



Annual report

2013

Key metrics

Governance Institute of Australia Ltd (Governance Institute) promotes and advances effective governance in Australian organisations and the wider community. We principally do this by training people so they can advise their organisations on good governance practice and then support them as Members, including through advocating for sound regulatory frameworks. This is our public good.

We know whether we've done a good job by tracking the following metrics that are aligned to our mission statement. We focus on the lifecycle of our students and so we track how many people graduate from our courses, both postgraduate and open-entry, and then progress to membership.

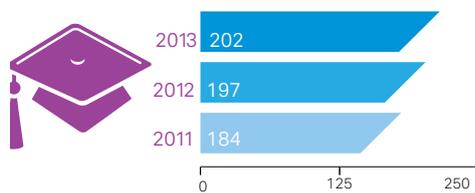
Then we focus on our Members' level of satisfaction as measured by retention rates and satisfaction surveys from independent third parties such as the Beaton study on page 1. This tells us whether or not we have been providing what our Members want. If our retention rate or Member satisfaction levels drop, we know without a doubt that we have some work to do.

Finally, we look at our human and financial capital. We look at our mix of revenue, staff turnover and training budget as all are critical if we are to be sustainable in the longer term.

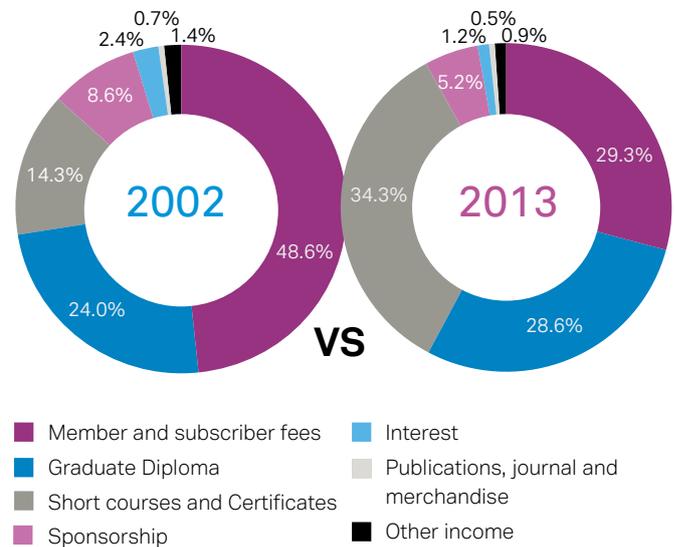
By putting it all together our objectives are always to strive to see that:

- Australia's governance frameworks lead the world in facilitating a strong economy
- Current and aspiring Members are provided with the best education and support to enhance their professional standing and careers, and
- The organisation is strategically focused on being innovative, encourages positive engagement with all stakeholders and fosters a culture and values with a view to be sustainable.

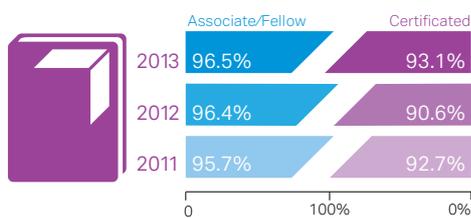
Graduates from the Graduate Diploma



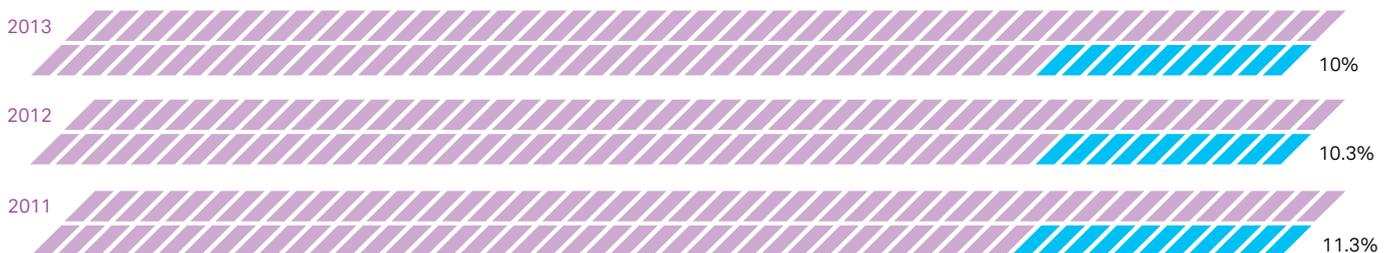
Revenue sources: 2002 versus 2013



Member retention (in percentages)



