



Australian
Scholarships
Group

SUPPORTING CHILDREN'S EDUCATION

report in brief

2008-2009





Supporting the goals of parents,
students and the community

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Annegret Poenitz commenced with ASG in 1991.

What we are

ASG is a not-for-profit friendly society that specialises in helping parents prepare for their children's education.

Our long-standing commitment to children's education dates back to 1974 and has gained us a reputation as a caring community-orientated organisation.

Our unique position as a not-for-profit friendly society has enabled us to concentrate our focus on our Members' funds while maximising our ability to service their needs.

What we do

At ASG we make a positive difference to the lives of children through supporting children's education. One way we do this is through ASG's Education Program™. We prepare parents, and with the recent introduction of our Future Education Program we prepare prospective parents, for their children's education costs. This is our first step towards making a difference.

Learning experiences happen every day, everywhere: in child care centres, schools and homes. These experiences help shape children's schooling choices and that's why a holistic approach to children's education is needed.

Our teacher and parent resources, teaching award programs and educational products promote positive learning experiences and encourage children to reach their potential.



Why parents choose ASG



Trusted

As a not-for-profit organisation, ASG focuses on what's important to its Members and that's providing for their children's education.

Since 1974 more than 380,000 parents have trusted ASG to help them prepare and provide for their children's education.

Experienced

With 35 years behind us, ASG is experienced when it comes to the management of education funds. Our expertise includes the management of funds in challenging times like those experienced throughout the 2008–09 financial year. In fact, ASG funds fared better than many comparable funds.

Responsible

For ASG it's about doing our best for our Member parents and their children. Responsible management of Members' funds is important at all times, especially during an economic downturn.

Throughout the year further steps were taken to limit the impact that the economic climate had on Members' funds.

Committed

ASG is committed to supporting children's education. This long-standing commitment extends beyond our education program to include support initiatives that aim to provide children with education opportunities and an enhanced educational experience.

Who we are

Meet the Senior Management Group



Keith Townend
Chief Executive Officer

“It has been an incredible initiation for my first full year in the role of Chief Executive Officer. The past 12 months have seen global events that have changed the world’s financial landscape as we have known it; never has it been so important to ensure families both in Australia and New Zealand hear ASG’s message.

Throughout the year we:

- continued to be diligent in pursuing our mission of supporting children’s education
- closely monitored and implemented actions to limit the impact of the economic climate, while maintaining our focus on Members’ longer-term goals
- embraced the full implementation of our new management structure
- further realised our vision by creating education opportunities with more than 51,000 students having their secondary or post-secondary education supported by ASG – a significant achievement by ASG and its Member parents
- complemented our holistic vision of education support through community initiatives, including the national teaching awards – NEiTA, You Can Do It! Education, student resource website – Career Kaleidoscope, parenting website – KidsLife, and ASG’s education journals.

In my new role, I have again been reminded that the effectiveness of our organisation is due largely to the high calibre of the people that make up ASG. As the leader of the ASG team I value the significant contributions of the Board, Senior Management Group, the Leadership Team, Staff, Centre Managers and ASG’s Counsellors throughout Australia and New Zealand”.



Kevin Brown
General Manager
Finance and Investment

“ASG’s Finance and Investment teams operate within a highly regulated environment and are responsible for the accurate processing, recording and reporting of the Society’s financial information. Our focus during 2008–09 was to minimise the impact on Members’ funds from the changing global economic conditions, as well as the increased monitoring and reporting this required.”



Michelle Hunder
General Manager
Development

“It’s an important time for us to ensure families understand ASG’s message and to coordinate our activities to further develop our vision of creating education opportunities for Australian and New Zealand children. In 2008–09 we increased the flexibility of ASG’s Education Program™ by introducing a primary education option for families with children under two years and by introducing the Future Education Program for would-be parents.”



Warwick James
General Manager
Operations

“ASG Operations covers the areas of Member services, building management, marketing and promotions, and subsidiary operations for educational products in Australia and New Zealand. The past year has seen continual improvements in Member service processes and satisfaction, as well as initiatives to reduce our impact on the environment.”



Bojan Krajcar
General Manager
Systems & Technology

“ASG’s systems use mature and proven technologies in a prudent and cost effective way to ensure that Members’ data is both well protected and easy to access. During the year we focused on improving the service to our Members by upgrading our phone system and enhancing our online services.”

