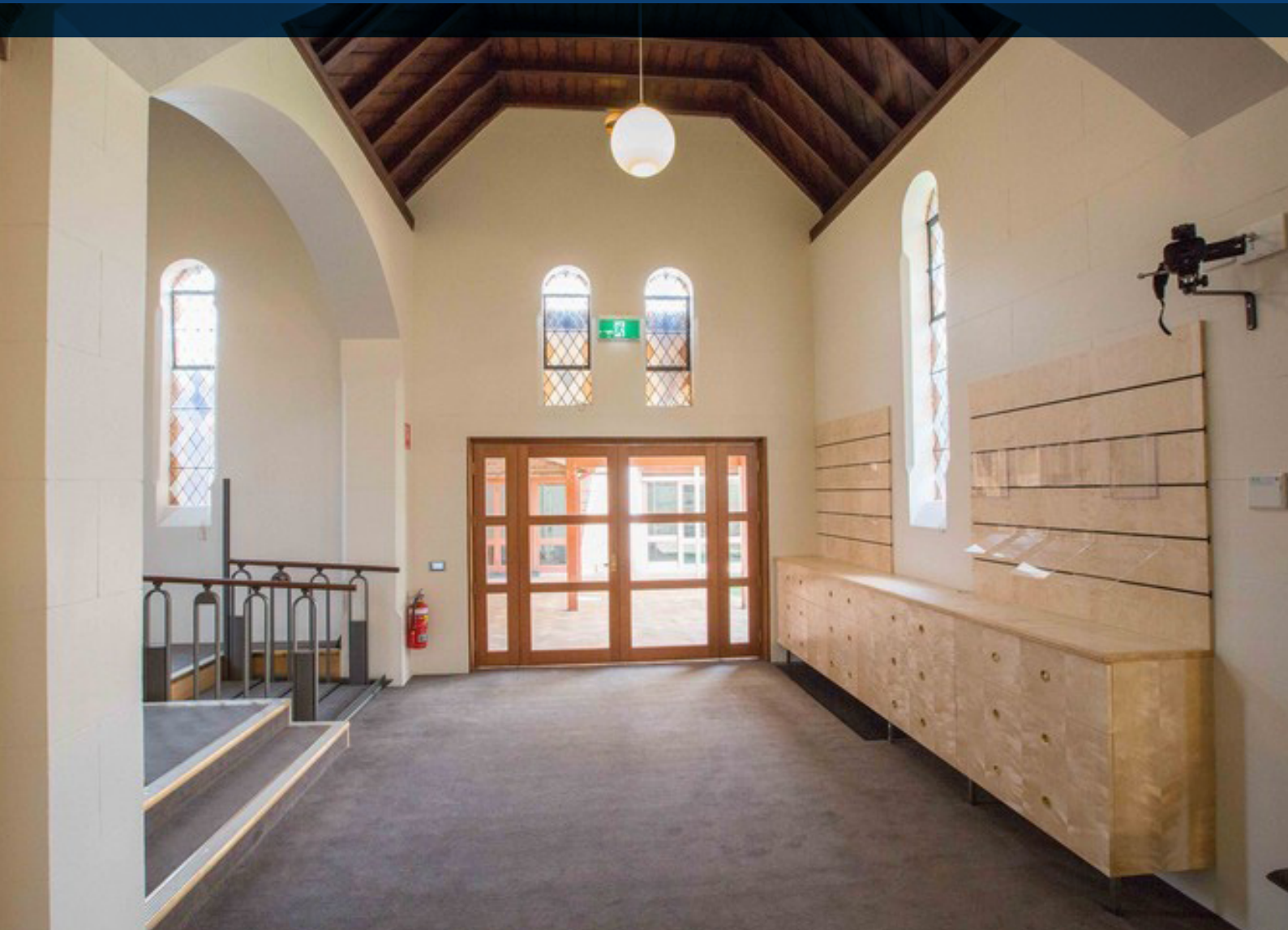


# SYDNEY DIOCESAN SECRETARIAT

Supporting the Mission of the  
Anglican Church in the Diocese of Sydney



## MISSION:

Under our constituting ordinance, our purpose is to advance the purposes of the Anglican Church of Australia in the Diocese of Sydney through the regulation of the central administration of the affairs of the Diocese.

We do this by providing administrative, secretarial and accounting services to the Synod and its Standing Committee, other diocesan organisations, and our parishes.

## VALUES:

**We have 4, biblically grounded, values:**

### DILIGENCE:

**Being sustainable, dependable and effective performers.**

*“Whatever your task, put yourselves into it, as done for the Lord and not for your masters.” (Colossians 3:23)*

### SERVICE:

**Being a servant to others.**

*“Each one should use whatever gift he has received to serve others, faithfully administering God’s grace in its various forms.” (1 Peter 4:10)*

### INTEGRITY:

**Being trustworthy, responsible and honest.**

*“Therefore each of you must put off falsehood and speak truthfully to his neighbour, for we are all members of one body.” (Ephesians 4:25)*

### CARE:

**Caring for others.**

*“Each of you should look not only to your own interests, but also to the interests of others.” (Philippians 2:4)*

## VISION FOR 2018:

**We will be a valued partner in the mission of the Anglican Church of Australia in the Diocese of Sydney, and beyond.**

## A VALUED PARTNER:

Meets the expectations of the Synod and the other organisations we serve, and anticipates and responds to their needs with effective solutions.

Provides relevant, specialised and accessible services and resources to support parishes having regard to the changing environment in which parish ministry takes place.

Proactively models and promotes servant leadership across the Diocesan network and beyond

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# CHAIR'S REPORT:

*It has been my privilege to serve as the chair of SDS, with fellow board members who are committed and engaged, and with a professional staff team led by Robert Wicks, the Chief Executive Officer.*

The mission of SDS is to advance the purposes of the Anglican Church of Australia in the Diocese of Sydney through the regulation of the central administration of the affairs of the Diocese.

We do this by serving the Synod and Standing Committee, other diocesan organisations and parishes.

The fees received from providing services are the source of income from which SDS can meet the expenses of those services. SDS reviews its expenses on an ongoing basis to ensure that its services are provided in as cost effective manner as possible.

Our Strategic Plan for 2016-2018 commits us to enhance further our contribution to the mission of the Diocese by being a valued partner in the mission of the Anglican Church in the Diocese of Sydney and beyond.

The reforms undertaken by SDS in recent years,

particularly in relation to governance, risk management and service delivery, give us great confidence that SDS is well placed to enhance our contribution to the mission in this way.

Mr Robert Wicks was confirmed as the Chief Executive Officer on 4 October 2017, having served in an acting capacity since November 2016. I thank Robert and the other members of the management team for their commitment and servant-hearted approach to our work.

There were two changes in the membership of the board of SDS during 2017:

Professor Peter Wolnizer OAM, a member since 2012 retired in December 2017. We are thankful to God for his service.

Ms Robyn Hobbs OAM was appointed as a member by the Archbishop on 4 November 2017. We welcome Robyn and look forward to her contribution.

**The reforms undertaken by SDS in recent years, particularly in relation to governance, risk management and service delivery, give us great confidence.**

This will also be my last report as chair of SDS. The formal separation of the membership of SDS and Glebe Administration Board in 2016 makes it appropriate for me to step down both as the chair and a member of SDS.

My resignation from the SDS board will take effect at the end of March 2018. It has been a privilege and a blessing to me to serve our Lord during this time alongside a board of like-minded professionals.

I thank my fellow members for their ongoing contribution to the work of SDS.

Above all, we continue to thank God for His continued blessing. We pray that our work, and the work of the Synod, the Standing Committee, the organisations we support and our parishes, will bring glory to His name in the Diocese and beyond.

**ROSS SMITH**  
CHAIR



# CHIEF EXECUTIVE OFFICER'S REPORT:

***Welcome to the SDS Annual Report for 2017. I trust it gives you a helpful insight into our work.***

Since my appointment as CEO in October 2017, I have gained a fresh appreciation of the importance of aligning the services provided by SDS to the mission of the Diocese. Alignment to mission is the most significant way that SDS can add value.

Under our current Strategic Plan for 2016-2018 our vision is to be a valued partner in the mission of the Diocese, and beyond. This means meeting the expectations of the Synod and the other organisations we serve, and anticipating and responding to their needs with effective solutions. It also means providing parishes with relevant, specialised and accessible services having regard to the changing environment in which parish ministry takes place.

I believe we have made significant progress in achieving our vision during 2017.

Two important indications of our progress are the achievements of the organisations we serve and the results of our own high level measures of performance.