Staff turnover

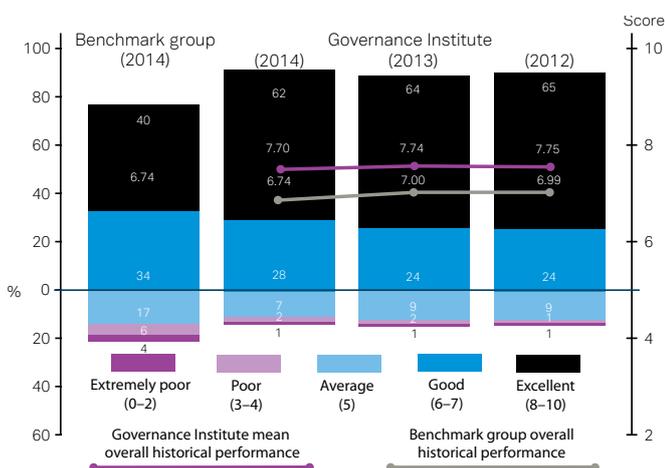


Contents

- Contents 1
- Chair and CEO report 2
- Governance and stewardship 4
- Strategy 8
- Training and developing the profession 10
- Governance Institute Members involved in education and training 12
- Driving and influencing the policy debate 14
- Employees 16
- Profiles of Governance Institute Members 18
- Governance Institute executive staff 20
- Member milestones 22
- Corporate governance statement 24
- Directors' report 30
- Financial report 35
- Directors' declaration/
Auditor's independence declaration 49
- Independent auditor's report 50
- Detailed operating surplus and deficit accounts 51
- Members' code of ethics 52
- Contact 53

Overall ranking in Beaton study

The 2014 Annual Professions Study conducted by Beaton Research + Consulting provided a benchmark for 21 associations' performance as measured by responses to surveys of their members. Governance Institute remains a leading organisation when benchmarked against other participating peer associations; ranking first or second on overall performance in nine of the last 10 years.



Chair and CEO report



Alan Evans

This 2013 report is the second that Governance Institute has produced as an integrated report. As we said last year, the Board and management are committed to providing a report that is clear and unambiguous and provides Members and other stakeholders with an insight into how we are fulfilling our mission and objectives.

Our report

This year's report is a particularly special one as we have the pleasure of reporting that the Board's decision to recommend a change to our organisation's brand positioning and name was endorsed by 81 per cent of Members at the general meeting held on 20 September 2013. With 45 per cent of the membership having voted your Board is confident that the outcome reflects the wishes of the Membership and that the change will help secure the long-term future of Governance Institute.

As we are continuing with publishing an integrated report our objective is to provide a holistic picture of the matters that materially affect the ability of Governance Institute to create value over time in the service of fulfilling our public good of improved governance practice in Australia. From what we learned from last year's report we have made a number of changes that we hope you see as improvements and which we will continue to do.

Our new name and brand positioning

The change to the name Governance Institute of Australia Ltd was, in many ways, the last step of a deliberate strategy that began back in 2007 to broaden the organisation's relevance. We are on the way to achieving our objective to broaden our Membership through the introduction of certificated membership. Of our three certificate courses we now have one aimed at the not-for-profit (NFP) sector and another in risk management. We also have a new postgraduate qualifying program in risk management.

It was the success of these initiatives that led the Board to recommend a new name that reflected what our organisation had evolved into. The Governance Institute now has over 700

Certificated Members — risk management professionals now make up 8 per cent of all new Members and 53 per cent of new Members now hold roles such as non-executive directors, regulators, lawyers in practice, consultants and more.

The new name now demonstrates external alignment with what has been happening internally and will make it much easier to explain what we do to prospective Members. Governance Institute will continue to provide the best education, support and advocacy in the practice of governance and will be the home for chartered secretaries, governance advisers and risk managers.

The broader focus will also contribute to ensuring that Governance Institute can sustain its reputation as the best and only independent professional association in Australia with a sole focus on the practice of governance. All membership organisations need a sufficient inflow of new members to assist in generating new ideas and maintaining relevance and this is much more assured with the change in brand and name.

Our mission

Governance Institute's mission is to be the expert leader in the promotion and application of the practice of governance to drive responsible performance for the benefit of organisations and the wider community. Good governance can improve decision making and contribute to improved organisational performance, but only if that improved performance is achieved responsibly.

In measuring our success we will continue to place emphasis on Member satisfaction and retention. We will report on our retention rates and on the results of externally managed surveys on Member satisfaction.



Tim Sheehy

Support for changes to charter and by-laws

As many Members would be aware, the National Council and the Board of Governance Institute were concerned about the delay in the progress with changes to the Institute of Chartered Secretaries and Administrators' (ICSA) Charter and by-laws that would bring proportional representation to the International Council.

We are pleased to report that a general meeting of all Members of ICSA was held in December 2013 to approve a more comprehensive revision of the charter and by-laws that included the previously voted on matter of proportional representation as well as the United Kingdom part of ICSA becoming a division like all other divisions.