Who we are

Meet the Staff

ASG staff are committed to working with the Society to help create opportunities for children. During 2008–09 three staff members, Vicki Stavropoulos, Penny Graydon and CEO Keith Townend, were awarded ASG’s highest tribute – the ASG Honour Award for their outstanding commitment to the Society.

ASG staff are also committed to working with the community. Our staff fundraising efforts during the

year raised funds for Open Family Australia, which helps young people reconnect with family and community, and the National SIDS Council of Australia.

ASG staff and Counsellors are passionate about children’s education and are experienced. On average, staff have been with the Society for 5.4 years, with 19.3 per cent having been with us for 10 years or more.



Deidre Schultz
Member Solutions

For Deidre Schultz it was a passion for children’s education and the desire to work for an organisation that kept true to its beliefs that prompted her to submit a job application. Now 16 years on, Deidre continues to be an integral part of the ASG team.

“It’s about being able to provide optimum customer service and timely communication with Members regarding their specific enquiries. The investment by ASG in staff training ensures staff remain highly skilled in matters regarding our programs and services, and assists in providing Members with personalised, timely and efficient service.”



Aaron Hobbs
Operations

Aaron Hobbs has been a member of the ASG team for 10 years and assists team members in enhancing our Members’ experiences.

“I enjoy working for an organisation that has a strong belief in its staff and that promotes and genuinely believes in what it represents. It’s rewarding being able to support our team in providing a high level of service to our Members and being able to make a difference to families in the community.”

Building for the future

As ASG continued to build and strengthen its position as a leader and specialist in education benefits, the protection of Members' funds continued to be one of our key commitments.



(from left)

Gary Bickerton – Co-Founder & Non-Executive Director

Terry O'Connell – Non-Executive Director

Monique Sasson Wakelin – Non-Executive Director

*Keith Townend – Chief Executive Officer and
Executive Director*

Gordon Young – Chairman

Leon Nash – Non-Executive Director

Sandra Vallance – Advisor to the Board

Sue Mollison – Company Secretary

Colin Evans – Non-Executive Director

Throughout the year, ASG's Board, in conjunction with management, remained focused on managing our Members' funds along with a significant focus on the future.

Changes to management structure and system enhancements further strengthened our capacity to improve our Members' experiences and protect our Members' funds. Despite the volatility in the global economy, ASG minimised the effects on Members' funds.

Producing the best possible outcomes for our Members throughout the year and in future years remained our focus as we moved forward and continued to plan how best to lead the Society into the future.

More options for families

The 2008–09 year saw ASG take further steps to increase its ability to service the needs of its Member parents and the wider parent community.

ASG's careful attention to parents' needs led to the introduction of the Future Education Program. Released in the early stages of 2009, and the first of its kind in Australia, the program allows prospective parents and grandparents to start planning ahead too.

Furthering its mission of supporting children's education, ASG also extended its program to include a plan for primary school costs. ASG is proud to say that its program now supports children's education from primary level to post-secondary level.



Rosalind Davies

Prospective grandparent and ASG Centre Manager

Soon-to-be grandparent and long-serving ASG Counsellor, now Centre Manager, Rosalind Davies was among the first families to enrol a future child into ASG's newest program: the Future Education Program.

“As an ASG Centre Manager working directly with our Counsellor team, I know first-hand the benefit to families that planning early can have ... It wasn't long after I heard the exciting news that I was going to be a grandparent that I decided to start a fund for my soon-to-be grandchild. It was a great opportunity to get in early and start preparing now for my grandchild's primary education costs.”

Parents continue to plan ahead

When it comes to planning and providing for children's education, ASG remains a preferred choice among parents, and it seems that despite the economic climate parents remain committed. Throughout the year more than 208,000 Member parents continued their commitment to their children's education through ASG.



Michael and Katrina Sampson
Parents

Parents Katrina and Michael Sampson, featured in ASG's *Scholastic* Issue 1/2009, know the importance of being prepared. With eight children under the age of 12 the Sampson's are not leaving preparation to chance.

"All of our children are enrolled with ASG to help provide and encourage them to go on to post-secondary studies. We enrolled them all ... simply because we want them all to succeed."



