services



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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 mission

We will contribute to this vision by:

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



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 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, care and family support 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 around 700 staff across 36 sites in Sydney, regional NSW and the ACT, we are one of Australia's most respected children's services organisations.

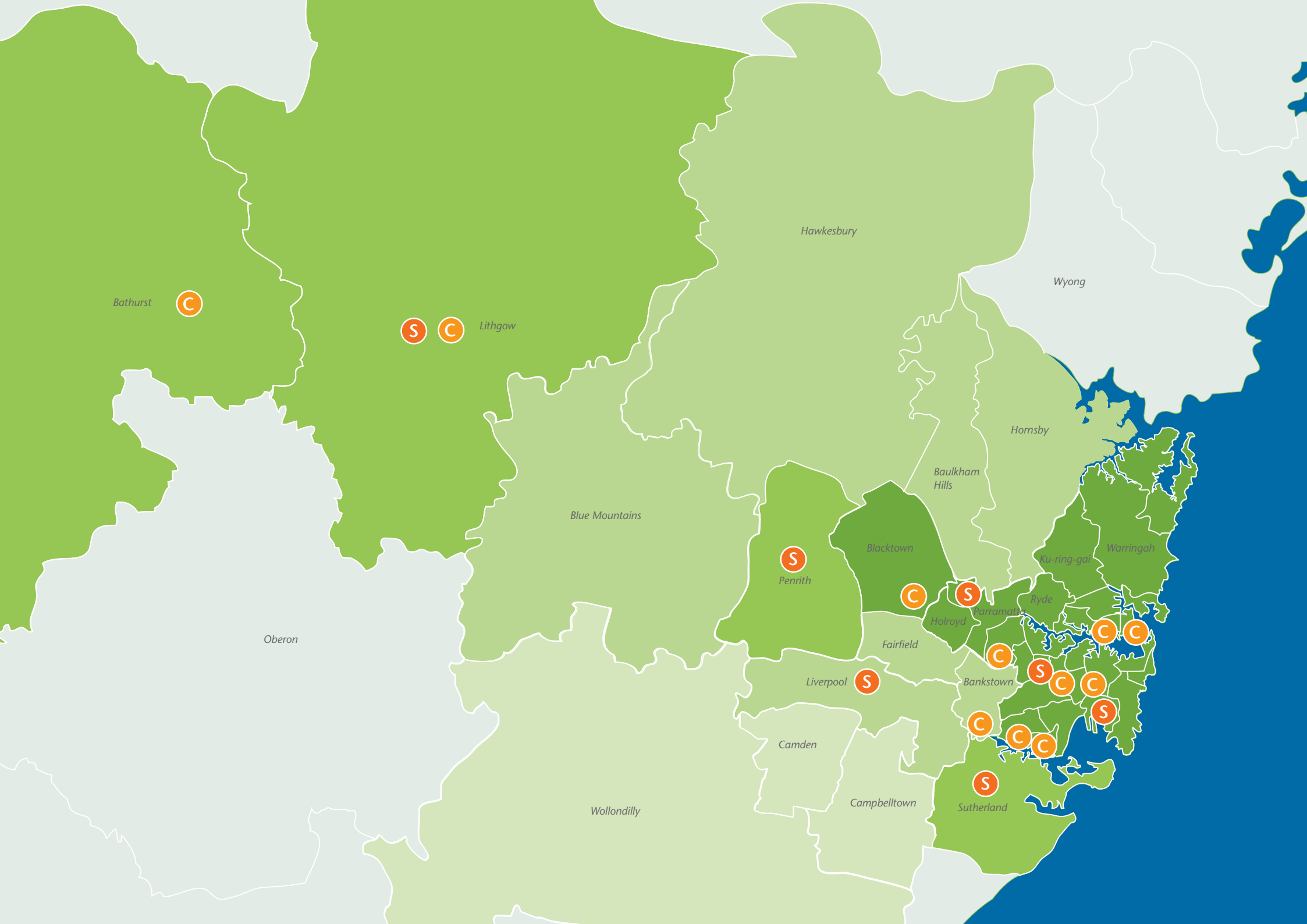


Our services

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, including preschool programs*
- ▶ *playgroups*
- ▶ *parenting programs*
- ▶ *family support*
- ▶ *therapeutic intervention*
- ▶ *practitioner 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

Blue Mountains

Hornsby

Baulkham Hills

Blacktown

Ku-ring-gai

Warringah



Penrith



Ryde

Parramatta



Halroyd

Fairfield



Liverpool



Bankstown



Camden

Campbelltown

Sutherland

Wollondilly

Oberon

Where we work

SDN's services operate across the Sydney metropolitan area, regional NSW and the ACT. We have 25 children's education and care centres including 23 long day care centres and two pre-schools, all offering educational programs for children up to school age. 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 work with other services.

We have a number of centres in inner city Sydney, reflecting our origins and history. In July 2014, we began delivering Early Childhood Links in south west Sydney, opening a new office in Liverpool. In January, we became a provider under the National Disability Insurance Scheme, offering our Early Childhood Links in the ACT.

The services we deliver that are funded by the government are usually contracted to be delivered in a particular region or area. We have a physical office in a central location for that area, 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 strategic service outcome 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 resource, communications and marketing, and other business management services.

2 Centre based education and care
Group education and 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.

President's and CEO's report

What a wonderful milestone 110 years is! And in this, our 110th Annual Report, we are proud to present an overview of the impact SDN has had on the lives of nearly 12,000 children, families and others. This document also explains the context in which we work, the resources we draw on to achieve our intended outcomes, and the future we are imagining as we launch into our 2016–2018 Strategic Plan.

Facts and figures are important and they allow us to compare what we feel is happening (such as overall improvement) with objective measures such as increased number of children facing challenges enrolled in our centres, reduced number of staff injuries, and improved staff engagement scores. Data also help us work out where more effort is needed. We know for example that while we are supporting more Aboriginal children our number of Aboriginal staff has declined.

But behind these numbers are the lived experience of children, families, and others whose lives are changed because of SDN.

The stories that you will read throughout our Annual Report are inspiring insights into the kind of work we do, how we do it and the outcomes achieved for children and families. We are confident we are making the world a better, more equitable place because both formal Key Performance Indicators and people's stories are telling us we are

In the past two years, more and more of our work has been directed at improving the lives and outcomes of children with a disability and we are thrilled to have exceeded our inclusion target for these children in the last financial year, as well as doubling our direct disability services since 2013.

Families who have a child with a disability face a huge array of challenges and we are proud we have been able to ease the burden of so many more families in these circumstances in recent years.

110 years ago the focus of the first 'creche' was on the 'child care' needs of women struggling to raise a family on their own, and the support provided by the founders of the Sydney Day Nursery Association was invaluable. This tradition of seeking out those whose support needs are the greatest remains at the forefront of our thinking and planning, while we also seek to strengthen the long-term capacity of families and communities.

In the end, the more caring and supportive local communities become, the more each one of us will be

able to draw on this care when we need it. This vision is of a world of strong and caring families and communities, where children's promise and potential is realised and where services for children are valued and well-resourced.

We are confident that in the last year, this vision has become more and more a reality.

The Board and Senior Leadership Team have worked in partnership this year to achieve some important milestones, including welcoming our 50th member, and issuing our 60th Aboriginal and Torres Strait Islander Scholarship, but the next few years will present us with new challenges that we need to be ready for.

We are confident we have the right leadership and governance in place, backed by a solid resource and asset base; we know integration and our Pathways Approach are firmly embedded in our thinking and the range of services we provide. We now need to listen even more carefully to what is being asked of us by families and communities, and be ready to change work practices and systems to better meet changing expectations.

While some of the 'how' of our work may change, and even the 'what' and the 'where', the 'why' will remain rock solid. We have always been here for the wellbeing of children. Now and for the future.

Darren Mitchell, SDN President
Ginie Udy, CEO



Highlights of 2014–15



New Vice-Regal Patronage

SDN was privileged to have had Dame Marie Bashir as our Vice-Regal Patron during her long running tenure as Governor of NSW, which ended with her retirement from the office in October 2014. The first Vice-Regal Patron of SDN was Her Excellency Lady Northcote, who granted Patronage to SDN in June 1906. Since then SDN has a long history of patronage by either the wife of the Governor-General, the wife of the Governor of NSW, or the Governor herself.

We are delighted that this unbroken line of Vice-Regal Patronage has continued with the granting of joint Patronage by the incoming Governor, His Excellency General The Honourable David Hurley AC DSC (Ret'd), and Mrs Linda Hurley. We were thrilled and honoured to host the Governor and Mrs Hurley when they visited SDN Linthorpe St in March, and the children were thrilled to be invited to a return visit to Government House in April.

SDN turns 110 years old

Monday 3 August 2015 represented the 110th anniversary of the very first meeting of the 13 women who became the founders of SDN. They met with the purpose of 'organising a movement to establish a crèche', and quickly formed working groups for fundraising and to find a suitable property and staff. Just a few months later, on 7 December 1905, the doors opened to our first day nursery at Woolloomooloo.

During 2014–15, several SDN services celebrated their own anniversaries: SDN Marrickville, 70 years in October, SDN Riverwood, 40 years in January, Early Childhood Links program in Lithgow, 30 years in April, and SDN Batemans Bay Preschool 40 years in July.

SDN moves into the NDIS

SDN took its first steps into the new National Disability Insurance Scheme (NDIS) when we began to offer disability services to children in the ACT in January. The NDIS is a new Australia-wide insurance scheme that funds people with disabilities to access the supports they need, and is rolling out across the country over the next few years. The NDIS began in the ACT in January, and SDN launched its Early Childhood Links program for families to access using their NDIS funding. Our Early Childhood Links team in the ACT joins our Inclusion Support Agency there and our children's education and care centre SDN Bluebell.

Our experience in the ACT has been invaluable in preparation for the NDIS which began on 1 July in the Nepean Blue Mountains area of NSW for people under 18 years. SDN was already delivering disability services for children in Penrith and Lithgow through our Early Childhood Links program, and we are transitioning into the NDIS in that area while we continue to work with families. Final transition dates for the rest of NSW have now been announced and SDN is on track to continue to transition its services into the NDIS throughout 2016 and 2017.



SDN welcomes new members

SDN is a not-for-profit organisation company limited by guarantee. Instead of shareholders, we are responsible to the members of the organisation. Members are able to move and vote on resolutions at general meetings, as well as appoint and remove Board directors. During the first half of 2015, SDN undertook a membership recruitment drive targeting long standing supporters who we felt were aligned with SDN's mission, and inviting them to become members. This campaign was very successful, with membership increasing from 38 to 54 members. We were pleased that so many of our supporters were happy to be even more closely involved as members, as we believe that an active and committed membership creates a strong foundation for organisational governance.



Our environment and context

SDN continued to experience uncertainty across all of the sectors it works in, including:

- ▶ potential sweeping changes to the early childhood education and care sector following the Productivity Commission Inquiry into Childcare and Early Learning, and the resulting proposed introduction of the new Child Care Assistance Package, which restructures the current Child Care Benefit and Child Care Rebate, and includes significant changes to the delivery of the current Inclusion and Professional Support Programme
- ▶ changes to the implementation of Australian government funding for family support programs and Aboriginal and Torres Strait Islander programs following the requirement to tender to deliver these services

- ▶ the rollout of the National Disability Insurance Scheme and the resulting changes to the way services for individuals with a disability are funded and delivered.

Proposed Child Care Assistance Package

In June 2015, the Australian Government released the Regulation Impact Statement for their proposed Child Care Assistance Package. The proposed changes follow the final report of the Productivity Commission Inquiry into Childcare and Early Learning, which was released in February 2015.

SDN has actively participated in consultations for the Productivity Commission Inquiry, submitting a substantial response to the original issues paper in February 2014, and

a follow up response to the draft report in July 2014. Senior SDN staff took part in various consultations, with CEO Ginie Udy appearing before a hearing of the Commission to present SDN's view. SDN also submitted a response to the government's Regulation Impact Statement.

One of the key elements of the proposed Child Care Assistance Package is the introduction of a means tested single support payment for families. SDN welcomes a move to a single payment, however is concerned that the calculation of the payment is based on an activity test that will disadvantage families that do not work regular hours. Further, the level of payment would be calculated based on a deemed hourly fee that is lower than the fees charged in inner city areas, and we are concerned about unintentional interplay between the activity test and the



deemed rate, the new means testing, and other new Child Care Safety Net requirements.

