

Sydney Diocesan Secretariat

Annual Report to the Synod for 2009

This Annual Report should be read in conjunction with the Audited Financial Statements for 2009 for Sydney Diocesan Secretariat.

Item	Contents
1	Constitution and Charter
4	Access
5	Membership and Meetings
7	Structure
11	Committees of SDS
14	Review of SDS
17	Financial Results for 2009
21	Achievements

Constitution and Charter

1. Sydney Diocesan Secretariat ("SDS") is constituted by the *Sydney Diocesan Secretariat Ordinance 1973* and is incorporated under the *Anglican Church of Australia (Bodies Corporate) Act 1938*.
2. The functions of SDS are set out in clause 6 of the 1973 Ordinance. Its principal function is to carry out, perform and provide administrative, secretarial and accountancy services for the Anglican Church of Australia in the Diocese of Sydney.
3. The principal organisations served by SDS are the Synod, the Standing Committee and their subcommittees, parishes, Glebe Administration Board, Anglican Church Property Trust Diocese of Sydney, St Andrew's House Corporation, the Endowment of the See Committee, the Mission Property Committee and the Sydney Church of England Finance and Loans Board.

Access

4. The principal office of SDS is Level 2, St Andrew's House, Sydney Square (PO Box Q190, QVB Post Office, NSW 1230). Telephone (02) 9265 1555. The hours of access are between 9.00am and 5.00pm.

Membership and Meetings

5. The members of SDS are appointed by the Standing Committee. In 2009, the 1973 Ordinance was amended to reduce the number of members of SDS to be not less than 8 and not more than 10. Members of SDS are *ex officio* members of the Glebe Administration Board.

6. The names of the persons who served as members of SDS during 2009 and their meeting attendance records follow –

Board Members		No. of Meetings Eligible to Attend	No. of Meetings Attended
Canon Bruce Ballantine-Jones OAM		13	13
Mr Mark Ballantyne	(from 7 December 2009) *	0	0
Mr Peter Berkley	(until 9 November 2009)	11	10
Mr Phillip Driscoll	(until 9 November 2009)	11	9
Bishop Robert Forsyth		13	12
Dr Stephen Judd	(until 17 November 2009)	11	8
Mr Ben Koo	(from 7 December 2009)	1	0
Mr Richard Lambert	(until 4 December 2009)	12	9
Mr Neil Lewis	(until 9 November 2009)	11	8
Mr Andrew McLoughlin	(from 7 December 2009)	1	1
Mr Ian Miller		13	10
Mr Warwick Olson AM	(until 26 November 2009)	12	10
Mr John Pascoe	(from 7 December 2009)	1	1
Dr Laurie Scandrett		13	11
Mr Phil Shirriff	(until 7 December 2009)	12	11
Mr Matthew Todd	(until 27 November 2009)	12	9

* Mr Ballantyne was unable to take up his appointment until 24 February 2010.

Structure

7. Attached as Annexure A is a chart setting out the functional responsibilities of the senior staff within Sydney Diocesan Secretariat.
8. In April 2010, Steve McKerihan resigned as the Chief Executive Officer of SDS. Mark Payne was appointed as Acting Chief Executive Officer.
9. SDS staff numbers have been reduced from 74.5 full time equivalents in December 2008 to 59.4 in December 2009.

Full Time Equivalent	December 2009		December 2008
	Budget	Actual	Actual
Executive	6.2	6.2	2.0
HR / Corporate services	-	-	7.4
Parish & Property Services	20.6	18.4	20.0
Secretarial	7.0	6.8	8.6
Finance	13.0	13.0	16.0
Technology	8.6	8.0	10.0
Investment Services	9.0	7.0	10.5
Total	64.4	59.4	74.5

10. One consequence of the reduction in staff members has been a general reduction in the fees charged by the Secretariat to its clients for services provided.