Barry and Pamela Waldeck
Grandparents

Grandparents Barry and Pamela Waldeck enrolled their first grandson in ASG's tertiary education fund 15 years ago. This was the beginning of achieving their life-long vision and commitment to help provide for their grandchildren's future education. In the 2008-09 financial year Barry and Pamela completed their final contribution ensuring that all 12 of their grandchildren have a tertiary education fund with ASG.

"Our hope is that all our grandchildren will now take up the challenge, and actually do tertiary studies. This will give them an opportunity to have good jobs and a secure future."

Our focus on children's education

Throughout the 2008–09 financial year, ASG continued to move forward and strengthen its focus on children's education. This financial year alone, we assisted more than 51,000 students with more than \$162 million in Member benefits, scholarships and bursaries.

It was also the year that marked a significant achievement: since 1974, ASG has now paid out more than \$1 billion to Member parents and their children in support of children's education.

In addition to our education programs, our School Plan service continued its solid growth and assisted more than 1850 families fund the annual school fees of more than 2700 students. Equating to approximately \$25 million of school fees, this growth represented a 19 per cent increase in fees funded from the previous financial year.

Within ASG's membership 39 children were directly affected by the devastation of the Victorian bushfires and the Queensland floods. Through ASG's disaster relief assistance their families were able to access grants of \$1000 to assist each child. These grants were a high priority for ASG and were funded from the ASG Founders' Fund.

As ASG's focus on children's education remained strong, more children were assisted in reaching their potential. This is why ASG was established and why ASG continues today.



Our support of children's education

Students Jessie McKenzie Lineham, Matthew Johnstone and Laura Hancy are three of the 240,355 children currently enrolled with ASG. Studying at tertiary level, these students are among the many that ASG is proud to assist.



Jessie McKenzie Lineham
ASG Student

ASG student Jessie McKenzie Lineham is in her second year of a Nutrition and Environmental Science degree at the University of Otago in New Zealand and uses her scholarship allowance to support her studies.

Jessie was declared New Zealand Young Achiever of the Year for her research on the impact of riparian planting (planting along waterways) on water quality.

Jessie is keeping her future career options open – it's either a career as a dietician or as an environmental scientist.



Matthew Johnstone
ASG Student

Matthew Johnstone is one of four siblings enrolled for post-secondary benefits with ASG. In his second year of a double degree in Health Science and Business, Matthew plans a career as an accountant.

Living in the country town of Gisborne, Matthew travels 45–50 minutes each way to university. His scholarship allowance has played an important part in meeting his high petrol and living costs.



Laura Hancy
ASG Student

Laura Hancy was enrolled in ASG's program when she was just one. Nineteen years on, Laura is in her third year of a Bachelor of Social Work and Human Services at La Trobe University in Bendigo.

After finishing her degree, Laura will explore the options of either working in a hospital helping people overcome drug or alcohol abuse, or as a school counsellor to help educate adolescents about life skills and to deal with issues such as bullying.

As an ASG student receiving a scholarship allowance, Laura is grateful to her parents for their early planning. She has used her scholarship allowance to purchase university books and to pay a bond for the house she rents to be closer to her university.

Listening to our Members

As a member-driven not-for-profit organisation, we continued our focus on further enhancing our Members' experiences.



During 2008–09, more than 24,000 Member parents were invited to participate in online surveys. The feedback we received from Member involvement in these surveys helped ASG put new processes in place to address response time to Member queries during peak periods. Quality assurance processes were also restructured to increase the effectiveness of our communications by delivering easier to understand information to our Members through communications such as the Member newsletter *ASG's Scholastic*.

The year also marked a new era of internet connectivity for ASG Members and non-members alike. A change in our website system enabled us to update information faster in order to keep Members and prospective members better informed. A complete restructure of the Member's page also provided Members with increased browsing capabilities and easier access to information.

Our online scholarship systems continued to prove effective and as a result, online scholarship recipients were delighted to receive their scholarship allowances earlier.

The information provided to us by our Members throughout the year helped us enhance our Members' experiences and also provided valuable information for us to build on in the future.

Extra benefits for Members

Throughout the year we continued to provide ASG Members with a range of additional benefits.



Members had free access to ASG's online parenting resource, KidsLife, and career development and guidance website, Career Kaleidoscope. Designed to assist parents in helping their children reach their full potential, both websites continued to prove useful to Members.