Following the change of government in September 2013, responsibility for the early childhood education and care sector had moved into the Department of Social Services. With the change of Prime Minister and subsequent Cabinet reshuffle in September 2015, this responsibility will move back into the Department of Education. It is not known how or whether this will affect the introduction of the Child Care Assistance Package proposals.

Changes to the Inclusion and Professional Support Programme

SDN is currently the Inclusion Support Agency (ISA) for five regions within NSW and for the whole of the ACT. The ISAs are currently part of the Australian Government's Inclusion and Professional Support Programme.

In May 2015, the government announced a new Inclusion Support Programme to be implemented as part of the new Child Care Assistance Package. ISAs currently work at a local level with child care and early learning

services within 67 regions across Australia. The new programme is proposing to reduce this number to one ISA per state, which would require significant investment in additional resources and changes to service delivery models, as well as complex transition arrangements from the current programme to the new one. The new programme is expected to open for tender late 2015, for commencement from July 2016.

Services for children with a disability

In September 2014, the ACT government called for tenders for service providers to operate under the National Disability Insurance Scheme (NDIS) in the ACT from 1 January 2015. The tender included requirements for a one-year transition phase, with full service delivery from January 2016. SDN was successful in its tender and began delivering its Early Childhood Links program in the ACT from January.

In March 2015, prior to the NSW state election, Premier Mike Baird announced the early rollout of the NDIS for people under 18 years in the Nepean Blue Mountains region. SDN operates two of its disability services in that

Changes to Australian government funding

In June 2014, the Department of Social Services called for applications for grants under its new Families and Communities Programme, with programs funded under the previous program due to end on 31 December 2014. This funding was extended to June 2015, and in May 2015 we were subsequently advised that the funding would be extended until 30 June 2017.

The government's new Indigenous Advancement Strategy began on 1 July 2014, with programs funded under the previous program ending on 31 December 2014. SDN was successful in tendering for funding for new programs until 31 March 2018.



region (in Penrith and Lithgow), and those two services began to transition into the NDIS from July.

In 2014–15, SDN received \$5.3m in funding from the NSW government to deliver services to children with a disability or developmental delay. Most of SDN's remaining disability services will transition into the NDIS from July 2016, with the exception of its south-east Sydney services, which will transition from July 2017.

The introduction of the NDIS represents a major shift for SDN through the change of funding from block program funding to operating in a market-based environment. Significant investment in planning and systems is required to make this shift, however we are committed to working with children with disabilities and their families so they can participate in the activities they want and be actively included in their communities.

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 cost, it 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), below 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 in action



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. *SDN's Purpose Statement, 2015*

Our 2013–15 strategic plan has as the first high level outcome that 'Children's quality of life and life chances are enhanced through the services we provide and support'. We have defined 'quality of life' as an holistic concept that includes physical, emotional, social, cognitive and material wellbeing — those which have an impact on the degree to which a person can enjoy

the possibilities of their life. For this reason the concept of wellbeing has become critical over the course of the implementation of our strategic plan and has become the key driver for operational decisions.

The Australian Research Alliance for Children and Youth (ARACY) has conducted extensive research about the wellbeing of young children by asking children and

young people themselves what made a good life. We have used the resulting themes, and other research, to develop child wellbeing indicators that we began to use during 2014–15.

Why wellbeing?

We have made a strategic choice to work with children, from birth, and to partner with and strengthen families and communities so that the contexts in which children are raised are strengthened. To do this effectively, a range of aspects of human development have to be considered. We have chosen, and use the concept of 'wellbeing' as the outcome we hope and plan for, predominantly for children, but also for their families, communities, our own staff and organisation.

We want everyone's experience to be of wellbeing now and in the future.

Each of the wellbeing areas overlaps and affects the other, and wellbeing depends on things we are exposed to that could be harmful (known as risk factors, such as poor health, violence, inconsistent relationships) and things we have access to that can help manage the effects of harmful things, (known as protective factors, such as resilience, health, consistent relationships).

Wellbeing is a result of what we are actually able to be and do with opportunities in the context of our personal situation. We believe that being safe, healthy, having material basics and being able to exercise self-control are critical for learning and development and that the best learning happens in the context of supportive and nurturing relationships.

Wellbeing depends on families and communities, and supportive, equitable systems.



We believe wellbeing means:

Being safe

Being healthy

Having material basics

Feeling loved

Having opportunities for learning

***Having opportunities to participate
and contribute***



How are we contributing to children's wellbeing?

Significant change has occurred in the organisation over the course of this strategic plan in order to become an integrated organisation. Our decision to become integrated was made as we believe it is the best way for us to support child wellbeing.

We have been changing our approaches to organisational and management structures, leadership, organisational culture, and frontline transdisciplinary professional practice and team building. This has been a very significant undertaking and we are delighted and encouraged that external research by the Social Policy Research Centre (see page 28 of this report) tells us that the changes have started to embed deeply into the organisation where they are most likely to have a positive impact for children.

We also continued to embed our Pathways Approach, which is our 'flagship' as it represents integration in practice. The key messages of 'first time, last time, only time' and 'tune in, connect up, check in' are based on the key child wellbeing principle of shared responsibility, and summarise foundational practices for contributing to child wellbeing as part of a community that listens, responds and takes action. These messages have become part of the discourse at SDN and are driving cultural and behaviour change.



Our work is underpinned by program logics that are the detailed 'guide books' for service delivery, and these logics have now been completed. All services have started gap analysis to compare their 'as-is state' to the 'to-be state' outlined in the logics.

Staff are supported by learning and development directly related to child wellbeing and our Pathways Approach. This includes in-house work to improve the delivery of educational programs in our services, the organisational-wide rollout of cultural competence training, and the roll out of train-the-trainer for selected staff to deliver training in identifying and responding to risk of harm.

We undertook a significant review of our *Child Protection and Wellbeing* policy and its associated procedures; and have implemented procedures for reporting all incidents, accidents, illness, complaints and feedback using local registers. We are using all of this data to analyse trends and to monitor potential hotspots.

Our Priority of Access Policy is being implemented at service level. This has seen an increase in children being referred to our children's education and care centres from the Department of Family and Community Services (FACS), including children who are in out-of-home care. We work with FACS as part of a 'Team around the Child' approach to establish protocols for management of these referrals. The SDN teams at these services are being specifically supported, and receive additional training, to build their capacity to meet this need.

Last year we identified a priority project to facilitate the use of casual staff in our centres, to reduce costs but more importantly to reduce the number of new faces seen by children. This project has resulted in a reduction in the use of agency casuals and a 20 per cent reduction in expenditure on casuals in 2015 compared to 2014. We have also decided to invest in a rostering and casual management software system that will be rolled out in the second half of 2015.

Children facing challenges

Inequality is a real experience for many in our community. Everyone can experience unique and changing challenges throughout their life. Our Pathways Approach reminds us that we are all on a continuum of need — we have particular needs and challenges in a particular context and at a particular time. People can move from experiencing very few needs and challenges to having very high needs and significant challenges, depending on the range of influences and circumstances on their lives.

We don't all 'start' in the same place or can find ourselves in circumstances outside of our control, which means wellbeing is less likely than for others. The likelihood of experiencing wellbeing is not equal for everyone. By acknowledging this, and working to remove barriers faced by children and families, we hope for the wellbeing of all children to be enhanced.

Being here for children

In 2014–15, for 7,744 children, we:

- ▶ Provided 3,332 children with high quality early childhood education and care through our 25 centres
- ▶ Supported an additional 3,376 children to be enrolled in mainstream settings
- ▶ Provided specialised early intervention for 796 children with disabilities
- ▶ Supported 240 children in supported playgroups and activities.



Being here for families

In 2014–15, 1,448 families facing challenges were strengthened through our playgroups, family programs, and our Brighter Futures program.



Being here for the community and other children's services providers

SDN is active in supporting the children's services sector to be more inclusive of all children.

In 2014–15, we supported 2,698 other services through the following programs:

- ▶ Inclusion Support Agencies — 2,037 child care providers
- ▶ Brighter Futures — 141 services
- ▶ Inner and Eastern Sydney Child and Family Interagency — 116 agencies
- ▶ Supporting Children with Additional Needs (SCAN) — 91 preschools
- ▶ Early Childhood Links — 233 services
- ▶ SDN Beranga — 67 satellite centres and 22 other child care providers.



A close-up photograph of a child's hands holding a green, textured object that resembles a piece of dough or a small sculpture. The child is wearing a blue short-sleeved shirt. The background is blurred, showing an outdoor setting with a paved ground and some greenery.

Outcomes for children... our progress towards inclusion

Our KPIs include a variety of output measures across our strategic outcomes. A selection of these are published in this report.

The KPIs for our high level outcomes are inclusion targets and reflect our three priority groups:

- ▶ Aboriginal and Torres Strait Islander children and families
- ▶ Children with a disability or developmental delay, and their families
- ▶ Children from families facing significant challenges.

Our 2016–18 strategic plan includes more comprehensive indicators, including the various elements of our wellbeing wheel, and we will be reporting against these in future reports.

High Level Outcomes of our 2013–15 Strategic Plan

Key Performance Indicator	Target	result as at June 2012	result as at June 2013	result as at June 2014	result as at June 2015
% of total numbers of children and families from Aboriginal communities in our services (reflecting local demographics)	4%	4%	4.6%	3.8%	4.1%
% of total children in our services with a diagnosed disability, or developmental delay, or whose development is of such concern that a 'Team Around...' has been formed	3%	2.6%	4%	4.5%	4%
% of children in our services referred to us from a community organisation (health, welfare etc.) because of challenges facing the family	3%	3%	3.5%	2.2%	3%



Case study: Working together

SDN's services in the ACT are demonstrating the benefits of a team approach. Representatives from three services share the special story of Jane*, a girl who has touched the lives of staff and children.



'Jane has a rare condition which has high support needs,' explains Michelle Groeneveld, Manager of SDN's Early Childhood Links program in Canberra.

'When Jane came to us, we saw the particular challenge her family was facing. Her parents spoke little English and

were trying to cope with the implications of her condition.'

The Early Childhood Links team recognised that both Jane and her family would benefit from Jane spending time at an SDN Children's Education and Care Centre.

Having a child with Jane's particular disability in the centre meant that during the first few weeks, educators focused on getting to know her, learning her routines and signs and discovering as much as they could about her condition.

'This means everyone now feels comfortable providing the same high level of care to meet Jane's support requirements, which has brought the teams very close together', says SDN Centre Director, Colin Lee. 'The dedication shown in getting to know Jane has been a joy to watch!'

Even in a relatively short time, having Jane at SDN Bluebell has been a resounding success. Jane's small achievements are widely celebrated throughout the centre; whether it's noticing that she is tracking the educator's

movement with her eyes during nappy changes, rolling over and beginning to get her arms out from underneath herself, or lifting her head for short periods during "tummy time".

The other children at the centre see Jane as no different to any other child. One little boy likes to crawl over to her on the mat, and the children sit around Jane at story time.

As well as the support of Early Childhood Links, a key element in Jane's successful inclusion has been the involvement of SDN's Inclusion Support Agency (ISA).

ACT ISA Manager Rebecca Johns says the service was able to provide a special feeding chair for Jane so she can sit face to face with the other children. Jane's future needs are already being considered.

'As she grows and moves to older rooms in the centre, we will support the service to get funds for an additional carer,' she says.

'The high level of capability and professionalism of SDN's staff has further strengthened SDN's reputation in the ACT, and has had a ripple effect through encouraging other services to also consider taking children with high needs'

There are still many challenges in caring for Jane. 'She can have up to 30 seizures a day, and some will leave her not being alert enough to eat or drink and she will spend most of the day in bed,' says Colin.

'Those days can be very difficult and have a huge impact on the team and Jane's parents. However, knowing that back up support from ECL and ISA is just a phone call away make things a lot easier.'

*Not her real name

'We've recently had some bigger accomplishments as well,' says Colin. 'The other week we saw a wonderful achievement when she reached out her hand and touched a toy that then lit up and made music. The look of surprise on Jane's face was priceless!'



