

# Summary Annual Report

# 2015 – 2016





*Chandrika and Kumar's five year-old grandson Viduk already has aspirations for a bright future. The grandparents set up three education funds for Viduk in 2012.*



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**ASG blog:**

[www.asg.com.au/blog](http://www.asg.com.au/blog)



# annual report summary

for the financial year ended 30 June 2016

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# who why



*Education positively shapes children's lives. It builds skills for the future, develops resilience for times of hardship and sets students up for future success. At ASG, we believe that every child should have access to a good education and the opportunity to explore and nurture their interests and talents.*

## About ASG

ASG, a member owned organisation with more than 90,000 members, is the largest provider of education scholarship plans in Australia and New Zealand.

Since our inception in 1974, we have supported the education journey of more than 530,000 children, and more than \$2.5 billion in education benefits and scholarship payments have been returned to members and their children.

*ASG is a member owned organisation with more than 90,000 members.*

Our members also enjoy ongoing support from a range of tools and information designed to further their child's academic, social and emotional development. From parenting information to career planning tools, these resources provide advice for all ages—from early childhood to post-secondary.

ASG is incorporated as an unlisted public company under the *Corporations Act 2001* and registered as a friendly society under the *Life Insurance Act 1995*.

## ASG products and services

ASG offers a range of tax effective financial products and educational resources to members, making ASG a holistic education services provider.

ASG's financial products in Australia are its education funds:

- » Pathway Education Fund (PEF) assists families with saving for the cost of education at all learning stages, offering flexibility around contributions and access to funds.
- » The Education Fund (TEF) assists with basic secondary and post-secondary education costs.
- » The Supplementary Education Program (SEP) assists those who have specific education goals in mind, such as private schooling, or those who want to plan comprehensively for their child's future education.

In New Zealand, the Supplementary Education Program (New Zealand) and The Education Fund (New Zealand) are available to members.

As well as

- » ASG School Plan, an annual school fee payment service that spreads school fees out into manageable monthly or fortnightly instalments.



## Our mission

We updated our mission to recognise that education is a lifelong journey. Our ambition is to support the education needs of all individuals—from children to adults at any stage of their lives.

*ASG supports individuals to fulfil their education and lifelong learning*

### We achieve our mission by:

- providing financial products to offset the cost of education and learning
- providing a range of educational resources to support education and learning
- representing members' interests by advocating for the importance of education and learning in nation building.

## ASG's education resources

ASG's education resources include:

- » a range of online resources, e-guides and articles to support children's education
- » educational resources such as Michael Grose's *Parentingideas* Club and Professor Joseph Sparling's *LearningGames*® have been created in partnership with experts in parenting and early childhood development
- » A range of discounts on educational products such as ABC Reading Eggs, ABC Mathseeds and ASG books.

## What makes ASG unique?

- » Tax effective: ASG's education funds qualify as scholarship plans under Australian tax law.
- » Variety of education savings plans: Our education funds offer a flexible or structured approach across all stages of education.
- » Member discounts and offers: We partner with reputable education specialists and organisations to offer member only discounts and benefits.
- » Education information: Members enjoy access to an exclusive website where they can read a range of articles focused on children's development—from birth to post-secondary.
- » Profits reinvested to benefit members: We are a member owned organisation, which means profits are invested into the business to benefit our members and their children.

# annual highlights



## ASG is evolving and innovating and finding new ways to increase member value.



- » ASG returned more than \$266 million in education benefits and scholarship payments to members and their children this financial year.
- » Total funds under management as at 30 June 2016 were \$1.58 billion.

*We saw a growth of member enrolments in our financial products of approximately 62 per cent relative to last year, and the number of children enrolled has risen by 89 per cent on the same period last year.*

- » In Australia we returned a bonus rate to our members of 2.8 per cent for The Education Fund (TEF), 2.55 per cent for the Supplementary Fund (SEP) and 2.55 per cent for the Pathway Education Fund (PEF). In New Zealand we returned 1.15 per cent for The Education Fund (TEF) and 0.95 per cent for the Supplementary Fund (SEP).
- » More than 11,700 children were enrolled with ASG in Australia and New Zealand this financial year with 16,349 ASG students attending university, TAFE or other post-secondary courses in Australia and New Zealand.
- » We supported more than 90,000 families in Australia and New Zealand with their children's education needs.
- » We launched a new education fund—Pathway Education Fund, a versatile plan for any stage of a child's education journey, giving parents and guardians the confidence that they will have funds available to help support their children.
- » With the introduction of new distribution channels we can now service prospective members through an outbound call centre, a digital channel and partnerships with other organisations.
- » We significantly improved our systems and processes to resolve member enquiries and deliver services more efficiently.
- » We improved our member value proposition by launching a variety of special offers and discounts on educational products that highlighted the advantages of being an ASG member.
- » We launched the ASG Parents Report Card in conjunction with Monash University's Faculty of Education. This unique research shared the perceptions of Australian and New Zealand parents and guardians of the state of education.

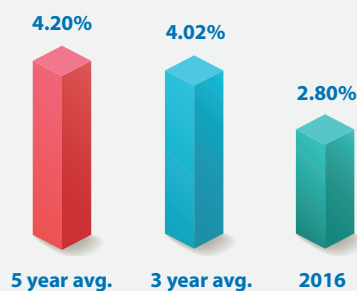


Front (l-r): ASG NEiTA teachers Steven Cameron, Drew Roberts, Radha Babicci, Michael Harris and Alan Westbury.

- » We made a successful submission to the Senate Standing Committee inquiry into cooperative, mutual and member owned firms in Australia.
- » We introduced the ASG Higher Education Student Survey to advocate on behalf of students.
- » The ASG-Monash University mentoring program, launched in October 2015, was expanded to run across two semesters at Monash University. The program was developed to connect beginning teachers with established teachers who shared their teaching experiences.
- » We supported 70 disadvantaged children to gain access to education through our partnership with The Smith Family in Australia.
- » We introduced a performance management framework to create a more effective workforce.
- » We launched an innovation framework—Innovation@ASG—to build a consistent culture of innovation.
- » We developed and launched *The ASG Way*, our organisational values, to create a more member centric culture.

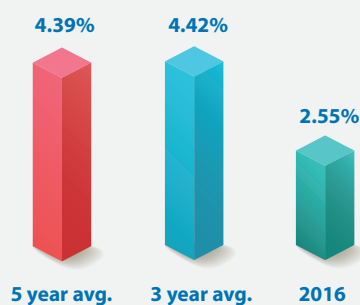
### The Education Fund (Australia)

Annual bonus rates



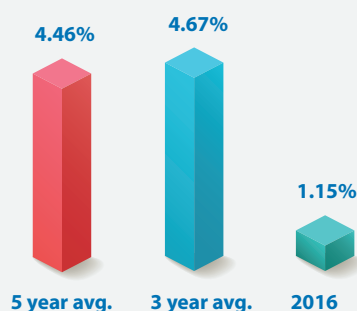
### Supplementary Education Program (Australia)

Annual bonus rates



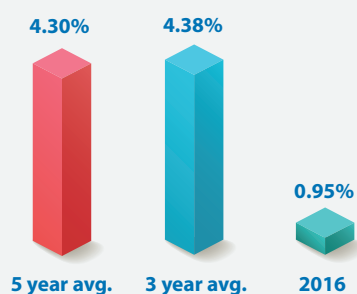
### The Education Fund (NZ)

Annual bonus rates



### Supplementary Education Program (NZ)

Annual bonus rates



### The Pathway Education Fund

Annual bonus rate

The bonus rate return for the Pathway Education Fund in Australia was 2.55 per cent (launched during the financial year and therefore not representative of a full year return).