**I believe we have made significant progress in achieving our vision during 2017.**

These matters are considered later in this annual report.

However behind the scenes, we have also worked hard to ensure our systems and processes and the quality of our relationships continue to add value for our mission partners. In particular, during 2017, we -

- Strengthened our staff team with a number of strategic appointments in the areas of human resources, communications, property, and secretarial support.
- Developed and implemented a communications strategy resulting in a number of new initiatives to enhance the effectiveness of our communication with stakeholders.
- Continued to improve the user experience of the new SDS website including

through the launch of a new secure SDS portal for the boards and committees we support.

- Implemented a new SDS "Service Desk" to enable parishes to provide feedback on the services we provide, and achieved a 92% satisfaction rating for the first 6 months of its operation.
- Commenced the transition to a new "cloud-based" external data centre to enhance our disaster recovery capacity.
- Partnered with Anglicare in the delivery of the Clergy Assistance Program (mental health care).
- Partnered with Freedom for Faith, an affiliate of the Diocese, in the delivery of their mission (protecting and promoting religious freedom).

**The delivery of such a wide range of services by a relatively small staff group is a significant achievement.**

Of course, in addition to delivering these strategic initiatives, the staff of SDS continued to provide the significant range of day-to-day services required by organisations and parishes. These included work in the areas of corporate secretarial support, property management, financial administration, legal support, IT support, investment management, and human resources to name but a few. The delivery of such a wide range of services by a relatively small staff group is a significant achievement.

In all of this, I want to express my deep and heartfelt appreciation for the commitment of our staff and the support they have given to me as their CEO. Their diligence, integrity and shared commitment to the broader mission of the Diocese has been unwavering.

As we head into the final year of our current Strategic Plan, we are starting to give thought as to how SDS should position

itself over the next few years to continue to provide value to those we serve. Part of this will involve reviewing the cost effectiveness of our existing services and also looking for opportunities to work more effectively with others in the broader diocesan network.

I will report to you on these matters next year.

In the meantime, I commend this report to you and look forward to our continued partnership in the work of the gospel of the Lord Jesus Christ.

**ROBERT WICKS**  
CHIEF EXECUTIVE OFFICER

# 2017 HIGHLIGHTS:

AS A SERVICE PROVIDER TO CENTRAL DIOCESAN ORGANISATIONS, SDS SEEKS TO ENHANCE THE PERFORMANCE OF THOSE ORGANISATIONS AND THEIR CONTRIBUTION TO THE MISSION OF THE DIOCESE. THE SUCCESS OF THOSE ORGANISATIONS REFLECTS OUR PERFORMANCE.

*Some of the key outcomes of diocesan organisations served by SDS during 2017 were as follows.*

## SYNOD AND STANDING COMMITTEE

- Expanded the Clergy Assistance Program to include clergy spouses. The Program is administered by SDS in collaboration with the Episcopal team and Anglicare and, by the end of 2017, had provided assistance to more than 130 people.
- Prepared and launched a 12 month Clergy Contact Person trial in conjunction with the Archbishop.
- Developed several important social policy responses including -
  - o Provisional policy for responding to domestic abuse — informing, directing and equipping people to offer the most appropriate care.
  - o Principles of engagement for matters involving Gender Identity approved in principle.
- Agreed on the details of the Property Receipts Levy to replace the Standing Committee's Large Receipts Policy for leases, for implementation in 2020.
- Managed over \$25 million of Synod allocations and parish cost recovery disbursements.
- Prepared, processed and passed 52 ordinances.



## CONTINUED EMPHASIS ON CLERGY CARE

The Clergy Assistance Program, along with other initiatives, are improving the care offered to clergy and their spouses. The stipend continuance insurance policy was also renewed at the end of 2017 with no rate increase and return-to-work statistics are showing positive results.



## ANGLICAN CHURCH PROPERTY TRUST DIOCESE OF SYDNEY

- Oversaw the management and development of parish properties, including the negotiation of a long term ground lease between the parish of Darlinghurst and a major aged care provider.
- Managed the Long Term Pooling Fund with an investment return of 11.57% (compared to 10.11% benchmark).
- Acquitted grants totalling in excess of \$1.0 million on behalf of 50 parishes under the NSW Government's Community Building Partnership (CBP) between 2013-2016, which ensured ongoing participation in the CBP and led to 62 parishes being offered a total of \$1.2 million in further CBP grants in 2017.
- Negotiated/administered 29 construction contracts for parishes including contracts for renovations totalling \$8.4 million at Coogee, Glenhaven, Ashfield and Naremburn/Cammeray parishes and executed a further 380 separate legal documents.
- Facilitated the appointment of key consultants to advise ACPT and wardens from Parramatta and Brighton/Rockdale parishes in relation to two potentially transformational parish property projects.

## GLEBE ADMINISTRATION BOARD

- Earned a surplus of \$24.9 million on the Diocesan Endowment, being a return on opening equity of 15%.
- Paid distributions of \$4.4 million from the Diocesan Endowment to Synod.
- Restructured the assets of the Diocesan Endowment to enable it to become a true perpetual endowment by removing its 50% St Andrew's House Trust interest.
- Closed the Glebe Income Accounts on 30 June 2017.
- Launched the Diocesan Cash Investment Fund on 1 April 2017 as the new treasury vehicle to manage cash on behalf of diocesan organisations, with \$1.5 million of income distributed to investors, representing a return of 1.7% pa.

### CLOSURE OF GLEBE INCOME ACCOUNTS

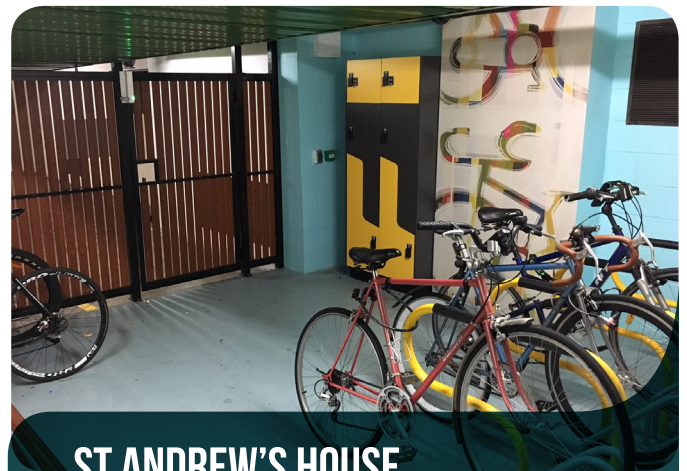
As well as contacting every GIA retail account holder to assist in the closure of their accounts, SDS staff transitioned around \$96 million worth of funds for 182 internal clients into the new Diocesan Cash Investment Fund within the first two months of its operation.





## ST ANDREW'S HOUSE CORPORATION

- Earned a net operating surplus of \$12.1 million.
- Paid distributions of \$5.17 million.
- St Andrew's House valued at \$165.5 million (\$137 million in 2016).
- Undertook capital works in respect of building security, building accessibility, tenant amenities, and fire and public safety works in Sydney Square and car park.
- Negotiated a lease assignment of levels 3 and 4 from the Australian Red Cross Society to St Andrew's Cathedral School.
- Facilitated the development of a strategic plan for St Andrew's House including a consultation paper to seek feedback from the Standing Committee.



## ST ANDREW'S HOUSE CAPITAL WORKS PROJECTS

SDS staff delivered a number of capital works projects on behalf of St Andrew's House Corporation during 2017. These included the installation of a new bicycle storage facility and extension of CCTV coverage into the St Andrew's House car park, as well as safety and energy saving initiatives such as lighting upgrades.



## INVESTING IN THE COMMUNITY

SDS oversaw the construction of a 100 seat church building in Sydney's south west growth corridor for Hope church Leppington, along with refurbishments and a new car park. Being one of the first community facilities in the area, the building is used 7 days a week to serve and reach out to the local community.



## BREAKING NEW GROUND

With an entirely new city set to emerge around Badgerys Creek Airport in Western Sydney, SDS identified an ideally-located 3 hectare site at Bringelly and negotiated its purchase. As a result, the local Anglican church is set to be front and centre of the new community for many years to come.

## MISSION PROPERTY COMMITTEE

- Purchased 3.65 ha greenfield site at Bringelly for \$4.65m for a future parish ministry centre.
- Constructed Stage 1 (parish hall) at Leppington on previously acquired greenfields site and development application lodged for construction of Stage 2 ministry centre.
- Obtained a development consent for the construction of a new ministry centre at Stanhope Gardens with construction to commence during Q4 2018.
- Acquired a relocatable building for use as a temporary ministry centre at Wilton.
- Lodged a development application for a new ministry centre at Marsden Park.