Committees of SDS

11. During 2009, SDS had the following board committees –
 - (a) the Audit Committee which oversaw the audit and financial reporting functions of SDS,
 - (b) the Risk and Compliance Committee which sought to ensure that SDS maintained effective and informed policies for operational risk management and compliance with relevant laws and policies, and
 - (c) the Remuneration and Nomination Committee which sought to oversee the development and implementation of policies for the recruitment, employment, remuneration, other terms of service and succession for the Chief Executive Officer and senior management; and to recommend to SDS for advice to the Standing Committee, the skills and experience suggested for potential candidates to fill a vacancy in the membership of the board.
12. The members of these committees were drawn from the membership of SDS.
13. During 2010 SDS reviewed its board committee structure as a result of recommendations made by Cameron Ralph Pty Limited which undertook a review of SDS and Glebe Administration Board. As a consequence of the review of the board committee structure a reconstituted Audit & Risk Committee was established. The overall purpose of this Committee is to monitor, report and make recommendations to SDS about the financial reporting processes of SDS to ensure the balance, transparency and integrity of published financial information; the internal control systems of SDS; the independent audit processes of SDS; and the risk management systems of SDS.

Review of SDS

14. In June 2009, Cameron Ralph Pty Ltd completed a comprehensive, independent assessment of the governance practices of SDS and Glebe Administration Board.
15. Cameron Ralph made recommendations covering the following matters –

Developing a plan for Board renewal

The board was encouraged to develop a renewal strategy covering matters such as the rotation of membership of the board, establishing tenure limits, reducing the number of members, establishing an induction program for new members and implementing regular reviews of the performance of the board and individual members.

Clarifying the respective roles of board and management

The board was encouraged to rethink what it should be spending its time on, and how it can maximise its “value add” to the business.

Addressing Board culture

The board was encouraged to think about how its culture may impact on its effectiveness and the mechanisms and processes which might be adopted to improve capacity to deal with future challenges, and was asked to think of new ways of operating to develop a more robust culture.

Reviewing the format and content of Board papers

A systematic approach to progressive review of the nature and format of information provided to the board was recommended, with a particular focus on value added analysis and non-financial key performance indicators.

Strengthening the Board's decision making by addressing meeting processes

Processes to strengthen decisions by the board were recommended such as extending the length of meetings to allow for substantive debate, revising the agenda structure, agreeing clear criteria and key performance indicators for each decision, and undertaking a short critique after each meeting about how the meeting was conducted.

Reviewing the committee structure

The recommendations included reviewing the charter of each committee to put more responsibility back into the hands of the board as a whole, focussing the attention of each committee on policy, risk levels and triggers for actions and delegations, setting clear criteria for assessing the performance of each committee, and chairman of the committees.

Driving accountability

Initiatives recommended to the board to create an environment of greater accountability included developing more comprehensive board policies, ensuring that all management proposals have clear criteria by which they can be assessed and monitored, and establishing a process for post implementation.

16. The Board of SDS is in the process of implementing these recommendations in so far as they are relevant to SDS.

Financial Results for 2009

17. For the year ending 31 December 2009, SDS recorded a surplus of \$1.504 million. The net assets of SDS increased from \$647,000 as at 31 December 2008 to \$2.151 million as at 31 December 2009.
18. The 2009 results of SDS can be summarised as follows, from the audited Annual Financial report –

\$000s	12 months to December	
	2009	2008
Income		
Investments	169	248
Fees	9,692	11,666
Synod Grants	186	219
Other Income	932	1,182
Writeback GAB/Edge service fee	-	1,362
Refund of payroll tax	703	-
Writeback of 2008 payroll tax accrual	234	-
Total Income	11,916	14,677

\$000s	12 months to December	
	2009	2008
Expenses		
Staff & Related Costs	6,640	9,362
Professional Fees	495	784
Computer & software	839	838

\$000s	12 months to December	
	2009	2008
Rent & Occupancy	919	1,062
Depreciation & Amortisation	651	760
Other Expenses	618	1,012
Impairment of Edge Project	-	1,697
Impairment of plant and equipment	250	-
Total Expenses	10,412	15,515
Net Surplus / (Loss)	1,504	(838)

19. The balance sheet of SDS as at 31 December 2009 (with 2008 comparatives) can be summarised as follows –

\$ 000s	As at 31 December	
	2009	2008
Total Assets	6,412	5,473
Total Liabilities	4,261	4,826
Net Assets	2,151	647

20. The results for SDS for 2009 was impacted by –
- The receipt of a refund of payroll tax of \$703,000 following the successful objection against payroll tax assessments. A provision for payroll tax of \$408,000 was also reserved. Together, the favourable outcome in this matter result in a \$1.1 million one off gain.
 - Staff and related costs included \$326,000 in termination costs for staff redundancies.

