



**Annual report**  
**2017**

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**SDN Children's Services**

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## contents

Our philosophy 4

Our vision, mission, purpose and values 6

Who we are 8

Our pathways 9

President's and CEO's report 10

Our environment and context 12

Highlights of 2016–2017 14

Our impact — enhancing the wellbeing of children 20

Our outcome measures 22

Our staff 28

Pathways infrastructure 36

Our Senior Leadership Team 38

Our Board 40

Governance report 42

Our financial performance 49

Our grant funding 52

Financial statements 54

Our supporters 58

Be involved 60

## contacts

### Auditors

BDO East Coast Partnership  
Level 11, 1 Margaret St  
Sydney NSW 2000

### Solicitors

Bartier Perry  
PO Box 2631  
Sydney NSW 2001

### Bankers

Commonwealth Bank of Australia  
Tower One, Darling Park  
201 Sussex Street  
Sydney NSW 2000

## our philosophy

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

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

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

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







## our vision for the world

We are working towards a better, more equitable world where:  
the promise and potential of every child is realised • families and communities  
are strong and caring • children's services are valued and well resourced.



## our purpose

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





## our mission

We achieve our vision and fulfil our purpose by:

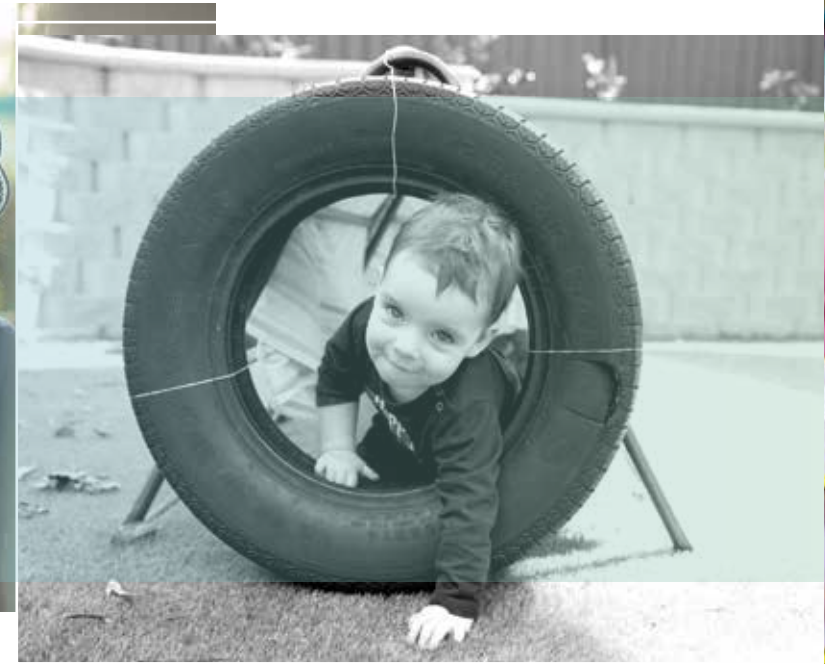
- providing high-quality, inclusive early childhood education and child care
  - strengthening families and communities
  - addressing inequalities faced by children.



## our values

In carrying out our mission we commit ourselves to being:

trustworthy and reliable • inclusive and respectful • creative and innovative



## who we are

**SDN Children's Services is a not-for-profit organisation that has been delivering quality services since 1905.**

We are proud of our long history of working with children and their families, working with communities, and supporting the development of practitioners and children's services. With more than 600 staff across 32 sites in Sydney, regional NSW and the ACT, we are one of Australia's most respected children's services organisation. We provide:

- ▶ Early childhood education and child care for children from birth to 6 years, across 24 centres.
- ▶ Disability services for children from birth to high school entry, including services offered under the National Disability Insurance Scheme.
- ▶ Family support services, promoting strong, functional and well-supported families to promote healthy development in children.
- ▶ Professional learning, supporting our service providers and professionals in the sector through practical workshops and support.





## our pathways

**We believe that the best way to achieve SDN's vision for the world and our intended strategic outcomes for children is for us to use an integrated approach in everything we do.**

An integrated approach means that we start from what matters for children and their families, and we plan from there. We are person-centred. It also means that we see our organisation as part of a wider community network of support for children and families, so we are also place-based. There is evidence that better outcomes are achieved for children and families when services and organisations operate in this way. At SDN we call our integrated approach our Pathways Approach.

Children only experience wellbeing when they are safe, secure, loved, have material basics, and have opportunities to learn and participate in the communities around them. This is what SDN is working collectively to achieve. We're also conscious that not all children start from the same place in life, and so we're particularly focused on making sure that the wellbeing of children who face challenges is enhanced through the services we provide and support.

# president and CEO's report

This has been a year of change and reflection for SDN. In January this year, our CEO Ginie Udy advised the Board that she would be retiring after 15 years in the role. Under Ginie's leadership, SDN grew and became an integrated organisation, increasing our reach through early childhood education and child care, family support and disability services. In late July, SDN Members, Board, friends, and staff gathered to farewell Ginie and to celebrate her many achievements and dedicated service to SDN. We wish Ginie and her husband Chris a happy and healthy retirement.

The Board was tasked to find a new CEO to lead SDN through its next chapter. Wanting to ensure the best candidates were considered, an extensive external search process was undertaken, and the Board was delighted to appoint Kay Turner to the role.

Kay has been with SDN for more than 20 years including as Deputy Chief Executive. The Board was concerned that SDN's organisational culture and purpose be sustained, and was pleased that we had a strong internal candidate who not only had the skills and vision to lead the organisation, but who would build on the strengths and history that SDN has firmly established.

SDN is halfway through its current strategic plan, and we have completed many of the major projects that were needed to deliver results against our plan. As we head towards 2018, we have already started reviewing our strategy in the context of the ever-changing environment that we operate in.

The National Disability Insurance Scheme (NDIS) is a major change in the way that we provide services to children. SDN has been part of the NDIS from the

earliest days, and we have invested in building capabilities for services while actively advocating for the best outcomes for children. In 2016–17 we invested in a major marketing campaign to promote our disability services, and we will continue to build SDN's profile as an NDIS registered provider in 2017–18.

Likewise, the early childhood education and care sector is changing with increased numbers of places available, growing competition from private operators, and shifting demand due to changing work patterns. There will be major changes to the way the Australian government funds child care from 2 July 2018 and we expect this to have the potential to provide increased subsidies for families on lower incomes.

We're set up well for the work that's needed. We've been developing and upgrading our IT systems, continuing building improvements in our centres, and investing in learning and development, particularly for staff in our services who work with children and families.

As a not-for-profit, we want to make sure that whatever we do offers the best value for money for families. This means that while we might not have the lowest fees, we aim to have the best outcomes for children.



Because through all of our work, our focus on children remains top of mind. We're here for children from birth, and for their families and communities. And we're here for the wellbeing of children, now and for the future.

And that means children now and for the future. The SDN of today is the product of 112 years of vision, growth, innovation, risk taking, hard work, and passion. Children and families in our services today are benefitting from our experience and we have a responsibility to the children of the future to make sure they can have the same benefits.

In 2016–17, we worked with 4,958 children, 1,049 families facing challenges, and supported 784 other children's services. There is more detail about how we work with children, families and other children's services throughout this report, and the outcomes we aim to achieve.

While we are not-for-profit, we do need to generate surpluses. We use those surplus funds to upgrade our centres, to open new services, to train our staff, and to improve our systems and processes. This is all so we can be more efficient and provide better quality services.

This year has been a year of investment, and we've used some of our accumulated funds to promote SDN in an increasingly competitive and commercial world. We're reporting a deficit of \$1,321,773, which has come about through our various investments and also through lower than anticipated utilisation in our centres. We've budgeted for 2017–18 to be another year of investment as we experience the slow growth of NDIS and disability services revenue, and as we evolve services to rebuild utilisation in our centres.

But SDN is strong. We have cash reserves that will carry us through these times with the Board and management working to turn results back to surplus through plans for our future that will make us even stronger.

Thankfully, SDN has committed, experienced and highly skilled staff, not only those who work with children and families, but also behind the scenes in our shared services. The Board would like to thank all of SDN's staff for their hard work and dedication. SDN is only as good as its staff, and our impact is through their relationships with children, families and the stakeholders in the communities we work in.



SDN CEO, Kay Turner (left) and SDN Board Chair and President, Angela Donohoe.

We have another challenging but exciting year ahead. We're working in sectors with a lot of uncertainty, and that also means there's lots of opportunity. Things may be different to what we expect now, but as long as we're helping children and families to access the services that they need to thrive, we will always have a place.

# Our environment and

## Changes to the market for child care

There is considerable flux in the market affecting provision and cost of early childhood education and care. Historically, not-for-profit child care services have had available to them low cost or no cost leases from local governments, but there is now increased pressure from all landlords, including local governments, to seek commercial rent.

There has also been a spike in supply of child care places as property developers have entered the market, with average utilisation in the sector across Australia now reported as being around 80%. According to the Australian Government's *Early Childhood and Child Care in Summary Report* released in September 2016, there has been an increase of 13% in the number of long day care services since 2012, while there has been an increase in the reported number of vacancies of 49% over that same period.

The pattern of demand has also shifted as new parents access government funded paid parental leave of up to 18 weeks, in addition to any paid parental leave from their workplace. This means new parents, in particular women, are able to stay on parental leave longer, so the average age of children entering child care is older.