## HUSKISSON MINISTRY CENTRE

With a vibrant new residential community and shopping precinct taking shape in its area, the South Coast parish of Huskisson saw a great opportunity to consolidate its two existing, run down facilities into one modern ministry site. Needing to move quickly to secure an available site, but with limited parish funds, SDS staff brought together the resources of Sydney Anglican Loans, the Property Trust and the Mission Property Fund to quickly acquire the site. The parish now has time to maximise the proceeds from the sale of its existing sites before building a new church in the heart of the community.

## SYDNEY ANGLICAN LOANS (FORMERLY FINANCE AND LOANS BOARD)

- Earned a net operating surplus of \$0.42 million with net assets of \$16.54 million.
- Approved 13 loans totalling \$6.15 million.
- Financial reviews of two mortgage ordinances for Standing Committee.

# 2017 OVERVIEW:

The mission of SDS is to advance the purposes of the Anglican Church of Australia in the Diocese of Sydney through the regulation of the central administration of the affairs of the Diocese.

- We achieve our mission by being a service provider to the central organisations of the Diocese, and through them, to our parishes.
- Our Strategic Plan for 2016-2018, commits SDS to further enhance our contribution to the mission of the Anglican Church in the Diocese and beyond.
- In conjunction with our Strategic Plan, we have put in place 5 high level measures of our performance.
- Our governance statement reflects our ongoing desire to ensure the highest standards of corporate governance are adopted and maintained.
- SDS has a risk register which outlines the key business risks, and the key controls for managing those risks.

## SERVICE DELIVERY

### CENTRAL DIOCESAN ORGANISATIONS

The central diocesan organisations we serve include -

- Synod and the Standing Committee
- Anglican Church Property Trust Diocese of Sydney
- Glebe Administration Board
- St Andrew's House Corporation
- Endowment of the See Committee
- Sydney Anglican Loans
- General Synod Representatives
- Professional Standards Unit
- St Andrew's Cathedral Chapter
- Anglican Edcomm
- Ministry Training & Development
- Mission Property Committee
- New Churches for New Communities

SDS has written service level standards with each of the central diocesan organisations it serves which specify the

services to be provided by SDS, and the required service levels. The service level standards for a calendar year are agreed with the relevant organisation before the start of that calendar year.

SDS operates on a cost recovery model for the delivery of its services. This means that the fees charged for its services reflect the cost incurred by SDS in delivering those services. Fees are therefore set with each organisation once the services and service level standards are agreed.

Members of staff of SDS are effectively the executive managers of many of the organisations served by SDS since, generally, those organisations do not themselves employ any staff. Acting in that executive capacity, the staff of SDS are accountable to the board of each organisation for the achievement of the



## YOUTHWORKS FIT OUT

During 2017, SDS was engaged to project manage the relocation of Youthworks to its new offices, including fit out of the Clarence St premises. Youthworks Interim CEO Dr Laurie Scandrett said that, despite a tight budget and strict deadline, he was “pleased to report that the entire project came off without a glitch and we were able to move in to our new office on time and under budget!”

organisation’s objectives, compliance with board policies and processes and the implementation of other board decisions.

The performance by SDS against the service level standards for each organisation is formally reviewed by SDS in consultation with the organisation every 6 months. No material issue of non-performance with our service obligations was identified during 2017.

### OTHER ORGANISATIONS

We also provide services to a number of organisations from the broader diocesan network including Youthworks and to organisations affiliated with the Diocese, including Freedom For Faith.

Service delivery to organisations from the broader diocesan network usually involves discrete areas of work, often performed over specific periods of time. While SDS still operates on a cost recovery model, such services are usually delivered under standalone agreements.

## STRATEGIC PLAN 2016 - 2018

**SDS HAS ADOPTED ITS STRATEGIC PLAN FOR 2016-2018. OUR VISION IS THAT BY 2018 SDS WILL BE A VALUED PARTNER IN THE MISSION OF THE ANGLICAN CHURCH OF AUSTRALIA IN THE DIOCESE OF SYDNEY, AND BEYOND.**

***We consider that we will be a valued partner in mission if we –***

- meet the expectations of the Synod and the other organisations we serve, and anticipate and respond to their needs with effective solutions,
- provide relevant, specialised and accessible services and resources to support parishes having regard to the changing environment in which parish ministry takes place, and
- proactively model and promote servant leadership across the diocesan network and beyond.

**Our strategy sets out what we have to do to achieve our Vision. We have 8 strategic objectives -**

- To enhance how we communicate with our stakeholders.
- To optimise our service delivery to parishes and the organisations we currently serve.
- To provide additional support for parishes.
- To grow the number of organisations we serve.
- To undertake a key project each year to support mission.
- To provide leadership in governance across the Diocese.
- To enable our people to develop and excel.
- To ensure our sustainability.

**For each year of our Strategic Plan we identify specific action items to achieve these strategic objectives. Our action items for 2017 were -**

- Develop strategic relationships with at least 2 organisations not currently served by SDS and with external service providers.
- Ensure we are effectively managing key people and reviewing succession planning for key positions.
- Review how our status as an organisation of the Anglican Church Diocese of Sydney should be reflected in our values, ethos and governance.
- Develop and implement a Communications Strategy for clear, concise, relevant and appropriately targeted communications.
- Integrate new website with Salesforce database and existing systems.

- Transition from existing server room to external data centre.
- Undertake pilot training video for parish treasurers and webinar trial for parish officers.
- Undertake a 12 month trial of clergy contact persons (clergy care).

By the end of 2017 all but one of these action items had been completed or substantially completed, or were on track for completion in 2018.

## **HIGH LEVEL MEASURES OF PERFORMANCE**

To assess the performance of SDS, 5 high level measures of performance have been maintained dealing with the following matters -

- financial
- care and safety
- being valued by the organisations we serve
- staff satisfaction
- support of parishes

### **FINANCIAL**

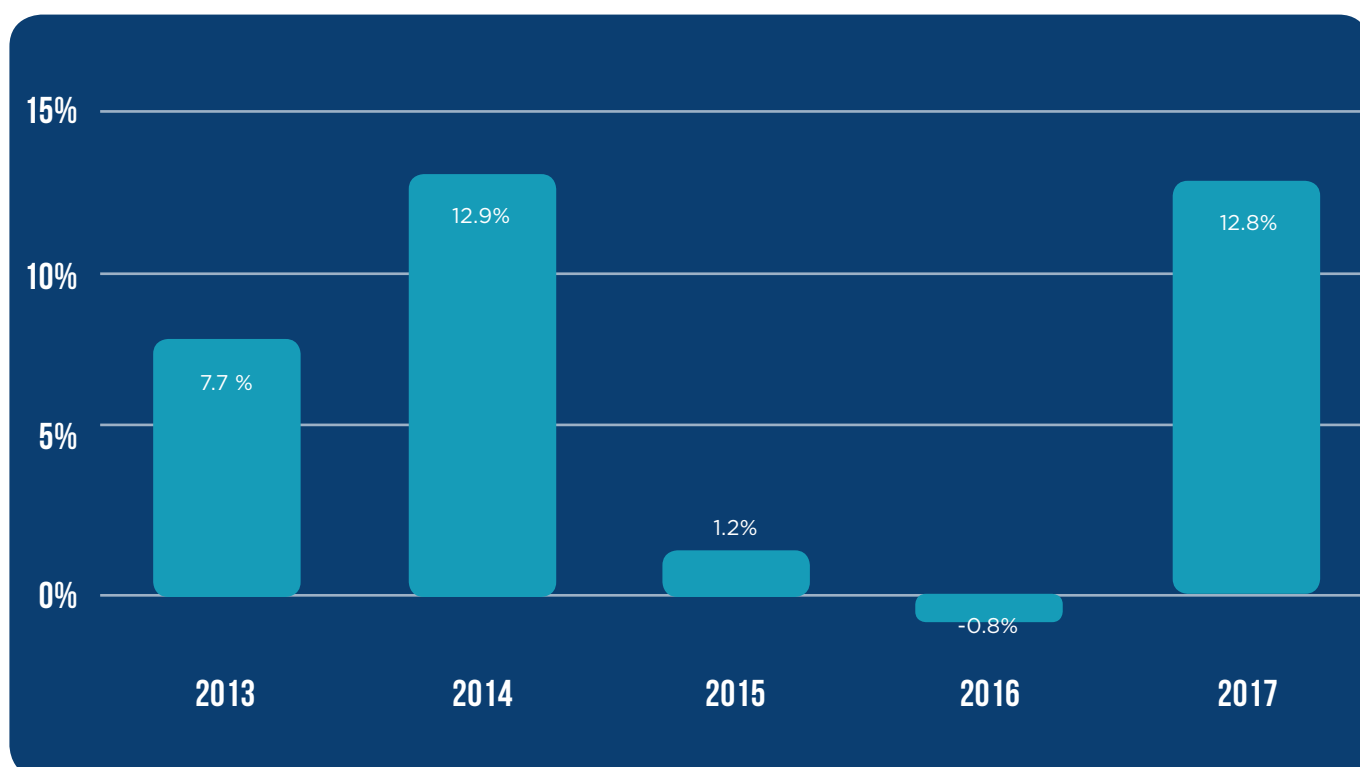
The financial measure of performance states that each year SDS will earn a return on opening equity which is not less than 4% per annum, or such other rate determined by SDS from time to time. For the purposes of this measure -

- “opening equity” means the opening equity of SDS less the total amount set aside to reserves (other than a capital maintenance reserve), and
- “return” means the surplus of SDS earned during that year less the amount from that surplus transferred to reserves (other than a capital maintenance reserve).