All resolutions received approximately an 89 per cent vote in favour and so there is now a strong mandate for the future. Governance Institute is keen to see the newly constituted council meet as soon as possible and to develop a strategy that will enhance the value of being a chartered secretary.

On 5 March 2014 Her Royal Majesty the Queen in Council passed the Privy Council recommendation to approve the amendments to ICSA's Royal Charter and by-laws.

Financial health

Trading conditions have continued to improve with the Graduate Diploma of Applied Corporate Governance enjoying the highest enrolments ever and with on-line study in the three certificate courses experiencing double-digit growth.

As has been the case for a couple of years there continues to be a trend away from full-day or multi-day events and toward shorter events or courses and so we have continued to stage more of the shorter type events.

The cost of the re-brand

The project that led to the change of name to Governance Institute commenced in October of 2012 with the appointment

of an outside brand agency. The operational aspects are now largely complete. The total cost for the project will be in the vicinity of \$660,000 which includes consulting fees, the general meeting, new collateral, signage and advertising.

In addition to the costs associated with the re-brand, costs of approximately \$250,000 have been incurred to fund the development of the Advanced Certificate of Risk Management. This is an important strategic initiative that will greatly assist future growth in membership and enhance the professionalism of risk management.

The one-off costs of the brand reposition and the new risk management course will result in slightly lower end-of-year Member funds, however totals will still be above the minimum set by the Board. These expenditures are strategic in nature and are an investment in the future of Governance Institute.

Conclusion

In closing, 2013 has been a watershed year, and seen us make significant contributions to Australia's governance knowledge, capacity and legislative framework.

We would like to take this opportunity to thank all of the Members and staff of Governance Institute who have assisted the organisation by teaching, serving on state councils and policy committees, and contributing to the development of information and other activities. We could not have achieved so much without you.

Alan Evans FGIA FCIS
President and Chair of
Governance Institute of Australia Ltd
and of the Australian Division of ICSA.

Tim Sheehy FGIA FCIS
Chief Executive of Governance Institute of Australia Ltd
and of the Australian Division.

Governance and stewardship

Governance Institute's own governance framework is deliberately modelled on those of leading listed companies but with the uniqueness of being a membership organisation as an added consideration. We believe this approach is not only appropriate but ensures the organisation can deliver substantial value to Members into the future.

In later pages of this document we report against the ASX Corporate Governance Council's *Governance Principles and Recommendations*. We see these principles as extremely relevant to this organisation. But as we are a membership organisation the need to communicate regularly and consult often is greater and so we will outline below those aspects of our governance framework that go beyond the Principles and Recommendations.

Transparency

We report to Members not only in this annual report, but also in our journal, *Governance Directions*, and in e-communications. These disclosures cover keeping Members up to date on how the organisation is fulfilling its mission, any proposals for (and voting outcomes on) constitutional change and their impact on Members, as well other membership matters that go to the sustainability of Governance Institute as a member-based organisation.

In 2013 we communicated extensively as the brand repositioning and name change project progressed. Using direct correspondence, e-communication and the journal, we've outlined the project and how its outcomes would result in significant benefits in the way that Members' needs are met, and how they are represented. We conducted town-hall style meetings in each mainland capital city at both a midday time and after work. We wanted all Members to have a chance to hear the story but also to be able to air their views in the presence of other Members.

We also communicated extensively during the year to keep Members up to date on progress with the change in the charter and by-laws of the Institute of Chartered Secretaries and Administrators (ICSA). As the vote did not occur until December it was important to maintain the flow of information so when the time came to vote there would be the interest to participate.

We use social media as another channel to inform Members via our pages on LinkedIn and Facebook and via Twitter. Whilst these channels are not used by all Members we know that we must use every channel possible to reach our Members in whichever way they prefer.

We've also been transparent to you about our relationship with the new international organisation, Corporate Secretaries International Association, which was founded to enable Governance Institute to engage with similar organisations that are not part of the Commonwealth-based ICSA.

Internally, we practise what we preach by circulating Board papers and the full strategic plan to all staff (except those papers relating to personal staff matters). There is full transparency to all those working on behalf of Members as to board and executive decision-making. We also have regular all-staff meetings where progress on strategic issues is discussed as well as outlining progress on our annual financial goals.

Accountability

Governance Institute operates at the national level and with representation in all states. Members of our Board of Directors are elected from each state, for a term of three years.

The Board of Directors has a clear understanding of the respective roles and responsibilities of the Board and management and has clarified this in a Board charter, which is available on our website at www.governanceinstitute.com.au/governanceinstituteboard.

Each state council also has a clear understanding of its role in assisting the Board to represent the interests of the Members in each state. During the year a new State charter was introduced to reflect the changing role of the state councils and to enable the councillors to understand the importance of their ambassadorial and mentoring role.