*As a holistic education services provider, our challenges and interests go beyond financial issues. We also have to consider what is happening in the education sector and what contributions we can make by highlighting specific issues and advocating on behalf of our members and the public in general.*

# chairman's report

**It gives me great pleasure to present my first annual report as chairman of ASG. While the 2015-2016 financial year was a challenging one, I am working closely with my Board colleagues and management to ensure we continue transforming our business to take advantage of future opportunities.**

One of the challenges we faced was the volatile global financial markets, which made generating positive returns difficult. The returns to our members this financial year have been solid despite the unpredictable investment market. Overall, we returned more than \$266 million in education benefits and scholarship payments to members and their children.

At ASG we have been working hard to invest members' funds in a diversified portfolio, which we believe will produce a better result in the long-term. Our aim is to take a modern approach to managing money. This means constantly looking at industry standards and proactively monitoring investment trends to help us make the appropriate decisions that will generate the best return for our risk appetite.

As an education services provider, our challenges go beyond financial issues. We also have to consider what is happening in the education sector and what contributions we can make in terms of highlighting specific issues and advocating on behalf of our members and the public in general.

I note with concern the state of education standards. According to the Programme for International Student Assessment (PISA) Australia is falling behind global standards and has been declining steadily over the past decade. New Zealand's average scores in mathematics, reading and science have also been declining since 2009.

We also know that we are suffering from a 'brain drain' with our brightest and best leaving Australia to seek other opportunities. While I am pleased to see that the Australian federal government is advancing an innovation agenda, we need a consistent and holistic approach that is not confined to short-term goals. For example, we need to ensure greater investment in both basic and applied research if we want to grow the economy and make Australia a truly global player, particularly in science and technology.

I believe that our leaders in Australia and New Zealand—political, economic and academic—must work together to improve our competitiveness internationally. As relatively small economies we must focus on the types of endeavours that will steer our young people into highly skilled jobs.

At ASG we will do everything we can to support our young people and look forward to providing a greater range of products and services to a broader audience that not only includes children but also adults, and reflects our revised mission to support education and lifelong learning.



*The returns to our members this financial year have been solid despite the volatile investment markets. Overall, we returned more than \$266 million in education benefits and scholarship payments to members and their children.*



This financial year has also been one of significant renewal for the ASG Board. I was appointed to the position of chairman by the ASG Board in October 2015. I joined the ASG Board in 2009 as a participating consultant and was later appointed a director in 2011. I have worked in the financial services industry for more than 25 years and was previously general manager Financial Services and chief investment officer of Australian Unity. In addition to holding various non-executive director roles I am currently the managing director of fund services business Vasco Investment Managers Limited.

On behalf of the ASG Board, I would like to take this opportunity to pay tribute to the outgoing chairman, Terry O'Connell, who has been associated with ASG since 1983, and joined the Board as a director in 1988.

Terry has made significant contributions to ASG over many years in a range of roles such as CEO, managing director, director and chairman. He has also been responsible for many well received initiatives such as the ASG National Excellence in Teaching Awards of which he was chairman for many years. Terry remains a director of the ASG Board.

I would also like to welcome Allen Blewitt who was appointed deputy chairman from 1 January 2016, following the retirement of the previous deputy chairman, Colin Evans.

Allen has more than 25 years' experience in the education sector and has worked as chief executive officer and in other executive roles with various organisations such as the Association of Chartered Certified Accountants and the Institute of Chartered Accountants in Australia.

I would also like to thank our outgoing deputy chairman Colin Evans for his dedicated service to ASG. Colin has been associated with ASG for more than 30 years and has been an active member since the early 1980s when he enrolled his children in ASG. Colin joined the ASG Board in 1984 and was elected deputy chairman in 2009. He has now been appointed director emeritus at ASG.

I also welcome Tony Brain as an ASG director. Tony, a chartered accountant with more than 30 years of experience in Australia and the United Kingdom, was previously a participating consultant to the ASG Board. His new appointment commenced on 1 January 2016.

Another new addition to the ASG Board is Jen Storey who was appointed as a participating consultant to the Board in April 2016. Jen is a highly successful leader with more than 20 years digital experience across a variety of industries. She is currently global director, Innovation Garage for Computershare and partner and chief marketing officer at Edgelabs, and an advisory board member for a fundraising not-for-profit organisation. Jen's experience will add much value to ASG's growing digital presence.

I look forward to working with the ASG Board, our members and staff to ensure that ASG continues to grow and deliver value adding products and services to our members.

I also take this opportunity to thank the ASG Board, management and staff for their hard work and diligent commitment to our members.



**This year has been another year where ASG has made great strides in delivering to our goals and strategic framework to build a stronger future for the organisation and our members.**

During the year we continued to implement our long-term strategy of increasing the value we provide to our members. This centred on becoming a more contemporary organisation and one that is relevant to more people, enabling existing and prospective members to engage with ASG in the manner that best suits them.

As I pause to reflect on our achievements it strikes me that we have grown and innovated tremendously in the last year. We launched new initiatives that included a new education fund; new member special offers and discounts on educational products; new distribution channels to allow members to engage with us as they choose; a new performance management system, new employee values and innovation framework for staff, and also gave a stronger voice to parents' perspectives on education.

We saw a growth of member enrolments in our financial products of approximately 62 per cent relative to last year, and the number of children enrolled has risen by 89 per cent on the same period last year.

The overall result was that we performed at a much stronger level than a year ago. In fact we outperformed the last two years strongly and that is testament to all the hard work across ASG in our transformative strategic agenda. We are now consistently demonstrating our ability to deliver against our strategy and to turn our plans into reality to increase member value.

Despite these impressive gains, this year has also been one of ups and downs with investment markets experiencing higher than usual levels of market volatility. The Australian and New Zealand economies have both experienced periods of slow economic growth and volatility in investment markets over recent years. Economic forecasts suggest that this will continue with expectations of sustained low interest rates and continued instability in investment markets. Our focus remains on achieving sound returns for the long-term to support the aspirations of our members for their children's education.

In Australia, the bonus rate for The Education Fund (TEF) was 2.80 per cent, the Supplementary Education Fund (SEP) was 2.55 per cent and our newest fund the Pathway Education Fund (PEF) was 2.55 per cent (launched during the financial year and therefore not representative of a full year return). In New Zealand, the bonus rate for TEF was 1.15 per cent and 0.95 per cent for the SEP.

Looking to the future, we know we still have much to do in order to maintain our strong momentum and create a sustainable growth trajectory. In the coming year we have clear objectives to continue to deliver our members greater value both in Australia and New Zealand with the launch of new products and initiatives to further support their education.

One important area of focus for ASG this year and one that we will continue with into next year is increasing and improving member value. We know that what ASG has done over the years has been important for families but we need to do more to fulfil our members' needs. Consequently, we placed greater

*Specifically, we called on government to reduce the current maximum 66 per cent tax rate on education benefits paid to minors to 0 per cent, and to introduce a government co-contribution scheme to assist parents to plan and save for their children's education.*



# ceo's report

emphasis on consulting with our prospective and existing members and asking them what they need. This outside-in thinking helps us become more responsive and more relevant to our members and also the market.

Over the past two years, while we have made considerable investment into core systems, products and channels to facilitate business growth and a more effective member experience, we know that we need to improve the service culture within the business, and do more to meet the expectations of our members. A core element of our 2016-17 business plan will be a strong focus on member centricity and uplifting the service proposition across the business. Key components of this will include a focus on the whole of the member journey and addressing opportunities for improved member engagement and service delivery at each step.