The purpose of the financial measure of performance is to ensure that the real value of the capital of SDS is being maintained, after appropriate reserves have been created for expected future obligations.

The return on opening equity (as defined) for 2013, 2014, 2015, 2016 and 2017 was as follows.

## RETURN ON OPENING EQUITY 2013–2017



### The return on opening equity for SDS for 2017 has been calculated after -

- a transfer of \$194,000 to the fitout reserve for the costs of undertaking the fitout of premises upon expiration of SDS's current leases, and
- a transfer of \$43,000 to the sub-tenants leasing reserve used to diminish any shortfall in sub-tenancy income while SDS is occupying excess office space in St Andrew's House.
- Savings in staffing costs due to the timing of filling the role of a permanent CEO.
- Savings in recruitment expenses.
- Decision not to pursue in 2017 the provision of the AICD's *Foundations of Directorship* 3-day course for diocesan board members.
- Unbudgeted fee for service income for providing project management services to Anglican Youthworks to move to their new head office.

The return on opening equity for 2017 was 12.8% which arose from a larger than expected surplus in 2017. The main reasons for the larger than expected surplus were -

## STAFF CARE & SAFETY

Staff care and work health and safety remains an important focus of SDS and its senior management. An extensive range of policies and procedures are in place to care for our staff.

SDS has a workplace hazard register which lists key work health and safety risks, current controls and, where necessary, future action. The nature of the risks recorded in the register is formally reviewed annually. Compliance is also formally reviewed by the senior managers every quarter, and reports about work health and safety are provided to each meeting of SDS.

The care and safety measure states that SDS will ensure that the number of staff work health and safety notifiable incidents is not more than 2 per annum. Incidents occurring when a staff member is travelling to or from work are excluded for this purpose, as those incidents are beyond the control of SDS.

There were no notifiable incidents in 2017 (2016: 0 incidents).

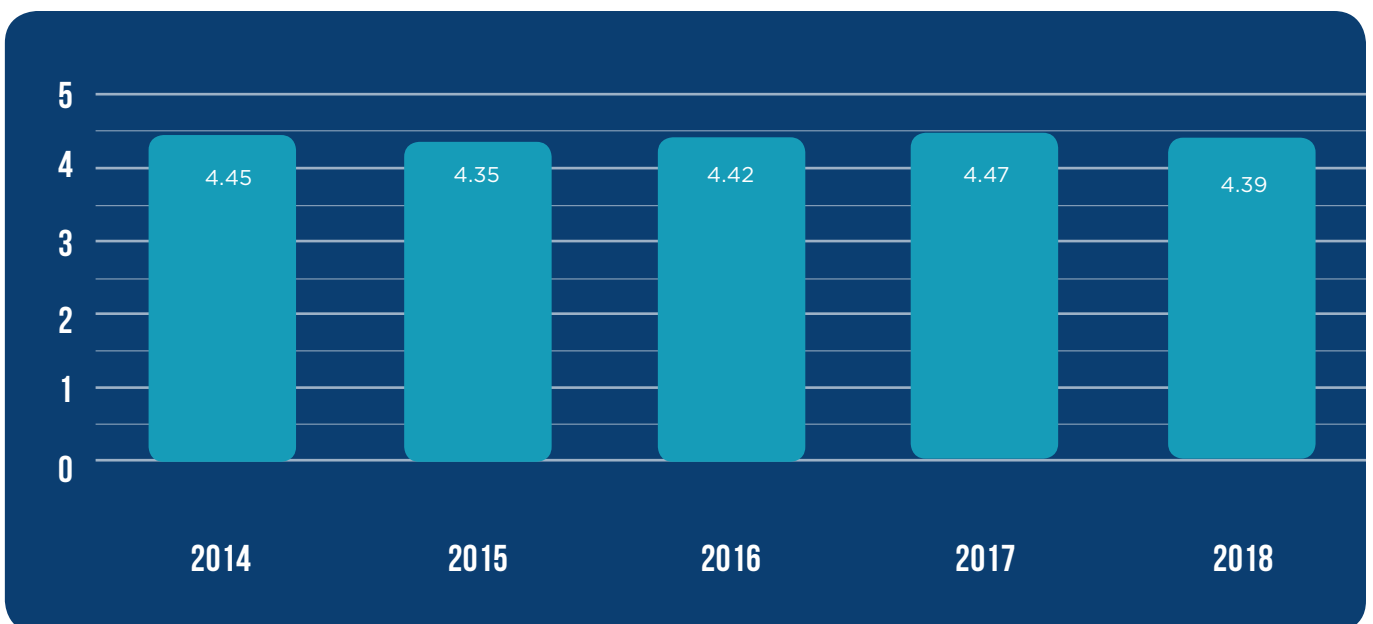
## STAFF SATISFACTION

By this measure SDS seeks to show continuous improvement in the degree to which our staff are satisfied with their work, to be measured by an increase in the average score from annual surveys undertaken of our staff.

The annual surveys of our staff (to set the base for the average score about staff satisfaction) were commenced in 2014 and have been undertaken in February each year subsequently. The fifth annual survey was recently completed. In the survey, staff were asked 18 questions related to their work at SDS. The graph below, outlines the average response (out of a total score of 5) of our staff to the question “Overall, how satisfied are you working for SDS?”.

The 2018 survey shows a slight decrease in the overall satisfaction of our staff compared to the high rating for staff satisfaction achieved last year. Despite the high base set by the results in prior years, we want to ensure that staff satisfaction remains high. We plan to undertake a number of initiatives during 2018 to achieve this end.

## STAFF SATISFACTION





## BEING VALUED BY THE ORGANISATIONS WE SERVE

By this measure SDS seeks to show continuous improvement in the degree to which we are valued by the organisations we serve, to be measured by an increase in the average score from annual surveys undertaken of those organisations.

The annual surveys of the members of organisations we serve (to set the base for the average score about the degree to which we are valued) were commenced in 2014 and have been undertaken in March or April in each year subsequently.

The graph below outlines the average response (out of a total score of 10) of the members of the organisations we serve to the question “Overall how satisfied are you with the service provided by SDS to your organisation?”

The 2017 survey showed a small reduction in the average 2016 score for overall satisfaction in the service provided by SDS. There were a number of areas in the 2017 survey which required specific attention, including the helpfulness of our website in providing information about the organisations we serve.