The charter of all of these bodies can also be found on our website.

Each year the President and Chief Executive attend the first meeting of each state council where the council is given an overview of progress during the prior year and priorities for the coming year at both a state and national level.

As in many organisations the strategic plan forms the basis of activities for the future but it also acts as the primary accountability mechanism between management and the Board. All tasks have clear performance indicators and timelines and are monitored regularly by the Chief Executive and Board.

The reporting process to the Board is clear, with the Chief Executive reporting at each Board meeting on progress against the strategic plan as well as on financial and operating performance. Each unit head and a number of state managers also present to the Board annually, providing an opportunity for the Board to question senior management directly.

Stewardship

There is an enterprise-wide recognition that Governance Institute is managed for the benefit of Members, taking reasonable account of the interests of other legitimate stakeholders. The Directors and the Chief Executive have worked to ensure organisational sustainability, not only through sound financial management, but also by opening up a new membership category (to provide a home for those entering a career in governance and risk management), expanding into other sectors such as the NFP and public sectors, and developing new products such as the Advanced Certificate of Risk Management to cater for the expanding professional needs of our Members.

The repositioning of the brand and change of name to Governance Institute was a strategy that the Board undertook with a view to the longer term sustainability of the organisation. A number of years ago the Board and management came to the decision that maintaining almost a sole focus on the role of company secretary would not result in enough new Members.

As has been discussed above and in the past the Board opened up the membership to appeal to a wide range of governance practitioners and developed new qualifying programs. These strategies have been successful and so it became apparent that the name of the organisation needed to change to reflect what the organisation had turned into.

All of the major strategic decisions are the result of an ongoing strategic planning process that has been in place for over 15 years. Each year, the Board meets off-site to provide for a sustained focus on strategy alone, as well as reviewing strategy at each board meeting. The strategy process sets key performance indicators for senior management, is clearly documented, and it is reported against at each board meeting.

Integrity

All Members must abide by the Members' code of ethics (see page 52). There are few disciplinary actions against Members and there is strong Member retention — these combined reveal how you, the Members, embody integrity in your professional practice.

It is vital that the staff of Governance Institute reflect this high level of integrity. Each staff member has the values of the organisation embedded in their performance plan — one of those values is to behave ethically. All staff are reviewed biannually on their performance.

We demonstrate integrity in our engagement with regulators and policymakers, bringing an independent mind to influencing public policy and other issues affecting the profession.

We promote integrity in our learning programs, not only via the quality of the content, but also through procedural fairness and educational equity. Education policies are publicly available on our website, covering a range of matters such as enrolment; academic misconduct; subject and course completion; refunds; assessment and appeals; and assignment and examination rules and procedures.

Organisational sustainability

Governance Institute Directors are charged with ensuring the sustainability of our organisation. They set the strategic directions to ensure the organisation remains financially strong, that the membership is vibrant and renewing and that the organisation remains relevant to constituents, government and business regulators, business media and other key stakeholders well into the future.

With regard to membership, the Board of Governance Institute has long held the view that membership can only be attained by demonstrating some degree of expertise in the body of knowledge of the profession. This sets Governance Institute apart from many membership associations but also creates a number of challenges. While the number of new Members is important, the gender mix, professional background and retention of those Members is critical.

New Members

For Associate and Fellow Members, the postgraduate level study required for membership spans some 18 to 24 months part-time, which is a significant investment in time and commitment. This high standard of entry in turn maintains the well regarded reputation of these membership categories. As such the Board acknowledges that membership growth will be moderate in these categories.

The Certificated Member category continues to go from strength to strength. This category of membership meets the needs of those who have a general interest in governance as well as those who are taking their first steps in a career in governance and risk management.

New Governance Institute Members



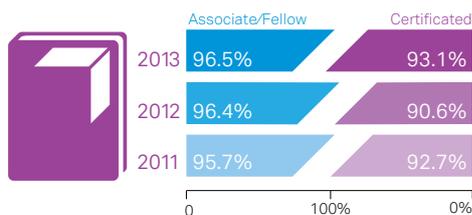
**Please note that in the 2012 Annual Report, the numbers quoted were a net result, not a new Member total. This has been adjusted in this report.*

Member retention

Governance Institute is proud of the ongoing strength of the retention rates of our membership in all categories. It is particularly gratifying when maintaining current membership is not mandatory for company secretaries or governance professionals in any market or industry sector in Australia, including ASX listed companies. For many of our Members, Governance Institute is one of several professional memberships they maintain annually. Also, a high percentage of Members self-fund their Governance Institute membership renewals each year.

Our Members who were elected to or advanced to Fellowship, or achieved continuous membership of 50 or 25 years can be viewed on pages 22–23.

