

# Sydney Diocesan Secretariat

## Annual Report to the Synod for 2010

*This Annual Report should be read in conjunction with the Audited Financial Statements for 2010 for Sydney Diocesan Secretariat.*

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### Constitution and Charter

1. Sydney Diocesan Secretariat ("SDS") is constituted by the *Sydney Diocesan Secretariat Ordinance 1973* (the "1973 Ordinance") 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 8.30 am and 5.30 pm.

### Membership and Meetings

5. The members of SDS are appointed by the Standing Committee. The 1973 Ordinance provides that the number of members of SDS is to be not less than 8 and not more than 10. Members of SDS are *ex officio* members of Glebe Administration Board.

6. The names of the persons who served as members of SDS during 2010 and their meeting attendance records follow –

<b>Board Members</b>	<b>No of Meetings Eligible to Attend</b>	<b>No of Meetings Attended</b>
Canon Bruce Ballantine-Jones OAM	11	9
Mr Mark Ballantyne	11	8
Bishop Robert Forsyth	11	10
Mr Ben Koo	11	10
Mr Andrew McLoughlin	11	11
Mr Ian Miller	11	7
Mr John Pascoe	11	10
Dr Laurie Scandrett	11	11
Mr Ross Smith*	1	1

\* Appointed 6 December 2010.

## Structure

7. Attached as Annexure A is an organisational chart of the senior staff of SDS.
8. Mark Payne was appointed as Chief Executive Officer on 17 November 2010.
9. SDS staff numbers were reduced from 59.4 full time equivalents in December 2009 to 48.4 in December 2010.

<b>Full Time Equivalent</b>	<b>December 2010 Actual</b>	<b>December 2009 Actual</b>
Chief Executive Office	5.2	6.2
Parish & Property Services	-	18.4
Commercial Property	10.4	-
Parish Property Services	5.0	-
Diocesan & Corporate Services	6.8	6.8
Finance	7.0	13.0
Technology	7.0	8.0
Investment	7.0	7.0
<b>Total</b>	<b>48.4</b>	<b>59.4</b>

## Governance

10. In 2009 an external consultant undertook an independent assessment of the governance practices of Glebe Administration Board. The consultant provided a comprehensive report and made a number of recommendations, which were also relevant to SDS. The implementation of the recommendations relevant to SDS commenced in late 2009, and continued during 2010. The recommendations addressed matters such as –
- The development of a plan for board renewal.
  - Clarifying the respective roles of board and management.
  - Addressing board culture.
  - Reviewing the format and content of board papers.
  - Strengthening the board's decision making by addressing meeting processes.
  - Reviewing the committee structure.
  - Driving accountability.

## Committees of SDS

11. During 2010 SDS reviewed and reconstituted its board committees. SDS now has the following board committees –
- (a) The Audit & Risk Committee – 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, and
  - the internal control systems of SDS, and
  - the independent audit processes of SDS, and
  - the risk management and compliance systems of SDS.
- (b) The Services & Resources Committee – The overall purposes of this Committee are –
- to oversee the development and implementation of the policies for the recruitment, employment, remuneration, and other terms of service of the Chief Executive Officer and senior management, and
  - to recommend to SDS, for its advice to the Standing Committee, the skills and experience required of a candidate to fill a vacancy in the membership of SDS, and
  - to develop and implement induction programs for new members of SDS.
12. The members of the board committees were drawn from the membership of SDS.

## Financial Results for 2010

13. For the year ending 31 December 2010, SDS recorded a surplus of \$159,451. The equity of SDS increased from \$2.151 million as at 31 December 2009 to \$2.310 million as at 31 December 2010.
14. The 2010 results of SDS can be summarised as follows (further information is in the audited annual financial report) –

\$000s	Actual 2010	Budget 2010	Variance	Actual 2009
Total Income	9,536	9,325	211	11,916
Staff Expenses	6,053	5,907	(146)	6,640
Other Expenses	3,324	3,418	94	3,773
Net Surplus	159	0	159	1,504

15. The income of SDS is principally fee income from the diocesan organisations served by SDS. Total income in 2010 was above budget primarily because of a payroll tax refund, unbudgeted sublease income and fee income from the provision of technology services.
16. Staff expenses were above budget primarily because of the additional costs of an organisational restructure which resulted in a number of staff positions being made redundant. Further comments about that restructure are made later in this report.
17. Other expenses were less than budget primarily due to a write back of outgoing charges which had been provided for in relation to the lease by SDS of part of level 1 and level 2 of St Andrew's House.