We continued to offer ASG Members an attractive home loan product through ASG Home Loans. Member parents who took up this offer had the benefit of a 0.5 per cent interest rate rebate on the daily balance of their loan. By the end of the financial year, ASG Home Loans held investments, via mortgages, of approximately \$165 million.

ASG Members were also offered discounts on health insurance through MediGUARD, and on a range of educational products through Marcom Projects.

Our role in the community

Supporting teachers

ASG has a long history of supporting the education community. This tradition continued throughout the year with initiatives such as ASG's NEiTA teaching award program.

NEiTA celebrated its fifteenth year of providing students, parents and others in the school community with the opportunity to officially recognise and thank teachers across Australia and New Zealand.

It was also the year that the first of NEiTA's recently introduced Australian inspirational teaching awards were presented, and in New Zealand the first of the National Excellence in Teaching and Leadership national awards, run in partnership with Cognition Education Limited.

Further expanding on its award program, NEiTA opened the way for non-teaching principals and centre directors to be nominated for future NEiTA award programs.



Lisa Phillips

Teacher at Boambee Primary School, Coffs Harbour, NSW

Nominated by her school community for a NEiTA Inspirational Teacher Award, Lisa Phillips was one of the many teachers recognised across Australia and New Zealand for their role in teaching and inspiring students.

"I was surprised with a presentation of a NEiTA Inspirational Teacher Certificate at our staff meeting among my peers. This was without a doubt the most humbling and rewarding moment in my teaching career to date. I would like to thank NEiTA and ASG for supporting the teaching profession and striving to raise the profile of all dedicated teaching professionals in Australia."



Supporting the wider education community

ASG's support of the education community continued through its education journals. Throughout New Zealand and Australia, more than 10,500 primary schools received three issues of *Education Horizons* and more than 9100 early childhood centres, *Junior Horizons*.

You Can Do It! Education experienced more success with the training of representatives from more than 100 schools across Western Australia, Queensland, Victoria and New South Wales on the principles of children's social and emotional well-being. ASG subsidiary Marcom Projects also continued providing quality education products to school communities, while ASG also continued its support of the May Gibbs Literary Trust *Writers in Residence* program.

Providing resources to families

As a community-focused organisation, ASG continued to provide practical information to families. In addition to our KidsLife website and our support of KidsLife TV, our Positive Parenting pamphlets provided parents with information on children's development. Additionally, we continued our support of Kidslife – a valuable telephone support resource available to children in New Zealand.

Our regularly released tip sheets and e-guides proved helpful to families and assisted with topics such as parent-teacher relationships, free holiday entertainment, managing education costs and shopping smart for school items.

To inform families about the costs involved with educating children, ASG released its primary schooling and university cost calculators. These complement ASG's existing cost calculator for secondary schooling.

Creating opportunities for children

Through activities such as the 2009 sponsorship of the Australian Family Fisher-Price Child Care Awards, ASG was able to recognise the important role of child care workers as well as create a greater awareness of ASG. By undertaking such activities, ASG hopes to create more opportunities for children – the very heart of what we are about.

ASG was also proud of its association with the Children's Charity Network, which promotes young writers and artists. Through the sponsorship of two awards, the ASG Literary Awards and the Young Art Awards, ASG is able to provide children with opportunities to develop their skills.

The year also saw ASG open the way for two ASG enrolled secondary students to attend the International Space Camp for Students, held in the USA. Representing Australia, these students shared experiences with more than 30 delegates from across the world.



Chairman's report

With the advent of the Global Financial Crisis (GFC), some Members may well have found the 2008–09 year financially stressful. The Board joins with me in wishing those Members and all Members more favourable times as the new financial year unfolds.

Investment market

At present, we are still living in uncertain times. The recovery looks to have started but some forecasters are warning we could be in for a second drop in the investment markets. The Board is alert to the opportunities that will occur if the market continues to rise and the Investment Committee will continue to monitor the global situation for any negative signs.

In addition to our established practice to invest in more conservative balanced funds, the Board endorsed two main Investment Committee strategies. The first was to hold new contributions to the balanced funds in cash investments until the market makes a definite recovery. The second strategy was to delay the roll-over for those New Zealand Members who voted to move into balanced funds.