Internally, we looked at how we could embed a culture of member centricity in the organisation to better serve our members. To this end we launched *The ASG Way*—a set of values to drive a strong culture and staff engagement, but more importantly embed a much greater focus on our members. These values will form an integral part of our performance management framework, which will assist in aligning staff behaviours to these values and our strategies.

Externally, we continued to look for opportunities to advocate on behalf of parents in Australia and New Zealand. We launched the ASG Parents Report Card, a research report

conducted with Monash University's Faculty of Education. The report gave voice to parents' beliefs about the capacity of the current educational environment to meet the educational needs of their children.

We also made a submission to the Senate Standing Committee inquiry into cooperatives, mutuals and member owned firms. We collaborated with the peak body associations that we belong to such as the Business Council of Co-operatives and Mutuals (BCCM) and the Friendly Societies of Australia (FSA) to advocate for education to be accorded the same level of support given to other lifetime events such as the birth of children or retirement. Specifically, we called on government to reduce the current maximum 66 per cent tax rate on education benefits paid to minors to 0 per cent, and to introduce a government co-contribution scheme to assist parents to plan and save for their children's education.

We believe these measures if accepted by the federal government and implemented will tangibly assist Australian families to plan for and support their children's education.

Finally, in what has been an extremely busy, but exciting year, I would like to thank our members, staff and the ASG Board for the support and encouragement we received. We look forward to driving greater efficiencies to ensure ASG continues to deliver more value to our members.

# our members

**ASG founders Harry Tyler and Gary Bickerton had a single passion—to assist as many Australian children as possible to receive an education. They had no resources and no precedent to follow. Today, ASG has more than 90,000 members and has enrolled more than 135,000 children.**



*Learn more about our members in the stories they have shared with us.*



*Amber at her shop*

## Designing her future

Amber Whitecliffe, an ASG alumni student, is a fashion designer with her own fashion label and boutique in Parnell, Auckland, New Zealand.

Amber's love for fashion started early in her life—with her late father being an artist and her mum running an arts and design college. Having a dream and making it come true needed a lot of passion, drive, tenacity and hard work.

"I've always loved pink frocks and frills, lipstick, and walls covered with images from teenage magazines," Amber said. "Discovering that I could have a career in something I actually loved was great. I also inherited my dad's creativity and mum supported me in my endeavours."

After graduating from university Amber worked in a variety of roles in the fashion industry before starting her own fashion line—Amber Whitecliffe—in early 2014. Amber designs and makes high-end women's wear, and has participated in the New Zealand Fashion Week.

"My biggest inspirations have been my parents," Amber said. "Dad passed away when I was very young and I have his photo on my desk, which helps me stay positive. After dad's death mum had a tough time managing the family and a new business. But she persevered and she passed on her energy, motivation, work ethic and passion to me."

Amber is always on the lookout for something exciting and different and her latest line *Pink Nouveau* showcases her versatility.

Outside of designing Amber enjoys motherhood, having recently become mum to Boston. "Once upon a time I played indoor netball, and loved my runs and walks to Mt Eden. But now it's all about baby Boston," she says.

You can find out more about Amber's work on:  
<http://amberwhitecliffe.com/>

*Amber was five years old when her parents enrolled her into ASG's Scholarship Benefit Fund (New Zealand). The annual scholarships from the fund assisted in managing the cost of education in her university studies.*





Benjamin Cullen

## To nephew with love

Growing up in a single parent household with five siblings Anita McCarthy knows how tough life can be.

"Although we had to manage on a tight budget we had a very happy childhood," Anita says. "My mum helped out in the school canteen, the library, the playground, the school council—anywhere she could—so that all of us siblings received a good education."

Anita never forgot the importance of education. And when Kean, her nephew, was born, she enrolled him in ASG.

"I could have bought Kean any number of things, but the gift I have for him is lifelong. No matter what his future is, armed with a good education and not having to worry about money to pursue his ambition is my way of showing my love for my nephew."

Anita hopes Kean aims for the stars. Her dream will be fulfilled if Kean can do what he sets his mind to and she will support him anyway she can.

*Kean McCarthy was three months old when Anita enrolled him into ASG's The Education Fund (TEF), a program designed to assist with basic secondary and post-secondary education costs.*



Anita with Kean

## ASG's very own poet

Ten year old Benjamin Cullen admits writing stories is his passion, but every now and then he likes to "take a break" and write poems. In 2015 Ben received the ASG's Literary Achievement Award for his poem *Taragus*.

"I prefer to write stories because I find it easier to create new worlds without having to stick to a set format. Poetry is a bit less flexible, but I can use more colourful language and be creative in a different way."

Benjamin's poem *Taragus* is about a swordsman who was clad in silver and gold and heir of the Elven king, who built a ship whose sails couldn't rip.

Benjamin, who loves reading and writing said he was inspired to write *Taragus* from lots of different ideas.

"I wrote *Taragus*, soon after I had finished reading *Lord of the Rings*, which has lots of poetry in it. I had never read anything like that before. I had also read the *Brother Band* series and *Eragon*, and this is where my idea for *Taragus'* ship came from.

"Then one morning I woke up with all these ideas swimming round in my head. I scribbled them down into my notebook and before long they morphed into my poem."

*Benjamin Cullen was 18 months old when his parents enrolled him in the Supplementary Education Fund, a program designed for those who have specific education goals in mind, such as private schooling, or those who want to plan comprehensively for their child's future education.*

# our members

## Top 5 universities attended by ASG students during 2015-16

1	Monash University	VIC
2	University of Sydney	NSW
3	Victoria University Kelburn	NZ
4	University of Melbourne	VIC
5	University of Otago	NZ

## Top 5 Bachelor degree courses undertaken by ASG students during 2015-16

1	Bachelor of Science
2	Bachelor of Arts
3	Bachelor of Engineering
4	Bachelor of Commerce
5	Bachelor of Business

## Top 5 other higher education institutions attended by ASG students during 2015-16

1	Christchurch Polytechnic	NZ
2	Otago Polytechnic	NZ
3	Waikato Institute of Technology	NZ
4	Central Institute of Technology	WA
5	Box Hill Institute of TAFE	VIC

## Top 5 other higher education courses undertaken by ASG students during 2015-16

1	Design
2	Engineering
3	Arts
4	Health
5	Nursing

**16,349** ASG students attended university, TAFE or other post-secondary courses in Australia and New Zealand

## Increasing member value

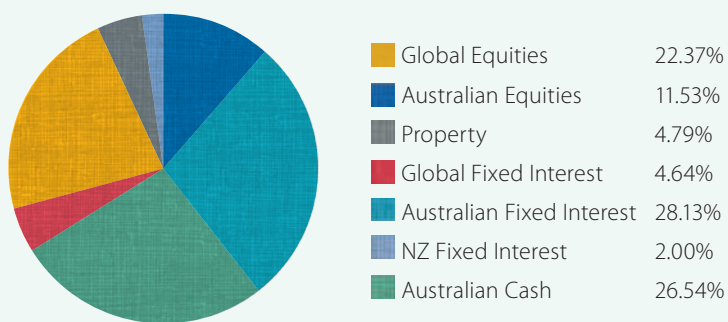
This year we focused on becoming a more contemporary organisation and one that is relevant to more people, enabling existing and prospective members to engage with ASG in the manner that best suits them. We also added more value to our education resources to enhance our objective of being a holistic education services provider. Some of the initiatives delivered to members included:

- » The launch of ASG Pathway Education Fund: a new, versatile education plan for any stage of a child's education journey, giving parents and guardians the confidence that they will have funds available to help support their children.
- » Significant improvements to our systems and processes to resolve member enquiries and deliver services more efficiently.
- » An outbound call centre to help prospective and existing members enrol their children into an ASG education fund.
- » A digital channel for online enrolments, allowing members to enrol into new education funds. This is only available for the Pathway Education Fund.
- » The launch of a variety of special offers and discounts on educational products that highlight the advantages of being an ASG member.