18. The balance sheet of SDS as at 31 December 2010 can be summarised as follows –

\$000s	31 December 2010	31 December 2009
<b>Assets</b>		
<i>Current Assets</i>		
Cash	4,414	4,304
Receivables	213	238
<i>Non-Current Assets</i>		
Investments	500	500
Fixed Assets	908	1,370
<b>Total Assets</b>	<b>6,035</b>	<b>6,412</b>
<b>Liabilities</b>		
<i>Current Liabilities</i>		
Payables	580	485
Interest Bearing Liabilities	1,906	2,585
Provisions	971	845
<i>Non-Current Liabilities</i>		
Provisions and other Liabilities	267	346
<b>Total Liabilities</b>	<b>3,725</b>	<b>4,261</b>
<b>Equity</b>		
Capital	2,062	2,062
Accumulated Surpluses	248	89
<b>Total Equity</b>	<b>2,310</b>	<b>2,151</b>

## Service Provision and Organisational Structure

### **Service Provision**

19. The work undertaken by SDS was impacted by decisions of certain diocesan organisations served by SDS to outsource some functions to third party providers –
- In January 2010, St Andrew's House Corporation outsourced the property management of St Andrew's House to an external property manager.
  - During 2010, Glebe Administration Board outsourced the investment management and accounting functions for the Diocesan Endowment to third party providers. Anglican Church Property Trust Diocese of Sydney made similar decisions in relation to the investment management and accounting functions for the Long Term Pooling Fund.
20. Staff of SDS managed the outsourcing of these functions on behalf of the relevant organisations. However, as these functions had previously been performed by staff of SDS, the decisions would result in a substantial reduction in the fee income to be received by SDS in 2011, and necessitated a substantial restructuring of the organisation to reduce costs in 2011 and beyond. A major report about the future size and shape of SDS was provided to the Standing Committee in December 2010.
21. The change in the scope of services to be provided to Glebe Administration Board was the catalyst for SDS to review all service level agreements with the major organisations it serves. By the end of 2010, new service level agreements were in place. The agreements specify the services required to be provided, the standard of such services, and the required reporting requirements. The agreements form the basis upon which each organisation and SDS can assess the standard of the services provided, and also form the basis for negotiating the fee payable by each organisation to enable SDS to recover its costs of serving that organisation.
22. Performance in accordance with each of the service level agreements is regularly monitored by the senior management of SDS, and by SDS through its Services and Resources Committee.

## ***People, Learning & Culture***

23. 2010 was a significant year for the staff of SDS.
24. Our Chief Executive Officer, Steve McKerihan, commenced sick leave on 11 February 2010 and resigned on 28 April 2010. Mark Payne, then General Manager, Parish & Property Services, was appointed Acting Chief Executive Officer on 24 February 2010 and Chief Executive Officer on 17 November 2010.
25. During 2010, the number of staff members in SDS was reduced from 59.4 full time equivalents to 48.4 full time equivalents. The reduction in staff numbers arose as a consequence of the need for SDS to reduce costs, particularly by reason of the outsourcing of the investment management and investment accounting functions previously undertaken for Glebe Administration Board and the Property Trust. The reduction in staff numbers was achieved partly by natural attrition, but also by way of a number of position redundancies which were announced in November 2010. While the outsourcing of the investment management and accounting functions were the principal catalysts for the reduction in costs, all divisions were impacted by the restructuring decisions.

## ***New Organisational Structure***

26. There were significant changes in the organisational structure of SDS. There are now 7 operating divisions of SDS. Those divisions, and the nature of the work undertaken by those divisions, is as follows –

### *Chief Executive*

- Oversight of the management of SDS and the performance by SDS of its obligations under the service level agreements with the organisations served by SDS.
- People, Learning & Culture (human resources).
- Office Services.

### *Diocesan & Corporate Services*

- Managing the provision of services to the Synod, the Standing Committee and their subcommittees.
- Providing legal support to parishes as part of the parish risk management program.
- Providing corporate secretarial services to SDS, Glebe Administration Board and St Andrew's House Corporation.
- Overseeing the risk management programs of SDS and Glebe Administration Board.

### *Commercial Property & Parish Support Services*

- Managing the provision of services to St Andrew's House Corporation (in respect of St Andrew's House) and Glebe Administration Board (in respect of St James' Hall).
- Managing the provision of services to the Endowment of the See.
- Administering the parish cost recoveries system (central payment of superannuation and other benefits for clergy, and insurance, and the recovery of the costs thereof from parishes by way of the parish cost recoveries charge).
- Providing advice to clergy and parish officers about ministry staff remuneration and parish administration.
- Managing the parish risk management program.

### *Finance*

- Maintaining financial records for SDS and all organisations served by SDS.
- Payroll administration.

### *Investments*

- Managing the investment portfolios of the Diocesan Endowment and the Long Term Pooling Fund.
- Administering the provision of services to the Sydney Church of England Finance & Loans Board.
- Managing the banking services provided by the Diocesan Endowment (deposits in the Glebe Income Accounts, loans and treasury functions).
- Overseeing the Parish Planned Giving program (electronic collection and offertory and donations on behalf of parishes).