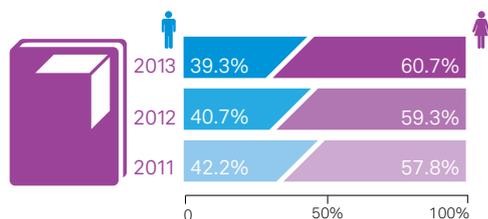
Member retention rate



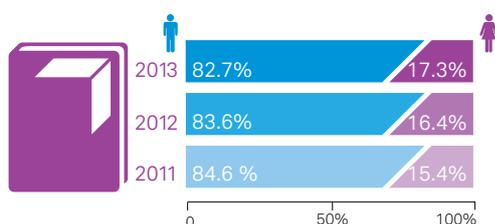
Membership gender representation

Governance Institute is committed to ensuring equitable diversity in company secretarial, governance and risk management roles and responsibilities in Australia. In a profession that was traditionally male-dominated, it is pleasing to see that a greater proportion of females is studying with Governance Institute and becoming Members. This change can be seen more clearly in our gender proportions for our Certificated category of membership, which commenced in October 2009.

Certificated membership



Associate/Fellow membership



The current larger proportion of male Associate and Fellow Members reflects the demographic history of the profession, with over 50 per cent of Members over 60 years of age.

However, when looking at Associate and Fellow Members joining in recent years, new female Member representation was 43 per cent in 2011, 44 per cent in 2012, rising to 49 per cent in 2013.

Although moving by seven per cent toward a greater female representation between 2011 and 2013, the gender composition will still take some years to fully show the number of females now engaged in governance within their roles and responsibilities.

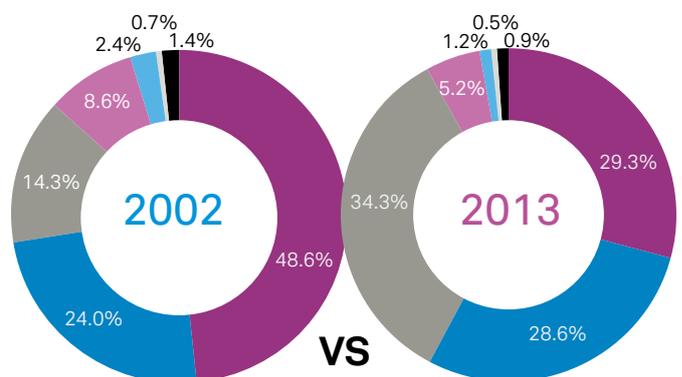
Financial sustainability

To ensure the financial health and sustainability of the organisation, over past years the Directors have set strategies to diversify revenue streams away from a dependency on income derived from membership renewal fees. Eleven years ago nearly half of total income came from membership and this was seen as unsustainable. So strategies were put in place to expand income from more diversified learning, seminars, workshops, conferences and products.

As such, now less than 30 per cent of Governance Institute's total income is derived from Member and subscriber fees.

The focus is now on generating surpluses that provide sufficient reserves for future investment and operating the business at adequate levels of productivity.

Revenue sources: 2002 versus 2013



- Member and subscriber fees
- Interest
- Graduate Diploma
- Publications, journal and merchandise
- Short courses and Certificates
- Sponsorship
- Other income



Strategy

Governance Institute has a well developed strategic planning process in place that involves input from senior staff, state and regional councils and the Board in its development. The robustness of this process has contributed greatly to the continued growth and health of the organisation.

In the middle of each year the Board and senior staff meet for a weekend strategy meeting to review progress, assess the environment and based on evidence develop broad plans for the organisation. The weekend meeting develops a draft plan that is revised and reviewed in September and then finally approved at the final Board meeting of the calendar year.

The plan then forms the basis of each staff member's own personal performance plan which in turn forms the basis of each staff members' performance-related remuneration.

Finally, the Chief Executive reports to each Board meeting on progress against the plan.

To work toward achieving Governance Institute's mission of driving responsible performance for the benefit of all organisations and the wider community, three objectives have been set by the board. These objectives for the Governance Institute are to strive to see that:

- Australia's governance frameworks lead the world in facilitating a strong economy
- Current and aspiring members are provided with the best education and support to enhance their professional standing and careers, and
- The organisation is strategically focused on being innovative, encourages positive engagement with all stakeholders and fosters a culture and values with a view to be sustainable.

The way we will evaluate our success is by measuring participation, engagement and advocacy outcomes. We will report on trends in enrolments, completion rates and rates of conversion to membership.

Advocacy and thought leadership

Governance Institute will continue to devote significant resources to ensuring Australia's governance frameworks lead the world in facilitating a strong economy. For example, we have initiated a thought leadership project aimed at improving engagement between investors and companies and another project surrounding the primacy of directors' obligations to shareholders and the need to clarify this as society's expectations of the role large listed companies play in our community increase.