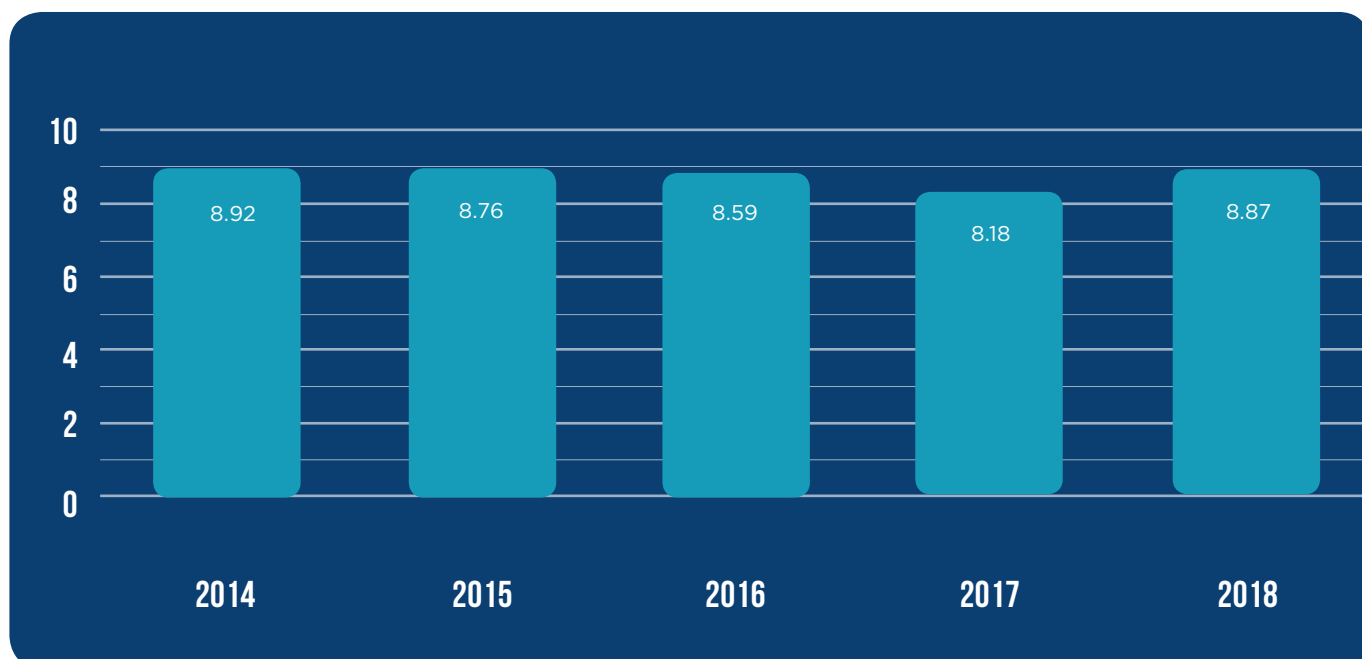
Although the recently completed 2018 survey showed a significant improvement in the overall satisfaction with our services, we will continue to focus on improving our performance in areas identified by the organisations we serve as adding the greatest value to their mission.

## SUPPORT OF PARISHES

By this measure, there is to be continuous improvement in the degree to which parishes are satisfied with the support provided to them by SDS.

In July 2017 we commenced a trial of an online “Service Desk” as a means of measuring parish satisfaction with the support provided by SDS. The Service Desk allows requests for support received via the SDS website or by phone or email to be promptly logged so that response timeframes can be monitored and feedback automatically sought.

## ORGANISATION SATISFACTION WITH THE SERVICE PROVIDED



In seeking feedback, the person who requested the support is asked whether they are satisfied or dissatisfied with the assistance provided. There is also an opportunity to provide further more detailed feedback.

In the 6 month period since the commencement of the Service Desk in July 2017, 93 out of a total of 139 people provided feedback (67%). Of those who provided feedback, 86 (or 92%) indicated they were satisfied with support they received from SDS.

We will continue to consider how we can make best use of the Service Desk in measuring the degree to which parishes are satisfied with the support provided to them by SDS.

**“MY ROLE AS WARDEN TO MY CHURCH IS MADE A PLEASURE WHEN SUCH EXCELLENT SERVICE IS PROVIDED.”**

**“EXCEPTIONAL. QUICK, DETAILED, EXACTLY WHAT I WAS LOOKING FOR. THANK YOU.”**

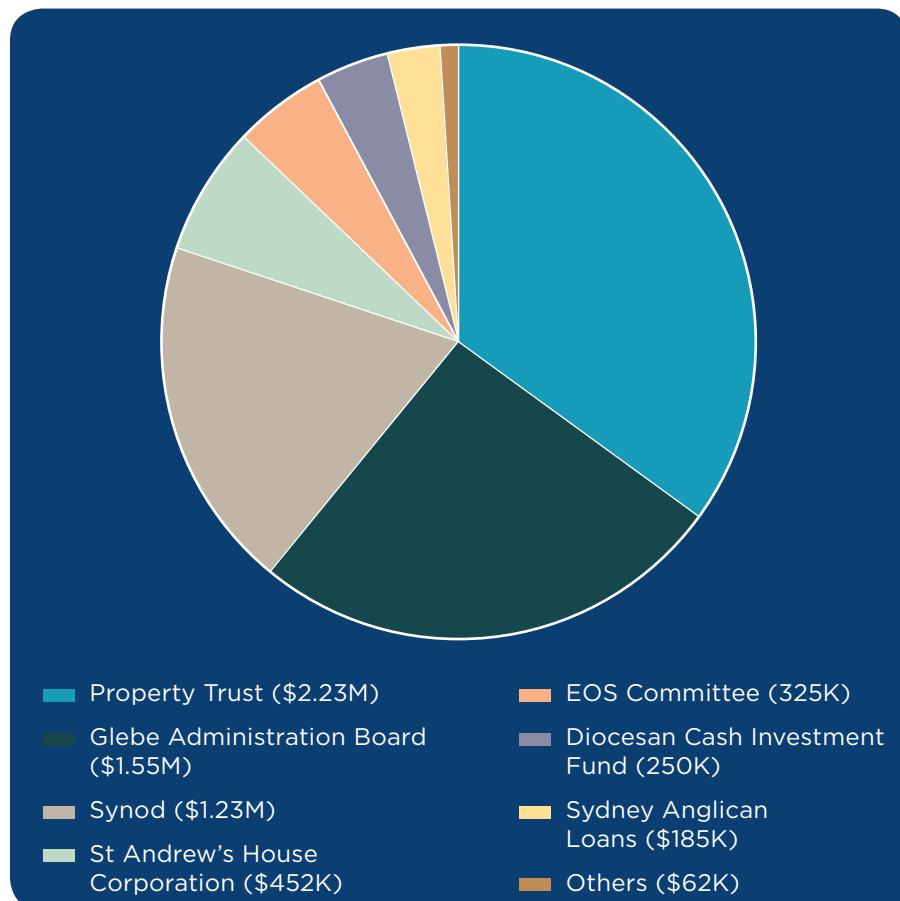
**“THE INFORMATION RECEIVED WAS OF GREAT BENEFIT AND REALLY HELPED WITH OUR NEXT STEPS.”**

### THE SOURCE OF FEES CHARGED TO THE DIOCESAN ORGANISATIONS SERVED BY SDS

## FUNDING OF SDS

SDS is primarily funded by the fees it charges the organisations it serves. The fees charged are determined on a cost recovery basis. This means that the fee charged to an organisation is the amount required for SDS to recover the cost of providing the services to that organisation. This principle of SDS recovering its costs was approved by the Standing Committee in December 2010.

The total income of SDS during 2017 was \$7.2 million, compared to \$7.6 million in 2016. Of that amount \$6.4 million comprised the fees charged to diocesan organisations served by SDS, and \$0.8 million was income from other sources (such as interest and sublease income).

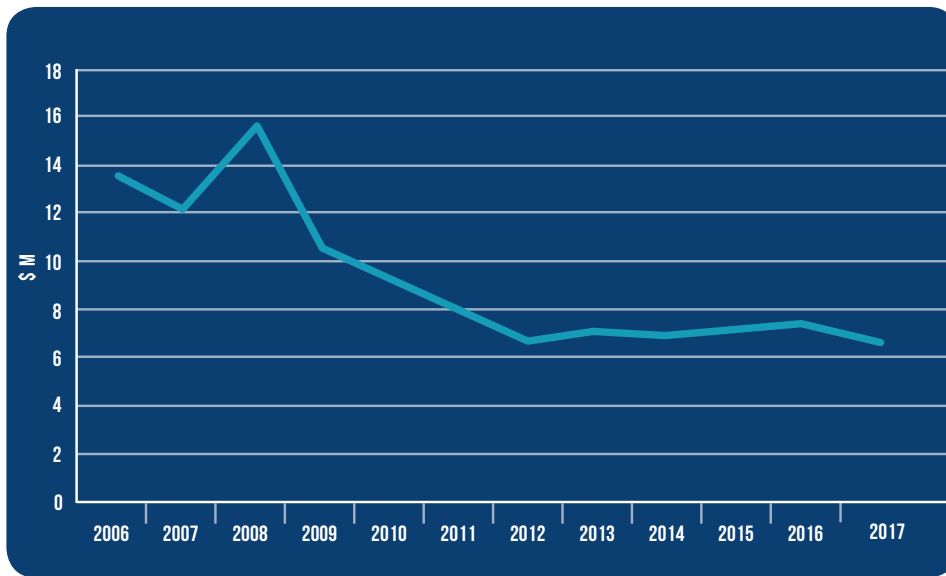


## OPERATING EXPENSES OF SDS

The graph below shows the operating expenses of SDS in 2017, and in prior years.