### *Parish Property Services*

- Managing the provision of services to Anglican Church Property Trust Diocese of Sydney and its Long Term Pooling Fund and Insurance fund, and the Mission Property Fund.
- Providing advice and assistance to parishes in connection with parish property and parish insurances.

### *Technology*

- Managing the technology needs of SDS and the organisations to which SDS provides technology services.
- Overseeing the Diocesan Area Wide Network (by which broadband internet access is available for parishes) and the Parish Activity Manager.

27. A significant initiative during 2010 was the reinvigoration of the human resources function within SDS. This has been undertaken to enable SDS to better support and encourage its staff. Initially the focus of the human resources initiatives (referred to as People, Learning & Culture) was to ensure that the position descriptions of all staff were reviewed and updated, particularly in light of the organisational restructure. Subsequent initiatives have focussed on policy review and development in the following areas –
- Organisational values
  - Remuneration
  - Learning and development
  - Performance review
  - Grievance handling procedures
  - Flexible work practices
  - Occupational health and safety
28. A number of forums have been established to enable staff to have input and provide feedback about the work practices of SDS. SDS will undertake its next staff survey during the second half of 2011 to measure overall staff satisfaction.

## Achievements in 2010

29. The following paragraphs summarise the key achievements of SDS during 2010 on behalf of the organisations it serves –

### *Synod and Standing Committee*

- Successfully managing the meeting of Synod in October 2010, and the meetings of the Standing Committee and its subcommittees throughout the year.

### *Parishes*

- Managing the parish risk management program, including responding to about 300 requests for legal support from parishes, preparing and releasing updated materials to parishes, and facilitating a number of training days across the Diocese.
- Operating the Diocesan Area Wide Network which provides broadband internet access for parishes at competitive rates.
- Completing the program by which all parish properties were inspected for the presence of asbestos and other hazardous materials. The program was completed 1 year ahead of schedule.

### *Glebe Administration Board*

- Developing the investment policy statement for the Diocesan Endowment.
- Managing the outsourcing of investment management and investment accounting.
- Managing the approval of 4 new loans totalling \$7.6 million, ranging in size from \$330,000 to \$5 million.
- Overseeing the negotiation of leases for the St James' Hall building.
- Completing the major capital works project involving the refurbishment of all toilets in the St James' Hall building.

#### *St Andrew's House Corporation*

- Preparing and reviewing long term financial projections for the St Andrew's House fund.
- Planning for the undertaking of capital works upgrade works in the building, upon the expiration of the lease of the major commercial tenant.
- Appointing the agent for the leasing of the tower upon the expiration of the lease of the major commercial tenant.
- Managing the outsourcing of the property management of St Andrew's House tower and arcade.
- Leasing of Ground Floor North.
- Overseeing a review of the operations of the car park.
- Undertaking capital works in accordance with approved budget.

#### *Anglican Church Property Trust Diocese of Sydney*

- Facilitating transactions in relation to parish properties and overseeing the investment of funds held for the purposes of parishes.
- Developing the investment policy statement for the Long Term Pooling Fund, and managing the outsourcing of investment management and investment accounting for that Fund.
- Managing the parish insurance program including negotiating the renewal of policies, the provision of information about policies, and the processing of claims.
- Overseeing the completion of major construction projects at Naremburn and Rooty Hill, and the commencement of major projects at Berowra, Broadway and Dapto.

#### *Mission Property Committee*

- Acquiring "greenfields" sites for new ministry centres at Oran Park, Leppington and Stanhope Gardens.
- Approving the commencement of major ministry centre construction projects at Berowra, Broadway and Dapto.

#### *Sydney Church of England Finance & Loans Board*

- Managing the approval of 10 new loans totalling \$1.9 million ranging in size from \$30,000 to \$520,000.
- Managing the introduction of new risk management and audit procedures.

## Opportunities for 2011

30. Following the organisational restructure of SDS undertaken in 2010, it is expected that 2011 will be a year of consolidation. The opportunities for SDS in 2011 include the following –
- Further engaging with the organisations served by SDS to refine the service level agreements.
  - Further developing performance measurement methodologies to ensure the quality of the services provided.
  - Refining income and costs to ensure recovery by SDS of the costs of serving Diocesan organisations.
  - Developing a capital maintenance policy to ensure that SDS is appropriately capitalised for financial sustainability in future years.
  - Further developing the People, Learning & Culture initiatives within the organisation.
  - Enhancing the identification and management of key risks in the organisation.
  - Reviewing the accommodation needs of SDS, as a consequence of the significant reduction in staff numbers in recent years.

MARK PAYNE  
**Chief Executive Officer**

30 March 2011

# Annexure A

## Sydney Diocesan Secretariat – Senior Staff Organisation Chart – 30 March 2011