There has also been a marked change in working patterns, with more flexible working arrangements and the use of unpaid carers (for example, grandparents) that has meant that demand for child care across each day of the week is quite variable, for example notably lower on Fridays in certain areas of the Sydney metropolitan region.

SDN is continuing to monitor the changes in the market and looking for opportunities to be responsive and flexible for families. We are also preparing for the implementation of the Australian Government Child Care Subsidy from 1 July 2018, that will replace Child Care Benefit and the Child Care Rebate.

## Review of NSW Government's Targeted Early Intervention Programs

Over the past two years, the NSW Department of Family and Community Services (FACS) has been reviewing its early intervention programs, and will be reforming them

over the coming three years. This is in response to the continued growth across the state of the number of children reported at risk of significant harm, and following extensive consultation with the sector. SDN's Brighter Futures program, PlayLinks and Aboriginal Supported Playgroup are part of the Government's early intervention programs, and our funding has been extended until June 2020 while this reform process is underway. SDN is pleased to be part of any reform that creates improved outcomes for children and their families.

## Changes to the National Quality Framework

Following a review of the National Quality Framework for Early Childhood Education and Care (NQF), some changes have been agreed across the states. Changes to the legislation came into effect on 1 October 2017, with a revised National Quality Standard (NQS) being introduced on 1 February 2018. Changes include some streamlining such as the reduction of the number of standards from 18 to 15 and the number of individual elements from 58 to 40. These changes will reduce some of the administrative concerns but will not impact the standard of education and care for children.

## SDN Petersham closes

In September 2016 we were sad to permanently close our centre at Petersham. SDN took over the management of SDN Petersham in January 2002. The centre was originally established to support the child care needs of the staff and students at the Petersham campus of the Sydney Institute of TAFE. Our licence agreement with TAFE was due to finish at the end of 2016, and TAFE advised us that they would not be renewing the agreement as they were changing the use of the site. Over the 14 years we were managing Petersham, more than 450 children and their families were supported by the centre. We were able to support many families to place their children in other centres, and were able to redeploy all staff to other SDN services.



# context



## Changes to child care funding

The proposed changes to funding for child care services as part of the Federal Government's 'Jobs for Families Child Care Package' were passed by Parliament in March 2017, and will come into effect on 2 July 2018. A new Child Care Subsidy (CCS) will replace both the Child Care Benefit and Child Care Rebate.

The CCS is more than just a combination of the two payments, it is a fundamental change to the way that eligibility for payments to families is assessed, and how the payment is calculated. The payment will be based on a combination of the results of an 'activity test' and a means test based on combined family income, and will be capped by a deemed hourly rate.

It is difficult to assess the impact on families of the introduction to the CCS as the amount that families will receive depends on several aspects of individual family circumstances.

# Highlights of 2016–2017

Every year we experience gains and losses, and this year was no exception, with new services started and a change of CEO.

## External assessment and rating of our centres — National Quality Framework

Over the past 12 months six of our centres were externally assessed against the National Quality Framework for Early Childhood Education and Care. This means that all 24 of our long day care centres and preschools have now been assessed, with one centre having been re-assessed. Of these, 19 have been rated as Exceeding the National Quality Standard, four have been rated as Meeting the Standard, and one is rated as Working Towards the Standard. The centre rated as Working Towards is due to be re-assessed in early 2018, and we expect that rating to be improved. Our Board has set a KPI of 100% of our centres being rated as meeting or exceeding the standard, and so far we have achieved 96%.

We are proud of our performance in our assessments and ratings. Currently 79% of our services have been rated Exceeding the Standard, compared with the proportion across NSW as at 30 June 2017 of 27%.

## Disability services for children

The 2016–17 financial year was the first year of the roll out of the National Disability Insurance Scheme (NDIS) in NSW.

In response to an unexpectedly high demand for services for young children, the NDIS has introduced a transitional approach to Early Childhood Early Intervention (ECEI) to support children aged 0–6 years who have a developmental delay or disability. The aim is to connect children and families to the most appropriate supports, and to determine the type and level of early intervention support each child may need, and whether they would benefit from an NDIS plan.

This transitional approach will be in place until 30 June 2018. SDN is an ECEI Transition Provider in NSW, and continues to be a registered provider for children with plans under the NDIS.

## SDN appointed as ECEI Transition Advisor

In June 2017, SDN began as one of two Transition Advisors in NSW for the National Disability Insurance Scheme, and will continue until 30 June 2018.

SDN is a Transition Provider under the NDIS' Early Childhood Early Intervention (ECEI) approach for children up to 6 years of age.

As a Transition Advisor, SDN supports other Transition Providers across the state with advice and support on their planning for children with a disability in their services. This includes coaching and mentoring, reviewing the quality of other services' plans, and advice on support requirements.

This is an exciting new opportunity that allows us to enhance the wellbeing of children beyond our own services, and acknowledges SDN's experience and reputation as a provider of disability services for young children.

## Introduction of family therapists

SDN has moved to enhance the support we offer families in our Brighter Futures and Child and Parenting Support (CAPS) programs by providing family therapists. These programs work with families facing challenges, and our family therapists support those families to support each other to find ways to cope collaboratively with those challenges, build on family strengths and ultimately make useful changes in their lives and relationships.





SDN's new CEO Kay Turner with Ginie Udy and former CEO Tonia Goddard



Ginie Udy with husband Chris at her farewell

## Departure of our CEO Ginie Udy

This year was significant in the departure of SDN's long serving CEO Ginie Udy, and the passing of the baton to new CEO Kay Turner. To mark this major milestone, and to reflect on Ginie's substantial achievements over her 15 years as SDN's second longest serving CEO, a special farewell event was held at Doltone House in Pyrmont in July.

Guests in attendance included past and present SDN Board members and members, sector stakeholders, supporters and friends. All of SDN's staff were honoured to receive an invitation, and many travelled a distance to fondly farewell Ginie.

Farewells were plenty and heartfelt and included those by SDN President Angela Donohoe and early childhood education expert and past SDN Board Member, Dr Joy Goodfellow. It was an opportunity for all to celebrate Ginie's untiring dedication to making the world a better and more equitable place, and wish her well in her future endeavours.

Ginie emotionally received well-chosen farewell gifts from the Board of a beautiful historic print of Broadway and her own professionally bound copy of original founding committee member Marguerite Fairfax's memories of the beginnings of SDN back in 1905, a well-loved source of remembrance and inspiration. Ginie took the opportunity in her farewell speech to reflect on SDN's pioneering and innovative spirit throughout our history, and the importance of support from everyone to make that vision a reality.

On the occasion of leadership change, we are reminded of the continuation of the long line of strong leaders throughout SDN's history, and can imagine their sentiment on looking at SDN today, 112 years after opening our first 'day nursery' in a small terrace house in Woolloomooloo. Each successive leader has been individually important to SDN improving the wellbeing of children and families, and Ginie Udy proudly stands in that procession.



SDN's centre utilisation continues to be strong, with our utilisation for the 2016–17 year at 87% of approved places.



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

## SDN history publication wins a Mander Jones Award

SDN was thrilled that one of its history publications won one of the annual awards offered by the Australian Society of Archivists (ASA). The ASA invites nominations each year for the Mander Jones Awards, which are given for publications in the field of archives and recordkeeping.

SDN's publication *Children, a life interest: a biography of Joan Fry OBE*, written by Dr Leone Huntsman using material sourced from SDN's Archive, won the 2017 award in category 2A for 'Best publication that uses, features or interprets Australian archives, written by or on behalf of a corporate body'. The award was presented at the ASA's annual conference in Melbourne on 25 September.

There are limited hard copies available of the publication, or it can be downloaded from our website at [www.sdn.org.au/about-sdn/our-publications-and-policies/](http://www.sdn.org.au/about-sdn/our-publications-and-policies/).

## New online services for families

Over the past two years we have invested heavily in upgrading our IT networks and client management systems. With more than 30 locations across NSW and the ACT, our sites rely on electronic communications and access to centrally held data and information. Likewise, families expect technology to improve their ability to share their child's day to day experiences, through file sharing apps and emails. In order to manage the amount of data and network traffic this generates, we have had to upgrade our IT infrastructure to meet expected usage into the future.

As well as improved IT for staff, we've been able to introduce improved functionality for families. Our centralised online waiting list for our centres is now in place, which along with an improved phone system allows us to respond to families' enquiries through our Service Enquiry Team.

We have been able to start rolling out Storypark for families with children enrolled in our centres. Storypark is a secure mobile app that allows educators to record and communicate children's learning and activities as they happen via photos, video, audio and observations. Families stay up to date with their child's day, and can then share the stories posted in the app with other family members.

We have also begun to implementing online sign-in on tablets for families in our centres, which links to our Qikkids child care management software to make it easier for to track attendances. This is an important improvement that not only will help families but will be a requirement for the introduction of the new Child Care Subsidy in July 2018.



## Welcoming SDN's new CEO Kay Turner

Following the retirement of long time CEO Ginie Udy in 2017, SDN was delighted to welcome Kay Turner as our new CEO in July.

Kay has had a long career in early childhood education, early childhood intervention, and family support. Bringing experience from roles in small and large community organisations and at the Department of Education, Kay joined SDN in 1997 to lead and develop SDN's integrated services in Western Sydney. Since then she has held roles across a broad range of SDN functions including: Director of Child, Family and Children's Services Programs; Executive Director, Integrated Services and Organisational Development; and Head of Organisational and Business Development.