Developing our new strategic plan

From early 2015, SDN began preparing to develop its new strategic plan for 2016–18. There was an extensive consultation process with staff, members and other stakeholders, with the plan scheduled for approval by the Board at its November 2015 meeting. Our new plan continues our strategic goal of improving outcomes for children, however we have refined our thinking to more tightly define this around children's wellbeing, with specific key performance indicators for six areas within wellbeing.

In parallel with the development of the plan, we began to implement organisational structural changes to make us better able to respond to the changing environments in which we operate and enable us to deliver the new plan. This included some restructuring within our shared services to create a new marketing and customer experience team, and to strengthen our organisational and business development work. We also removed the regional manager level of our service delivery structure to improve speed and responsiveness of decision making and information flows.

Evaluating our performance

We aim to evaluate our services and performance for two reasons — to inform our integrated, Pathways Approach to services and identify planned outcomes, and to determine whether we have met those outcomes.

Third party verification for our disability services

In February this year, SDN's disability services were assessed against the NSW Disability Services Standards. These standards have been developed for disability services organisations in NSW and it is a requirement of one of our NSW Government funding bodies Ageing, Disability, and Home Care (ADHC) that we have independent verification that SDN meets these standards.

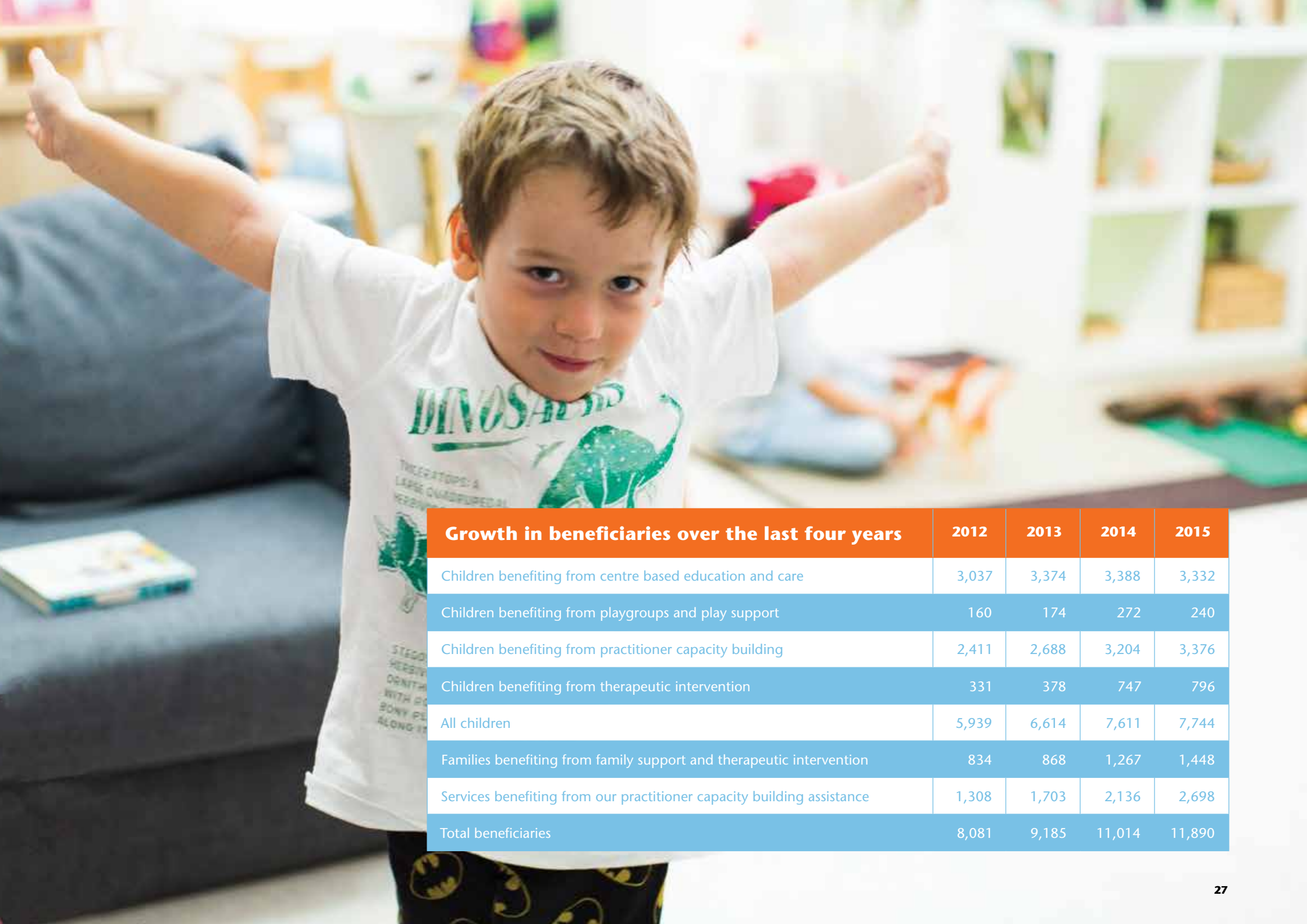
This assessment was undertaken by an independent organisation who reviewed our documentation, policies and procedures and practices to determine whether they are in alignment with the six NSW Disability Service Standards. Of the 83 elements, we met 78 and partially met 5 elements. No elements were assessed as 'not met'. We were given suggestions for improvement for the 5 'partially met' elements, and then had three months to follow up and demonstrate our improvement actions.

We were very pleased with this result, as it reflects our commitment to practices to support access, participation and inclusion of children and families with disability within our community.

Five year utilisation as a percentage of licensed places



- Children in SDN Centres
- Children facing challenges
- Other children's services
- Families facing challenges
- Children with disabilities
- Playgroups



Growth in beneficiaries over the last four years	2012	2013	2014	2015
Children benefiting from centre based education and care	3,037	3,374	3,388	3,332
Children benefiting from playgroups and play support	160	174	272	240
Children benefiting from practitioner capacity building	2,411	2,688	3,204	3,376
Children benefiting from therapeutic intervention	331	378	747	796
All children	5,939	6,614	7,611	7,744
Families benefiting from family support and therapeutic intervention	834	868	1,267	1,448
Services benefiting from our practitioner capacity building assistance	1,308	1,703	2,136	2,698
Total beneficiaries	8,081	9,185	11,014	11,890



Listening to service users

In 2014 for the third year in a row we surveyed families in our centres as well as families in two of our programs. Family and service surveys give our service users another avenue to voice their opinions and provide suggestions. The main goal of these surveys is to support us in understanding what is working well and what we could do better. Survey results, and in particular what we identify as 'priorities for action', are used to inform our quality improvement plans.

The response rate in 2014 was 35%, down from 43% in 2013. For the third year in a row, most service users identified staff abilities and skills and the relationships our staff have developed with children and themselves as the best qualities of our services. Families also felt that children are safe and happy at our centres, and they have opportunities to learn through play and interact with other children.

Families continue to rate our educational program and structured school readiness program as high priority areas. Given the importance of staff relationships with children and families, how we communicate with families about staff turnover in our services was also a high priority. We are repeating our survey of our service users again in 2015.

External assessment and rating — National Quality Framework

SDN centres continue to be assessed and rated under the National Quality Framework. To date, 17 of our 25 centres have been assessed and rated, with 12 of the 15 achieving 'Exceeding the National Quality Standard'. Three centres have achieved 'Meeting' the Standard, and two have achieved 'Working Towards'.

This means that 88% of our centres have achieved a rating of Meeting or Exceeding the Standard. Our Board has set a KPI of 100% of centres to be at least Meeting the Standard, and we continue to work towards this goal.

We are pleased that our results compare favourably against the results for the whole of NSW. According to the Australian Children's Education and Care Quality Authority, by August 2015 only 57% of centres assessed in NSW had achieved a Meeting or better rating, and only 21% had been assessed as 'Exceeding' the National Quality Standard. Nationally, the figure is 66% of centres assessed as Meeting or better, with 28% achieving Exceeding the Standard.

External research into our work

As we reported last year, SDN has commissioned research over a three year period to track our progress towards becoming an integrated organisation. Evidence shows that poorly coordinated service delivery and siloed organisations create barriers for children and families, and we believe acting as an integrated organisation will ultimately deliver better outcomes for children and families.

The research is being conducted by the Social Policy Research Centre (SPRC), a specialist research centre of the Faculty of Arts and Social Sciences at the University of New South Wales.



SPRC published its baseline report in August 2014, and in May 2015 published the second part of their three annual waves of data collection (Cortis, N. valentine, k., Brennan, D. (2015) *Enacting Integration: Progress Report for SDN Children's Services* (SPRC Report 06/2015). Sydney: Social Policy Research Centre, UNSW Australia.).

The report found that rather than discussing integration as an idea or aspiration, SDN leaders and staff have come to see integration as core to their mission and practice, and have begun to experience the benefits of working in integrated ways.

The report also found that staff and leaders are strongly committed to working in integrated ways, and generally understand the value of SDN's integrated approach. Rather than being an abstract idea or plan for the future, integration has become embedded practice for many leaders and staff, while others have become more receptive to opportunities to work in integrated ways. Compared with 2013, SDN is working more effectively internally, and taking a more strategic approach to its external relationships and collaborations.

The third wave of data collection for this study will happen in late 2015. We are aiming to consolidate our capacity to work in integrated ways, so that our services are able to work with more families with complex needs and enhance the wellbeing of children.





Our staff

Our strategic plan service outcome is that ‘SDN provides high quality, inclusive, integrated services and support to children and families and other children’s services’. This outcome is underpinned by one of our supporting outcomes: ‘SDN staff are committed to and skilled in the provision and support of high quality, integrated, inclusive services’. To achieve this, our staff are enabled by supportive and capable leadership, professional accountability, professional learning and development, and environments that support staff wellbeing.

SDN continues to invest in, develop, train and work with our staff as they underpin the successful delivery of integrated services for children and families. We know that if there are too few staff, and that if staff are not adequately trained and supported, they can’t effectively provide nurturing, interesting environments for young children or help to support families.

We appreciate our staff’s roles in providing the best start in life for the children in our services, and we know that

ensuring this positive start takes care, skill, commitment and training. Empowering and supporting our staff and leaders is essential if we are to deliver high quality, inclusive and transdisciplinary services. Ensuring that our organisational structures and processes are innovative and responsive, and able to evolve to meet new challenges and embrace new opportunities, is essential to us making our working effectively with children and families.

Shared services changes

In response to the roll out of the National Disability Insurance Scheme (NDIS) this year we needed to begin making significant changes to how our business operates, including increasing our emphasis on market and consumer orientation. We need to better understand how and why individuals and families make decisions and choices, and use this understanding to determine how best we can market SDN’s transdisciplinary services. To this end, SDN’s shared services made some changes this

year to enable us to create a Marketing and Customer Experience team, and to reinforce the focus of our existing Organisational and Business Development team. The Marketing and Customer Experience team comprises marketing/promotions, client experience and outcomes (for both children and families) and digital marketing roles, and the team’s work focuses on marketing, market research and data analysis and providing support for current services and new business development.

All of SDN’s service delivery is directed through seven geographic communities. To increase SDN’s engagement with these communities, and to strengthen our transdisciplinary model of service delivery, significant changes were also made to our Integrated Services team, with the removal of the regional management tier and the creation of a new Director of Integrated Services position, to whom the seven Community Leaders report directly. These changes have enabled more streamlined and swift decision making at the Community Leader level.