Strategic planning

In our strategic planning the Board established a challenging set of 24 projects with the Society's Senior Management Group. Some of the more significant projects included the following:

- An evaluation and consequential refinement of our new business development strategy, initiated by our former Managing Director, Terry O'Connell.
- A comprehensive analysis of our carbon footprint and water usage, and the identification of measures we will be able to take over the next few years to effect positive changes.
- A study into the complementary services we provide to identify the level of value to Members.
- Linked with the above project, an analysis of our subsidiary companies to identify their contemporary relevance to the business of the Society and any additional synergies we may be able to achieve between them and our services.

Disaster relief

I am sure Members would have felt deeply for the unfortunate victims of the Queensland floods and the Victorian bushfires. The Board was particularly concerned about the effect on the children whose parents lost their homes or, tragically, their lives in these events.

In addition to ASG's existing assistance in cases of family hardship, the Board assured Members affected by the floods or bushfires that individually tailored support for contributions was available, and special one-off grants of \$1000 were provided for the enrolled children of ASG Members suffering flood or fire hardship. The grants were paid out of the ASG Founders' Fund and not from Members' funds or scholarship pools.

The Board announced that it would suspend repayments on any ASG Home Loan for affected Members for up to three months, and that no late payment penalties would be charged.

Community engagement

For some years the Board has supported community engagement initiatives. ASG was the first to initiate national awards for excellence in teaching by establishing the NEITA Foundation in 1994. This year's 10 national awards brought the total number of national awards presented to teachers since the Foundation's inception to 345. Once again, in conjunction with NEITA, we sponsored the Australian award for a teacher to attend the NASA affiliated International Space Camp for Educators in Alabama, USA.

We also continued sponsorship of a longitudinal study into early learning and literacy development being conducted by the Faculty of Education at The University of Melbourne.

Other activities we supported in the community included the May Gibbs Foundation, which sponsors the authors of children's books; the Children's Charity Network, which provides children's Literature and Art Awards; and we provided training grants to schools for the You Can Do It! Education, emotional development programs for children from Kindergarten to Year 12.

You can see there is a pattern to our community engagement. The Board supports those activities that enhance education, which benefit children in general, as well as the children of our Members. The Society's mission of supporting children's education is also enhanced through these associations and organisations. We are in the process of establishing The ASG Foundation, which will oversee our future community engagement activities.

New Learning opportunity

For the first time, ASG provided the opportunity for two of its Members' children to represent Australia at the International Student Space Camp. This resulted in a large number of outstanding applications from ASG students. The two selected to attend showed exceptional aptitude in their academic and extra-curricular school activities. Sabine Bellstedt, a Year 11 student from Castle Hill High School in New South Wales, and Olias Bartel, a Year 12 student from Birdwood High School in South Australia, were selected to join 35 international student delegates at the 2009 International Space Camp for Students at the US Space and Rocket Center, Alabama, USA.

Space camp is described as the "ultimate science experience" where students apply their classroom knowledge to the challenges of space while working through communication and cultural barriers. ASG plans to offer the opportunity again in 2009-2010 and encourages applications from interested ASG students.

Expression of appreciation

I would like to express my sincere appreciation to my fellow Board members for their diligence and excellent performance over the past year. In particular I thank Terry O'Connell for his outstanding contribution as General Manager, Chief Executive Officer and then Managing Director, for over 26 years. We are delighted to continue to enjoy his wisdom and enthusiastic participation on the Board as a non-executive director. I would also like to congratulate Keith Townend for his very successful contribution as our new Chief Executive Officer for the past 12 months.

G W YOUNG (DR)
Chairman

Extract of Directors' report - relating to directors

The directors of the Australian Scholarships Group Friendly Society Limited submit herewith the annual financial report for the financial year ended 30 June 2009. In order to comply with the provisions of the Corporations Act 2001, the directors report as follows:

Directors

The names and particulars of the directors of the Society during or since the end of the financial year are:

Name	Qualifications	Particulars
G W Young (Dr) (Chairman)	B.Ed.E., B.Ed M. Ed., Ed. D. F.A.I.C.D. M.A.C.E. (Life)	Non-Executive Director, first joined the Board in 1994 and last re-elected on 27 October 2006. Educational management consultant, former teacher, lecturer, educational and business administrator. Chairman of the Education Advisory Committee. Also served on the Audit & Risk Management Committee.
G R Bickerton	F.A.I.C.D.	Non-Executive Director and founding member, first joined the Board in 1974 and last re-elected on 31 October 2008. Extensive experience in the friendly society industry and is also the Deputy Chairman of the Society.
C A Evans	F.A.I.C.D. M.I.S.A. (Snr) A.F.A.M.I.	Non-Executive Director, first joined the Board in 1984 and last re-elected on 26 October 2007. Extensive experience in engineering and international marketing. Also served on the Audit & Risk Management committee during the year.
L G Nash	B.Bus M.B.A. F.C.P.A. G.A.I.C.D M.A.I.M.	Non-Executive Director, first joined the Board in 2006 and is Chairman of the Audit & Risk Management Committee. Experience in General Management, Accounting, Business Economics, Human Resources and Corporate Finance.
T P M O'Connell	F.A.I.C.D.	Non-Executive Director, associated with the Society since 1983, first joined the Board in 1988 and last re-elected on 27 October 2006. Extensive experience in business administration and the friendly society movement, Chairman of the Society's Investment Committee, Executive Committee member of the Australian Friendly Societies Association and Chairman of the National Excellence in Teaching Association (NEITA) Foundation.
K J Townend	C.A. G.A.I.C.D.	Chief Executive Officer, first joined the Board in 2000 and last re-elected on 31 October 2008. Extensive experience in finance and business administration both in Australia and New Zealand. Also a member of the Investment Committee.
M K Sasson Wakelin	B.Ed. M.A.I.C.D M.P.R.I.A.	Non-Executive Director, first joined the Board in 2002 and last re-elected on 26 October 2007. Diverse background in the performing arts, education and corporate communications. Representative Member of the R.E.I.V. with extensive experience as a property advisor, author and media commentator on property related matters. Also a member of the Investment Committee during the year.

In accordance with the Society's Constitution, Dr G W Young, Mr T P M O'Connell and Mr L G Nash will retire by rotation. Being eligible Dr G W Young, Mr T P M O'Connell and Mr L G Nash offer themselves for re-election for a further term.

Company Secretary

S L Mollison
Appointed Company Secretary in August 2008. First joined the Society in 1985 and has held numerous operational roles within the organisation.

Advisor

S Vallance
B.App.Sc
M.B.A.
G.A.I.C.D.
Appointed by the Board in 2008 as Advisor to the Board. Currently the Director of Corporate Services with a South Australian based not-for-profit organisation. Participates in board meetings and stands in as an alternate director if any elected director is absent from a meeting for any reason.



Chief Executive Officer's report

The past 12 months have been very eventful with unprecedented market turmoil, and global events changing the world's financial landscape as we have known it. It has been an incredible initiation for my first full year in the role of Chief Executive Officer for the Society. I am sure that no one reading this report has not heard of, or been affected in some way by, the Global Financial Crisis or the GFC as it has become known. Despite this climate the Society has continued to be diligent in pursuing its mission of supporting children's education.

Management changes

During this year ASG has embraced the full implementation of the organisation's new management structure, formulated to lead the Society into the future. Planned for more than 12 months, it was a transition that began in July 2008 and was fully implemented with the retirement of Terry O'Connell, who stepped down as Managing Director after 15 years and more than 26 years working with the Society. Terry O'Connell continues in a non-executive position on the ASG Board and as Chair of ASG's Investment Committee and the National Excellence in Teaching Awards (NEITA).

Members' funds

The Board and the Senior Management Group have continued to closely monitor the Society's performance over the past 12 months and implemented actions to limit the impact of the current economic cycle, while staying focused on the longer-term goals. Returns on the various funds have performed better than many funds with similar investment strategies. I would encourage all Members to visit the Member section of ASG's website to read Member updates on this matter.

Currently ASG is helping more than 208,000 Member parents plan for their children's education. In the past financial year, more than 51,000 students had their secondary or post-secondary education supported by ASG. This year we reached a great milestone, returning to Members and their children more than \$1 billion in education benefits since the Society's inception.

Creating education opportunities

In addition to ASG's focus on managing and protecting Members' funds, ASG concentrated its activities on further developing its vision of creating education opportunities for children in the future. These activities complement ASG's holistic vision of education that comprises education and community initiatives, including its national teaching awards – NEITA, You Can Do It! Education, student resource website – Career Kaleidoscope, parenting website – KidsLife, and ASG's education journals.