Kay is passionate about improving educational and social outcomes for children and supporting families in their role in raising children. This, combined with her ability to use evidence to create best practice, has contributed to her leading SDN's integration and the development of SDN's Pathways Approach. Kay served as SDN's Deputy Chief Executive from 2015 until her appointment as CEO in 2017.

Upon Kay's appointment to the CEO role, SDN's President Angela Donohoe said, 'Kay brings a wealth of SDN and sector experience to the role, and she has a strong vision for SDN's future. The Board of SDN is looking forward to supporting Kay and the SDN teams in continuing our proud tradition of delivering quality services to children and families.' SDN's Board, Executive and staff look forward to continuing our organisation's remarkable journey with Kay's guidance and leadership.





## Playground upgrade at SDN Woolloomooloo

In 2016 we undertook a major playground renovation and landscaping project at SDN Woolloomooloo Children's Education and Care Centre, which has occupied its current site at McElhone Street since 1921. Through extensive consultation with families and staff, a bold plan was developed for creating a specially tailored playground space that would engage and challenge the children and promote their learning and development.

To reinvigorate the flat, open space of the original playground, the landscaper who worked with SDN designed and created a space with undulating softfall surfaces that incorporated a sandpit quarry, a climbing and balancing structure, a water play course, a water-powered elevator and a raised stage area. These playground additions were

developed intentionally to inspire children's creativity and problem solving skills, and to challenge their gross motor development.

The new playground was officially opened in November 2016 by Sydney's Lord Mayor Clover Moore at an event to celebrate the centre's 95<sup>th</sup> anniversary. Also in attendance at the event was Gadigal Elder Uncle Ray Davison who delivered an inspiring Welcome to Country, and current and past SDN staff, SDN members and the centre's children and families.

In 2017 we commenced work on our next major centre playground upgrade at SDN Milperra, which we anticipate will be completed by January 2018.







# Our impact

## Enhancing the wellbeing of children



SDN is now midway through our current strategic plan, and we have already completed many major projects needed to implement the plan.

For the first time we have significantly invested in marketing and advertising, which reflects the changing needs of the markets in which we operate. Our disability services are now operating in a more competitive environment, with the introduction of the National Disability Insurance Scheme (NDIS), and the children's education and care sector is experiencing oversupply in some areas and a shift in the pattern of demand that is impacting utilisation for all service providers.

We ran a major campaign for our disability services in October/November 2016, and advertising and events for our children's education and care centres in September/October 2017. We are planning more advertising and marketing during the 2017–18 financial year to increase our profile with families in both these markets.

In March 2017 the Board and senior leaders held a joint review of our performance to date against our strategic plan, to identify current and emerging issues that would need to be addressed to keep the plan on track.

The Board reconfirmed its commitment to SDN's mission and strategic direction, and the review produced further actions that have formed the basis for SDN's strategic action plan from July 2017 onwards.

In order to achieve our strategic outcomes of ensuring that children who face challenges have a place in our services, and that the wellbeing of all children is enhanced, we need to ensure that SDN is sustainable.

The next 18 months will see us focusing on improving organisational efficiencies and controlling costs, ongoing effective recruitment and management of staff, and investigating opportunities in the changing disability services and child care markets.



# Our outcome

SDN works with children and families across three main streams: our early childhood education and child care services, disability services for children, and family support. In 2016–17, we also began to offer professional learning workshops, particularly showcasing the skills and knowledge of our team based at SDN Beranga, which is our centre for children with autism spectrum disorder.





# measures

## Our priority groups

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In our 2016–18 strategic plan we identified four priority groups of children that we particularly focus on. These children participate in all of our services, some of which are 'mainstream' and some of which offer targeted support. As at 30 June 2017, we had 3,522 children in all of our services (ie including centres and programs), compared with a target of 4,250 children.

Of these **3,522** children:

**293** or 8% were Aboriginal or Torres Strait Islander children  
(up from 6% last year)

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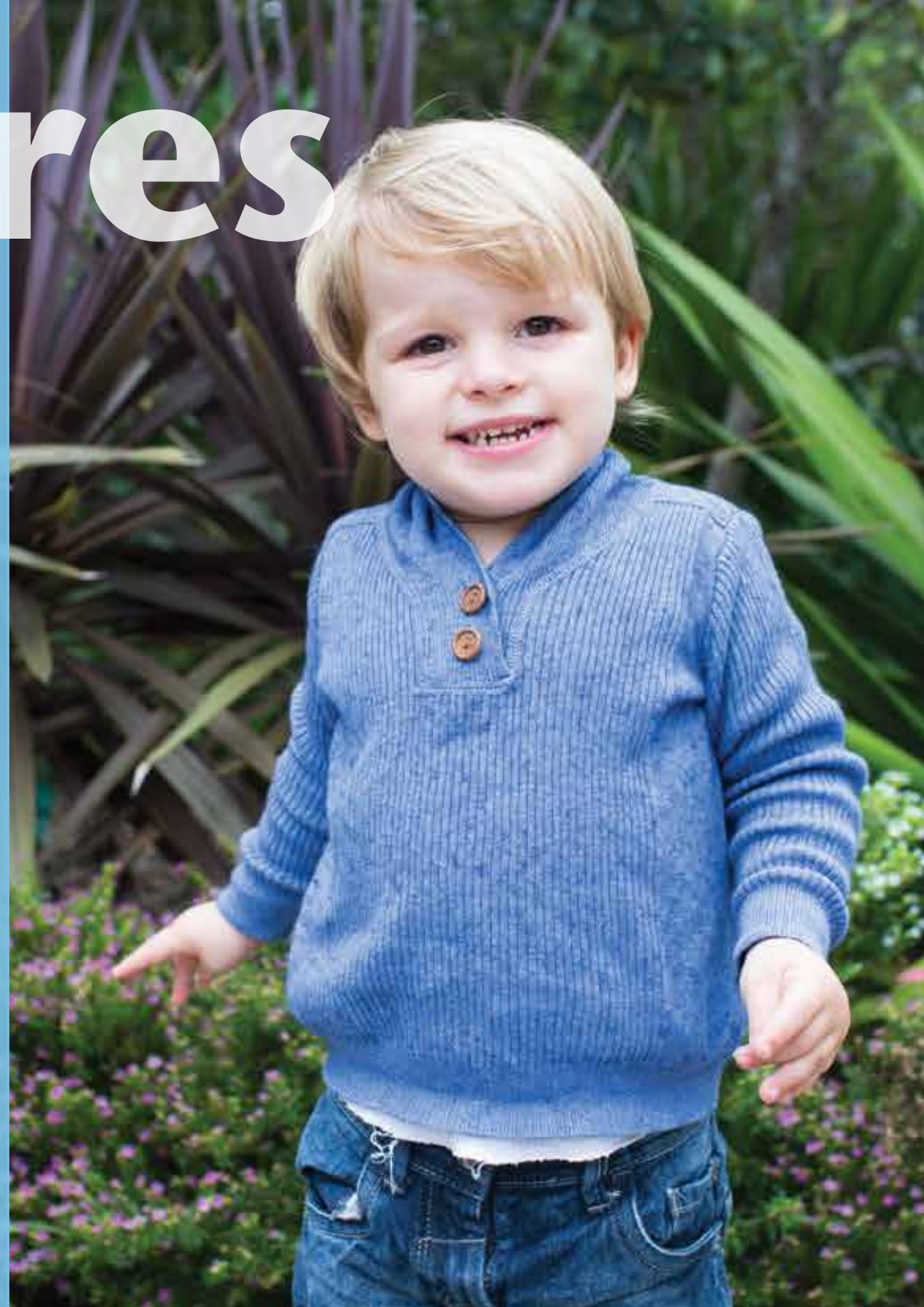
**669** or 19% were children with a diagnosed disability or  
delay in development (up from 14% last year)

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**538** or 15% were children meeting SDN's criteria as  
Priority 1, ie children who have been identified as being at risk of  
harm (up from 12% last year)

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**88** or 2% were children identifying as refugees  
(not reported last year).







Across **2016–17**, we worked with **4,958 children**

**3,306**

children were provided with high quality early childhood education and child care through our 24 centres.

**273**

children were supported in playgroups and activities.

**1,045**

additional children facing challenges were supported to be enrolled in mainstream settings.

**334**

children were provided with specialised early intervention.

SDN is active in supporting the children's services sector to be more inclusive of all children. In 2016–17, we supported **784 other services** through the following programs:

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*Brighter Futures:* **105 services**

*Child and Parenting Program:* **209 agencies**

*Inner and Eastern Sydney Child and Family Interagency:*  
**61 agencies**

*SDN Beranga:* **28 satellite** centres and  
**51** other child care **providers**

*Professional learning workshops:* **330**





In 2016–17, **1,049 families facing challenges** were strengthened through our playgroups, family programs, and our Brighter Futures program.