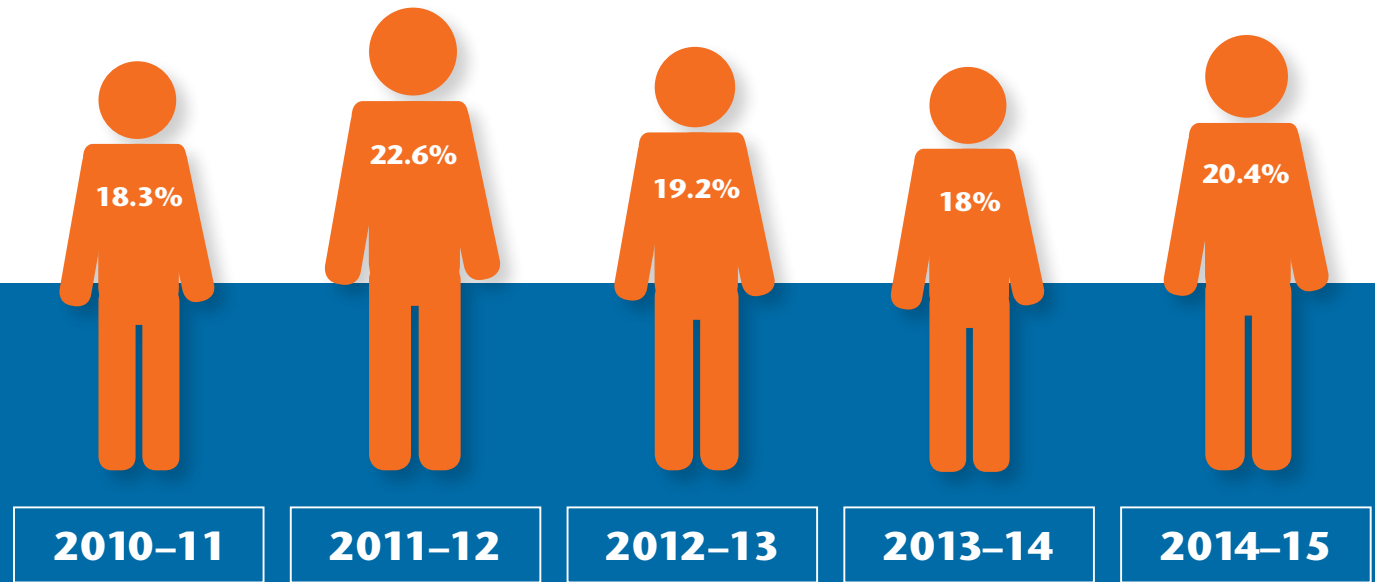
Work, health and safety

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.

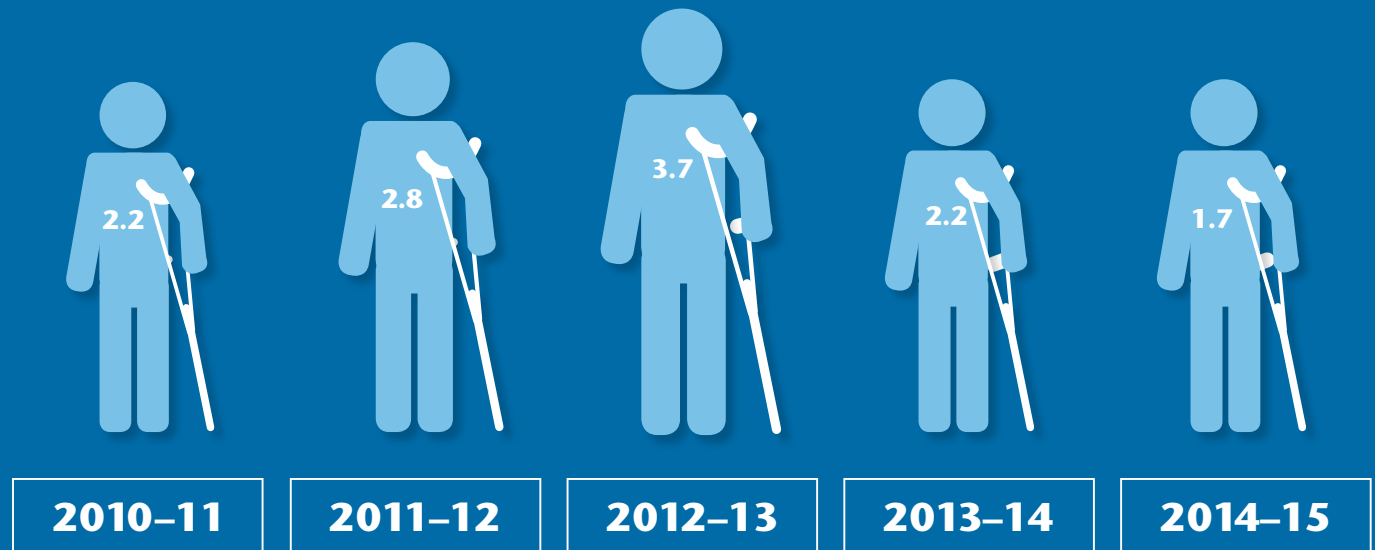
To further support SDN's attention to risk management, this year a new WHS Officer position was created. This role has increased our capacity to do site visits to: conduct inspections to identify hazards; undertake risk assessments; provide coaching and guidance to staff within SDN centres and support services in relation to safe work practices.

In line with many other organisations, SDN has also continued to increase our focus on our employees' psychological wellbeing. To respond to growth in claims related to psychological issues, the WHS team provided training to enable managers to better support staff experiencing challenges in this area. It's great to see that all our efforts have resulted in fewer injuries and a reduced workers compensation premium as a percentage of wages. And most importantly, more consistency for children.

Staff turnover



Workers compensation premium cost as a % of wages





'A spirit of unity': The SDN team

SDN has been providing high quality, inclusive services, delivered by engaged and skilled individuals, since our first day nursery opened in Woolloomooloo in 1905.

Since those early days, SDN has continually employed and worked with professionals from a diverse range of disciplines to ensure all aspects of children's wellbeing have been supported.

SDN's first paid staff member was a nurse who was the Matron of the day nursery at Woolloomooloo. GP and dental services were provided free of charge by honorary doctors and dentists for children in several of SDN's day nurseries during the earlier half of the 20th century, and in 1943 we employed our first social worker.

In the 1930s SDN introduced the first in nursery schools in NSW. These were staffed by specially trained nursery school teachers who delivered early childhood education programs for children two years of age to school age.

As early as the 1930s SDN's nursery schools were also utilising 'occupational' toys and play designed to encourage children's skill development. Extra care was provided, and specialists often engaged, when a child was observed by their teachers to need additional help.

From our very beginnings, SDN has provided high quality, inclusive early childhood education and care, strengthened families and communities, and addressed inequalities faced by children through the delivery of integrated and coordinated services across a range of disciplines in a spirit of unity.



To further enhance the support provided for the communities and the Community Leaders, a new operational administration team was formed, comprising a Community Support Team Leader reporting to the Director of Integrated Services, and three Community Support Officers reporting to that person.

A new position of Executive Officer to the Deputy CEO was also created to support the Director of Integrated Services, Community Support Coordinator and Community Leaders to manage SDN's funding contracts and reporting requirements.



Highlights in SDN Learning and professional development

We continue to invest in professional development and learning opportunities for all staff to help ensure they have the skills and commitment to deliver our services and work towards our strategic goals. SDN holds various workshops and courses internally that are aimed at continually growing staff across a range of skill sets.

At SDN we serve our culturally diverse community, and recognise that every family is a culture. This year one of our highlights was our commitment to embedding culturally competent practices across all of SDN, as a way of thinking and acting when providing services to families. As our foundation document *SDN's Pathways Approach* states, connecting with us might be the first time, the only time or the last time a family seeks support. It is vital that we connect as well as possible, from the first moment and all the way through to the time when children and families transition to other services or settings.

To resource all our staff, SDN partnered with the founder of PRISMA Cross-Cultural Consultants, Charlotta Öberg to combine our respective areas of expertise to embed Cultural Competence in our organisation. In 2014, our Practice, Learning and Development team members and Community Leaders became certified trainers in the *Foundation Course: Cultural Competence*. Commencing with

As at June 2015, SDN employed 717 staff:

240 Early Childhood Assistants (192 permanent, 48 casuals)

139 Early Childhood Teachers (48 teachers, 32 in advisory roles, 37 in managerial roles and 22 casuals)

130 Early Childhood Educators (102 educators, 2 in managerial roles and 26 casuals)

58 Administration staff (5 Executive Assistants, 15 Office Managers/Administrators, 28 Centre Administrators, 10 casuals)

43 Social Workers (8 in managerial roles)

28 Allied Health professionals (4 in managerial roles)

18 Cooks

13 Specialist Business Professionals

7 Community Leaders

7 HR staff

7 Finance staff

4 Directors of shared services functions

4 Communications and marketing specialists

3 Practice, learning and development staff

3 Payroll staff

3 IT staff

3 members of the Executive

2 Designated Aboriginal roles

2 Archivists

2 Property staff

1 CEO

shared services, the certified trainers co-facilitated and/or supported the implementation of cultural competence training for SDN staff. By the end of June 2015 this team had delivered 18 training sessions with approximately 380 SDN service delivery staff. From 2016, all new staff will participate in the Foundation Course in Cultural Competence as part of their Induction process to SDN.

Another strong focus this year was the roll out of training for SDN's Early Childhood Links key workers to build their capacity around our transdisciplinary service

delivery model for working with children with disabilities and developmental delays. This will also support the transition to the NDIS.

SDN also offers Learning and Development awards in recognition of staff members who continue to develop themselves, both professionally and personally, by undertaking further studies while working. The awards recognise individuals' endeavours in developing their skills, knowledge and experience, and their ability to bring this professional development back into the workplace.



Annual staff survey

Each year SDN carries out a voluntary Annual Staff survey. In 2014 the survey was distributed to all permanent members of staff, including those on parental leave, a total of 585 employees.

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 response rate overall was 69% (404 individual respondents), which is a good response rate for a voluntary survey, although the percentage of respondents was lower than in 2013.

Our engagement index once again rose in this period, from 71% in 2013 to 78% in 2014. This places our engagement score in the top 25% of more than 200 Australian organisations in the database of our survey company. The highest performing items on the 2014 survey are consistent with past survey outcomes, which demonstrate that our staff understand their day to

day work responsibilities, value SDN's commitment to celebrating cultural diversity and appreciate SDN's positive standing within the children's services sector.

These survey outcomes demonstrate that our staff are mindful of their day to day work responsibilities and that expectations about their roles have been set realistically by their managers. It also highlights that SDN's emphasis on valuing and celebrating cultural diversity is understood and appreciated by our staff. Finally, the third highest survey response indicates that staff understand the value of SDN's position as a reputable organisation within our sector.

SDN Staff Giving

The SDN Staff Giving initiative, through which staff voluntarily commit to making regular donations that are deducted through their payroll, was launched in July 2012. Since then 14 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 the Aboriginal and Torres Strait Islander Early Childhood Scholarships program.

One Scholarship of \$6,000 supports a child to attend an SDN's children's education and care centre for three days per week for one year prior to starting school. Through the Staff Giving program, we are able to provide scholarships more flexibly, and in response to crisis situations. For example, in July this year two six month scholarships were presented to children whose families were on the brink of withdrawing their children due to financial circumstances beyond their control. The scholarships helped to ensure that these children and their families were able to continue to benefit from the care and support they were receiving through our early childhood education and care programs.

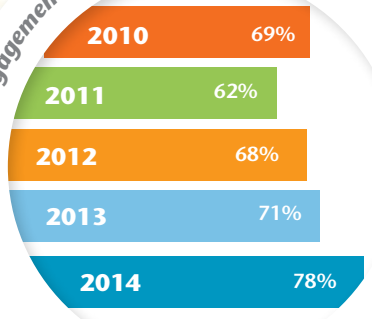
SDN's HR team

In October 2014 SDN acquired a whole new dynamic and enthusiastic HR team which has been instrumental in enhancing SDN's culture and philosophy.

New HR Director Zarin Medhora was appointed and a year on, the team is now settled and has built good and binding relationships with all internal stakeholders.

We are delighted with the results our new HR team is helping us to achieve.