# investment returns

## 2015–16 total asset allocation for ASG funds

The investment mix as at 30 June 2016 was as follows:



As at 30 June 2016 more than \$1.58 billion in funds under management

**\$1.58b**

**This year was one of consolidation as we worked to improve our strategic asset allocation. We continued to diversify our investment mix and chosen investment management styles to ensure better risk adjusted outcomes for members. Consequently, we made new investments into the unlisted property asset class, which have positively contributed to the investment returns.**

The returns to our members this financial year have been solid despite the volatile investment markets. Global equity market returns have been unpredictable and fixed interest markets have seen yields move to all-time lows. Going forward this low return environment may impact upon medium-term outcomes.

Our investment approach looked critically at both the acquisition of funds as well as their allocation thus viewing investment management as an integral part of overall management. We provided diversification through investment in defensive assets such as fixed interest securities and cash, as well as in growth assets such as equities and property.

Put into context, ASG's investment of member funds performed well particularly when compared to other balanced funds, terms deposits and cash investment. ASG's net investment returns are allocated to each member's account as a bonus rate return. This return is calculated by taking into account the gross investment returns, expenses of the fund, taxation, and any applicable prudential requirements.

Total funds under management as at 30 June 2016 was \$1.58 billion.

During the year we paid out \$266 million in education benefits and scholarship payments.

In Australia, the bonus rate return was 2.80 per cent for The Education Fund (TEF) and 2.55 per cent for the Supplementary Education Fund (SEP) members. The bonus rate return for the Pathway Education Fund (PEF) in Australia was 2.55 per cent (launched during the financial year and therefore not representative of a full year return). In New Zealand the bonus rate of return for TEF was 1.15 per cent and 0.95 per cent for SEP.

This result was influenced by volatile investment markets particularly for growth assets such as domestic and global equities. Defensive assets such as fixed interest securities and money market securities performed in line with expectations during the year. In the medium term, ASG expects that defensive assets will continue to return lower than historic levels. However, we believe that Australian defensive assets with higher yields will assist to generate solid risk adjusted returns. Additionally, the diversity of asset mix will help to reduce the overall volatility of the funds. This will lead to a more consistent investment outcome and act to protect members' funds should markets turn down.

# our people



*We have achieved much in building a productive and positive work environment at ASG following the 2014-15 staff engagement survey.*

In December 2014 we conducted our first employee engagement survey to measure various aspects of ASG as a workplace. The results were available in early 2015 and were clear: we needed to focus on our communication, our reputation, and the career, learning and development opportunities for our staff. Throughout 2015 we engaged staff in various workshops to address specific areas of focus, which were identified through the engagement survey.

In addition to the system and process improvements made to support our members, we also implemented our new values—*The ASG Way*; a new performance planning and review process, and an innovation framework.

## The ASG Way



During the year we focused on creating a work culture that made people feel passionate about their job, committed to ASG and dedicated to delivering strongly against our strategy. This culminated in the development of *The ASG Way*, a set of values that drive how we interact with each other to build a more successful ASG.

In early 2016, staff participated in workshops to collectively discuss what the values meant for each of us and how we could embed them.



## Performance management framework

In late 2015, we introduced a new Performance Planning and Assessment Framework, continuing our ongoing commitment to support staff development.

ASG's staff engagement survey indicated that employees wanted a framework, which more clearly aligned individual goals with ASG's goals, and provided greater differentiation between levels of performance and reward as well as employee development.

Phase 1 of the new performance framework was implemented following briefing sessions with managers to help them communicate the new process to staff. Phase 2, which is where performance and rewards will be linked, will be implemented in the next financial year.

## Health and wellbeing

At ASG we recognise the importance of physical, emotional, social, financial and environmental wellbeing in our personal lives as well as in the workplace.

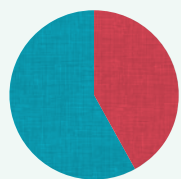
In 2015 we started a series of wellbeing programs to assist employees look after their health. Staff at the head office now enjoy access to gym membership at specially discounted rates.

We also contracted an employee support services organisation, Converga International, to provide ASG staff with support for personal or work related concerns such as managing change and relationship issues.

We also continued to support flexible working arrangements for employees to assist them balance the increasing and sometimes competing demands of work and home life.

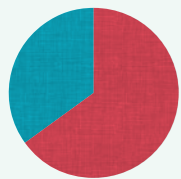


## Diversity and inclusion at ASG



Gender split  
managers

42% Female  
58% Male



Gender split  
of total  
promotions

65% Female  
35% Male

Providing a diverse and inclusive workplace for our employees and contractors continued to be a priority for ASG. We once again participated in the Workplace Gender Equality Agency reporting process, providing statistical data on gender splits and our policies on gender equality. The feedback that we received from the agency was that we were once again fully compliant with government legislative requirements. We continued to focus on equality, diversity and inclusion and monitored statistics relating to training, pay equity, recruitment and promotion.

## More attractive workspaces

During the year we also renovated our offices at various locations in Australia and New Zealand to create more attractive, open and contemporary workspaces as cost effectively as possible.

Employee feedback indicated that the open plan workspaces also had the additional benefit of encouraging more collaboration.

## Innovation@ASG

Innovation has been part of ASG's DNA since 1974. We have seen many innovations—from the introduction of our first scholarship programs to the recent launch of the Pathway Education Fund, many new system changes and many day-to-day innovations.

However, what we lacked was a clear process to manage innovation and a way to reward innovation. In February, we launched an innovation framework to employees and received ideas that included suggestions for system improvements, ways to more effectively manage vendors, and setting up internship programs at ASG.

*In February, we launched an innovation framework to employees and received ideas that included suggestions for system improvements, ways to more effectively manage vendors, and setting up internship programs at ASG.*



## It's all about the member experience

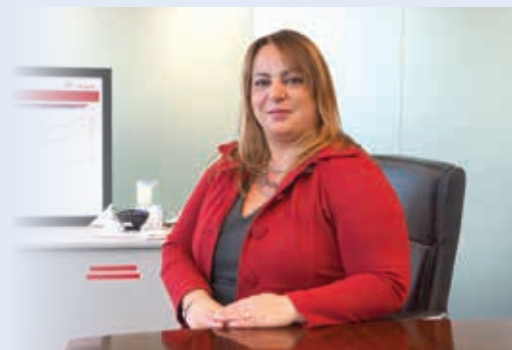
**Samantha Ballis is passionate about customer service and brings her passion in her role as the manager of the Member Experience department.**

"My passion for member experience stemmed from my retail background, and now that I am in a member centric role I ensure that my team and I put our members at the heart of everything we do," Samantha says.

Samantha has inculcated a sense of pride in her team by ensuring they are equipped with the correct information when dealing with members. "We want every member's experience to be a great one by communicating clearly and precisely—no matter how they connect with us."

As a mother of three Samantha realises the value of a good education and is excited to be part of supporting children's education journey. "In today's fast paced world imagine what a good education can do for a child; this is the most exciting part of my job—being part of the future."

Outside work in what she calls her "me time", Samantha enjoys yoga, walking and baking.