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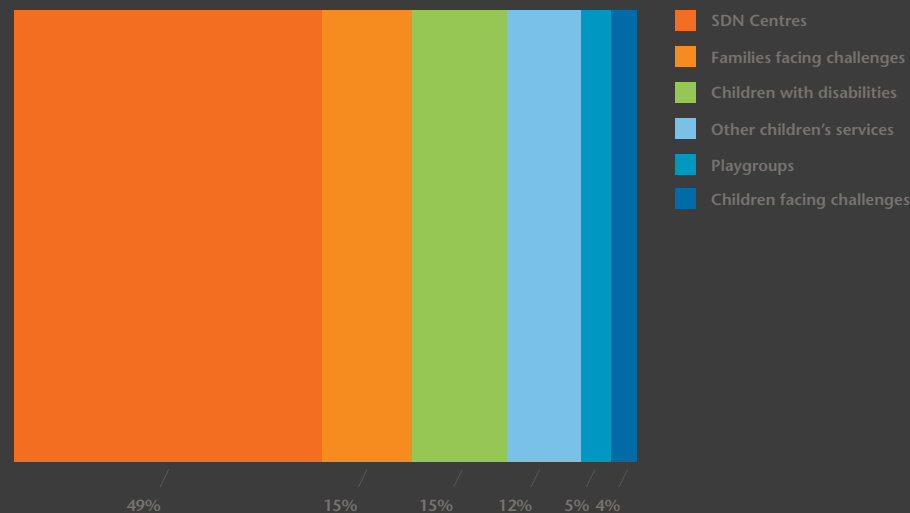
## Feedback from families

In 2016–17, there were 614 instances of feedback received, compared with 911 in 2015–16. Of these 614 instances, 489 or 80% were positive, 70 or 11% were questions or neutral, and 55 or 9% were negative.

This means 91% of the feedback we received (excluding complaints) was positive or neutral, compared with our target of 95%.

In 2016–17, 74 formal complaints were received in SDN services, compared with 111 in the 2015–16 financial year. The main areas for complaints or negative feedback were communication with families, financial matters, and child safety, health or wellbeing concerns.

This year we improved our responsiveness to complaints, making sure we responded within 24 hours and that complaints were resolved as quickly as possible.



2016–2017 Clients by sector (as at 30 June)

# Our staff

## Professional learning and development

SDN invests time, resources and funds to ensure we have skilled staff and quality leaders; this also promotes good outcomes for children and families and contributes to positive staff retention results. With the assistance of the Australian Government's Long Day Care Professional Development Program funding we were able to deliver substantial, targeted training over and above mandatory training requirements. This funding contract ended on 30 June 2017.

Our strategy was to contract reputable partners who share SDN's values and approaches to collaboratively develop and deliver a range of learning and development programs. These programs included:

- ▶ The SDN Developing Leaders program, which included the introduction of the Hermann Brain Dominance Instrument (HBDI) and introductory coaching skills
- ▶ Organisational coaching
- ▶ Cultural Competency training which is now delivered to all new staff as part of SDN's Corporate Induction Program
- ▶ Train the Trainer
- ▶ Key Worker training for Disability Services staff
- ▶ Hanen Learning Language and Loving It
- ▶ Circle of Security
- ▶ Communication Development program in partnership with Neryl East
- ▶ Building Resilience training
- ▶ Urban Indigenous Professional Development program.







## Learning and development awards

Each year SDN offers the Learning and Development Awards in recognition of staff who continue to develop themselves, both professionally and personally, by undertaking further studies whilst working. These awards recognise an employee's endeavours in developing their skills, knowledge and experience, and their ability to bring this professional development back into the workplace.

The SDN Learning and Development Award presentation was held at SDN Broadway in December 2016. Eight awards were conferred, with each recipient receiving \$500 toward the costs of their studies.

- ▶ Emma Watson (SDN Milperra)
- ▶ Karina Lamas (SDN Northern Suburbs)
- ▶ Khanitha Kongmanee (SDN Northern Suburbs)
- ▶ Eulalia Verde (SDN Practice, Learning and Development Team)
- ▶ Jessica Kharka (SDN Brighter Futures Inner West)
- ▶ Afia Nouman (SDN Riverwood)
- ▶ Michelle Werry (SDN Brighter Futures Inner West)
- ▶ Naomi Halliday (SDN Northern Suburbs).

## Staff survey

Each year SDN carries out a voluntary Staff Survey. In 2017 the survey was distributed to all permanent members of staff, including those on parental leave, a total of 681 employees. The survey was implemented by independent company 'Voice Project'.

The overall response rate was of 55% (373 individual respondents), which was a drop in the response rate to the 2015 survey of 72%. Our engagement index was 81% in 2017, a very strong result and higher than the industry benchmark.





As at 30 June 2017, we employed **640 staff**:

**604** Women

**36** Men

**407** Full time staff

**192** Part time staff

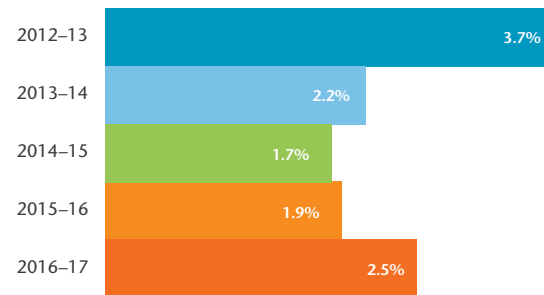
**41** Casual staff

**12** Aboriginal and Torres Strait Islander staff





Staff turnover



Workers compensation premium cost as a % of wages



Staff survey engagement results  
(as at 30 June)



### Supporting Tertiary Students

SDN has placed over 86 students this year through our Student Placement Program, delivering placement opportunities to Education and Social Work students.

We understand how important practical experiences are in developing further skills as an educator as well as building the foundations to a career in early childhood education and care. With our centrally managed approach to student placements, we are able to support students achieve their practical experience goals and objectives. The student program has also contributed to growth in employment rates, with over 26 students employed post placement as casual or permanent SDN staff members.

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





A photograph of three children playing in a sandpit. In the foreground, a boy in a blue and red plaid shirt and a black cap is crouching and digging in the sand. To his left, another child is partially visible, wearing a blue and white patterned hat. In the background, a third child is standing, wearing a grey long-sleeved shirt and a grey bucket hat, holding a red shovel. The sandpit is filled with light-colored sand, and there are some toys scattered around. The background shows a wooden fence and some greenery.

## Enterprise Agreement 2016

SDN implemented its first Enterprise Agreement (EA) in 2010, and a subsequent EA was negotiated in 2013. Negotiations for SDN's 2016 EA commenced in October 2015. The agreement was negotiated in good faith with managers, employees and unions and after a lengthier than anticipated process, it was approved by the Fair Work Commission in February 2017, with a 75% 'Yes' vote.

# 2016–2017 Scholarship Recipients

## SDN Aunts Fry Scholarship

*Elisse Kinley, University of Sydney*

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## SDN Phillips Award

*Ruby Love, University of Wollongong*

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## SDN Phillips Prize

*Stephanie Rowe, University of Wollongong*

*Lina Davis, University of Wollongong*

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## SDN Whiting Scholarship

*Olivia Cooper, Macquarie University*

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## SDN McElhone MacCallum Scholarship