SDN Engagement Index 2010-2014





Recognising the service of our staff

40 years and over

Peggy Lane	Marrickville	41
Anne Irving	Northern Suburbs	35
Megan Brophy	Paddington	35

30 years and over

Sandra Jenkins	Gumnut, Lithgow	30
Patricia Lumsdaine	Marrickville	30

20 years and over

Penelope Saxon	Lady Mckell	27
Doreen Levensmith	Batemans Bay	27
Leanne Matthews	Paddington	27
Fiona Harvey	Marrickville	27
David Farrell	Linthorpe Street	26
Maryann Petersen	Northern Suburbs	22
Purnima Chand	Paddington	21
Carol Muldoon	Hamilton Street	21
Doris Lam Fong	Redfern	20
Helen Price	Crookwell	20

15 years and over

Michelle Briscoe	Woolloomooloo	19
Ritu Gupta	Surry Hills	19
Louise Casey	Glebe	18
Karen Whittaker	Lady Mckell	18
Behrooz Arzani	Ngallia, Lidcombe	18
Harminder Kaur	Milperra	18
Rama Sama	Marrickville	17
Kay Turner	Broadway	17
Leean Weeks	Lady Mckell	17
Anne Reeves	Crookwell	17
Joka Milicevic	Riverwood	16
Elleni Nicholson	Linthorpe Street	16
Glynis Chang	Broadway	16

Sam Lau	Various locations	16
Kay Daley	Northern Suburbs	16
Tina Robinson	Granville	16
Lorraine Smart	Lady Mckell	16
Jing Zhang	Marrickville	15
Victoria Marsden	Surry Hills	15
Janelle Collins	Lady Mckell	15
Piyasa Barua	Erskineville	15
Vinod Pruthi	Erskineville	15
Bronwyn Amos	Gumnut	15

10 years and over

Myint Sein	Linthorpe Street	14
Micheline Azar	Hurstville	14
Marian Achkar	Ultimo	14
Sonia Veneris	Various locations	14
Amanda Brown	Pymont	14
Lili Guo	Hurstville	14
Margaret Halliday	Lady Mckell	14
Reeta Koirala	Riverwood	13
Farida Khan	Ultimo	13
Carol Soleymanbik	Northern Suburbs	13
Karen McIntosh	Crookwell	13
Akhtari Khan	Ultimo	13
Hasina Aziz	Woolloomooloo	13
Alice Anable	Lady Mckell	13
Annie Ding	Hurstville	13
Sudipta Rahman	Woolloomooloo	13
Niba Samantaray	Lois Barker	13
Amra Mujezinovic	Gumnut	13
Reeta Aryal	Ultimo	12
Ginie Udy	Broadway	12
Min Zhang	Riverwood	12
Georgette Khalil	Riverwood	12
Olena Odnostalchenko	Lois Barker	12

Joel Butao	Broadway	12
Lindy Church	Hamilton Street	12
Connie Blake	Paddington	12
Luke Carpenter	Erskineville	12
Christine		
Skiadopoulos	Erskineville	12
Michelle King	Bluebell	11
Bettina Loydell	Hamilton Street	11
Kerry Stephenson	Lady Mckell	11
Deborah Farris	Various Locations	11
Jini Outschoorn	Bluebell	11
Roslyn Grose	Gumnut	11
Nasrin Islam	Surry Hills	11
Esther Mya	Northern Suburbs	11
Lei Wang	Woolloomooloo	11
Bahareh		
Shah-Roknadini	Linthorpe Street	11
Emerena Marsh	Bluebell	11
Syeda Begum	Riverwood	11
Farzana Ambareen	Surry Hills	10
Colleen Brown	Beranga	10
Leah Brunton	Bluebell	10
Robyn Findlay	Burwood	10
Maree Friend	Lady Mckell	10
Lyn Li	Riverwood	10
Sarah Locke	Broadway	10
Helen Manolias	Linthorpe Street	10
Huong Nguyen	Marrickville	10
Annette O'Carrigan	Burwood	10
Margo O'Connor	Lady Mckell	10
Leanda Rodham	Gumnut, Lithgow	10
Carolyn Skinner	Granville	10
Vicki Walden	Ultimo	10



Staff breakdown

As at 30 June 2015, we employed **717**
permanent, part-time and casual staff

Women **671**

Men **46**

Full time staff **396**

Part time staff **223**

Casual staff **98**

Aboriginal and Torres Strait Islander staff **10**



Building our infrastructure



A commitment to ensuring we have the organisational infrastructure and resources to keep growing, improving and innovating is one of the three supporting outcomes in our 2013–15 strategic plan. We remain committed to delivering responsible growth, continuous improvements in the quality of our work, and to use effective systems to manage our growth.



Organisational and business development

Over the past year, SDN has been building its capacity to identify and respond to changes in our funding and business environment. We have built our skills in project management, product development, pricing, and financial modelling. This has been particularly important with our move into being a provider under the National Disability Insurance Scheme, and being able to respond to the rollout in the ACT and the Nepean Blue Mountains region of NSW.

We identified that we need to become better at understanding how and why individuals and families make decisions and choices and therefore how we need to 'market' to them, and have created a new Marketing and Customer Experience team to gain new marketing, market research and data analysis skills, and support promotions of our current services as well as new business development.





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, and larger construction projects at various sites.

In the 2014–15 period careful planning, well executed management of the projects, and minimal overruns meant that the capital works program came in on budget. Major landscaping works are in progress for SDN Paddington, and other significant works are planned for SDN Mosman, SDN Hamilton Street in Bathurst, and SDN Hurstville.

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. The roll out of the National Disability Insurance Scheme and changes to other government funded programs are impacting on the way our staff work and accordingly their technology needs are changing. The pace at which the government introduces and implements changes requires us to be agile in business planning and ensure we have secure, reliable, integrated systems in place to support this.

Risk management

A major project during the year has been the development of a new organisational risk register, based on key business processes. This new framework covers all principal business activities across the organisation, and identifies risks across Governance, Finance and Operational segments. It represents a change from our previous impact-based risk management approach, and is more comprehensive and systematic. The new risk register will be implemented as part of SDN's 2016 Risk Management Plan.

Our intention is to replace administratively burdensome processes with intuitive and integrated technology that ensures staff can spend more of their time doing what they do best, working closely with children and families. The current focus for SDN is on understanding our technology needs and ensuring we have an appropriate foundation in place to support business growth.

We are currently investing in improving and upgrading core services to ensure we have a strong foundation to build on. The current technology strategy projects will ensure that technology services are agile, secure, reliable and integrated.



Contributing to the sector and the community



Sector and community capacity building

Inclusion Support Agencies

SDN supports the capacity of services for children to be inclusive in a variety of ways. As a recipient of funding from the NSW and Australian governments we help other children's service providers set goals, identify barriers to inclusion and find ways to challenge attitudes and change practices.

We have five Inclusion Support Agencies (ISAs) in NSW and are the ISA for the whole of the ACT. Our ISAs are part of the national network of services funded by the Australian Department of Social Services through the Inclusion and Professional Support Program. In 2014–15, through our ISAs we worked with 2,037 other children's services (an increase from 1,422 in 2013–14) and supported 2,663 children to participate in mainstream services (an increase from 2,241 in the previous year).

In May 2015, the Australian Government announced as part of its new Child Care Safety Net package a new Inclusion Support Programme will operate from 1 July

2016. The proposed changes include moving from 67 ISA regions across the country to having one provider in each state and territory.

At the time of print, we are expecting the new Programme to go out to tender for providers in late 2015. Either way, the proposed new Programme represents significant future changes for SDN's operations.

Practitioners working with children with disabilities and developmental delays and their families

We are also experiencing change in our disability services for children, with the introduction of the National Disability Insurance Scheme in several of the areas in which we operate. SDN currently has five Early Childhood Links (ECL) programs running across the greater Sydney area funded by the NSW Government.

We also have two services operating in areas that are covered by the NDIS, in the Nepean Blue Mountains region and the ACT. One of the main aims of the 'key worker' approach that is used to deliver these programs is to make families central partners in discussions, decision making,

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 policy that is in the best interests of the children and families we work with.

The draft report of the Productivity Commission's review of childcare and early childhood learning was released in September 2014, and SDN was active in its response to that, including a written response to the draft and being invited to speak at a public hearing of the Commission.

In May 2015, the Australian Government announced its Child Care Assistance Package including its Child Care Safety Net. A Regulation Impact Statement was released in June 2015, which SDN has submitted a response to.

planning and the process of early intervention support for their child.

Another important part of the role of the ECL program is to work with the community to help grow and support acceptance of children with disabilities and developmental delays so they can actively participate in their communities. In 2014–15, we worked with 233 other children's services providers and community members through ECL. It is unclear how much of this work will be funded under the NDIS, and how much will require additional funding sources.





SDN Beranga

As well as operating as an early childhood service for children with autism, SDN Beranga works as a ‘lighthouse’ centre and in 2014–15 worked with 22 ‘satellite’ centres within the Greater Western Sydney area. This involves supporting practitioners in other services with skills and practices so they can include children with autism in their services, helping them to move into mainstream services and eventually to school.

Interagencies

We continue to coordinate the Inner and Eastern Sydney Child and Family Interagency, thanks to funding by the NSW Department of Family and Community Services (FACS). The

Interagency is a collaborative and coordinated network of agencies who aim to build the capacity of parents and carers to raise their children, and is part of the NSW Government’s early intervention and prevention strategy. In 2014–15, the interagency worked with 116 other children’s services organisations (down from 128 the previous year).

SDN staff actively participate in local interagency groups on a regular basis in the areas where we work.

In December 2014 our funding ended from the NSW Government to deliver its Supporting Children with Additional Needs (SCAN) program in the Inner West and South East regions of Sydney. The program has been replaced by a new Preschool Disability Support Program, for which SDN chose not to tender.

Supporting tertiary students

SDN’s student program enjoyed another successful year as we facilitated more than 90 student placements and awarded seven scholarships to students studying through our partner institutions.

Our focus is on delivering the best possible supported practical experience for students. SDN’s centralised and coordinated approach to student placements has not only contributed to the success of our placements but has also derived additional benefits, with numerous students transitioning to casual employment within our services at the end of their placements.

Our scholarships support, recognise and invest in the next generation of educators and their careers. Each scholarship recipient is awarded \$3,000 to assist them with their study expenses as well as the opportunity to complete their practical experience in an SDN centre.

2014–2015 scholarship recipients

SDN Aunts Fry Gift Scholarship — Jessica Inglis

SDN Elizabeth Town Scholarship — Keely Bloom

SDN Hilda Antill Scholarships — Jake Beesley and Kate Bickford

SDN McElhone MacCallum Leadership Scholarship — Lauren Danaskos

SDN Phillips Scholarship — Cassie Williams

SDN Whiting Scholarship — Stephanie Shalala

Sharing our knowledge and expertise

SDN believes we have 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 2014–15 to share our knowledge and expertise.

Conference presentations at six conferences, including:

Joe Magri (18 August 2014). ACWA Conference 2014, *Children in a changing world: challenges for families and communities*

Kay Turner, Rosie Walker (4 September 2014). ECA National Conference 2014, *Seasons of change*

Kay Turner (17 September 2014). 2nd Biennial Australian Implementation (AIC), *Solving complex implementation*

Tina Robinson (11 March 2015). ADHC 0–8 Forum, *Strengthening families*

SDN responded to 14 government enquiries or consultations, including:

Productivity Commission Workshop: Deemed Cost

NSW Education Minister Adrian Piccoli Discussion Current and Future Reforms in Early Childhood Education and Care Public Hearings Draft 2014, Productivity Commission Report Inquiry into Child Care and Early Childhood Education

Consultation to discuss the Productivity Commission Report on Child Care and Early Childhood Education

Further (2nd) Consultation on Productivity Commission Report, to targeted participants in Canberra

Working Party, Accreditation of Teachers Working in Early Childhood settings BOSTES

SDN's specific participation was sought on 18 occasions, including:

Ageing, Disability & Home Care — Nepean Blue Mountains 0–8 Service Providers

Communities Prevention and Early Intervention Sharing of MOU developed by SDN

Macquarie University, Institute of Early Childhood Education Early Childhood Education and Care Forum

SDN Beranga: Visit by Ageing, Disability and Home Care Staff

University of Western Sydney, presentation of Early Intervention and Prevention in Early Childhood Contexts

Hosting of an information session for Family Day Care Association New South Wales

Department of Social Services Expert Roundtable on Prevention and Early Intervention

New South Wales/ACT Inclusion Support Agency Alliance Meeting

Visit to SDN Linthorpe Street by His Excellency General, The Honourable David Hurley AC DSC (retired) Governor of New South Wales, and Mrs Linda Hurley

Media announcement regarding the NDIS by the NSW Premier, The Honourable Mike Baird and Honourable, John Ajaka — Minister for Disability Services

Inclusion Support Agency, National Alliance Meeting

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, NSW Branch Executive

Early Childhood Intervention Australia, NSW Branch Central Board and National Council

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

Department of Education ECEC Reference Group - Key Stakeholder Consultation

SDN is a member of 79 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)

Australian Research Alliance for Children and Youth (ARACY), Measuring Social Outcomes Group

Community Child Care Co-operative (CCCC)

Department of Family and Community Services (FaCS) — Early Intervention Council

Early Childhood Australia (ECA)

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)

Case study: Outcomes for children

While SDN explores new ways of offering services in a changing environment, its well-established centres continue to make a significant difference in their communities. The Director of SDN Hamilton Street in Bathurst, Lindy Church, recently shared some of her centre's successes.