*ASG is committed to making a positive contribution to the hundreds of communities in which we operate. We do this by supporting education equity and opportunities for children and supporting teaching in Australia and New Zealand.*

# our community

## Supporting education equity and opportunities for children

During the year, we helped to support the education of 70 disadvantaged children and young people through The Smith Family's *Learning for Life* program.

Through our partnership with The Smith Family, our financial support covered the costs of 70 students' educational materials, tools and other items to assist the students succeed at school and university.

ASG also sponsored the annual ASG Literary Achievement Awards and Junior Art Award —programs that foster the imagination, writing skills and creative talents of young students.

Two ASG members' children also benefitted from an annual sponsorship that saw them attend the International Space Camp at the US Space & Rocket Center in Alabama, USA for a week in July 2015. ASG has been sponsoring students to attend this program since 2009.

## Supporting teaching in Australia and New Zealand

ASG has a strong track record in supporting the teaching profession. We believe that this is key to changing student outcomes because the impact of teachers on children is critical to their performance, and therefore the nation's future.

ASG's National Excellence in Teaching Awards (NEiTA) continued to grow in strength and reach. During the year we received more than 1100 nominations in Australia and 12 national recipients received a grant of \$5000 each. One recipient received a week long all expenses paid visit to the International Space Camp at the US Space and Rocket Center in Alabama, USA.

In New Zealand 20 regional recipients were selected as finalists. The top six finalists were recognised in a special ceremony in September 2016 and received a grant of \$5000 each.

The NEiTA Foundation was established in 1994 to honour exemplary teaching throughout Australia and New Zealand. It is a community based and driven award program that is based on nominations from parents and the school community.

We also launched the ASG-Monash University teacher mentoring program in October 2015 to link ASG NEiTA teachers with Monash University education student teachers. The success of the program has resulted in its expansion across two semesters each year at Monash University. The mentoring program is an interactive week where students get to engage with practicing teachers through face-to-face forums, Q&A sessions, workshops and online tutorials.

We also continued to publish *Early Horizons*, a magazine for early childhood educators. The magazine is distributed free of charge to preschools, kindergartens and early learning centres in Australia and New Zealand.

## Giving a voice to parents and students

During the year we focused on driving conversations that matter and creating connections that count in the communities we serve. We published the first ASG Parents Report Card, increasing our advocacy efforts and providing parents in Australia and New Zealand with the opportunity to voice their beliefs about the capacity of the current educational environment to meet their children's educational needs.

ASG also advocated on behalf of parents through a submission to the Senate Standing Committee's public hearing inquiry on cooperatives, mutuals and member owned firms. ASG's submission and subsequent Senate hearing highlighted the need to recognise and support education as a lifetime event. ASG also advocated for the introduction of a government co-contribution scheme to encourage and assist parents to plan and save for their children's education.

We also launched the ASG Higher Education Student Survey. The survey of one thousand higher education students provided ASG with the opportunity to highlight the issues identified by university students. The survey showed that one in six students believe they won't find a job in their chosen career once they leave university, and one in three undergraduates don't know what career they want to pursue after their studies or have three or more occupations in mind.

## Education cost modelling

ASG continued its annual release of the Planning for Education Index and Planning for University Index. The two survey based reports included the total costs parents and families can expect to pay for school and university.

The indexes showed that Australian parents could potentially spend more than half a million dollars on total education costs from prep to year 12, with families in New Zealand potentially spending up to \$300,000 for 13 years of schooling. These costs are for a child born in 2016 and attending a private school.

The indexes, based on more than 12,500 responses, measure a range of variables including school fees, transport, uniforms, computers, school excursions and sporting trips to determine the cost of education.

*Did you know that the cost of a university education in Australia is estimated to rise by*  
**32 per cent**  
*in the next decade?*



Source: ASG Planning for University Index 2016

## ASG NEiTA recipient Keith McMullen

'Different is not wrong' is a mantra primary school teacher Keith McMullen lives by.

The 2015 ASG National Excellence in Teaching Awards (NEiTA) recipient teaches special needs children, with severe and complex disorders such as post traumatic stress, ADHD, autism, depression and foetal alcohol syndrome.

"People tell me, 'I don't know how you do it,' but you have to have an inbuilt empathy or passion for them. You have to be resilient and able to see what it is you want to achieve because you're not going to get huge results really quickly."

Resilience, empathy and passion are qualities Keith's life experience has taught him.

After studying, Keith worked in the Faculty of Medicine at Sydney University supporting adult students both academically and emotionally.

"That's where I learnt to work and deal with people and it was the place that gave me opportunity and chance.

When my son was young he was diagnosed with leukaemia and we were supported by people who knew what we were going through. He is 20 now. We got through it, but it was a traumatic event in our lives, which raised many issues for supporting a child into adulthood."

Keith has carried those life lessons into his classroom, and is described 'as a saviour' by parents.

"It means they've found someone who is willing to listen and work with them. These children and their families are often isolated and building their confidence and skills is very satisfying."

Keith says his biggest challenges have also been his greatest successes.

"You've got to understand the traditional structured ways schools work, departmental governance and the curriculum and you've got to select what's going to help your kids."



Keith McMullen: 2015 ASG NEiTA award recipient

## Board of directors and participating consultant



### Craig Dunstan

*B Com, LLB, MBA, F Finsia, MAICD*

Craig is the chairman and a non-executive independent director. He was appointed by the Board in 2009 as a consultant and joined the Board as director in 2011. He was appointed as chair of the Board in October 2015. Craig has extensive experience in the financial services industry in Australia, Asia and the United States. He is currently executive director of D H Flinders Pty Limited and Vasco Investment Managers Limited, and non-executive director of Federated Investors Australia Services Limited and LaTrobe Health Services Limited. Craig is a member of the Investment Committee and the chairman of the Nominations and Remuneration Committee. He was the founder and former managing director of ASX listed MacarthurCook Limited, and former executive director of Australian Unity Funds Management Limited and a board member of the Asia Public Real Estate Association.



### Allen Blewitt

*BA (Hons), MEd, FAICD, FAIM*

Allen is the deputy chairman and a non-executive independent director. Allen was appointed as a participating consultant to the ASG Board in October 2012 and as a director on 23 July 2015. He is an associate director for Cambridge English Language Assessment in Australia and New Zealand and a director of Cambridge Box Hill Language Assessment. He is an independent consultant advising organisations on governance, strategic planning, education and business strategy. Allen was global CEO of the Association of Chartered Certified Accountants (ACCA) in London and was deputy CEO and director of Education and Professional Development with the Institute of Chartered Accountants (ICAA). He has also been a secondary school teacher, university lecturer and teacher educator. Allen is the chairman of the Education Advisory Committee and was appointed chairman of the ASG National Excellence in Teaching Awards (NEiTA) Foundation in April 2014. He is also a member of the Audit Committee.



### Tony Brain

*B Com, Cert. Superannuation Management, CA, GAICD, FAIST*

Tony was appointed as a participating consultant to the ASG Board in February 2014 and as a non-executive independent director on 1 January 2016. Tony is a chartered accountant with 30 years' experience both in Australia and the United Kingdom with a Big 4 international chartered accounting firm—12 of those as a partner. This experience has involved a mixture of assurance advice and financial and regulatory audit work along with regulatory and risk consulting in the financial services sector. Tony is currently head of Group Risk at AustralianSuper. He is a fellow of the Australian Institute of Superannuation Trustees and has experience as a director of the Trustee Board of the Royal Australian College of General Practitioners Superannuation Fund, chair of the Trustee Board of the Deloitte Superannuation Fund and chair of a superannuation fund Acting Trustee through formal appointment by APRA. Tony is a member of the Risk Committee.