Achievements

21. The following paragraphs summarise the key achievements of SDS during 2009 on behalf of its clients.

Synod and Standing Committee

22. SDS provided administrative, legal and accounting support for the Synod, the Standing Committee and their subcommittees, including the Finance Committee and the Mission Taskforce. The meeting of the Synod held in October 2009 was successfully managed by SDS staff.
23. A key issue of concern for the Finance Committee of the Standing Committee in 2009 was the standard of the financial and risk reporting by Diocesan organisations in relation to their operations. Staff of SDS assisted the Finance Committee establish a new set of financial and risk management reporting requirements for Diocesan organisations.
24. SDS staff provided administrative support to Connect09, the major outreach initiative in the Diocese in 2009.

Parishes

25. The Parish risk management program provides support and assistance to parishes in managing the risks to people and property routinely encountered by parishes. Module 5 of the program, dealing with food safety, was prepared by SDS staff and released during 2009. The release of the module was accompanied by seminars for parishes about food safety. The convening of these seminars was organised by SDS staff.
26. Seminars were also organised by SDS staff to address the issues of emergency evacuation from buildings and first aid. The seminars were well attended by parishes and the feedback was very positive.
27. SDS operates the Diocesan Area Wide Network (DAWN) which provides broadband internet access for parishes at competitive rates. There are now 35 parishes connected to DAWN.
28. In 2008 the Synod approved a program to inspect all parish buildings in the Diocese for the presence of asbestos and other hazardous materials. Inspections are undertaken by experts, and the program is managed by SDS staff. By the end of 2009 the buildings of approximately 190 parishes had been inspected.
29. SDS has established a procurement program (known as Angliconnect) to enable parishes to buy certain goods and equipment at advantageous prices. The Angliconnect procurement program has continued to grow with gross sales of over \$1 million being recorded in 2009. SDS receives a small commission on sales to offset its expenses.

Glebe Administration Board

30. Staff of SDS continued to oversee the management of the property vested in the Glebe Administration Board, namely the property of the Diocesan Endowment and St James' Hall. A substantial review was initiated in 2009 of the investment objective and strategy for the Diocesan Endowment, having regard to the principal objective of maintaining the real value of the Endowment. Staff of SDS assisted in facilitating this review.
31. A major capital works project at St James' Hall, namely the refurbishment of all toilets within the building, was managed by staff of SDS.

St Andrew's House Corporation

32. On behalf of St Andrew's House Corporation SDS staff undertook preparations for a proposal to renew the lease of the major tenant in the tower section of St Andrew's House when that lease expires late in 2011. Alternative uses for the relevant area are also being considered should the existing tenant choose not to renew their lease.
33. Capital works in St Andrew's House (such as the replacement of the air conditioning chillers) were managed by staff of SDS. One of the consequences of these works is an improvement in the building's energy efficiency.

Anglican Church Property Trust Diocese of Sydney

34. The Property Trust is the trustee of the land and buildings held for the purposes of the parishes, and invests capital funds arising from transactions in relation to parish land. Staff of SDS assist in facilitating transactions in relation to such property and oversee the investment of the capital funds.
35. A significant project to replace the slate roof at Bishopscourt was completed in 2009. This project was necessary to ensure the preservation of the fabric of the building (which is listed on the State Heritage Register). The project was successfully managed by staff of SDS.
36. The Property Trust is also responsible for the management of the insurance program for parishes and parish officers. Staff of SDS facilitate the negotiations for the renewal of policies, the provision of information about the policies, and the processing of claims. These activities continued to be effectively managed in 2009.

Mission Property Committee

37. The Mission Property Committee is responsible for the administration of the Mission Property Fund which exists to enable the acquisition of land in new areas of the Diocese (greenfields areas) for new ministry centres, and to support the redevelopment of ministry centres in existing developed areas of the Diocese (brownfields areas). Sites at Oran Park and Austral, being greenfields areas, were acquired. A number of other potential greenfields sites are being considered. A number of projects in brownfields areas supported with funds from the Mission Property Fund, such as Annandale, Rooty Hill and Naremburn, were undertaken. These initiatives were managed or overseen by staff of SDS for the Mission Property Committee.

JOHN CHAPMAN

**Secretary
For the Sydney Diocesan Secretariat**

June 2010

Annexure A

Sydney Diocesan Secretariat – Organisation Chart – 25 May 2010