In thought leadership during 2013 Governance Institute was a substantial contributor to the development of the Guidelines for *Gender Balance Performance and Reporting Australia*. The guidelines were launched in May by Graham Bradley AM and are a practical framework to enable Australian entities to improve their performance in gender diversity.

In addition to thought leadership, Governance Institute will continue to support the work of three internal policy committees that enable the Governance Institute to contribute to the legislative and regulatory debate that is ongoing. In 2013 we were again active in the not-for-profit reform debate, the cap on self-education expenses, Australian Prudential Regulation Authority (APRA) standards and with Corporations and Markets Advisory Committee (CAMAC) in regard to the future of the annual general meeting (AGM).

Governance Institute is also a member of a number external committees and organisations, including the ASX Corporate Governance Council, Standard's Australia Risk Management Committee, and ASIC's Business Advisory Committee. We participate in these committees because we have something to contribute but also because it is consistent with our objective to influence the development of Australia's governance framework.

Finally, we will also further our objective by engaging in international forums such as Corporate Secretaries International Association and the International Corporate Governance Network so that we can influence the regulation in other countries that could flow back to Australia.

We know that we have been successful if we achieve the policy outcomes we have been advocating.

Learning

Governance Institute is committed to preserving its reputation as the premier educator in governance in Australia. We are Australia's only professional association with an accredited higher education qualification in governance and continue to enjoy increasing participation from aspiring professionals.

Governance Institute is committed to continually improving the quality of its courses and the flexibility and quality of its distance learning. Medium-term projects are already underway to improve the quality of our filming, enhancing the functionality in our chat-rooms and increasing the depth of our online libraries. Many of these enhancements were introduced in 2013 with more to come over 2014 and 2015. These initiatives improve our course retention and graduation rates which are measures of our success.

This year also saw the launch of the Advanced Certificate of Risk Management, built to a postgraduate standard. This comprehensive course in risk management is unrivalled in breadth and depth of coverage and is ideal for risk practitioners and senior managers who want to progress in their careers and learn from the leaders in the field.

At the time of writing the Advanced Certificate of Risk Management is before the Tertiary Education Quality Standards Agency seeking accreditation as a Graduate Certificate. We expect this to be in place in late 2014 at which time Governance Institute will have two accredited higher education qualifications that lead to Associate and Fellow membership.

Finally, the Graduate Diploma of Applied Corporate Governance continues to be recognised as the premier qualification for senior governance practitioners. This qualification is considered essential for anyone seeking a senior career in governance, particularly in listed companies. Governance Institute is pleased that enrolments for 2013 set a new record for the organisation.

We know that we have been successful if we can produce graduates who can enhance their professional standing and achieve improved responsible performance for their organisation.

Intellectual property

Over a decade ago the Board made the decision that to underpin the organisation's mission it had to provide much of its intellectual property to the community at no or nominal cost. This is an essential part of Governance Institute's public good and has influenced its intellectual property strategy ever since.

There are now 61 Good Governance Guides freely available on our website. There are also 12 in-depth booklets available at nominal cost. In addition there are comprehensive and instructive best practice guides on how to construct an agenda, write minutes, prepare an action list, prepare voting forms, and prepare a register of interests and related party transactions.

We are extremely grateful to our Members for donating their time and expertise in developing all of our intellectual property. We know these are worthy initiatives because we see how many people view them, or download them or order them. We measure our success by the demand.



Training and developing the profession

The demand for governance and risk management skills is high. Education and training, by developing and refining skills and knowledge, helps organisations meet this governance and risk management challenge.

Governance Institute uses education and training to promote good governance and risk management practice by:

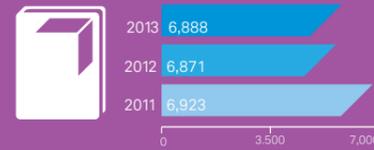
- developing and enriching the governance and risk management expertise of Members

- encouraging new membership of Governance Institute via education and training pathways.
- Governance Institute's education and training courses are the:
 - Graduate Diploma of Applied Corporate Governance
 - Advanced Certificate of Risk Management
 - Certificate in Governance Practice
 - Certificate in Governance and Risk Management and the
 - Certificate in Governance for Not-for-Profits



Graduates to Members

Those who have undertaken education at the highest level with us are entitled to become Associate or Fellow Members.



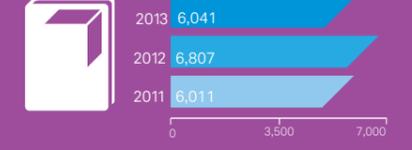
Total Members

Certificated Graduates are entitled to apply for Certificated Membership. They become part of the total membership of Governance Institute and enjoy the same benefits as Associate and Fellow Members. All Members were entitled to vote on the change of name.