*Nadushi Algama, Notre Dame University*

# Recognising the service



## 40 years and over

Peggy Lane, Marrickville, 43

## 30 years and over

Anne IrvingNorthern Suburbs, 37

Megan Brophy, Paddington, 37

Sandra Jenkins, Gumnut, 32

Trish Lumsdaine, Marrickville, 32

## 25 years and over

Doreen Levensmith, Batemans Bay, 29

Fiona Redwood, Marrickville, 29

David Farrell, Linthorpe Street, 28

## 20 years and over

Maryann Peterson, Northern Suburbs, 24

Purnima Chand, Paddington, 23

Carol Muldoon, Hamilton Street, 23

Doris Lam Fong, Redfern, 23

Rama Sama, Marrickville, 22

Helen Price, Crookwell, 22

Michelle Briscoe, Woolloomooloo, 22

Ritu Gupta, Surry Hills, 21

Louise Casey, Glebe, 20

Karen Whittaker, Various, 20

Behrooz Arzani, Ngallia, 20

Mini Kaur, Riverwood, 20

Kay Turner, Broadway, 20

## 15 years and over

Leean Weekes, Lady McKell, 19

Anne Reeves, Crookwell, 19

Joka Milicevic, Riverwood, 19

Elleni Nicholson, Linthorpe Street, 18

Glynis Chang, Broadway, 18

Sam Lau, Various, 18

Kay Daley, Northern Suburbs, 18

Tina Robinson, Integrated Services, 18

Lorraine Smart, Lady McKell, 18

Jing Zhang, Marrickville, 18

Victoria Marsden, Surry Hills, 17

Janelle Collins, Lady McKell, 17

Piyasa Barua, Erskineville, 17

Bronwyn Amos, Gumnut, 17

Myint Sein, Linthorpe Street, 17

Micheline Azar, Hurstville, 17

Marian Achkar, Ultimo, 17

Amanda Brown, Pyrmont, 16

Lili Guo, Hurstville, 16

Ann Halliday, Lady McKell, 16

Reeta Koirala, Riverwood, 15

Carol Soleymanbik, Northern Suburbs, 15

Farida Khan, Ultimo, 15

Karen McIntosh, Crookwell, 15

Taryn Heffernan, Paddington, 10

Akhtari Khan, Ultimo, 15

Jane Anable, Lady McKell, 15

Annie Ding, Hurstville, 15

Sudipta Rahman, Woolloomooloo, 15

Niba Samantaray, Lois Barker, 15

Amra Mujezinovic, Gumnut, 15



# of our staff



## 10 years and over

Nasrin Islam, Surry Hills, 14

Georgette Khalil, Riverwood, 14

Olena Odnostalchenko, Lois Barker, 14

Lindy Church, Hamilton Street, 14

Connie Blake, Paddington, 14

Christine Skiadopoulos, Erskineville, 14

Michelle King, Bluebell, 14

Kerry Stephenson, Lady McKell, 14

Debbie Ferris, Service Enquiry Team, 14

Jini Outschoorn, Bluebell, 14

Roz Grose, Gumnut, 14

Jenny Wang, Woolloomooloo, 13

Emerena Marsh, Bluebell, 13

Huong Nguyen, Marrickville, 13

Leanda Rodham, Gumnut, 13

Margo O'Connor, Lady McKell, 12

Lyn Ru, Riverwood, 12

Sarah Locke, Broadway, 12

Farzana Ambareen, Surry Hills, 12

Vicki Walden, Ultimo, 12

Col Brown, Pyrmont, 12

Helen Manolias, Linthorpe Street, 12

Leah Brunton, Bluebell, 12

Maree Friend, Lady McKell, 12

Catherine Anderson, Integrated Services, 12

Ann Wai Wing Cheung, Northern Suburbs, 12

Anoma Jornsomjit, Paddington, 12

Rita Haider, Linthorpe Street, 11

Kate Van-Veen, Gumnut, 11

Hanna Czapnik, Burwood, 11

Anna Cotterill, Lady McKell, 11

Rebecca Lindenbauer, Marrickville, 11

Chi Duong, Bluebell, 11

Julie Watson, Hurstville, 11

Amanda Santos, Hurstville, 11

Kiet Su, Marrickville, 11

Alex Kaewpijit, Redfern, 11

Rebecca Johnson, Sutherland, 10

Glenda Storrie, Gumnut, 10

Tracey Brunton, Hurstville, 10

Tina Nigro, Ultimo, 10

Leanne De Matos, Linthorpe Street, 10

Sarah Harris, Lady McKell, 10

Vicki Evans, Eurobodalla, 10

Cathy Cao, Ultimo, 10

Laura Sultana, Ultimo, 10

Insha Shakya, Ngallia, 10

Trent Browne, Hamilton Street, 10

Peter Kim, Broadway, 10

Ai Liu, Ngallia, 10

Katerina Athanassiou, Erskineville, 10

Asma Parveen, Ultimo, 10

Ernie Chang, Broadway, 10

# Our infrastructure

**To be able to realise our planned outcomes for our 2016–18 Strategic Plan, SDN needs to ensure that the outcomes for our organisation are focused on building our infrastructure and capacity, and ensuring that our resources and technologies allow us to respond effectively to the opportunities and challenges we face.**

## Centralised intake team

The SDN Service Enquiry Team (SET) was developed to support all incoming enquiries into SDN through one contact centre, in keeping with our Pathways Approach and to support our sites in maximising their time to continue providing best-practice services. Initially developed to primarily support client access to SDN's disability services, the team was expanded this year to also include support for families to access our early education and care centres. This team worked closely with SDN's Marketing and Customer Experience Team to support the service growth and utilisation, and in July SET was incorporated into this team.

## Developing our IT

In 2016 we embarked on a long-term project to redevelop the SDN website, and phase one of the new website was launched in January 2017. The new website incorporates a clean, fresh, modern design that showcases images of real children, staff and families engaging in SDN's services and programs, and it speaks strongly to SDN's brand. The site has been designed to comply with AA Accessibility standards to ensure it is user-friendly to all visitors to our website.

A priority for phase one of the website project was to seamlessly integrate web forms with SDN's Pathways Customer Relationship Management (CRM) system. The CRM will eventually become the central source of information about all children and families who access SDN's services, and its integration with the new website has allowed us to centralise the enquiries that are managed by SET, enabled centre tours to be booked online, and streamlined the waitlist application process for our centres.

SDN will continue to undertake user testing and gauge customer experience as we implement further enhancements for the website through the next improvement phases. The primary focus will be on attracting more families and ensuring optimal pathways for current and future families.

A new state of the art phone system was also implemented for SET to help increase the efficiency of our services for families. This technology enabled the team to transition from taking only disability services related calls to being the first point of contact for all calls coming in to SDN.

A project team was formed in 2016 to build a staff rostering system for our children's education and care centres to help ensure consistency and predictability for children and their families when engaging with staff. Workforce management software was trialled in several centres to help us analyse existing rostering processes and to develop and introduce new rostering rules to create consistent shift patterns to support best educational practice.

## Responding to our customer's needs

SDN recognises the importance of continually building our understanding of our customer's needs and responding to these.

In 2016 year we launched our inaugural marketing and advertising campaign for our disability services. The campaign aimed to raise broad awareness of SDN as a provider of disability services for children, as well as generate online and phone enquiries to our centralised intake team. We were fortunate to be able to film and photograph some of SDN's actual clients for this campaign. By telling the real stories of families and children facing challenges and celebrating their successes we were able to bring authenticity to the campaign while also highlighting the work of SDN's disability services.

The Marketing and Customer Experience Team also works closely with SDN's Children's and Education Care Centre directors and staff to support them in developing local-level marketing techniques and activities to increase utilisation and facilitate positive customer experiences.



### Capital works program

We continued with our capital works program including 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. In addition, major building, landscaping and playground upgrades were undertaken at SDN Woolloomooloo and SDN Hamilton Street in Bathurst, and we are in the final stages of planning for a major playground upgrade at SDN Milperra.



# Our Senior Leadership Team

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



**Kay Turner**

MSocSc(Child and Youth Studies)  
UWS, BEd(Early Childhood) Macq  
MAICD GIA(Cert)

**Chief Executive Officer and  
Company Secretary**

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, and Deputy Chief Executive. She has led the development of SDN's integration and Pathways Approach. Kay is also a Level Two certified organisational coach. As well as being CEO and Company Secretary, Kay is an Executive Director on the Board of SDN Child and Family Services.



**Peter Rae**

BCom(Acc) Griff

**Chief Financial Officer**

Peter joined SDN in October 2014 as Chief Finance Officer and is responsible for the financial functions of SDN's companies and the management of SDN's payroll and property services. Peter is a member of SDN's Executive team. He is a Fellow of the Institute of Chartered Accountants with 20 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.



**Dianne Speakman**

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

**Head of Communications**

Dianne joined SDN in March 2012. Dianne is an experienced communications specialist and has more than 25 years' experience in marketing communications and stakeholder management across different areas of the not-for-profit sector. Dianne is a member of SDN's Executive, and leads a team that supports SDN's service delivery and shared services through strategic communications, stakeholder relationship management, and issues management including oversight of risk management and coordination of policies and procedures.

Dianne also oversees SDN's Marketing and Customer Experience team, and the History and Archive team which is responsible for maintaining and growing the SDN Archive.



**Glynis Chang**

DipTeach(ECE) NSTC

**Director, Practice, Learning  
and Development**

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

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





### Karen Doyle

BBus(Administration) *UTS*, MBA *CSU*

**Director of Organisational and Business Development**

Karen joined SDN in 2016 as a parental leave cover. Karen has had more than 20 years' experience working in the not-for-profit sector and was most recently the General Manager of an Australian charity supporting at-risk children in Thailand. Other experience includes working in politics, as Finance Manager of a government funded health organisation and over ten years working with entrepreneurs in family businesses, developing a suite of education courses.



### Kate Frost

BCom&Adm(Mktg) *VUW*

**Director of Strategic Projects**

Kate joined SDN in May 2014 in a project management capacity and became a member of SLT in March 2015. Kate previously worked for SDN in 2010 in SDN's

Ngara Nanga Mai Aboriginal unit. Kate's background is primarily in operational management roles in education sector organisations spanning from early childhood through to tertiary level. Kate is currently studying at Macquarie University towards a Bachelor of Arts (Sociology).



### Adrienne Jerram

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

**Director of Marketing and Customer Experience**

Adrienne joined SDN in February 2016. She has over 25 years of experience in marketing and communications in the education, government and not for profit sectors. Adrienne's is passionate about establishing and telling a compelling brand story and has written extensively on the implementation of word of mouth marketing and communications campaigns. Adrienne is passionate about health and fitness and is also a qualified personal trainer, master functional trainer, outdoor climbing instructor and yoga teacher.



### Joe Magri

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

**Director, Integrated Services**

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



### Zarin Medhora

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

**Director, Human Resources**

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

# Our Board

SDN's Board provides strategic leadership and stewardship to ensure we meet our mission and operate according to our values. All Directors work for SDN in a voluntary capacity, and we thank them for their dedication and commitment to SDN. Our Board as at September 2017 was:



**Angela Donohoe**

BCom (UNSW) FCPA, GAICD, FFIN

**Chair and President**

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 Chief Information Officer for The BPAY Group. She is a trustee of the Worldwide Orphans Australia Foundation and has held a number of voluntary Committee roles in childcare and education. Angela is a member of the Board's Executive, Risk and Compliance, and Governance committees.



**Rosalie Wilkie**

**Vice President and Treasurer**

BCom UoN

Joined November 2012

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



**Frier Bentley**

**Vice President**

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 Executive Committee.