### Dr Jacqueline Jennings

*B Met, M Mgt, PhD Mgt, GAICD*

Jacqueline is a non-executive independent director, appointed by the Board in 2011 as a consultant and joined the Board as a director in March 2012. Jacqueline has extensive executive experience in sales, marketing, business development and strategy, and financial management. She has experience as a director of Peoplecare Health Insurance, and was a member of the Finance and Risk Committee within that Board, and a director of the non-health fund subsidiary of that company. Jacqueline is deputy chair of the Alpine Resorts Management Board Mt Buller and Mt Stirling, where she is chairperson of the Audit and Risk Committee. She is also chairperson of the Investment Committee and a member of the Audit Committee.



# board



## Leon Nash

*B Bus, MBA, FCPA, FAICD*

Leon is a non-executive independent director, who first joined the Board in 2006 and was last re-elected on 28 October 2014. Leon has extensive experience in general management, accounting, business, economics, human resources and corporate finance. He has acted as the financial controller (Australia and New Zealand) of a multi-national fastmoving consumer goods company (FMCG). His executive experience has been across many sectors including manufacturing, construction, FMCG and land development at a local and multinational level. Leon also has past experience as a director and company secretary for Australian Timken Pty Ltd and Australian Timken Superannuation Pty Ltd. He is the chairman of the Audit Committee and chairman of the Risk Committee.



## Terry O'Connell

*FAICD*

Terry is a non-executive independent director, associated with ASG since 1983. He first joined the Board in 1988, was last re-elected on 26 October 2012 and was chairman of the Board up to October 2015. Terry also has experience as CEO and managing director of ASG, and has extensive experience in business administration and the friendly society movement. He is a member of the Nominations and Remuneration Committee.



## Monique Sasson

*B Ed, GAICD*

Monique is a non-executive independent director who first joined the Board in 2002, and was last re-elected on 25 October 2013. Monique has a diverse background in the performing arts and education, and has extensive experience in media relations, corporate communications and property investment advice. She is the author of two books on property investment and a frequent media contributor. In addition to her directorship of ASG, Monique is the principal of Career Eye, a career mentoring service for professional women. Monique is currently a member of the Nominations and Remuneration Committee, and a member of the Risk Committee.



## Jen Storey

*M.Arts, PG Dip, B.Ed*

Jen Storey was appointed as a participating consultant to the Board in April 2016. Jen is a highly successful leader with more than 20 years digital experience across a variety of industries including extensive involvement in financial services. She is presently global director of the Innovation Garage for Computershare and Partner and chief marketing officer at Edgelabs and an advisory board member for a fundraising not-for-profit organisation. She has also worked with and consulted to numerous organisations such as Australia Post, Suncorp and NAB. Jen also has a Bachelor of Education, post-graduate diploma in Information Services and a Masters in Public Relations.

## Governance statement

### The Australian Scholarships Group (ASG)

is a member owned mutual organisation, which at 30 June 2016 had more than 135,000 children enrolled.

### ASG's mission

ASG supports individuals to fulfil their education and lifelong learning aspirations.

### ASG charter

As part of the Board's commitment to the highest standard of conduct, ASG has developed a charter to guide Board members, executives, management and employees in carrying out their duties and responsibilities.

The charter covers matters such as:

- » responsibility to members
- » relations with suppliers
- » employment practices
- » responsibility to the community.

### Regulators

ASG's business operations are primarily and extensively regulated by the Australian Prudential Regulation Authority (APRA) and the Australian Securities and Investments Commission (ASIC).

ASG is required to comply with a wide range of regulations that apply across its business activities, including for example, APRA Prudential Standards such as CPS510 on Governance and LPS220 on Risk Management.

In New Zealand, ASG's business operations are also regulated by the Financial Market Authority and New Zealand Companies Office.

### Board of directors

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

As at 30 June 2016, the ASG Board consisted of seven members, each with specific expertise and experience relevant to ASG's activities.

ASG's Board comprises of directors who are non-executive and assessed by the Board to be independent and free of material relationships that might influence their ability to act in the best interests of ASG and its members.

ASG's Board values and supports diversity in all areas, including gender. The Board regularly reviews the skills represented by the directors and has an active Board renewal program, which ensures that the Board consists of directors with a broad range of skills and relevant experience.

The names and particulars of the directors of ASG during the financial year are on pages 20 and 21.

### Board role and responsibilities

The primary responsibilities of ASG's Board include:

- » the approval of the annual financial statements
- » the establishment of the long-term goals of ASG and oversight of strategic plans to achieve these goals
- » the review and adoption of annual budgets for ASG and monitoring its financial performance against those budgets
- » ensuring that ASG has implemented adequate systems of internal control and risk management together with appropriate monitoring of compliance activities.

### Role of chairman

The chairman, an independent non-executive director, is responsible for the efficient conduct of ASG's Board meetings, setting the agenda, facilitating the work of the Board at its meetings and ensuring that the procedures and standards of the Board are observed.

### Director emeritus

Director emeritus is an honorary position created initially for ASG's Founders Mr Harry Tyler and Mr Gary Bickerton. ASG's Board may confer the title on those retiring directors who have made an outstanding contribution to ASG over many years.

The current directors emeritus are:

Mr Gary R Bickerton, MAICD

As a founding member, Gary first joined the ASG Board in 1974. He was the founding president of the Independent Provident Society of Victoria (Friendly Society); IPSV Services Pty Ltd (Scholarship marketing company); Australian Scholarship Trust (Trustee) now collectively known as the Australian Scholarships Group Friendly Society Limited. Gary retired from ASG's Board in March 2011 and was appointed Director Emeritus in the same month.

Mr Colin Evans, MISA (Snr), AFAMI, MIICA, FAICD

Colin has been associated with ASG for over 30 years and has been an active member since the early 1980s when he enrolled his children in ASG. Colin joined the ASG Board in 1984 and was elected deputy chairman in 2009. Colin retired from his position of deputy chairman of ASG in December 2015 and was appointed director emeritus in the same month.

### Board participating consultants

Board participating consultants are independent consultants who are engaged to provide specialist and/or technical advice to ASG's Board.

During the year the following people served as Board participating consultants:

Mr A Blewitt was a consultant for the period  
1 July 2015–23 July 2015.

Mr T Brain was a consultant for the period  
July 2015–1 January 2016.

Ms J Storey was a consultant from 1 April 2016 onwards.

Mr T Brain was appointed as a director on the Board on 1 January 2016 to fill the casual vacancy created by Mr C Evans' retirement. Mr A Blewitt was appointed as a director on the Board on 23 July 2015 to fill the casual vacancy created by Mrs S Vallance's resignation and was appointed as a director by the members at the October 2015 AGM for a further term.

### Meetings of the Board

The ASG Board meets one day each month during the year (other than in January) with two additional two day strategic planning meetings normally scheduled in April and November of each year.

### Election of directors

Directors are elected by the members at the Annual General Meeting (AGM) for a term of not more than three years.

Directors can offer themselves for re-election at the end of each term. If a vacancy occurs during the year, ASG's Board has the power to appoint an interim director who must then stand for election at the next AGM.

### Conflicts of interest

To avoid any possible conflicts of interest, in addition to any standing notices, directors must declare any specific conflicts of interest arising from the business of any particular meeting at each meeting as well as providing an overall declaration of interest on an annual basis.



2015 ASG Art Award  
"Butterfly" by Shanghavi Rathanthas (NSW)

## Governance statement (continued)

### Committees

ASG's Board establishes committees to assist it in its role of overseeing the corporate governance practices of ASG. ASG's Board appoints the Chairs and members of these committees and determines each committee's 'Terms of Reference'.

