



*Just think about it*

# Letter from the Chairman

During FY2015, Primary Ethics continued to expand at an extremely pleasing rate as we entered our fifth year of operation. We introduced Kindergarten students to ethics classes for the first time in July 2014, something I've been looking forward to since we started our curriculum journey with Dr Sue Knight in 2011. Sue received international recognition for her Primary Ethics curriculum in FY2015 – accolades she richly deserves.

In March 2015, we received a promise of extended support from the Kinghorn Foundation, which had initially offered \$500K pa towards our operating expenses, starting in 2013. Making another enormous impact on our future viability, The Kinghorn Foundation's annual support was generously extended from three to eight years, now taking us through to June 2020. The Berg Family Foundation also made a \$1m commitment to the Primary Ethics Future Trust over the next four years – another extraordinarily generous donation and an important social investment in a more ethical future Australia.

Our net volunteer numbers increased by 41%, while student numbers increased by 52%. By the end of June 2015, we were teaching ethics classes in 383 schools across the state.

I'd like to acknowledge the incredible work being done by all of our volunteers across NSW. They are the essence of Primary Ethics and an inspiration. Thanks to all, including our Ethics Teachers who turn up each

week to engage students in ethical discussions; our Ethics Coordinators who liaise with the principal and spearhead the introduction and smooth operation of ethics classes in each school; our Regional Managers who start new schools and manage all the volunteers in a particular area; members of our Classroom Support Team who observe and provide one-on-one coaching to Ethics Teachers at the 'chalkface'; and our trainers who we pay well below their market rate, meaning that they donate much of their time and skills to training all of our new Ethics Teachers at venues all around the state.

This year also featured a few major changes in our operating environment – one that has ended well and another that has not. In late 2014, we found that our free accommodation at Snowy Hydro was soon to conclude. One of our major donors, Rob Keldoulis, signed as guarantor on a new lease for Primary Ethics in our own office in a modern building in Potts Point, paid for the fit-out and is also donating our rent for at least the first 3-year term. Thanks to Rob, our security of tenancy has resolved a major organisational issue.

I'd like to thank our major corporate partners: Un Ltd Foundation, GPT Group, Janison, Loqium, QBE, Foundation, 303 Lowe and Ernst&Young. These organisations have donated their time, services, expertise and use of their assets, providing a hugely positive impact on our productivity, brand profile, expansion capability and bottom line. They give us

their professionalism – something we could otherwise not afford.

On December 16, 2014, following direction from NSW Premier Mike Baird, the Department of Education sent a letter to all principals advising them to withhold information from all parents (including parents of newly enrolled students) about the existence of ethics classes in their schools and to only give information to those who had already rejected religion as an option for their children. This was contrary to department policy and published procedures at the time. Following a freedom of information search, Primary Ethics discovered that the enrolment form was also to be changed to exclude the checkbox to enrol into ethics classes, leaving religion the only option. This unwelcome political interference has created a difficult environment, especially in schools where we currently have no volunteers.

Looking forward to FY 2016, we will continue to fight for equal treatment of all parents and their children, regardless of their faith. We must inform parents directly about their children's legislated right to attend ethics classes, despite misinformation or no information being given to them through schools. This is a difficult and costly exercise that we hope to manage through the pro bono support of some of our marketing and media partners.

Our efforts in volunteer attraction and retention will

## Letter from the Chairman, continued...

focus on expanding into greater western Sydney where potential is enormous, and we will continue to seek funding to ensure the organisation's long-term viability.

I'd like to thank my fellow directors on both the Primary Ethics board and the Primary Ethics Future Trust board for their support and guidance. I am also extremely grateful to our dedicated CEO and small staff of seven who do a remarkable job managing an increasingly large and complex organisation of almost 2,000 people right across the state.



Bruce Hogan AM

**Chairman**

*"The response from our school community (so far) has been fantastic. I am loving Primary Ethics, I get amazing feedback from my students and their parents -- so glad I signed up."*

Kate Priddle, Volunteer Ethics Teacher, Eastwood Heights Public School

*"I love being an Ethics Teacher. The kids constantly astound me with the depth of their thinking and insights into their worlds. I highly recommend it. It takes so little time and the rewards are beyond words."*