**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*. Cynthia has presented her work both nationally and internationally. She also served as an executive member of NSW Branch of Early Childhood Australia for

ten years. Cynthia chairs the Board's Research Ethics Committee, and is a member of the Board's Risk and Compliance committee.



**Kirsty Albert**

BA (Hons), LLB USyd, GAICD

Joined February 2010

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





### Theresa Collignon

BCom UNSW, MBA AGSM,  
DipFinMkts, GAICD

Joined December 2008

Theresa brings to the board more than 20 years of leadership roles in the not-for-profit education sector in Australia and overseas. Currently CEO of Macquarie Community College, Theresa has worked with TAFE Directors Australia, The Smith Family, AFS Student Exchanges, the Securities Institute, and the Australian Graduate School of Management. She has also worked in consulting and the retail sector. Theresa has been involved in a range of committees and boards in a voluntary capacity over the years including St Vincent's College, Little Nicholson St Play Centre, AGSM alumni and the Balmain Public School P&C. Theresa served as President from November 2011 to November 2013 and is a member of the Board's Governance Committee. She is currently also on the Board of SDN Child and Family Services.



### Glenn Hughes

BCom, LLB UNSW, MLM AGSM

Joined August 2014

Glenn is a corporate and commercial partner with the boutique law firm, Russells. Glenn has a commerce/law degree from the University of NSW and a Masters of Law and Management from the Australian Graduate School of Management. Glenn chairs the

Board's Governance committee and is a member of the Finance committee.



### Darren Mitchell

BEd, MEd USyd

Joined November 1996

Darren has had a 30 year career in the NSW Public Service, including five years as the Director, Office for Veterans' Affairs. Darren was awarded a 2010 Churchill Fellowship to investigate war memorials and sustaining community remembrance. Darren is a doctoral student in the Department of History at the University of Sydney, and runs a commemorations and memorials advisory practice. Darren served as President from November 2005 to December 2008, and again from 2014 to 2016. He is a member of the Finance committee and is chair of the Board of SDN Child and Family Services.



### 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 the NSW Point to Point Transport Commissioner. Barbara is on the Board of SDN Child and Family Services, and is a member of the Board's Finance committee.



## SDN Child and Family Services Board

SDN's wholly-owned subsidiary SDN Child and Family Services Pty Ltd has a separate Board that in turn reports to the Board of SDN Children's Services. As at 30 June 2017, the SDN Child and Family Services Board comprised of four members of the Board of SDN Children's Services and SDN's then CEO Ginie Udy as an executive director. Our current CEO Kay Turner was appointed to the Board of SDN Child and Family Services on 7 August 2017.

Chair	Non-Executive Directors	Executive Director
Darren Mitchell	Theresa Collignon Rosalie Wilkie Barbara Wise	Ginie Udy (until 21 July 2017)  Kay Turner (from 7 August 2017)

# governance



## SDN Children's Services

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

The Board consists of Directors who must be Members of the company. The Board must have at least eight directors, up to a maximum of 12. SDN holds Directors and Officers Insurance for all Board 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 Public Benevolent Institution (PBI) status from the Australian Tax Office and has Deductible Gift Recipient status. This subsidiary is responsible for managing SDN's work with children who are facing challenges, predominantly funded through NDIS arrangements, 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 2016–17, the SDN Child and Family Services Board consisted of four members of the Board of SDN Children's Services and an executive director, Ginie Udy.



# report

A young child with dark hair, wearing an orange and navy blue jacket, is smiling and pointing their right index finger directly at the camera. The background is a blurred outdoor setting, likely a playground, with green grass and colorful structures.

## **Board structure and committees**

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

The Board has six standing committees, being:

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

All committees meet regularly (or as needed) and report back to the SDN Children's Services Board. A number of Directors have completed the AICD Company Directors Course.

SDN's CEO is also the Company Secretary.

## 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,
- ▶ Ensuring compliance with statutory requirements and regulations set by government, including the Australian Charities and Non Profit Commission
- ▶ 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.

## 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.

## Roles and responsibilities of the Board committees

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

**Executive Committee** — concerned with SDN's strategic direction, strategic matters and goals.

**Finance Committee** — oversees and monitors SDN's audit processes including internal control activities, financial reporting and financial risk management.

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

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

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

**Risk and Compliance Committee** — oversees SDN's risk framework and profile, approach to risk management and effectiveness of internal controls. Financial risk is overseen by the Finance Committee.



## 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 regular reviews of its performance, policies and practices, the most recent being an external review in 2015 and a self-assessment in 2017. Recommendations arising from these reviews have been addressed throughout the year by the Board and Governance Committee.





**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.

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

**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, 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.

SDN has a comprehensive process-based Risk Management Plan that is reviewed annually and is approved by the Board .

The 2017 Risk Management Plan runs across three major risk segments — Governance and Infrastructure, Finance, and Operations. The Plan includes:

- ▶ all risks identified for each business activity
- ▶ a list of relevant best practice controls
- ▶ an assessment of whether and how well these controls are in place
- ▶ continuous improvement actions.

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



**Work Health and Safety** SDN is committed to providing a safe and healthy environment and to promoting wellbeing. The Board uses a two-tiered model of prevention and management of injury and incidents, under a legislative framework. SDN's WHS Register was revised during 2016 to align it with our process-based risk management approach. Our WHS Register is part of our wider WHS System Framework that includes our policies and procedures, training, and quality assurance processes.

**SDN's prevention of injuries and incidents processes:**

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

**SDN's management of injuries and incidents processes:**

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



## Policies and procedures

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

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

## More information

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







# Our financial performance

## Financial Highlights

The SDN group generated a loss after tax this year of \$1,321,773, which was in line with our budget strategy for 2016–17. We have invested across the organisation to set SDN up for sustainable growth in both centres and disability services in future years. Alongside changes to government funding and rapid population increases, the early childhood education and care market has grown and this provides SDN with an opportunity to increase its reach, particularly in outer Sydney where need is greatest. However, increased competition, particularly with our established centres in Central Sydney, from both large established and newer players, has put increased pressure on our utilisation and margins in this area.

Improvements in employment flexibility generally have changed the patterns of demand for child care, leading to increased hours of usage but reduced days of usage by families, which has also affected utilisation. We are investing to strengthen our position in the market in both of these sectors. Our healthy balance sheet and past performance has given us the financial strength to make these investments.

We have built a team of professionals, now headed by our new CEO Kay Turner, with the specific skills required to take advantage of these opportunities and we continue to build the physical and technological infrastructure required to service the organisation. The new Child Care Subsidy being introduced by the Commonwealth from July 2018, and the rapidly developing disability services sector following the roll out of the NDIS, require us to be innovative in the way we do business.

## Overall financial position

SDN group maintained a strong financial position with approximately \$9,797,221 in cash equivalents and \$31,929,116 in equity.

## Operating result

SDN group reported a net deficit before tax for the financial year of \$1,321,773, which represents 2.6% of revenue, a decrease of \$2,177,688 from \$855,915 surplus in 2015–16. The consolidated deficit includes SDN Child and Family Services Pty Limited, which reported a deficit of \$788,152 (an increased deficit of \$647,025 from \$141,127 deficit in prior year).

Despite this operating deficit, our total comprehensive income for 2016–17 was \$2,083,297, an increase from \$855,915 in 2015–16. The main contributor to this increase was the revaluation of our land and buildings in line with our accounting policy which revalues assets on a three-yearly cycle. SDN group holds real estate assets in the inner suburbs of Sydney that have increased in value in line with Sydney real estate prices.

SDN group revenue was \$51,781,588, a decrease of 3.5% or \$1,867,827 compared with the previous year's revenue of \$53,649,415. The overall decrease in revenue was mainly due to the loss of our contract with the Australian Government for Inclusion Support Agencies in June 2016 and reduced state government funding for disability services.

SDN group expenditure was \$53,103,361 a \$309,861 (1%) increase from \$52,793,500 in 2015–16 in line with our planned investment in the National Disability Insurance Scheme (NDIS). Our capital works program continued to ensure our centres, offices and IT infrastructure were upgraded to meet requirements. Expenditure on capital improvements during the year totalled \$1,733,141.

SDN group generated total cash receipts of \$52,835,221, down from \$56,163,993, with cash holdings of \$9,797,221 down by \$3,071,862 from \$12,869,083 as at 30 June 2016. This decrease in cash was due to the ending of the Inclusion Support Agency contract in June 2016 which contributed approximately \$5,000,000 a year; a significant reduction in prior year grant funding liabilities; the current year operating loss; and investment in an organisation wide CRM and upgrades of our centres.



## Overview of the sectors we work in

### Centres

Revenue from child care fees increased to \$33,274,941, an increase of 5% or \$1,531,314 compared with \$31,743,627 in 2015–16. Child care revenue represents 64% of SDN's total revenue in 2016–17. Utilisation average of our centres as a proportion of licence was 87% (2016: 90%).

### Disability services

NDIS-generated disability services revenue increased to \$1,411,085 from \$695,955 in 2015–16. SDN group has continued to develop its disability services in line with the roll out of the NDIS. Grant funding from Ageing Disability and Home Care (ADHC) for the Early Childhood Links (ECL) program is being phased out in line with the roll out.