SDN Hamilton Street was established in 1951. The 46-place facility is the oldest long day care centre in Bathurst, and part of the fabric of the community. Apparently a larger centre was originally designed, but the architect scaled back the building proportions so it would be 'a little school for little people'. Lindy feels this still applies to Hamilton Street today.

Many migrants who came to the region after World War Two found a haven at SDN Hamilton Street. Their children attended the centre and they in turn enrolled their own children. The centre's families enjoy sharing cherished memories when they come to SDN Hamilton Street's well-attended annual functions. The centre's beautiful yard with giant trees, real grass, dirt and mud creates a wonderful basis for children to explore and discover, to learn how to care for their environment and to use their imagination to create their own magical worlds.

One child at the centre, Susan*, had experienced a violent situation at home and was socially withdrawn and unable to make friends. Susan was old enough to go to school, but staff felt she would benefit from another year of support. Susan had only just started to tell her story to a psychologist through drawing, and was slowly beginning to relate to those around her.

'Susan's family could not afford to keep her at the centre for another year, so she was going to have to go to school,'

says Lindy. 'This concerned us, as we could see that, socially, she wasn't ready.'

When Susan's situation became known, the SDN Board approved one of its discretionary scholarships for Susan.

'It was the most amazing feeling to be able to offer this to Susan!' Lindy says. 'Her family was so appreciative.'

'Susan is with us again this year. She is a beautiful, caring child who is now secure and confident and has many friends. She will do amazing things with her life.'

Another of the centre's success stories is its involvement in the Bathurst Transition to School program, which sees SDN staff meet monthly with representatives from the region's state and Catholic schools.

'We were chosen as a pilot centre for the scheme where children's information is passed from education and care centres in terms 3 and 4 the year before they start school. This information is compiled by the families and educators and gives the schools a link to families before the children start school.'

The centre is also helping to give children a greater understanding of the Wiradyuri people — the original owners of the land on which the centre stands. Staff recently met with local Elders, who are interested in coming to Hamilton Street to share stories of their dreamtime and do artwork with the children.

'We didn't want this to be tokenistic; it's very important to us that it is meaningful for the team and the children,' Lindy says.

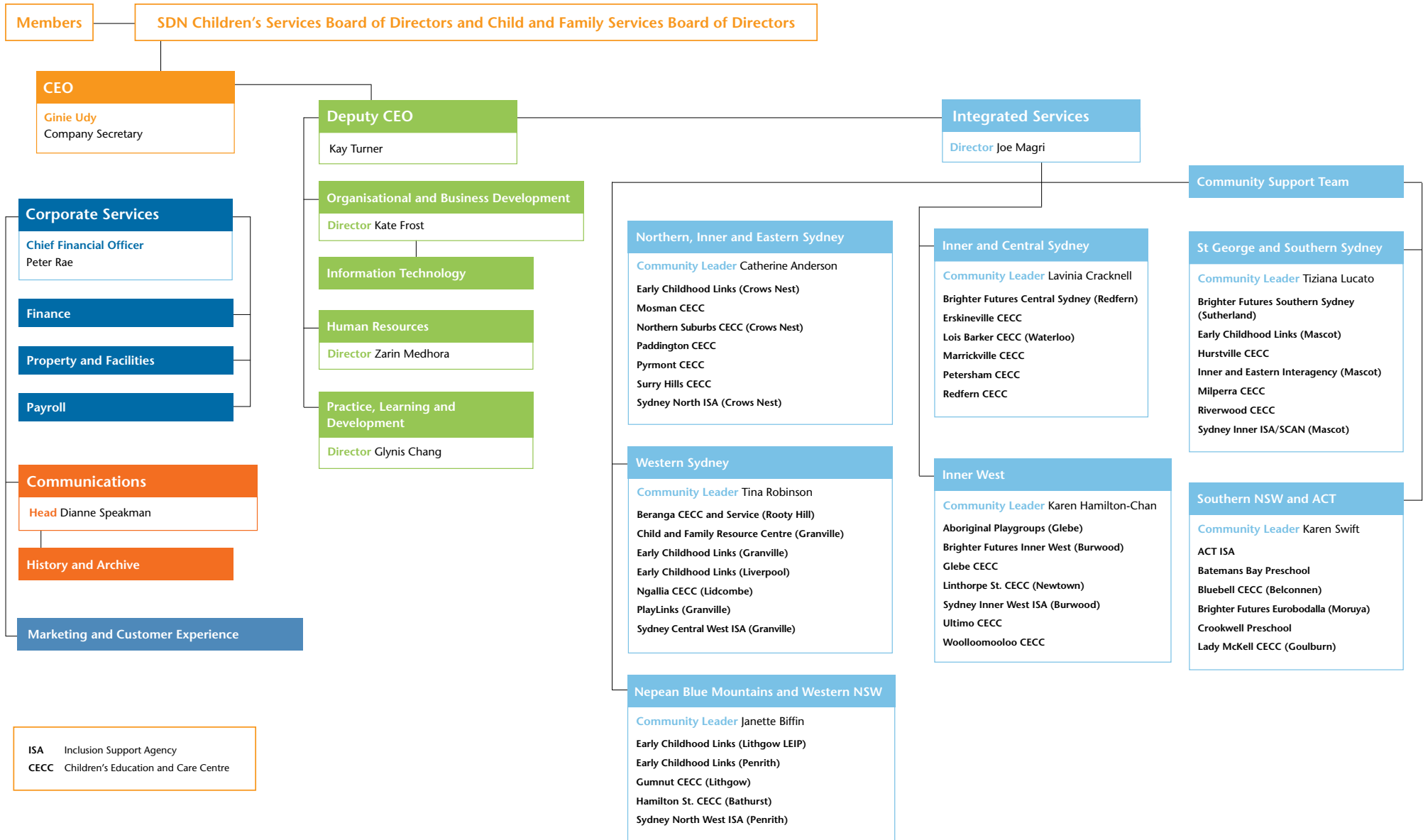
'I'm very proud to be the Director of SDN Hamilton Street. I really believe SDN's vision, mission and values are in the hearts of the educators at our centre.'

* Not the child's real name

SDN Hamilton Street has a team of dedicated educators, and staff turnover is extremely low. Lindy says the Board's support of Susan's scholarship has given staff an even stronger connection with SDN's Sydney office and the organisation's mission and values.



SDN Organisational chart





Our Senior Leadership Team

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

Chief Executive Officer

MBA UNE, BEd, MA(Hons) Macq

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, chaired 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 and of the Institute of Early Childhood Advisory Board at Macquarie University. 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.



Kay Turner

Deputy CEO

MSocSc UWS, BEd(Early Childhood) Macq

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

Chief Financial Officer

BCom(Acc) Griff

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 18 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

Head, Communications

MComm(Marketing) UNSW, BA(Hons) (Psychology) USyd, GradCert(Public Relations) USQ

Dianne joined SDN in March 2012. Dianne is an experienced

communications specialist and has more than 20 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 the SDN Archive.



Glynis Chang

Director, Practice, Learning and Development

DipTeach(ECE) *NSTC*

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

Director, Organisational and Business Development

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

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



Joe Magri

Director, Integrated Services

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

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

Director, Human Resources

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

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 2015 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 Veteran's Affairs. Darren was awarded a 2010 Churchill Fellowship to investigate war memorials and sustaining community remembrance. Darren served as President from November 2005 to December 2008, and is also on the Board of SDN Child and Family Services. Darren chairs the Board's Remuneration and Strategic Planning committees, and is a member of the Finance and Risk and Compliance committees.



Theresa Collignon
Vice President

BComm, 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 voluntary committees and boards 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 2011 to November 2013, and is a member of the Board's Governance, Remuneration and Strategic Planning committees.



Tony Gall
Vice President

Fellow of the Institute of Chartered Accountants in Australia

Joined May 2006

During his 39-year career with PricewaterhouseCoopers (PwC), Tony was an employee and partner and worked in audit, management and corporate advisory. Tony's audit experience covered industries including insurance, IT, manufacturing and mining, marketing and advertising. Tony now provides business and strategic advice to a number of medium-sized businesses. He is Chairman of Amber Power Holdings and Innovative Design Technologies companies. Tony was Honorary Treasurer from June 2007 until June 2014, and is currently a member of the

Board's Finance, Governance, Remuneration and Strategic Planning committees. He is also the Chair of the Board of SDN Child and Family Services.



Rosalie Wilkie

Treasurer

BComm 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 Board of SDN Child and Family Services.



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 Finance committee.



Kirsty Albert

BA (Hons), LLB, GAICD

Joined February 2010

Kirsty continues a long family association with SDN, being the fourth generation to work with the organisation. Kirsty is currently Group HR Manager for Mail Call Couriers, an Aramex company. 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 chairs the Board's Governance committee, and is a member of the Risk and Compliance committee.



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.



Natalie Berney

BA(Soc)UNSW, MB (HRM) CSU, MPH (Syd), GAICD

Joined October 2014

Natalie's 30 year executive career has concentrated on strategic and operational planning and execution, specialising in developing and managing significant organisational improvement programs. She has focused

her career on improving and changing performance in a range of diverse organisations in the health, property, retail, infrastructure and manufacturing sectors. Currently a Division Director in Operational Risk in the Macquarie Group, previous roles include strategic management consulting and large scale property portfolio management. Natalie is a member of the Strategic Planning, and Risk and Compliance Committees.



Angela Donohoe

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 currently employed by the NSW Office of State Revenue as CIO and Director, Information Services. 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 Risk and Compliance and Governance committees.



Glenn Hughes

B.Com, LLB UNSW, MLM AGSM

Joined August 2014

Glenn is a corporate and commercial partner with the international law firm, K&L Gates. 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 is a member of the Board's Finance and Governance committees.



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 currently a senior member of the policy team at Transport for NSW. Barbara is a member of the Board of SDN Child and Family Services.

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 2015, 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: Tony Gall **Non-Executive Directors:** Darren Mitchell, Rosalie Wilkie, Barbara Wise **Executive Director:** Ginie Udy

Governance report



SDN Children's Services

SDN Children's Services is a company limited by guarantee. It is not for profit. A Board of volunteer directors with diverse business and sector backgrounds oversees the organisation and is 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 directors.

The Board oversees the CEO and the Senior Leadership Team to ensure that resources are used effectively to achieve the company's goals, 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 PBI status from the ATO and has Deductible Gift Recipient status. This company 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 2014–15, the SDN Child and Family Services Board consisted of three members of the Board of SDN Children's Services and an executive director, Ginie Udy.

Responsibilities of management

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



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.



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.

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.

During 2014–15, SDN continued to review its policies and procedures in keeping with the new policy framework agreed at its June 2012 meeting. SDN's high level and operational policies and procedures are now 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 reviewed by the Board according to an agreed calendar.

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:

- ▶ Governance
- ▶ Strategic Planning
- ▶ Finance
- ▶ Remuneration
- ▶ Risk and Compliance
- ▶ Research Ethics.

All committees meet regularly (or as needed) and report back to the SDN Children's Services Board. A number of the Governance Committee have graduated from the AICD Company Directors Course. SDN's CEO is also the Company Secretary.

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. In 2015, the Board engaged an external consultant to conduct a review in order to identify priorities for future development and improvement, determine how the Board can optimally add value to SDN and to continue to work towards best practice governance. Input was gathered from all directors, the CEO and the three members of the Executive. The review confirmed that the Board has systematically pursued an agenda of governance improvement, continues to exhibit the hallmarks of a productive board culture and a high degree of personal commitment, satisfaction and optimism amongst its directors. The review also identified several priorities for the Board to focus on. The Board and the Governance Committee are addressing these recommendations.

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:

Governance — assists the Board with selection and appointment of directors, formal documents and processes related to Board governance, development of the Board's capacity to govern effectively and succession planning for key board roles.

Strategic Planning — 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.

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.

Risk and Compliance — oversees SDN's risk profile, focuses on risk oversight, risk management and internal control. Financial risk is oversighted by the Finance Committee.

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.