The following committees are currently established by ASG's Board:

#### Audit Committee

The members of the Audit Committee as at 30 June 2016 were:

Mr L G Nash	Non-Executive Independent Director (Chair)
Dr J A Jennings	Non-Executive Independent Director
Mr A Blewitt	Non-Executive Independent Director

The Audit Committee generally invites the chief financial officer, internal audit manager, external auditors and actuary to meetings. The committee provides a forum for the effective communication between ASG's Board and ASG's Actuary, external and internal auditors.

The Audit Committee:

- oversees statutory and financial reporting requirements
- reviews the annual financial statements prior to their approval by ASG's Board
- ensures the adequacy and independence of the internal and external functions
- reviews the internal and external audit plans to ensure they address all material risks, internal controls and reporting requirements prior to submission to ASG's Board for approval
- reviews audit findings to ensure issues are appropriately managed and rectified.

#### Education Advisory Committee

ASG's Board has established an Education Advisory Committee. With the exception of the chairman, members of the committee are external to ASG and drawn from all states of Australia and New Zealand. All members are chosen on the basis of recognised educational expertise and experience.

Members of the committee are:

Mr A Blewitt (Chair)	Non-Executive Independent Director
Ms S Denholm	Western Australia educational representative
Ms C Driver	Queensland educational representative
Ms S Fenton	Victoria educational representative
Br Sir P Lynch	New Zealand educational representative (up to May 2016)
Mr P Walsh	New Zealand educational representative (from May 2016)
Dr N McCulla	New South Wales educational representative
Dr J Rimes	Tasmania educational representative
Mrs R Shepherd	South Australia educational representative
Ms K Smith	ACT educational representative

The committee was established to advise ASG's Board on educational trends and developments, which may have relevance for ASG, its services and products.

#### Investment Committee

ASG's Board has established an Investment Committee. The members as at 30 June 2016 were:

Dr J A Jennings	Non-Executive Independent Director (Chair)
Mr C M Dunstan	Non-Executive Independent Director
Mr J Velegrinis	Chief Executive Officer
Mr K Brown	Chief Financial Officer
Mr P Taubman	Head of Investments

This committee was established to advise ASG's Board on investment management matters and in particular asset allocation and the performance of the investment managers engaged by ASG.



### Nominations and Remuneration Committee

ASG's Board has established a Nominations and Remuneration Committee. The members as at 30 June 2016 were:

Mr C M Dunstan	Non-Executive Independent Director (Chair)
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Mr T P M O'Connell	Non-Executive Independent Director
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Ms M K Sasson	Non-Executive Independent Director
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The committee is responsible to ASG's Board for advising on remuneration matters and for recommending candidates for the roles of director and participating consultant.

### Risk Committee

The members of the Risk Committee as at 30 June 2016 were:

Mr L G Nash (Chair)	Non-Executive Independent Director
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Mr T Brain	Non-Executive Independent Director
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Ms M K Sasson	Non-Executive Independent Director
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The Risk Committee generally invites the head of Risk and Compliance (being ASG's chief risk officer), members of ASG's management, external auditors and actuary to meetings. The committee provides a forum for the effective communication on risk and compliance matters between ASG's Board and ASG's Actuary, external and internal auditors.

The Risk Committee:

- provides an institution-wide view of ASG's risk position relative to its risk appetite and capital strength
- oversees the implementation of the risk management strategy
- challenges proposals and activities on risk management aspects
- reviews and advises the Board on the Risk Management Framework and its elements, including the risk appetite, risk management strategy, risk register and ICAAP
- attends to various internal control responsibilities
- establishes, maintains and oversees procedures for employees to submit, confidentially, information about accounting, internal control, compliance, audit and other matters about which the employee has concerns.

### External Audit

Deloitte Touche Tohmatsu (Deloitte) has been appointed to conduct an audit of the financial report and to report to members in accordance with the requirements set out in the *Corporations Act 2001*.

A representative from Deloitte attends the Annual General Meeting and is available to answer questions from members on the conduct of the audit, the preparation and content of the auditor's report, accounting policies adopted in the preparation of the financial statements and Deloitte's independence in relation to the conduct of the audit of ASG's financial statements.

### Internal Audit

The Internal Audit department assesses whether ASG's risk management, internal controls, governance and compliance processes are efficient and effective for the appropriate identification, reporting and management of risks and for compliance with policies, standards, procedures and applicable laws and regulations.

### Actuary

G F Thorburn	Mercer Consulting (Australia) Pty Ltd (up to 22 April 2016)
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K Yogaranandan	Mercer Consulting (Australia) Pty Ltd (from 22 April 2016)
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### Asset Consultant

ASG has engaged Towers Watson to provide investment management consulting services.

## Extract of directors' report

The directors of the Australian Scholarships Group Friendly Society Limited submit herewith the annual directors' and financial report for the financial year ended 30 June 2016.

### Directors

The following persons were directors of ASG during the financial year and up to the date of this report:

Mr A Blewitt	Deputy Chairman (Director from 2 July 2015)
Mr T Brain	Director (Director from 1 January 2016)
Mr C M Dunstan	Chairman
Mr C A Evans	Director (up to 31 December 2015)
Dr J A Jennings	Director
Mr L G Nash	Director
Mr T P M O'Connell	Director
Ms M K Sasson	Director
Mrs S I Vallance	Director (up to 23 July 2015)

### Company secretary

Ms F Ferro

Joined ASG in June 2013 in the role of general counsel and company secretary.

### Principal activities

The Australian Scholarships Group Friendly Society Limited operates in Australia, New Zealand and Malaysia. The principal activities of ASG and its subsidiaries 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 and grandchildren 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.

### Operating results

The profit/(loss) of the Group for the financial year was:

	2016 \$'000	2015 \$'000
Operating profit/(loss) after income tax from continuing operations	452	(2,677)

### Review of operations

The report of our 42nd year of operations has been compiled and audited. The directors are pleased to report a sound performance for the year.

All benefit funds achieved a positive return for the year, despite the balanced funds experiencing higher than usual levels of volatility on equity markets and the fixed interest funds being hampered by historically low cash rates. The management fund reports an operating loss, which was largely planned, as ASG continues to invest in core systems, products and channels to facilitate business growth and a more effective member experience. The management fund loss was impacted by lower than expected income from investment performance (refer to Note 31: Statement of comprehensive income by business type in the Full Annual Report).

The following are some of the key figures from the year:

	2016 \$'000	2015 \$'000	Movement %
Total Assets of the Benefit Funds	1,488,028	1,584,947	(6.11)
Consolidated Management Fund	88,385	88,224	0.18
Controlled Entities	3,340	2,909	14.82
Total Assets	1,579,753	1,676,080	(5.75)

Details of benefit funds open to new members and closed funds with member funds (policy liabilities) over \$5 million are:

	2016	2015	2016	2015
	Member Funds	Member Funds	Declared Bonus	Declared Bonus
	\$'000	\$'000	%	%
<b>Benefit Funds open to new members</b>				
The Education Fund	317,949	291,203	2.80	4.65
Supplementary Education Program	279,871	250,035	2.55	4.30
The Education Fund (New Zealand)	17,210	13,892	1.15	4.45
Supplementary Education Program (New Zealand)	7,985	6,406	0.95	4.15
<b>Benefit Funds closed to new members</b>				
Scholarship Benefit Fund (Balanced)	156,718	217,076	2.35	7.60
Children's Scholarship Fund	98,841	100,873	2.90	7.20
Children's Bursary Fund	89,329	91,563	2.95	7.15
Children's Bursary Fund No. 2	74,410	72,655	2.80	5.65
Students' Education Fund No. 2	71,939	93,195	3.45	5.40
Students' Education Fund	70,707	101,256	3.10	7.35
Children's Scholarship Fund No. 2	65,739	64,215	2.85	5.60
Higher Education Cost Saver (Balanced)	59,469	74,433	2.50	7.40
Scholarship Benefit Fund (New Zealand)	39,158	49,919	2.50	4.00
Children's Bursary Fund No. 2 (New Zealand)	21,472	19,281	1.10	4.70
Children's Scholarship Fund No. 2 (New Zealand)	17,606	16,032	1.10	4.80
Secondary Scholarship Benefit Fund (Balanced)	12,924	32,304	3.30	7.35
Scholarship Benefit Fund (Fixed)	11,384	12,626	1.50	2.00
Tertiary Education Cost Saver Fund (New Zealand)	9,550	10,390	1.50	4.00
Children's Bursary Fund (New Zealand)	8,478	7,995	0.80	6.35
Children's Scholarship Fund (New Zealand)	8,208	7,722	0.95	6.45
Students' Education Fund No. 2 (New Zealand)	5,727	6,114	1.65	4.60

The following bonus rates for the Pathway Education Fund were approved and declared by the Board:

	June 2016	March 2016	December 2015
Pathway Education Fund	1.55%	0.35%	0.65%

This equates to an annual bonus rate of 2.55 per cent for the fund's first eleven months of operation from August 2015 to June 2016.

### Significant changes in principal activities

During the financial year, there was no significant change in the principal activities of the Group.

### Matters subsequent to the end of the financial year

There has not been any matter or circumstance, other than that referred to in the reports, financial statements or notes thereto, that has arisen since the end of the financial year, that has significantly affected, or may significantly affect, the operations of the Consolidated Entity, the results of those operations, or the state of affairs of the Consolidated Entity in future financial years.

### Directors' interests and benefits

Since the end of the previous financial year and to the date of signing this report, no director of the Company has received or become entitled to receive any benefit (other than a benefit included in Note 27: Related Party Disclosures forming part of the Group's financial statements in the Full Annual Report) by reason of a contract made by the Company with the director or with a firm of which the director is a member, or with a company in which the director has a substantial interest.

**Extract of directors' report** (continued)**Directors' meetings**

Each director and participating consultant attended the following meetings and board committee meetings during the year while they were a director, participating consultant or committee member:

	Board of Directors		Investment Committee		Audit Committee		Risk Committee		Education Committee		Remuneration Committee		Strategy Offsite	
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Directors:														
Mr A Blewitt	10	10			3	3			2	2			2	2
Mr C M Dunstan (Chairman)	11	10***	12	11							2	2	2	2
Mr C A Evans*	6	6			3	3	2	2			1	1	1	1
Dr J A Jennings	11	11	12	12	2	2	3	2					2	2
Mr L G Nash	11	9			5	5	5	5					2	2
Mr T P M O'Connell	11	10^									3	3	2	2
Ms M K Sasson	11	11					2	2			2	2	2	2
Mrs S I Vallance**	1	1											–	–
Mr T Brain*	11	10					2	2					2	2
Ms J Storey	3	3											1	1

\* Mr Evans retired as a director on 31 December 2015. Mr Brain was appointed as a director from 1 January 2016

\*\* Mrs Vallance resigned as a director on 23 July 2015. Mr Blewitt was appointed as a director from 24 July 2015.

\*\* Dr Jennings attended the Audit Committee meeting as an alternate member for Mrs Vallance.

\*\*\* Ms Storey attended as an alternate director.

^ Mr Blewitt attended as an alternate director.

**Indemnification and insurance of directors and officers**

During the financial year, ASG paid a premium for a contract insuring the directors, participating consultants, company secretary and executive officers of ASG to the extent permitted by the *Corporations Act 2001*. In accordance with common commercial practice, the insurance policy prohibits disclosure of the nature of the liabilities covered and the amount of the premium.

In accordance with the Constitution of ASG and under a separate deed, the directors, participating consultants and officers are indemnified to the extent permitted by law against any liability incurred by them in connection with the proper discharge of their duties, other than for conduct involving a lack of good faith.

**Rounding off of amounts**

ASG is a company of the kind referred to in ASIC Corporations (Rounding in Financial/Directors' Report) Instrument 2016/191, dated 24 March 2016, and in accordance with that Corporations Instrument, amounts in the Directors' Report and the Financial Statements are rounded off to the nearest thousand dollars, unless otherwise indicated.

Signed in accordance with a resolution of the directors made pursuant to s.298(2) of the *Corporations Act 2001*.

On behalf of the directors



C M Dunstan  
Chairman

Melbourne, 28 September 2016



# Consolidated statement of profit or loss and other comprehensive income

for the year ended 30 June 2016

## Continuing operations

### Revenue

Investment income	
Net (loss)/gains on financial assets held at fair value through profit and loss	
Premium revenue - life investment contracts	
Premium revenue - life insurance contracts	
Revenue from benefit funds	
Other revenue	

### Total revenue

### Expenses

Commission expenses	
Policy acquisition expenses - life investment contracts	
Policy maintenance expenses - life investment contracts	
Investment management expenses	
Claims expense - life insurance contracts	
Depreciation and amortisation	
Staff expenses	
Office expenses	
Communication expenses	
Marketing expenses	
General expenses	
Member and scholarship grants	
Other operating expenses	

### Total expenses

### Operating profit

Policy liability revaluation	
Investment income allocated to policyholders	

### Profit before income tax expense

Income tax expense	
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### Profit/(loss) for the year

### Other comprehensive income, net of income tax

#### Items that will not be reclassified subsequently to profit or loss:

Gain on property revaluation	
Remeasurement of defined benefit obligations	
Income tax relating to items not reclassified subsequently	

#### Total items that will not be reclassified subsequently to profit or loss

#### Items that will be reclassified subsequently to profit or loss:

Exchange differences on translation of foreign operations	
Income tax relating to items reclassified subsequently	

#### Total items that will be reclassified subsequently to profit or loss

Other comprehensive income for the year, net of tax

### Total comprehensive income/(loss) for the year

Profit/(loss) attributable to:

Members of ASG

Total comprehensive income/(loss) attributable to:

Members of ASG

Consolidated	
2016	2015
\$'000	\$'000
79,290	80,635
(14,215)	44,273
5,568	6,306
948	1,029
20,900	21,651
2,332	2,639
94,823	156,533
(713)	(1,449)
(1,512)	(1,946)
(4,056)	(4,360)
(14,610)	(15,307)
(362)	(533)
(1,163)	(877)
(16,845)	(16,913)
(2,730)	(2,187)
(704)	(708)
(1,881)	(1,555)
(3,302)	(3,355)
(2,019)	(6,374)
(1,256)	(1,895)
(51,153)	(57,459)
43,670	99,074
641	1,796
(39,526)	(89,904)
4,785	10,966
(4,333)	(13,643)
452	(2,677)
292	96
(108)	180
(87)	(29)
97	247
180	(187)
(54)	56
126	(131)
223	116
675	(2,561)
452	(2,677)
452	(2,677)
675	(2,561)
675	(2,561)



ASG Indigenous Art Award  
*"The Dancing Ants"* by Shianne Kynuna  
 Holy Spirit College, QLD



*Thank you to our ASG members and students  
 for their photographs and artwork that  
 appear in the 2015-16 annual report.*

ASG Art Awards  
*"The Patchy Lioness" by Eric Yang (NSW)*





Australian Scholarships Group  
Friendly Society Limited

ABN 21 087 648 879

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