### Government funded programs

Income from government-funded programs and grants made up 32% of group revenue at \$16,624,361, a decrease of 19% or \$4,023,337 compared with \$20,647,698 in

2015–16. Government funds are for the delivery of specific programs and projects, and are the result of successful tenders, grant applications, and direct allocations. The largest contributor to the decreased funding was the ending of the Federal Department of Education and Training's Inclusion Support Agency (ISA) program which ceased in June 2016. ECL funding from ADHC, was also reduced, in line with the roll out of the NDIS across much of Sydney.

### Fundraising and donations

A valued aspect of our education and care centres and programs is philanthropic grants and donations. These philanthropic grants and donations come from a variety of sources throughout the year. Grants and donations received in 2016–17 totalled \$191,596 (2015–16 \$114,870).

Many of our children's education and care centres benefit from the additional equipment purchased for centres from fundraising activities of families. Net fundraising by families was \$16,813.





# Our grant



## Australian Government grant funding

### Department of Education and Training

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**\$44,950**

SDN Glebe Occasional Care Support

### Department of Social Services

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**\$283,777**

Children and Parent Support Services

**\$328,727**

### Department of Prime Minister and Cabinet

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**\$127,261**

Children and Schooling Programme

### National Disability Insurance Agency

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**\$106,812**

Early Childhood Early Intervention

**\$250,000**

Early Childhood Early Intervention  
— NSW Transition Advisor

**\$484,073**

**Total funding from the Australian Government \$812,800**



# funding

## Total: \$15,696,500

### State Government grant funding

#### Department of Education

**\$35,850** Resource Library

**\$304,667** Intervention Support Program  
— all services

**\$34,126** Preschool Disability Support Programs (PDSP)

**\$1,284,142** Children's Services Programs  
(Long Day Care and Preschool)

**\$236,175** Start Strong Long Day Care

**\$1,894,960**

#### Department of Families and Community Services: Community Services

**\$205,016** Mobile Playlinks

**\$77,769** Inner/Eastern Agency

**\$363,493** Brighter Futures Eurobodalla

**\$6,422,727** Brighter Futures Sydney Metro

**\$31,511** Aboriginal Playgroup Glebe

**\$7,100,516**

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

**\$1,434,270** SDN Beranga

**\$4,202,381** NDIS Transition

**\$251,573** Community of Learners

**\$5,888,224**

**Total funding from the NSW Government \$14,883,700**

# financial statements

Statement of profit or loss and other comprehensive income

## For the year ended 30 June 2017

	2017	2016
	\$	\$
Revenue	51,781,588	53,649,415
Employee benefits expenses	(41,325,280)	(42,606,793)
Occupancy expenses	(3,304,177)	(3,357,952)
Administration expenses	(3,609,891)	(2,997,932)
Service delivery expenses	(3,636,940)	(3,010,464)
Depreciation expenses	(1,227,073)	(820,359)
(Deficit)/surplus before income tax expense	(1,321,773)	855,915
Income tax expense	—	—
(Deficit)/surplus for the year	(1,321,773)	855,915
Other comprehensive income, net of tax		
Will not be reclassified to profit or loss		
Revaluation gain on land and buildings	3,405,070	—
Total comprehensive income for the year	2,083,297	855,915

SDN's Directors' Report, full financial statements and accompanying notes are available on SDN's website at [www.sdn.org.au](http://www.sdn.org.au)

Statement of financial position

## As at 30 June 2017

	2017	2016
	\$	\$
<b>Current assets</b>		
Cash and cash equivalents	9,797,221	12,869,083
Trade and other receivables	456,567	391,741
Assets held to maturity	64,375	63,366
Other current assets	199,132	184,775
<b>Total current assets</b>	<b>10,517,295</b>	<b>13,508,965</b>
<b>Non current assets</b>		
Property, plant and equipment	35,889,450	31,978,312
<b>Total non current assets</b>	<b>35,889,450</b>	<b>31,978,312</b>
<b>Total assets</b>	<b>46,406,745</b>	<b>45,487,277</b>
<b>Current liabilities</b>		
Trade and other payables	6,724,972	7,607,057
Provisions	4,263,851	4,456,474
<b>Total current liabilities</b>	<b>10,988,823</b>	<b>12,063,531</b>
<b>Non-current liabilities</b>		
Trade and other payables	1,863,762	1,863,762
Provisions	1,625,044	1,698,542
<b>Total non-current liabilities</b>	<b>3,488,806</b>	<b>3,562,304</b>
<b>Total liabilities</b>	<b>14,477,629</b>	<b>15,625,835</b>
<b>Net assets</b>	<b>31,929,116</b>	<b>29,861,442</b>
<b>Equity</b>		
Reserves	22,796,089	19,406,642
Retained earnings	9,133,027	10,454,800
<b>Total equity</b>	<b>31,929,116</b>	<b>29,861,442</b>



## Statement of changes in equity

## As at 30 June 2017

	Retained earnings	Asset revaluation reserve	Fundraising reserve	Total
	\$	\$	\$	\$
Balance at 1 July 2015	9,598,885	19,305,753	125,902	29,030,540
Surplus for the year	855,915	—	—	855,915
<b>Total comprehensive income for the year</b>	855,915	—	—	855,915
Transfers to and from reserves				
— fundraising reserve	—	—	(25,013)	(25,013)
<b>Balance at 30 June 2016</b>	10,454,800	19,305,753	100,889	29,861,442
Deficit for the year	(1,321,773)	—	—	(1,321,773)
Revaluation gain	—	3,405,070	—	3,405,070
<b>Total comprehensive income for the year</b>	(1,321,773)	3,405,070	—	2,083,297
Transfers to and from reserves				
— fundraising reserve	—	—	(15,623)	(15,623)
<b>Balance at 30 June 2017</b>	9,133,027	22,710,823	85,266	31,929,116

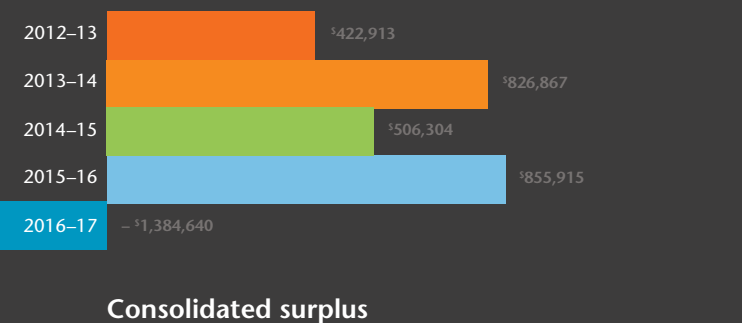
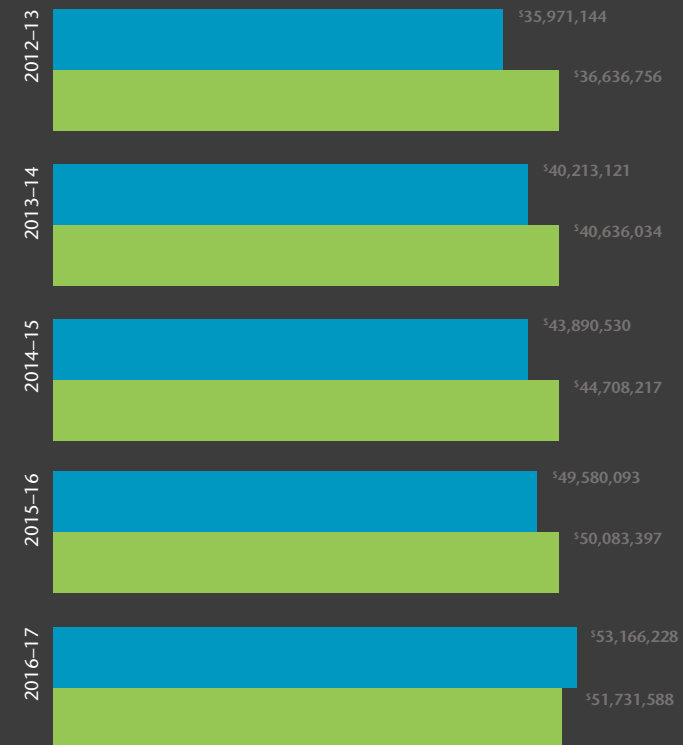
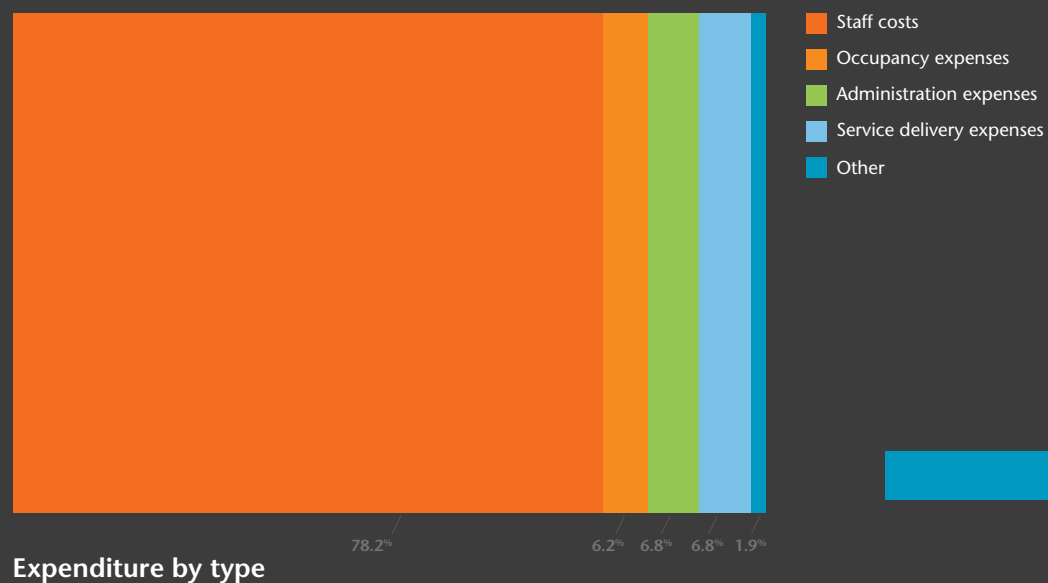
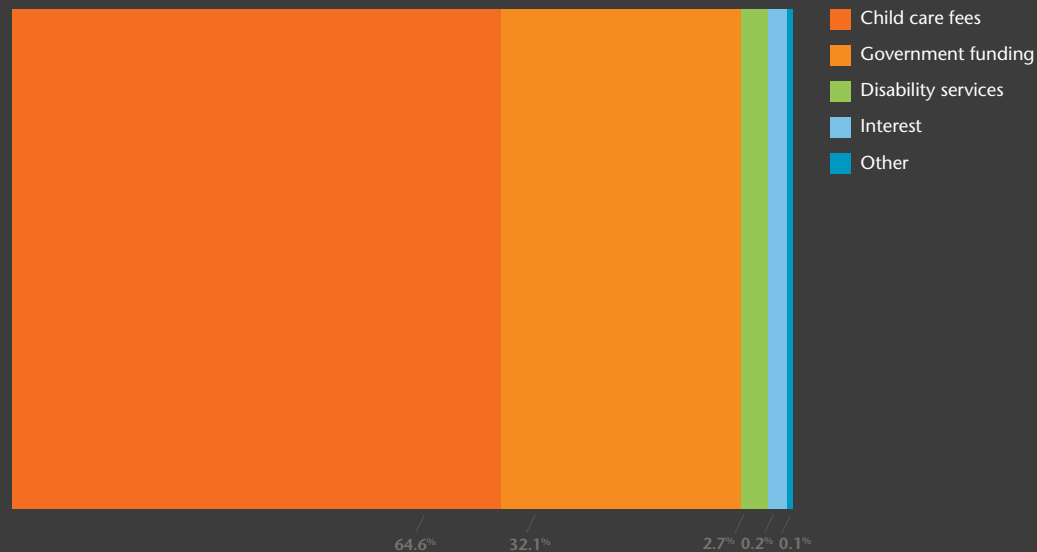
## Statement of cash flows