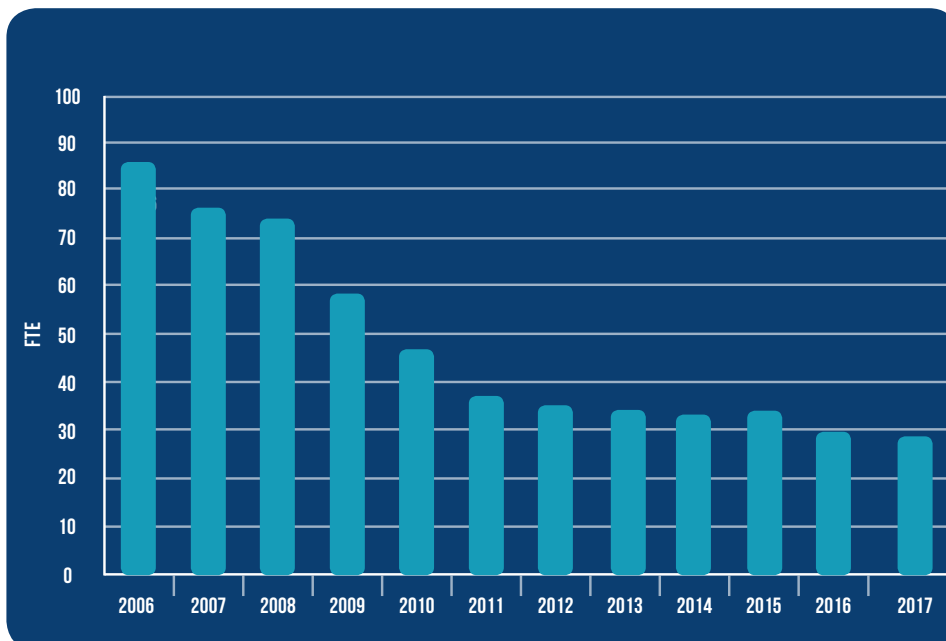
The decrease in operating expenses in 2017 compared to 2016 was 13%. The main contributors to the decrease in operating expenses was the decrease in staff costs (10%) and rent (16%). All expenses of SDS are periodically reviewed to ensure they are appropriate.

### OPERATING EXPENSES OF SDS



The change in staff numbers in recent years on a full time equivalent (FTE) basis is shown in the following graph.

### CHANGE IN NUMBERS OF FULL TIME STAFF



## CONSTITUTION AND CHARTER

SDS is constituted by the *Sydney Diocesan Secretariat Ordinance 2017* (“2017 Ordinance”) and incorporated under the *Anglican Church of Australia (Bodies Corporate) Act 1938*.

Under Clause 4 of the 2017 Ordinance the purpose of SDS is to advance the purposes of the Anglican Church in the Diocese of Sydney through the regulation of the central administration of the affairs of the Diocese. This is reflected in the function of SDS set out in clause 17.

The 2017 Ordinance also provides that SDS may serve Anglican organisations outside the Diocese or organisations affiliated with the Diocese provided such service is incidental to or facilitates SDS service delivery to the Diocese.

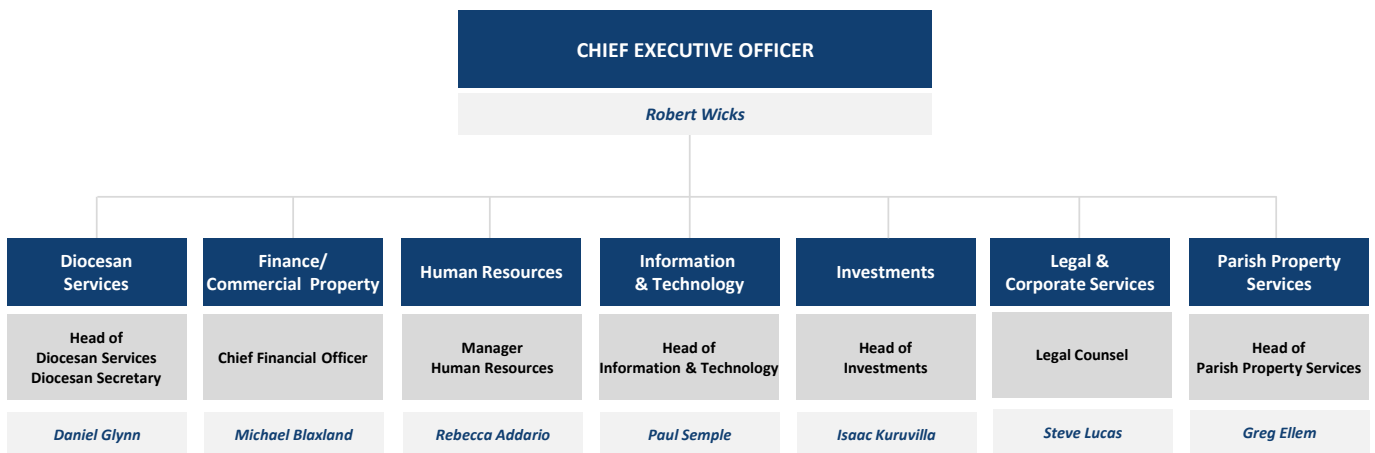
## CHARITY STATUS

SDS (ABN 69 266 342 710) is registered as a large charity under the *Australian Charities and Not-for-Profits Commission Act 2012* (the “ACNC Act”).

An annual information statement for 2016 which complies with the ACNC Act has been given to the ACNC. SDS is a basic religious charity under the ACNC Act which means that SDS is exempted from the financial reporting and auditing requirements under the ACNC Act.

## STRUCTURE

Information about the membership of SDS is set out later in this Annual Report. As at 31 December 2017, SDS had 29.1 employees (on a full time equivalent basis). The following diagram outlines the organisation structure.



# GOVERNANCE STANDARDS:

SDS is committed to the highest standards of governance, which are fundamental to its sustainability. SDS's governance standards are set out in its Governance Statement and shown below.

## **In determining its governance standards, SDS has considered -**

- The governance standards applying to charities registered with the ACNC.
- The "Corporate Governance Principles and Recommendations" (3rd Edition, 2014) published by the ASX Corporate Governance Council.
- The Governance Policy for Diocesan Organisations approved by the Synod on 20 October 2014, as amended by the Synod in 2015 and 2017.

The Governance Statement and each of the standards it refers to are reviewed each year in light of changes to generally accepted standards of corporate governance.

## **GOVERNANCE STANDARD 1**

### **PURPOSE AND NOT-FOR-PROFIT CHARACTER**

The purpose of SDS, as set out in clause 4 of the 2017 Ordinance, is to advance the purposes of the Anglican Church of Australia in the Diocese of Sydney through the regulation of the central administration of the affairs of the Diocese.

The principal organisations served by SDS are the Synod of the Diocese of Sydney and its Standing Committee and their subcommittees, parishes, Anglican Church Property Trust Diocese of Sydney, Glebe Administration Board, St Andrew's House Corporation, the Endowment of the See Committee, the Mission Property Committee, and Sydney Anglican Loans.

## **GOVERNANCE STANDARD 2**

### **ROLES AND RESPONSIBILITIES**

The members of SDS, acting collectively, are responsible for -

- providing leadership and setting the strategic objectives of SDS,
- appointing the Chair,
- appointing, and where necessary replacing, the Chief Executive Officer,
- approving the appointment, and when necessary replacement, of other senior executives,
- overseeing management's implementation of SDS's strategic objectives and its performance generally,
- approving operating budgets and major capital expenditure,
- overseeing the integrity of SDS's accounting and corporate reporting systems, including the external audit,
- overseeing SDS's process for making timely and balanced disclosure of information to its stakeholders,
- ensuring that SDS has in place an appropriate risk management framework and setting the risk appetite within which the members expect SDS to operate, and
- monitoring the effectiveness of SDS's governance practices.

SDS has an Audit Committee and a Nominations Committee to assist it in fulfilling its responsibilities.

The main role of the Audit Committee is to monitor, report and make recommendations to SDS about the financial reporting processes of SDS, the internal control systems and the independent audit process. The charter of the Audit Committee is reviewed periodically by SDS.

The main role of the Nominations Committee is to make recommendations to SDS, for its advice to the Standing Committee, about the preferred skills and experience of a potential candidate to fill a vacancy in the membership of SDS.

SDS has delegated to the Chief Executive Officer, and through the CEO to the other executive staff of SDS, responsibility for the day to day management of the business of SDS. The scope of that delegated authority, and the limits on that authority, is documented and reviewed periodically by SDS.