Governance Institute professional development events

Once graduates become Members, they continue to develop their skills and experience by undertaking professional development. Governance Institute delivers ongoing professional development for our Members and others in governance and risk management through a variety of special events such as the Annual Conference, workshops, seminars and briefings.



Attendees at Governance Institute professional development events

Professional development events are open to all. Governance Institute Members and subscribers receive discounted rates to these events.

Membership



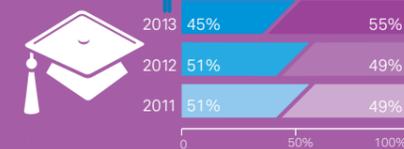
Graduates from the Graduate Diploma

Those who have undertaken education at the highest level with us are entitled to become Associate or Fellow Members.



Enrolments in the Graduate Diploma by graduates of Governance Institute Certificate courses

As their careers develop, many Certificated Members benefit from greater exposure to the governance knowledge and skills found in the Graduate Diploma.



Enrolment in Graduate Diploma by gender

The enrolments in the Graduate Diploma reflect the gender balance of broader society and will, in the long term, lead to evolution in the composition of Governance Institute's membership.



Graduate Diploma enrolments

Individuals progress to the Graduate Diploma as their careers develop, providing a deeper and much more rigorous exploration of knowledge and skill, appropriate to more senior levels of governance and risk management responsibility.

The individual journey to acquiring governance and risk management skills



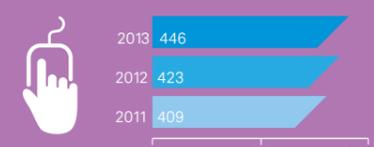
Short courses undertaken

Individuals come in looking for education and training on specific issues and for just-in-time learning in one particular area, for example what does a company secretary do? And then they move as their needs change to undertake further education.



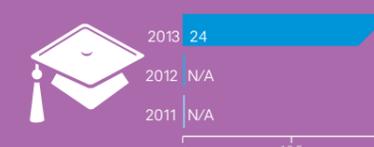
Certificate course gender enrolment

At the vocational level, individuals undertake short courses which articulate into one of three Certificates. There is a continued trend of predominantly female enrolment in these courses.



Graduates of Certificate courses

Certificate course graduates are eligible for Certificated membership, enabling them to engage in forums, communities of practice and professional development events to further refine their skills.



Advanced Certificate of Risk Management

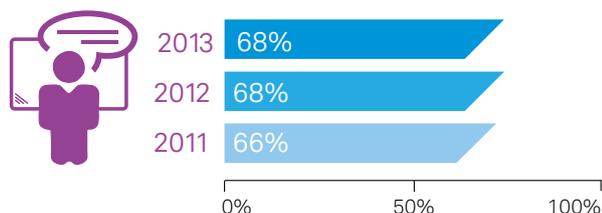
In Semester 2, 2013 an Advanced Certificate of Risk Management was introduced for individuals seeking to develop their career by gaining knowledge of risk management principles at an organisational and global level. Graduates of the Certificate will be eligible for membership as an Associate or Fellow Member of the Governance Institute.

Governance Institute Members involved in education and training

Governance Institute Members are a vital part of the mix in the development and presentation of education and training programs. The expertise and practical experience of Members, coupled with the insight of selected academic experts who have studied governance systems and legal frameworks for many years, lends cachet to the Governance Institute-as-educator model. This is well recognised by industry. By being involved in training and education, Governance Institute Members can also further hone their own practical skills and conceptual frameworks. As a result, governance and risk management skills are handed down from generation to generation.

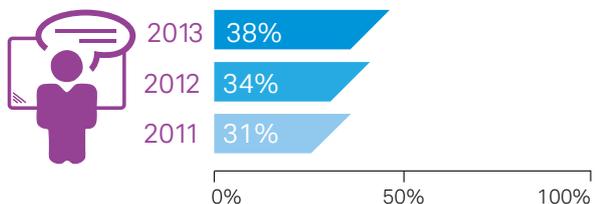
Course directors of Graduate Diploma of Applied Corporate Governance subjects who are Governance Institute Members

Course directors are lecturers in the Graduate Diploma. They are responsible for teaching classes to a postgraduate standard.



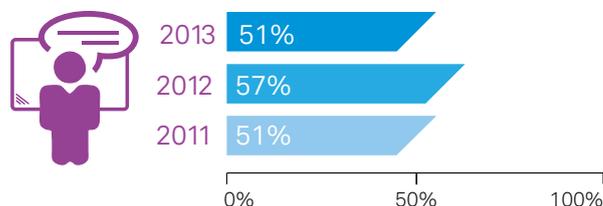
Guest presenters at Graduate Diploma of Applied Corporate Governance subjects who are Governance Institute Members

Guest presenters provide specialised expertise in specific sections of the Graduate Diploma classes.