Preparedness for education

The Society also commissioned an awareness survey to determine Australians' feelings of preparedness to cope with the costs of their children's education during the global financial downturn. The results of the survey found that more than half of the participants felt unprepared and even when faced with financial issues they still believed

education remained a top priority for their children and grandchildren. The survey found that many parents and grandparents were bracing themselves to endure the short-term pain of lifestyle changes to provide education, and that only 35 per cent of participants had financial arrangements in place.

Recognising Members' vision

I would like to take this opportunity to congratulate all ASG's Member parents and grandparents for their foresight in planning for their children and grandchildren's education. I have observed that it's particularly during tougher times that people realise the importance of education and will try to ensure that their children's education doesn't suffer. Never has it been so important to ensure families in both Australia and New Zealand understand ASG's message. ASG's Education Program™ offers a unique, convenient, and proven way for people to provide future education opportunities. The program can be tailored to suit the needs and budgets of most families. ASG's unique structure of friendly society benefit funds continues to come to the fore because the funds are strictly controlled by individual fund rules and remain distinct from ASG's operational activities.

ASG's Education Program™ innovations

In response to requests from Members, the Society further increased the flexibility of ASG's Education Program™. In January 2009, Members with children under two years of age could elect to further supplement their education program through a primary school option in addition to the existing secondary or post-secondary options.

In an Australian first, the Society also introduced ASG's Future Education Program that provides would-be parents and grandparents with a means of effectively providing for their future children or grandchildren's education. Would-be parents can start contributing to the program from early adulthood when their disposable income is often higher and would-be grandparents can now plan to provide an education legacy for their prospective grandchildren.

Staff and Centre Team changes

During the past year, ASG continued to review its organisational resources. The internal audit and compliance areas were combined into one department ensuring a more focused approach, and we welcomed Ayesha Louw to the Leadership Team as the new Audit and Risk Assurance Manager. After more than 21 years service with the Society, John Habboush retired in December 2008 as Group Investment Manager and Peter Taubman joined the team in that role. In addition, Aileen Tice retired as Canterbury Information Centre Manager, having worked with the Society for more than 17 years. Aileen was succeeded by long-term Counsellor, Anne Junkeer. Sadly, this year ASG mourned the passing of Don McLean, ASG's long-serving Master Counsellor from Elsternwick Information Centre who played a major part in the development of the local community in the Albury region.

Appreciation

In my new role, I have again been reminded that the effectiveness of our organisation is due largely to the high calibre of the people that make up ASG. I would like to take this opportunity to sincerely thank my colleagues on ASG's Board, the Senior Management Group and the Leadership Team for their contribution and support. In addition, I thank all members of our staff, Centre Managers and Counsellors throughout Australia and New Zealand for their commitment and willingness to embrace new opportunities as we focus on the important obligations we have to our Members and future student beneficiaries.

K J TOWNEND
Chief Executive Officer

Extract of Directors' report - relating to operations

Operating Result

	2009 \$'000	2008 \$'000
The profit of the consolidated entity for the financial year was:		
Operating profit after income tax	2,734	6,028

Review of Operations

The report for our 35th year has now been compiled and audited. It has been one of the most challenging years on record. While benefit funds with a balanced investment approach experienced negative returns, we believe we have outperformed similar balanced funds because of the various actions taken by the Society. The management fund made a small pre-tax loss as it was also adversely impacted by the under performing financial markets.

The following are some of the key points from the year (refer to Note 31) :

	2009 \$'000	2008 \$'000	Movement %
Total Assets of the Benefit Funds	1,497,178	1,568,606	-4.55%
Consolidated Management Fund	103,295	107,575	-3.98%
Total Assets	1,600,473	1,676,181	-4.52%

Details of specific funds with Member Funds (policy liabilities) over \$5 million are:

Benefit Fund	2009 Member Funds \$'000	2009 Declared Bonus %	2008 Member Funds \$'000	2008 Declared Bonus %
Scholarship Benefit Fund (Balanced)	387,750	-5.19	400,344	-3.47
Secondary Scholarship Benefit Fund (Balanced)	231,238	-6.19	276,397	-4.90
Students' Education Fund	132,029	-4.49	129,032	-5.45
Scholarship Benefit Fund (New Zealand)	123,076	7.00	122,393	8.25
Students' Education Fund No. 2	71,293	-2.15	62,198	-3.73
The Education Fund	70,972	-2.68	50,249	-4.55
Scholarship Benefit Fund (Fixed)	68,802	8.00	109,815	6.00
Higher Education Cost Saver (Balanced)	62,803	-6.26	63,257	-2.64
Children's Scholarship Fund	57,298	-4.08	53,878	-4.24
Children's Bursary Fund	54,607	-5.03	53,180	-4.92
Secondary Scholarship Benefit Fund (Fixed)	45,858	8.50	75,162	7.50
Supplementary Education Program	45,004	-3.27	28,715	-5.49
Children's Bursary Fund No. 2	38,949	-3.36	33,558	-3.03
Children's Scholarship Fund No. 2	30,839	-2.41	26,225	-3.72
Secondary Scholarship Benefit Fund (New Zealand)	15,797	7.75	17,910	8.50
Tertiary Education Cost Saver Fund (New Zealand)	8,761	6.75	7,826	7.00
Children's Bursary Fund No. 2 (New Zealand)	7,699	-4.01	6,556	-2.63
Children's Scholarship Fund No. 2 (New Zealand)	6,122	-3.89	5,136	-2.73

General Information & Principal Activities

The Australian Scholarships Group Friendly Society Ltd, is a non-listed public entity, incorporated in Australia and operating in Australia and New Zealand, with a membership information centre in Malaysia. The consolidated entity's principal activities in the course of the financial year were the sale and administration of educational and endowment benefits designed to provide for the educational needs of the children of Members; the design, publication and promotion of student achievement programs; and the supply of educational materials to schools, TAFE colleges, universities, libraries and members.

No significant change in the nature of these activities occurred during the year.

Changes in State of Affairs

During the financial year, there was no significant change in the state of affairs of the consolidated entity other than that referred to in the financial statements or notes thereto.

Extract of Directors' report - relating to operations cont'd

Corporate Governance

The directors are responsible for the corporate governance practices of the Society. This statement sets out the main corporate governance practices that were in operation throughout the financial year, except where otherwise indicated.

The Board of Directors

The Board carries out its responsibilities according to the following mandate:

- the Board is comprised of seven directors
- the Board is made up of a majority of non-executive directors
- the Chairman of the Board is a non-executive director
- the directors have a broad range of skills, qualifications and experience
- the Board meets on a monthly basis
- all available information in connection with items to be discussed at a meeting of the Board is provided to each director prior to that meeting.

On the day on which the Directors' Report is made out, the Board consisted of six non-executive directors and one executive director. Details of the directors are set out on the first page of the Directors' Report.

The primary responsibilities of the Board include:

- the approval of the annual financial statements
- the establishment of the long term goals of the Society and strategic plans to achieve these goals
- the review and adoption of annual budgets for the financial performance and monitoring the results on a monthly basis
- ensuring that the Society has implemented adequate systems of internal control and risk management together with appropriate monitoring of compliance activities.

Investment Committee

The Board has established an investment committee to advise on investment management matters and in particular asset allocation and the performance of investment managers engaged by the Society.

Audit & Risk Management Committee

The Board has established an Audit and Risk Management Committee. The Committee provides a forum for the effective communication between the Board and the Society's actuary, external and internal auditors. The Audit and Risk Management Committee reviews:

- the annual financial statements prior to their approval by the Board
- the effectiveness of management information systems and systems of internal control
- the efficiency and effectiveness of internal and external audit functions including reviewing the respective audit plans
- the effectiveness of the risk management and compliance frameworks.

Education Advisory Committee

In addition to the above governance committees the Board has established an Education Advisory Committee. With the exception of the Chairman, members of the Committee are external to the Society and drawn from all states of Australia and New Zealand. All members are chosen on the basis of recognised educational expertise and experience.

The Committee was established to advise the Board on educational trends and developments, which may have relevance for the Society, its services and products.

Code of Conduct

As part of the Board's commitment to the highest standard of conduct, the Society adopts a code of conduct to guide board members, executives, management and employees in carrying out their duties and responsibilities. The code of conduct covers such matters as:

- responsibilities to Members
- relations with suppliers
- employment practices
- responsibility to the community.

Visit www.asg.com.au/annualreport to view the Society's full Annual Financial Report 2008–09.

A Holistic Approach to Supporting Children's Education



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Friendly Society Limited

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Member of



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