## **GOVERNANCE STANDARD 3**

### **MEMBERSHIP**

#### ***Membership of SDS***

The members of SDS are appointed by the Standing Committee under the 2017 Ordinance.

Under the 2017 Ordinance the board of SDS consists of 9 members elected by the Standing Committee and 1 member appointed by the Archbishop.

The name of each member, together with information about their qualifications and experience, is set out in the annual report of SDS.

At least 2 members are to be ordained clergy licensed in the Diocese of Sydney or persons with at least 1 three year degree from Moore Theological College or another college that is endorsed by the Archbishop.

#### ***Appointment of Members***

SDS is to have an adequate number of members with appropriate skills and commitment to adequately discharge their responsibilities and duties. SDS advises the Standing Committee about the preferred skills and experience of candidates to fill vacancies in the office of member.

The Standing Committee may appoint, as a member, a person other than a potential candidate recommended by SDS.

#### ***Independence of Members***

No member of SDS is an employee of SDS.

Each member of SDS is to be free from any business or other relationship that could interfere with the exercise of their unfettered and independent judgment as a member.

Each member is expected to disclose any business or other relationship which they may have with SDS.

#### ***Statement of Personal Faith***

A person is not eligible to be elected as a member unless the person has first given the Secretary of SDS a signed copy of the Statement of Personal Faith set out in the Schedule of the 2017 Ordinance.

#### ***Term of Office***

A member of SDS holds office for a term of 3 years.

Eligible members may offer themselves for re-election by the Standing Committee. SDS also makes recommendations concerning the re-election of any members by the Standing Committee. A person is not eligible for re-election if such re-election would result in that person being a continuous members of SDS for more than 14 years.

#### ***Induction of Members***

On appointment, a member receives a letter of appointment which sets out the expectations of the member and the conditions of appointment. A member is also offered an induction program to familiarise them with matters relating to the business, strategy and any current issues before SDS.

The induction program includes meetings with the Chair, and the CEO and senior executives, as appropriate.

SDS and each member enter into a Deed of Indemnity, Access and Confidentiality.

### **Meetings of Members**

The 2017 Ordinance sets no minimum number of meetings, but instead provides that the members are to meet at such times as they may determine. The general practice of SDS is for the members of SDS to meet quarterly during the year (March, June, September and December) and at other times when required.

SDS has operating protocols for its meetings which cover matters such as the business of the meeting, attendance at a meeting, and how matters are to be discussed and determined at a meeting.

The CEO attends all meetings. The Chair, on the recommendation of the CEO, determines which other staff members or external consultants will be present at a meeting.

At each meeting, there is the opportunity for members of SDS to discuss matters in the absence of the CEO and other staff members.

### **Review of Performance of Members**

The members of SDS regularly review their performance and effectiveness.

### **Learning & Development**

SDS endorses and supports the appropriate development of its members, and expects that they will undertake ongoing learning and development which is relevant to their role as a member. SDS has a Member Learning & Development Policy which describes how SDS will provide support to members in undertaking learning and development.

## **GOVERNANCE STANDARD 4**

### **ACCOUNTABILITY**

SDS is accountable to the Archbishop, the Synod and the Standing Committee being the representatives of the Diocese of Sydney for whose purposes SDS is constituted.

In accordance with its obligations under the 2017 Ordinance, SDS -

- provides the Archbishop with copies of its agenda, if the Archbishop so requests,

- reports to the Standing Committee from time to time about its affairs and is to cause minutes of its meetings to be tabled at a meeting of the Standing Committee at least once every quarter,
- provides the Standing Committee with such information regarding the affairs of SDS as the Standing Committee may require from time to time, and
- answers any question on any matter relating to the affairs of SDS asked by any member of the Standing Committee and which has been referred to SDS by the Diocesan Secretary.

The Archbishop is President of SDS, and may attend any meeting and may address SDS on any pastoral or policy issue concerning the Anglican Church as it applies to SDS. The Archbishop may request a copy of the agenda for any meeting of SDS.

SDS also complies with the provisions of the Accounts, Audits & Annual Reports Ordinance 1995 which include provisions as to reporting. SDS publishes its annual financial statements and its annual report on its website.

## **GOVERNANCE STANDARD 5**

### **ACTING ETHICALLY AND RESPONSIBLY**

#### ***Responsibilities of Members to Act Ethically and Responsibly***

SDS promotes ethical and responsible conduct. In undertaking their responsibilities, members of SDS are -

- to act with reasonable care and diligence in the performance of their functions,
- to act in good faith in the best interests of SDS and to further its purpose,
- not to misuse their position as members,
- not to misuse information they gain in their role as members,

- to promptly disclose actual or perceived conflicts of interest,
- not to participate in discussions, or vote on any matter regarding an actual or perceived conflict of interest without the approval of other members,
- to ensure the financial affairs of SDS are managed responsibly, and
- not to allow SDS to operate while it is insolvent.

### **Conflicts of Interest**

SDS's conflict of interest policy provides guidelines for recognising and managing potential conflicts of interest of members and specifically requires that -

- all members are required to disclose any actual or potential conflict of interest upon appointment and are required to keep those disclosures to SDS up-to-date, and
- any member with a material personal interest in a matter may not participate in discussion or vote on that matter, unless SDS resolves otherwise.

In addition, staff of SDS are not permitted to participate in activities which involve a conflict with their duties and responsibilities or which are prejudicial to SDS.

### **Compliance with Australian Law**

SDS is subject to a number of specific legal and regulatory obligations by reason of the activities it undertakes. SDS has identified those obligations and monitors compliance with those obligations.

The members of SDS collectively, and each member individually, may seek independent professional advice, at SDS's expense, to help them carry out their responsibilities. The Chair's prior approval is required, but will not be unreasonably withheld.

## **GOVERNANCE STANDARD 6**

### **SAFEGUARD INTEGRITY IN FINANCIAL REPORTING**

#### **Core Principles**

SDS's approach to financial reporting reflects the following core principles -

- its financial reports present a true and fair view,
- its financial reports fully inform the members as to financial exposures,
- its accounting methods are comprehensive and relevant and comply with applicable accounting rules and policies,
- appropriate internal controls are maintained, and
- its external auditor is independent.

Integrity in the financial reporting system is maintained through -

- the work of the Audit Committee,
- the work of the External Auditor, and
- CEO and CFO assurance.

#### **Audit Committee**

The Audit Committee reviews and assesses any significant estimates and judgments in financial reports and the processes used to monitor and comply with laws, regulations and other reporting requirements.

Members of the Audit Committee are chosen on the basis of relevant skills and experience. The Audit Committee has the flexibility to augment its skills and experience by appointing persons who are not members of SDS, subject to SDS approval.

The performance of the Audit Committee is reviewed as part of the annual performance review undertaken by members.

The Audit Committee may meet with the external auditors without management being present.



Given the relatively small size of SDS an internal audit division is not warranted. SDS has instituted internal controls and appropriate division of duties. The accounting controls monitor for breaches of authority.

### **External Auditors**

The role of the external auditor is to provide an independent opinion that the financial reports are true and fair and comply with applicable regulations.

The external auditor has access to the minutes and papers of SDS and its Audit Committee.

The external auditor submits an annual declaration of independence to SDS.

Any advisory services by the external auditor are detailed in the notes to the annual financial statements.

The external auditor attends all meetings of the Audit Committee at which a report is presented by the auditor about management, monitoring of financial risks, significant and unusual transactions, any correspondence with regulators and asset valuations.

### **CEO and CFO Assurance**

The members of SDS receive a letter of representation, signed by both the CEO and the Chief Financial Officer, assuring SDS that in all material respects -

- the financial records have been properly maintained to correctly record and explain its transactions,
- the financial statements and notes required comply with the accounting standards,
- the financial statements and notes give a true and fair view of the financial position and of the performance of the organisation,
- that appropriate internal controls and risk management systems are sound, and continue to run in an efficient manner, and
- that proper retention processes are in place to ensure these records are recoverable and useable for a period of seven years.

## **GOVERNANCE STANDARD 7**

### **RECOGNISE AND MANAGE RISK**

#### **Risk Management**

SDS regards identifying and managing the risks that affect its business as key to the performance of SDS and its reputation and sustainability.

Effective risk management involves achieving an integrated and balanced approach to risk and reward, and assists us in achieving our objectives of optimizing financial growth and mitigating potential loss or damage.

#### **Risk Management Roles and Responsibilities**

SDS approves the organisation's risk identification and management strategy and periodically reviews that strategy.