Jacinta Rowe, Volunteer Ethics Teacher



**Primary Ethics would like to thank the following individuals and organisations for their generous donations...**

Kinghorn Foundation

Berg Family Foundation

Paradice Family Foundation

Georgiana & Cameron McCullagh

Max Bowen

Gray Family Foundation

Ainsworth Foundation

Robert Keldoulis

Hunt Family Foundation

Hogan Family Foundation

Chris Cuffe Foundation

Rob Ferguson

Colin Bell

Ian & Linda Martin Charitable  
Foundation

Nine Links Foundation

Gonski Foundation

Robin Low





# Primary Ethics Board



(L to R) : Scott Mannix (Company Secretary), Simon Longstaff, Robin Low, Nigel Stokes and Bruce Hogan (Chairman)

# Letter from the Primary Ethics Future Trust Chairman

The Primary Ethics Future Trust has an ambitious objective - to effectively guarantee the long term existence of Primary Ethics and the great work it does. To achieve this, it is seeking to raise sufficient capital (via donations from the public) and to invest this wisely over time such that the income generated will fully support the Primary Ethics organisation in perpetuity, including its small number of staff and its 4000+ future volunteers.

To achieve our objective, our aim is to eventually have a capital pool of \$20 million in size. The net assets of the Primary Ethics Future Trust at 30 June 2015 stood at \$3.9 million, so we are still in the early stages of our journey. However, given the trust was only established in September 2013, and FY15 was its first full year of operation, we are satisfied with the growth to date.

The Board of the Primary Ethics Future Trust, which provide their services on a pro bono basis, has two key roles: finding new donors; and selecting/monitoring the investments and performance of the trust.

We use the considerable networks of our board members to seek out high net worth individuals and charitable foundations who may be interested in

contributing to the Primary Ethics Future Trust.

In this regard, special thanks in particular goes to Nick Greiner who has helped us meet with a number of the new major donors in FY2015 resulting in cash and new pledges from donors over the year totalling \$1.7m.

The assets of the trust are invested in a broad array of securities. This includes Australian shares, international shares, infrastructure securities, fixed interest and cash. We do this within the parameters of an investment framework which documents investment guidelines and controls. The investment objective is to achieve a return after fees at least equal to CPI inflation + 5% per annum, measured over rolling 7 year periods. I am pleased to report that during FY15 the trust achieved a very satisfactory return on its investments of 13.2%. During the same period returns from cash were below 3%. To assist the board with our investment role I would particularly like to thank my fellow directors Steve Knight and Piers Bolger for their valuable advice during FY2015.

Primary Ethics has been given a unique opportunity to enter our schools and use a world-leading curriculum created to teach a generation of Australian children how to develop ethical thinking skills that they will take

with them into adulthood. I see this as an imperative social investment. I urge you all to support the organisation and its thousands of volunteers who are doing an extraordinary thing for our society – a society that seems to be losing sight of the importance of the ethical dimension vital in business, the professions, academia, politics, the justice system and in all our institutions - to create a better future for generations to come.



Chris Cuffe

**Chairman, Primary Ethics Future Trust**



# The Primary Ethics Future Trust Board



(L to R): Scott Mannix (Company Secretary), Bruce Hogan, Chris Cuffe (Chairman), Steve Knight, Piers Bolger and Nick Greiner (absent)



# FY 2015 : 1,800 Primary Ethics volunteers

In 2015, Primary Ethics delivered classes to 29,000 children across 383 schools, thanks to more than 1,800 wonderful volunteers.



Volunteer ethics teachers in training. All volunteer ethics teachers must complete two days of training plus a range of online courses prior to teaching children in NSW schools.



# Highlights of FY2015

Goals - in FY2015, our major focus was to:

- ✓ Roll out curriculum to Kindergarten students
- ✓ Complete the writing of our entire Kindy-Year 6 curriculum
- ✓ Upgrade our e-learning system
- ✓ Increase the total number of volunteers from 1,275 to over 1,800
- ✓ Increase numbers of students from 19,000 to 27,000
- ✓ Expand into schools in greater western Sydney and larger regional towns
- ✓ Develop a direct relationship with the parents of children in ethics classes, and
- ✓ Build our capital fund, the Primary Ethics Future Trust (PEFT), towards our \$20m goal

*'From a professional development point of view, teaching ethics is the best thing I have done. Every week, it makes me think - it has changed the way I think about things, about people and situations. I'm less judgemental and more mindful.'*

Carol Malcom, Ethics Teacher at Sawtell PS,  
HR Specialist and Owner Director, Workplace Success



# What we did

## Primary Ethics Staff

In FY15, Primary Ethics employed seven people in six full-time positions who continued to attract, recruit, support, engage, vet and train our fast-growing volunteer workforce that organises and teaches ethics to children in their communities.

## Curriculum

Our curriculum author, Dr Sue Knight, continued on towards completion of her enormous project to write 280 lessons covering 76 topics for primary-aged children.