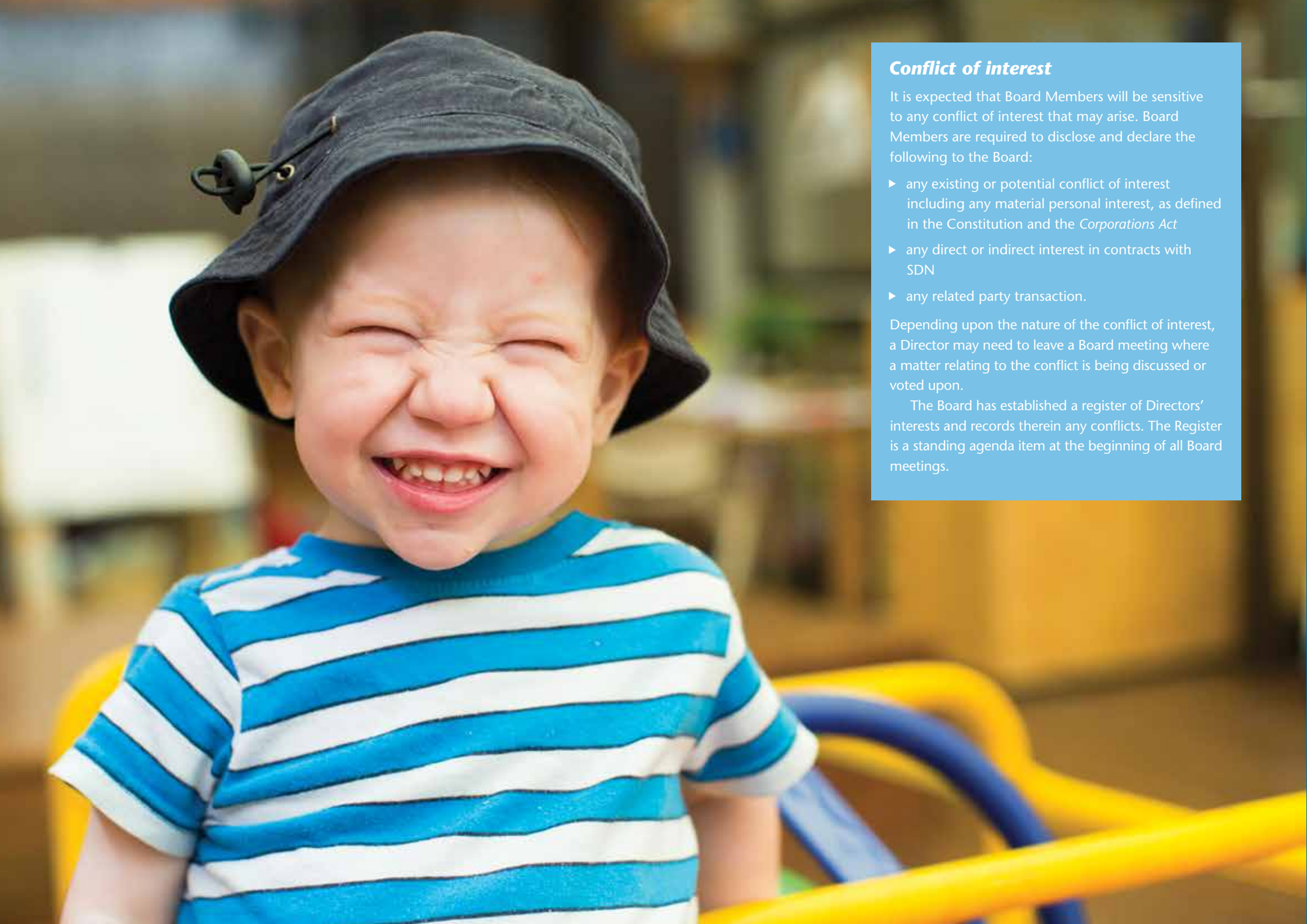
Training and development

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.

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 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.





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.

In mid 2014, SDN began a major project to develop a new risk register across all of the major business processes in the organisation. The new risk register runs across three major risk segments: Governance and Infrastructure, Finance, and Operations. SDN's 2016 Risk Management Plan will be based on the new risk register and its new segment and category structure.

In the meantime, SDN's 2015 Risk Management Plan was approved by the Board based on the impact-based segment structure that the organisation has been using for several years. The key risks that are identified in the Risk



Management Plan and how SDN manages and mitigates those risks are:

- ▶ Child safety — this includes providing safe physical environments and general safety for children in SDN's care. SDN manages this risk through its policies and procedures and training schedule, property maintenance and upgrade schedule (ensuring that only safe equipment is purchased and installed), understanding of and compliance with applicable laws and regulations, and employing specialist child wellbeing staff and resources.
- ▶ Adult safety — this includes maintaining staff wellbeing in the face of vicarious trauma and ensuring safe, healthy and injury-free environments for all staff, visitors and clients. SDN manages this risk through its workplace health and safety policies and procedures, staff supervision, learning and development support and property maintenance and upgrade schedule.
- ▶ Legal and reputational risks — this includes ensuring compliance with all applicable laws and regulations. SDN manages this risk by allocating specific compliance responsibilities to senior managers, through its policies and procedures and training schedule, and its insurance arrangements. Through 2014 SDN identified several compliance risks, and has corrected these. SDN has undertaken a business process review to identify and implement system improvements.

Work Health and Safety

SDN is committed to providing a safe and healthy environment and to promoting wellbeing. 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.

- ▶ Business continuity — this includes SDN's disaster recovery arrangements. In early 2015, SDN developed a scenario-based Business Continuity Plan that is linked with specific disaster recovery and crisis management plans.

More information

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

Our financial performance



Financial highlights 2014–15

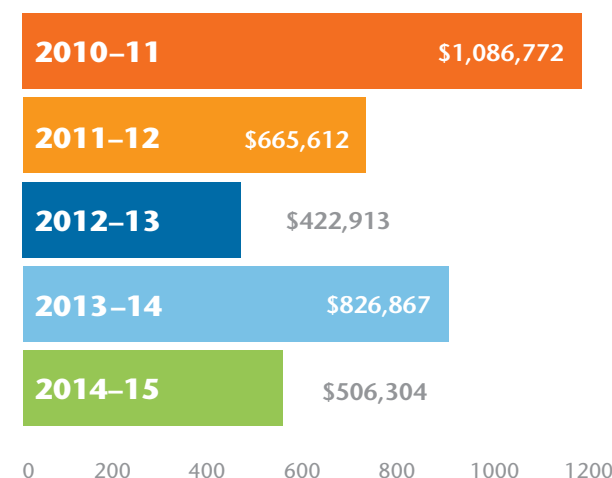
SDN reported a net surplus for the financial year of \$506,304, which represents 1% of revenue, a decrease of \$320,563 from \$826,867 in 2013–14. The consolidated surplus includes SDN Child and Family Services Pty Limited, which reported a deficit of \$538,538 (down from \$306,142 surplus in the prior year). The majority of this change is due to the investment SDN made setting up as a provider under the National Disability Insurance Scheme (NDIS) in the ACT, and the cost of storm damage repairs to SDN Beranga.

Total group revenue was \$50,086,397, an increase of 12% or \$5,378,180 compared with the previous year's revenue of \$44,708,217. Increase in expenditure of \$5,698,743 is a 13% increase from \$43,881,350 in 2013–14 to \$49,580,093.

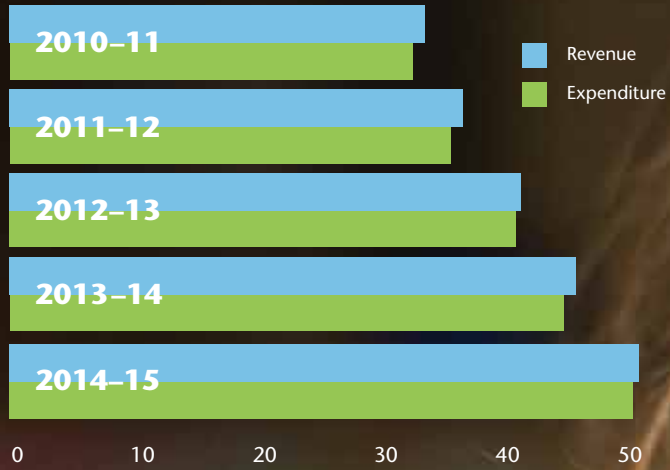
The overall increase in revenue was mainly due to an increase in child care fees and government funding. Revenue from child care fees increased to \$29,768,411, an increase of 7% or \$1,906,823 compared with \$27,861,588 in 2013–14, and represents 59% of SDN's revenue.

Income from government-funded programs and grants made up 39% of group revenue at \$19,734,049 an increase of 21% or \$3,361,470 compared with \$16,372,579 in 2013–14. Government funds are for the delivery of specific programs and projects, and are the result of successful tenders, grant applications, and direct allocations.

Consolidated surplus (\$'000s)



Consolidated revenue v expenditure (\$m)





The contracts we hold for the programs we deliver have a range of completion dates. The funding from the NSW Government for our Early Childhood Links program has been renewed, however we have had to re-tender for funding from the Australian government for our family support and indigenous programs. Our funding from the NSW Department of Education and Communities for Supporting Children with Additional Needs (SCAN) expired in November 2014, as a result of the Government's restructuring of the program.

In February 2015 SDN commenced as a provider under the National Disability Insurance Scheme (NDIS) in the ACT to deliver disability services to children, based at the Namadgi and Weetangara Schools. The ACT government supported the establishment of this service with a one off grant of \$63,636.

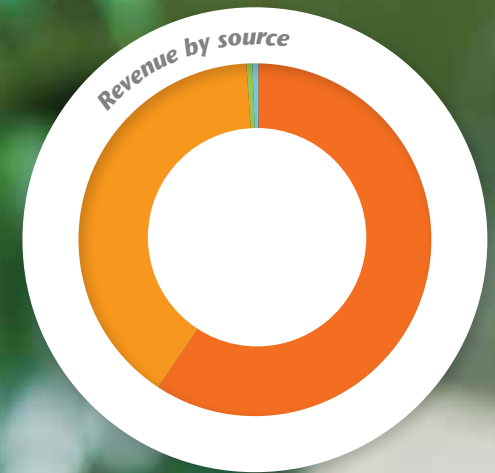
We continued to seek fundraising and philanthropic grants and donations from a variety of sources throughout the year. This includes the volunteer parent committees that support many of our children's education and care centres by fundraising for additional equipment for their centres or for special excursions for the children. Net fundraising was \$16,859, representing a ratio of total cost to gross proceeds of fundraising of 21%.

The major component of SDN's expenditure of \$49,580,093 is the cost of employment. This represents 80% of total expenditure (slightly up from 79% in 2013-14). Administration overheads remained at 9% of total expenditure.

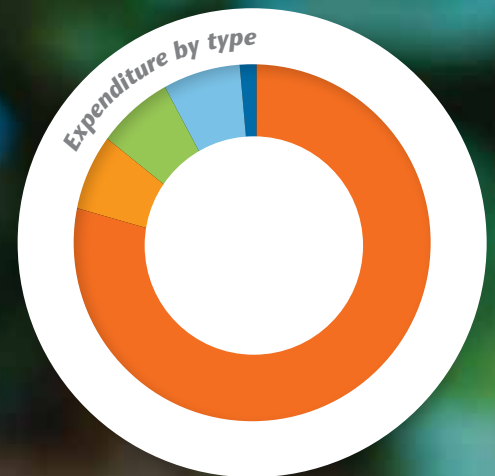
Our capital works program continued to ensure our owned and managed centres and offices were continually upgraded during the year. Expenditure on capital improvements during the year totaled \$1,598,069.

SDN generated total cash receipts of \$52,704,675, up from \$47,815,386, with cash holdings of \$14,304,969, down by \$657,323 from \$14,962,292 as at 30 June 2014. This is significantly due to our upgrades of the property portfolio and investments in setting up the NDIS.

SDN's consolidated net asset position at 30 June 2015 was \$29,030,540, an improvement on our position as at 30 June 2014 which was \$28,857,801.