The CEO and senior managers are responsible for implementing the risk management framework, systems, controls and procedures for identifying risk and management of risks adopted from time to time by SDS.

The CEO and senior managers ensure that risks are quantified, appropriate risk limits (tolerances) are set and that financial exposures are fully reported to SDS.

#### **Compliance Reporting**

SDS monitors its compliance with key risk matters, by requiring periodic confirmation certificates from management.

The compliance coverage and depth of review is reviewed in response to changing circumstances. Compliance reporting is the responsibility of the Corporate Secretary of SDS.

Further information about risk management is set out below.

## CONFORMITY WITH SYNOD'S GOVERNANCE POLICY

During 2017, the Standing Committee passed the *Sydney Diocesan Secretariat Ordinance 2017* ("2017 Ordinance") as the new constitution for SDS.

The 2017 Ordinance gives effect to the requirements set out in the Synod's Governance Policy for Diocesan Organisations by -

- Making the Archbishop the President of SDS.
- Setting the number of members elected by the Standing Committee at 9 and providing for the Archbishop to appoint 1 further member.
- Requiring that at least 2 of the members be clergy or have suitable theological training.
- Prescribing a maximum term of continuous service of 14 years.
- Requiring that a person sign a statement of faith to be eligible to be elected or re-elected as a member, or to be appointed as the CEO.

The 2017 Ordinance, together with SDS's Governance Statement and other board policies conform to the requirements of the Synod's Governance Policy for Diocesan Organisations.

## RISK MANAGEMENT

SDS has a Risk Management Policy and Framework as the means by which it manages risk. The management of risk is principally undertaken through a risk register. The risk register identifies the risks which affect the business of SDS, and assesses the severity of those risks and whether the current controls in place to mitigate those risks are sufficient to bring the level of risk to an acceptable level. Where an assessment is made that the risk remains unacceptably high, the risk register records the further action that needs to be taken.

The main categories under which risk is managed for the business of SDS are -

- Operational
- Regulatory
- Financial
- Safety
- Reputation
- People/Culture
- Strategic

The risk register is reviewed formally every 12 months. The Chief Executive Officer, on behalf of the management, periodically certifies to the members of SDS about the adequacy of current controls used to mitigate risk.

# MEMBERSHIP OF SYDNEY DIOCESAN SECRETARIAT:

Under the *Sydney Diocesan Secretariat Ordinance 2017*, 9 members of SDS are elected by the Standing Committee and 1 is appointed by the Archbishop. As at 31 December 2017, the members of SDS were -



## MR MARK BALLANTYNE

**BEC, MBA, FIAA**

Qualified Actuary; General Manager of Financial Wisdom with the Commonwealth Bank, having over 20 years' experience in all facets of financial services. Attends East Lindfield Anglican Church.

Board member since 2009.



## THE REV TED BRUSH

**BTH, DIPMIN**

NSW/ACT Regional Officer for Bush Church Aid. Previously Rector, Parish of Lower Mountains, served on Standing Committee, Mission Board of the Standing Committee, Council of St Andrew's Cathedral School, George's River Regional Council and Finance & Loans Board. Originally trained as an electrical engineer with extensive experience in supply chain management both in Australia and internationally.

Board member since 2013.



## MR GREG HAMMOND OAM

**BA (HONS), LLB (HONS), ASSOC DEG TH**

Consultant in banking and finance; formerly partner of King & Wood Mallesons; chairman of Anglican Community Services (t/as Anglicare Sydney) and Olive Tree Media; director of the Australian College of Theology, G&C Mutual Bank, NCNC Funds Limited and Opportunity International Australia; Adjunct Fellow Macquarie University in the Applied Finance Centre; previous service on Diocesan and other not-for-profit boards and committees. Member of Macquarie Anglican Churches.

Board member since 2014.



## **ROBYN HOBBS**

**MMGT, JP**

NSW Small Business Commissioner, leading a team that provides advocacy, mediation and dispute resolution services to small businesses in NSW. Previously worked in a diverse range of industry sectors including the arts, business, community services, government, media, social welfare, and transport. She has held executive roles at the Sydney Opera House, State Chamber of Commerce and the City of Sydney. In 1983 Robyn founded Carols in the Domain, which is Australia's largest community Christmas concert. In 2009 she received the OAM for services to the community for founding Carols in the Domain, and raising funds for The Salvation Army. Attends St Mark's Darling Point and has served on the Anglicare Board.

Board member since 2017.



## **MR JOHN PASCOE**

**BEC, FCA**

Partner Pascoe Whittle Chartered Accountants; Member of Standing Committee, Finance Committee, St Andrew's House Corporation, St Andrew's Cathedral Chapter and Diocesan Resources Committee; Chairman Audit Committee. Attends St Andrew's Cathedral.

Board member since 2009.



## **MR ROSS SMITH (CHAIR)**

**MAPPFIN, BEC, GAICD, CHARTERED ACCOUNTANT**

CEO, Anglican Schools Corporation. Previously CFO of Anglicare, Sydney. Brings 25 years' experience in Finance, Corporate Restructuring and Acquisition Advisory; Member of The Council of St Andrew's House Corporation. Member of Caringbah Anglican Church.

Board member since 2010.



## **MR ANDREW STANLEY**

**BEC, LLB, MAPPFIN, CA, FINSA**

Head of Australian Equities, Ralton Asset Management. Over 20 years' experience in financial structuring/ investment banking and funds management. Previously a member of Anglican Funds Committee, Melbourne. Member of C3 Church Mosman.

Board member since 2014.



## **BISHOP MICHAEL STEAD**

**BCOM(ACC), BD(HONS), DIPMIN, PHD**

Bishop of South Sydney; Member of Standing Committee Diocese of Sydney; Diocesan Representative on General Synod; Member of General Synod Standing Committee; Secretary of the General Synod Doctrine Commission. Prior to ordination, worked for PricewaterhouseCoopers from 1990-1996.

Board member since 2015

Professor Peter Wolnizer OAM retired as a member in December 2017.

# 5 YEAR FINANCIAL SUMMARY:

The income and expenses of SDS for 2017 were as follows (with comparatives for 2013-2016). Further information about income and expenses can be found in the Financial Accounts of SDS for 2016.

\$000s	2017	2016	2015	2014	2013
<b>INCOME</b>					
Total Income	7,167	7,610	7,541	7,367	7,181
<b>EXPENSES</b>					
Staff Expenses	4,405	4,906	4,564	4,409	4,283
Other Expenses	2,180	2,639	2,489	2,390	2,582
<b>NET SURPLUS</b>	<b>582</b>	<b>65</b>	<b>488</b>	<b>568</b>	<b>316</b>

The balance sheet of SDS as at 31 December 2017 can be summarised as follows (with comparatives for 2013-2016).

\$000s	2017	2016	2015	2014	2013
<b>ASSETS</b>					
<b>CURRENT ASSETS</b>					
Cash	5,684	5,687	5,338	8,487	3,824
Other	385	571	280	377	312
<b>NON-CURRENT ASSETS</b>					
Investments	-	-	-	-	-
Lease Incentive	-	2	16	23	27
Fixed Assets	616	861	987	1,068	1,301
<b>TOTAL ASSETS</b>	<b>6,685</b>	<b>7,121</b>	<b>6,621</b>	<b>9,955</b>	<b>5,464</b>

<b>LIABILITIES</b>					
<b>CURRENT LIABILITIES</b>					
Payables	350	755	454	420	371
Interest bearing liabilities	743	1,240	960	4,968	1,255
Provision	1,006	1,119	1,094	940	778
<b>NON-CURRENT LIABILITIES</b>					
Provisions	378	381	552	555	556
<b>TOTAL LIABILITIES</b>	<b>2,477</b>	<b>3,495</b>	<b>3,060</b>	<b>6,883</b>	<b>2,960</b>
<b>NET ASSETS</b>	<b>4,208</b>	<b>3,626</b>	<b>3,561</b>	<b>3,072</b>	<b>2,504</b>

<b>EQUITY</b>					
Capital	2,062	2,062	2,062	2,062	2,062
Reserves	1,613	1,255	1,066	549	215
Accumulated Surpluses	533	309	433	461	227
<b>TOTAL EQUITY</b>	<b>4,208</b>	<b>3,626</b>	<b>3,561</b>	<b>3,072</b>	<b>2,504</b>

## ACCESS AND CONTACT DETAILS

The principal office of SDS is Level 2, St Andrew's House, Sydney Square.

Hours of access are between 8:30am and 5:30pm

Mail: PO Box Q190, QVB Post Office, NSW 1230

Phone: (02) 9265 1555

Web: [sds.asn.au](http://sds.asn.au)