## Donors

We used the considerable networks of members of our PEFT board to meet a number of generous high net worth individuals and members of their foundations who became donors.

## Politics

A huge amount of staff, board and volunteer time was focussed on dealing with the issues that resulted from Premier Baird's direction to the Department of Education to exclude ethics classes from the enrolment form. This unwelcome political interference created a difficult environment in schools across the state where principals were confused about what information they could or couldn't give to parents – and when.

## New Office in Potts Point

In late 2014, we were notified that our free accommodation at Snowy Hydro was soon to conclude. One of our major donors, Rob Keldoulis, signed as guarantor on a new lease for Primary Ethics in our own office in a modern building in Potts Point, paid for the fit-out and is also donating our rent for at least the first 3-year term. Thanks to Rob, our security of tenancy has resolved a major organisational issue.





The  
Primary  
Ethics  
Team



Teresa Russell  
CEO



Alisa Kelley  
General Manager



Maria McCarthy  
Development Manager



Heidi McElnea  
Administration Manager



Hana Abbott  
Administration Assistant



Karen Lee  
Training Manager



Debbie Kearns  
Volunteer Manager



# Operational highlights

## FY15 Primary Ethics highlights included:

### Curriculum

- ➔ The rollout curriculum to Kindergarten students in Term 3, 2015, although uptake built to its peak in Term 4 2015
- ➔ Dr Sue Knight almost completed the writing of our entire Kindy-Year 6 curriculum, with just a few topics for Kindy and Year 1 to go



Dr Sue Knight

Primary Ethics Curriculum Author

### Growth

- ➔ Increased the total number of volunteers from 1,275 to 1,800 in 383 schools
- Increased numbers of students from 19,000 to 29,000
- ➔ Expanded into some schools in greater western Sydney and larger regional towns, but not at a rate we'd like

### Stakeholders

- ➔ Developed a direct relationship with the parents of children in ethics classes by launching the primaryethics@home newsletter to 3,000 parents.

This newsletter tells parents about what their children are talking about in the classroom and gives them exercises and activities to reinforce the learning and to keep the conversation going around the dinner table.

### Marketing and communications

- ➔ July 2014: TV, news and radio coverage of the launch of the Kindergarten curriculum
- ➔ December 2014 – March 2015: Channel 9 runs ethics classes ad across the state
- ➔ April – June 2015: Extensive media coverage, spearheaded by the Sydney Morning Herald, about the government's plans to remove ethics classes from the enrolment form
- ➔ June 2015: JCDecaux City poster campaign at 135 sites in Sydney CBD calling for volunteers

### Systems

- ➔ Continued to work towards upgrading our Janison e-learning system



**Thank you to all our volunteers...**





# Thank you to all our donors and supporters...

The Kinghorn Foundation, Berg Family Foundation Pty Ltd, Paradise Family Foundation, Georgiana & Cameron McCullagh, Max Bowen, Gray Family Foundation, The Ainsworth Foundation, Robert Keldoulis, The Hunt Family Foundation, Hogan Family Foundation, Chris Cuffe Foundation, Rob Ferguson, Colin Bell, Ian & Linda Martin Charitable Foundation, Nine Links Foundation, Gonski Foundation, Robin Low, Australian Philanthropic Services, Wilson Asset Management, Sam Weiss, Susan Gabriel, Bruce Morgan, Alan Cameron, Percy Allan AM, Helen Lynch, Phillip Brenner, Lenore Grunsell, Lucia Bylhouwer, David Smithers, Nick Moncrieff, Anne Mullin, David Hirsch, Colin Jones, Lisa Smith, David Corby, Francis Prentis, Ellen Bannister, Michael Ahrens, Joanne Taylor, Joy Nason, Dr Nick Moncrieff, Ms Michelle Wareham, Denese Oates, Dimi Rigas, Alope Phatak, Simon Stone, Daniel & Suzy Kenny, Priscilla Beresford, Beverley Jan, Maurice McNeil, David Callaghan, David & Annabelle Bennett, Nigel Hearn, Andrew Goldstiver, Peta Butcher, Brian Morris, Nathan Gobsill, Anthea Hall, Craig Stephen, Robert Mann, Clair Maurice, Elisa Arcioni, Richard Holmes, Shelley Crowe, Madeline Goldie, David McEwen, Wesley Doak, Mervyn Tan, Timothy Banner, Glen Lovitt, Daniel Mostovac, Shaun Kelleher, Paul Sowter, Carlos Felix, Carol Newall, Paul McPherson, Guan Kean Sim, Hannah Moran, Nicola Beynon, Emily Fuller.