- Child care fees and benefits
- Government funding
- Interest
- Other



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

Financial statements

Statement of profit or loss and other comprehensive income

For the year ended 30 June 2015

	2015	2014
	\$	\$
Revenue	50,086,397	44,708,217
Employee benefits expense	(39,445,303)	(34,678,410)
Occupancy expenses	(3,136,377)	(3,283,246)
Administration expenses	(3,160,545)	(3,183,879)
Service delivery expenses	(3,222,502)	(2,187,820)
Depreciation expense	(573,437)	(547,995)
Loss on write off of property, plant and equipment	(41,929)	—
Surplus before income tax expense	506,304	826,867
Income tax expense	—	—
Surplus for the year	506,304	826,867
Other comprehensive income		
<i>Will not be reclassified to profit or loss</i>		
Revaluation gain on land and buildings	—	4,577,472
Total comprehensive income for the year	506,304	5,404,339

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

Statement of financial position

As at 30 June 2015

	2015	2014
	\$	\$
Current assets		
Cash and cash equivalents	14,304,969	14,962,292
Trade and other receivables	383,218	212,993
Assets held to maturity	61,877	60,054
Other current assets	223,484	135,997
Total current assets	14,973,548	15,371,336
Non current assets		
Property, plant and equipment	30,827,578	29,845,022
Total non current assets	30,827,578	29,845,022
Total assets	45,801,126	45,216,358
Current liabilities		
Trade and other payables	8,583,095	8,989,141
Financial liabilities	—	28,320
Provisions	5,529,702	5,022,189
Total current liabilities	14,112,797	14,039,650
Non-current liabilities		
Trade and other payables	1,863,762	1,863,762
Financial liabilities	—	25,725
Provisions	794,027	699,420
Total non-current liabilities	2,657,789	2,588,907
Total liabilities	16,770,586	16,628,557
Net assets	29,030,540	28,587,801
Equity		
Reserves	19,431,655	19,495,220
Retained earnings	9,598,885	9,092,581
Total equity	29,030,540	28,587,801

Statement of changes in equity

For the year ended 30 June 2015

	Retained earnings	Asset revaluation reserve	Fundraising reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2013	8,295,976	14,728,281	74,536	23,098,793
Surplus for the year	826,867	—	—	826,867
Other comprehensive income	—	—	—	—
Revaluation gain	—	4,577,472	—	4,577,472
Total comprehensive income for the year	826,867	4,577,472	—	5,404,339
Transfers to and from reserves				
— fundraising reserve	(30,262)	—	30,262	—
— fundraising reserve acquired	—	—	84,669	84,669
Balance at 30 June 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

For the year ended 30 June 2015

	2015	2014
	\$	\$
Cash flows from operating activities		
Receipts from customers	31,903,358	31,146,220
Receipts from government	20,491,881	16,372,579
Interest received	309,436	296,587
Payments to suppliers and employees	(51,708,061)	(44,692,043)
Net cash provided by operating activities	996,614	3,123,343
Cash flows from investing activities		
Payments for assets held to maturity	(1,823)	(2,164)
Purchase of property, plant and equipment	(1,598,069)	(1,851,845)
Net cash from business combination	—	153,252
Net cash used in investing activities	(1,599,892)	(1,700,757)
Cash flows from financing activities		
Repayment of borrowings	(54,045)	—
Net cash used in financing activities	(54,045)	—
Net (decrease)/increase in cash held	(657,323)	1,422,586
Cash and cash equivalents at beginning of financial year	14,962,292	13,539,706
Cash and cash equivalents at end of financial year	14,304,969	14,962,292

Statement of cash flows

Our grant funding

State Government grant funding

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

SDN Beranga	\$1,324,936
Early Childhood Links, Cumberland Prospect	\$1,128,887
Early Childhood Links, Northern Suburbs	\$536,604
Early Childhood Links, Southern Suburbs	\$741,717
Early Childhood Links, South West Sydney	\$964,533
Early Childhood Links, Lithgow	\$199,003
Early Childhood Links, Penrith	\$448,566
	\$5,344,246

Department of Families and Community Services: Community Services

Mobile Playlinks	\$190,573
Inner/Eastern Interagency	\$73,114
Brighter Futures Eurobodalla	\$361,288
Brighter Futures Sydney Metro	\$6,063,193
Aboriginal Playgroup, Glebe	\$29,608
	\$6,717,776

Department of Education

Resource Library	\$35,850
Supporting Children with Additional Needs (SCAN)	\$1,073,425
Intervention Support Program, SDN centres	\$115,806
Intervention Support Program, SDN Beranga	\$139,218
Intervention Support Program, Early Childhood Links Lithgow	\$44,280
Intervention Support Program, Early Childhood Links Cumberland	\$61,763
Preschool Disability Support Programs (PDSP)	\$22,845
Children's Services Programs (Long Day Care and Preschool)	\$1,186,862
	\$2,680,049

Total Funding from the NSW Government

\$14,742,071





Australian Government grant funding

Department of Social Services

ISA (Inclusion Support Agency)	\$4,319,331
ISA Flexible Support	\$290,000
SDN Glebe Occasional Care Support	\$39,260
Family Resource Centre	\$83,075
Partnership with Parents	\$83,075
Riverwood Child Care Links	\$110,555
Long Day Care Professional Development Programme	\$646,116
	<hr/>
	\$5,571,412

Department of Prime Minister and Cabinet

Tracks in Learning/Children and Schooling Programme	\$124,964
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Total funding from the Australian Government

\$5,696,376

**Total Australian and State Government grants
\$20,438,447**

Our supporters

SDN thanks the many individual donors, philanthropic foundations and businesses that support our services.

Aboriginal and Torres Strait Islander Scholarships

Mrs Elizabeth Albert
Mrs Kirsty Albert
Mr David Armstrong
Mrs Ruth Armytage AM
Mr Peter Bidencope
Mrs Robin Blackwell
Mrs Susan Braham
Mrs R.D. Bridges OBE
Mr Allan and Mrs Janet Bryant
Ms Angela Donohoe
Mrs Barbara Fewings
Mrs Carol Field

Dr Joy Goodfellow
Mr Peter Graham
Mrs Hillary Hannam
Mrs Alfreda Henry
Mrs Jennifer Hill
Mr Bill and Mrs Pat Locke
Mr Mike and Mrs Liz McEwen
Mrs Adrienne Miles
Mrs Sue Perdriau
Mrs Maria Pender
Mr John and Mrs Jane Sanders
Mrs Pat Sinclair

Mrs Audrey Sewell
Mrs Nanette Swinburn
Mr Barry and Mrs Sue Taylor
Mrs Marion Taylor
Mrs Joan Thomson
Mrs Beth Vernon
Mrs Rosalie Wilkie
Dr Peter Williamson
Drs Andrew and Lian Wines and family
Ms Barbara Wise
Plus 45 SDN staff members

SDN Beranga

Mrs Susan Salter
Mrs Nancy Lefmann
Mrs Ruth Armytage AM

General

Angus Place Colliery Golf Club
Lithgow Primary School
Lithgow Quota Club
Pacific Hoists

SDN Building Fund

Mrs Helen Fairfax
Mrs Prudence Finlay
Mr Tony Gall
Mrs Tonia Goddard AM
Mrs Mary Hill

Mrs Jan Harvey-Smith
Mrs Emma Longworth
Mr Ian Philip
Mrs Dianna Southwell-Keely
Mr J.T.O. Whitney

SDN Child and Family Resource Centre

Mrs Denise Brewer
Dr Leonie Huntsman
Mrs Jayne Larson
Mrs Ann Mitchell
Mrs Margot Starkey

Foundation Grants

Eureka Benevolent Foundation
(managed by the Myer Family Company)
Jenour Foundation
The Palmdale Trust (managed by Perpetual)

Life members

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



Be involved

Part of SDN's vision is of a world where the promise and potential of every child is realised. We believe in 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 new Access and Inclusion Scholarships 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 Access and Inclusion Scholarships

In April 2015 SDN was successful in obtaining a grant from the Jenour Foundation to pioneer SDN's Access and Inclusion Scholarships. The scholarships 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. We were delighted that four inaugural scholarships were able to be awarded, thanks to the funding from the Jenour Foundation.

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.

Since 2007, we have provided scholarships to 72 children, which have only been made possible thanks to donations from philanthropic foundations, businesses and individuals, including SDN staff. You can see our list of supporters on page 68 of this report.

SDN Building Fund

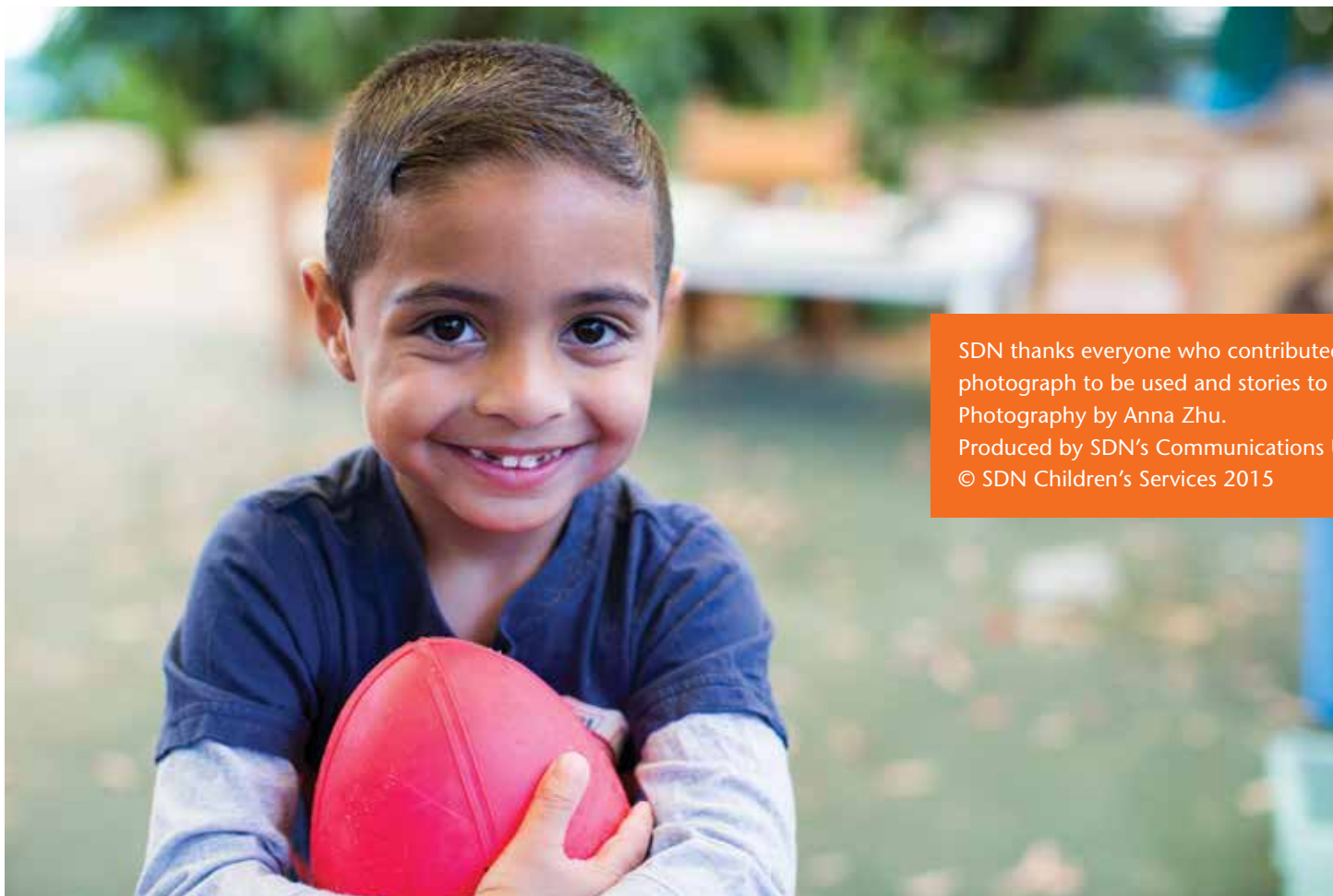
In 1992 SDN set up a tax deductible Building Fund to assist with the upkeep and repair of SDN's buildings. This fund is supported by donation only. This year the Fund allocated \$51,175 for three projects for minor and major works of SDN children's education and care centres.

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 Twitter @sdnchildren.



SDN thanks all of our supporters, including staff, government, local businesses, donors, families, and other generous supporters. You can get involved too.



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

Photography by Anna Zhu.

Produced by SDN's Communications Unit.

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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