## As at 30 June 2017

	2017 \$	2016 \$
<b>Cash flows from operating activities</b>		
Receipts from customers	34,836,520	33,774,147
Receipts from government	17,885,453	22,172,136
Interest received	113,248	217,710
Payments to suppliers and employees	(54,172,933)	(55,627,297)
<b>Net cash (used in)/provided by operating activities</b>	<b>(1,337,712)</b>	<b>536,696</b>
<b>Cash flows from investing activities</b>		
Payments for assets held to maturity	(1,009)	(1,489)
Purchase of property, plant and equipment	(1,733,141)	(1,971,093)
<b>Net cash used in investing activities</b>	<b>(1,734,150)</b>	<b>(1,972,582)</b>
<b>Cash flows from financing activities</b>		
Repayment of borrowings	—	—
<b>Net cash used in financing activities</b>	<b>—</b>	<b>—</b>
<b>Net decrease in cash held</b>	<b>(3,071,862)</b>	<b>(1,435,886)</b>
Cash and cash equivalents at beginning of financial year	12,869,083	14,304,969
<b>Cash and cash equivalents at end of financial year</b>	<b>9,797,221</b>	<b>12,869,083</b>







# Our supporters

## Aboriginal and Torres Strait Islander Scholarships

Ms Catherine Bembrick	Dr Joy Goodfellow	Ms. Adrienne Neilson
Mrs Elizabeth Albert	Ms Caroline Hafey	Ms. Yasmin Overnard
Mrs Kirsty Albert	Mrs Hillary Hannam	Mrs Sue Perdriau
Mrs Ruth Armytage AM	Mrs Alfreda Henry	Ms Annie Pettitt
Ms Frier Bentley	Mrs Jennifer Hill	Mr John and Mrs Jane Sanders
Mr Peter Bidendope	Mrs June Hicks	SCEGGS Darlinghurst
Mrs Robin Blackwell	Dr Leone Huntsman	Mrs Pat Sinclair
Mrs Susan Braham	Helenne Jackson	Mrs Nanette Swinburn
The late Mrs R.D. Bridges OBE	James N Kirby Foundation	Mrs Joan Thomson
Mrs Angela Donohoe	Mr Arthur and Mrs Elizabeth Krust	Mr George Turgoose
Eureka Benevolent Foundation (managed by the Myer Family Company)	Mr Bill and Mrs Pat Locke	Mr Beth Vernon
Mrs Helen Fairfax	Mr Mike and Mrs Liz McEwen	Mr Robert Vickery
Mrs Barbara Fewings	Mrs Adrienne Miles	Ms Kieran Williams
Mr David Fickling	Mrs Coral Miller	Dr Peter Willamson
Mrs Carol Field	Mrs Ann Mitchell	Mrs Barbara Wise
		70 SDN staff members

## Building fund

Mrs Prudence Finlay	Mrs Alice Killen	Mrs Dianna Southwell-Keely
Mr Tony Gall	Mrs Emma Longworth	Mrs Marina West
Mrs Tonia Goddard	Mr. Norman Longworth	Mr JTO Whitney
Mrs Mary Hill	Mr Ian Philip	

## SDN Access and Inclusion Scholarships

Mrs Elizabeth Albert  
Jenour Foundation  
Mrs Jan Harvey-Sutton  
Mrs Nancy Lefmann  
Mrs Ann Mltchell  
Mrs Marion Taylor  
Mrs Rosalie Wilkie

## SDN Beranga

Mrs Ruth Armytage AM  
Mrs Margot Starkey

## Life members

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

## In memoriam Mrs Bridges



Mrs Patricia Bridges (left) at the tree planting to commemorate the refurbished SDN Woolloomooloo, 5 March 1992.

We remember Mrs Bridges OBE (Patricia) who passed away in August 2017. Mrs Bridges held various roles at SDN from 1978 until 1996, lending her forward thinking business skills as an Executive Committee member, Honorary Treasurer and as SDN President (1990–1993). Her many achievements include steering SDN during a changing children's services landscape, overseeing the establishment of the Building Fund, increasing the involvement of parents and accessing professional expertise. In 1981, Mrs Bridges received an OBE for services to the sport of Golf and the Community. Mrs Bridges' significant contribution and continued involvement with SDN was recognised in 1993 when she was honoured as an SDN Life Member.





### **SDN Access and Inclusion Scholarships**

In 2015 SDN established its Access and Inclusion Scholarships to help to reduce financial barriers and increase participation for children with disabilities by covering the cost of a child to attend an SDN Children's Education and Care Centre for up to three days a week for up to two years. Our four inaugural scholarships were able to be awarded thanks to funding from the Jenour Foundation, and from 1 July 2016 we expanded our Staff Giving program to include support for these scholarships. We have provided scholarships to 11 children.



### **SDN Aboriginal and Torres Strait Islander Scholarships**

This year SDN is celebrating 10 years of providing Aboriginal and Torres Strait Islander Early Childhood Scholarships, one of the few funded early education scholarship programs in Australia offered to Aboriginal children. Many Aboriginal children do not access child care and preschool due to costs and cultural barriers. 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. The scholarships cover the cost of a child attending an SDN Children's Education and Care Centre for three days a week for two years. We have provided scholarships to 91 children, made possible thanks to donations from philanthropic foundations and individuals, including SDN staff through our Staff Giving program.

# be inv



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



## Fundraising

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



# Involved



## **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 \$90,478.00 for three projects for minor and major works at SDN Children's Education and Care Centres.



## **Families helping families**

After seeing the regular Staff Giving presentation morning teas at SDN Linthorpe Street, some of the centre's families decided that they too wanted to help Aboriginal children to access early education and have the same opportunities as their own children. Subsequently the Families Helping Families scholarship was created, and SDN Marrickville families have now joined SDN Linthorpe in donating money to these scholarships.



## make a donation

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

- ▶ Aboriginal and Torres Strait Islander Early Childhood Scholarships
- ▶ working with children with disability, including our Access and Inclusion Scholarships for our early childhood centres, and our work at SDN Beranga
- ▶ working with children and families facing challenges
- ▶ our Building Fund.



## tax deductions

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

### **more information**

to find out how you can be involved  
call us on

**(02) 9213 2400**

visit our website

**[www.sdn.org.au](http://www.sdn.org.au)**

or follow us on facebook

**[SDNChildrensServices](https://www.facebook.com/SDNChildrensServices)**

or twitter

**[@sdnchildren](https://twitter.com/sdnchildren)**







[www.sdn.org.au](http://www.sdn.org.au)

Thanks to everyone who contributed to this report and gave their permission for their photographs to be used and stories to be told.

Produced by SDN's Communication Unit. Photography by Anna Zhu.  
Additional photography by Linda Maclean