## Financial support

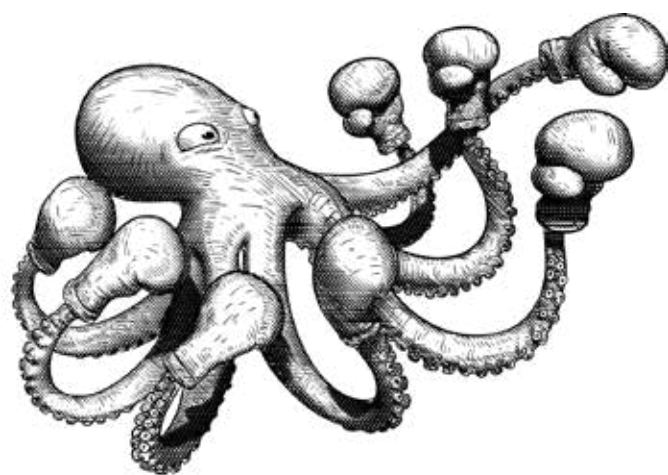
We are extremely grateful to the Kinghorn Foundation that extended its promised donation towards our operating capital from \$500K for three years to \$500K for eight years, completing in FY2020.

Primary Ethics received cash and new pledges from new donors to the PEFT totalling \$1.7m, including an extremely generous donation from the Berg Family Foundation for \$1m over four years.

## In-kind support

Thanks to the generosity of a small number of corporate partners, we received \$459K of in-kind donations in FY15 from UnLtd Foundation, GPT Group, Janison, Loqium, QBE, Foundation, 303 Lowe and Ernst&Young. This included advertising and marketing strategy and implementation, professional services, website support, provision of an e-learning platform and provision of training rooms.





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M U L L E N L O W E



Foundation



# Financial report

INCOME STATEMENT	FY2015	FY2014
<b>REVENUE AND OTHER INCOME</b>		
Donations	1,833,804	1,232,123
Donations - In Kind	4,392,454	4,087,542
Non-Government Grants	-	500,000
Sponsorships	-	-2,500
Investment Income	400,654	33,532
Other incidental income	225	
<b>TOTAL INCOME</b>	<b>6,627,137</b>	<b>5,850,697</b>
<b>EXPENSES</b>		
In Kind	4,392,454	4,087,542
Administrative expenses	722,009	503,529
<b>TOTAL EXPENSES</b>	<b>5,114,463</b>	<b>4,591,071</b>
<b>PROFIT/(LOSS) FOR THE YEAR</b>	<b>1,512,674</b>	<b>1,259,626</b>
Other comprehensive income	-	-
<b>TOTAL COMPREHENSIVE INCOME FOR THE YEAR</b>	<b>1,512,674</b>	<b>1,259,626</b>



The comprehensive Primary Ethics Ltd Consolidated Financial Report for the year ending 30 June 2015 may be downloaded from <http://primaryethics.com.au/annualreports.html>.

# Financial report

BALANCE SHEET	FY2015	FY2014	BALANCE SHEET <i>continued</i>	FY2015	FY2014
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>		
Cash and cash equivalents	1,444,267	1,245,779	Short Term Loans	200,000	-
Trade and other receivables	92,364	6,987	Payables	28,190	400
Tax Credits	8,170	970	Employee Liabilities	40,491	54,455
<b>Total Current Assets</b>	<b>1,544,801</b>	<b>1,253,736</b>	<b>Total Current Liabilities</b>	<b>268,681</b>	<b>54,855</b>
<b>OTHER ASSETS</b>			<b>NON CURRENT LIABILITIES</b>		
Prepayments	8,942	-	Director Loans	250,000	230,000
Investments	2,990,636	1,585,295	<b>Total Non Current Liabilities</b>	<b>250,000</b>	<b>230,000</b>
Office Equipment	12,400	-			
<b>Total Other Assets</b>	<b>3,011,978</b>	<b>1,585,295</b>			
<b>TOTAL ASSETS</b>	<b>4,556,779</b>	<b>2,839,031</b>	<b>TOTAL LIABILITIES</b>	<b>518,681</b>	<b>284,855</b>
			<b>NET ASSETS</b>	<b>4,038,098</b>	<b>2,554,176</b>
			<b>FUNDS</b>		
			Retained earnings at the start of the year	2,525,424	1,260,798
			Current Year Suplus/Deficit	1,512,674	1,264,626
			<b>TOTAL FUNDS</b>	<b>4,038,098</b>	<b>2,525,424</b>

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