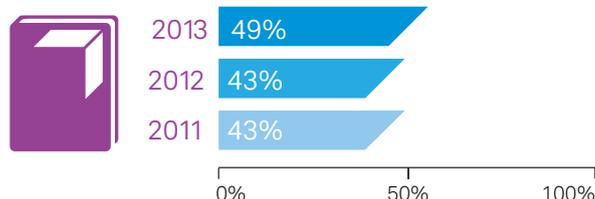
Members of Education Committee, Assessment Review Committee and Subject Advisory Committees who are Governance Institute Members

Governance Institute has several academic committees and panels including the Education Committee, the Assessment Review Committee, and Subject Advisory Committees of each subject.



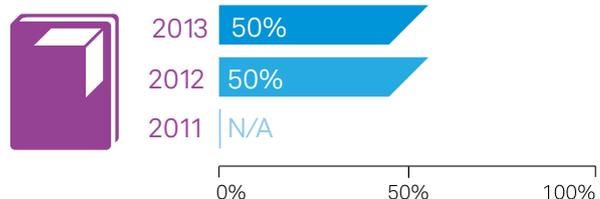
Training presenters who are Governance Institute Members

Training presenters deliver the short courses for Governance Institute.



Members of training committees who are Governance Institute Members

Training committees were set up in 2012 to provide consistency and quality for the training course material.



Governance Institute also uses non-members in particular specialised roles in education and training. This is done where the skill set does not exist within the membership, or where particular qualifications are required, for example, academic accounting qualifications for delivery of the accounting/finance subjects in the Graduate Diploma.



Driving and influencing the policy debate

Governance Institute facilitates the contribution of Australia's most experienced governance and risk management practitioners to the development of public policy that supports the long-term economic growth and social benefit of the nation. Our Members are dedicated to ensuring that public policy drives responsible performance in private, public and not-for-profit sectors.

Advocacy is an important part of Governance Institute's day-to-day activities. This takes the form of representing Members on relevant industry and regulatory committees and working groups, releasing policy documents, making submissions on proposed reform, developing thought leadership papers, giving evidence to committees and participating in international working parties. It also involves meeting with members of the government and opposition, as well as those departments charged with implementing government policy.

All of these activities combine to position Governance Institute as a leader in governance, from which advocacy is welcomed and advice is sought on relevant issues. Importantly, we are recognised as providing independent advocacy — we do not lobby on behalf of any particular group or vested interest, but garner the deep expertise of our Members to ensure their views are heard in public policy debates and to seek the best governance outcomes in each instance.

It is not always possible to influence the decisions of policy makers, and it is not necessarily easy to attribute specific policy or regulatory changes to any one body's advocacy. Much of our contribution is in the background working with the regulators and departmental staff, as well as in public fora and policy positions. Our aim is always to facilitate a dialogue that fosters informed decision-making in relation to the development of policy, a greater understanding of any practical consequences of proposed policy reform, and to offer alternative solutions that can achieve the policy intent should we identify any unintended consequences.

Contributions to the policy debate

This is a sample of the activities in which Governance Institute representatives participated:

- Development of the 3rd edition of the ASX *Corporate Governance Council's Corporate Governance Principles and Recommendations* — we are a founding member and have been involved in the development of each edition
- Development of the ACNC governance standards for charities — the aim was principles setting out good practice that are easy to achieve within current structures
- Financial Reporting Council's Integrated Reporting Taskforce — our Members act as the nexus between the board and the taskforce and are integral to the success of integrated reporting

- Standards Australia's Risk Management Committee — the Committee developed a companion to AS/NZS ISO 31000:2009
- ASIC Business Advisory Committee
- ACNC Sector User Group
- ASIC roundtable on the operating and financial review
- CAMAC roundtables on the future of the AGM
- ASX roundtable on timetable for rights issues
- Business Leaders Reporting Forum

To ensure that our governance frameworks continue to lead the world in facilitating a strong economy underpinned by responsible performance, and to assist organisations in all sectors to foster a culture and values that ensure they are sustainable, we:

- developed 35 public and five confidential submissions
- published 15 Good Governance Guides, and
- created a series of best practice templates on key governance documents.

Thought leadership

We aim for continual improvement in the policy frameworks for governance and risk management by providing thought leadership on leading edge areas of governance. In 2013, in conjunction with Women on Boards, Governance Institute published *Guidelines for Gender Balance Reporting and Performance* — a practical and relevant framework to enable Australian entities to raise their performance in relation to and reporting of gender balance.

We also held a roundtable on shareholder engagement, followed by interviews with chairmen, non-executive directors, asset owners, asset managers and intermediaries, to develop guidelines on good practice in this central area of corporate governance. This consensus-led guidance was released for public comment and is intended to be a 'work in progress' as practice evolves.

Our Governance Advisory Panel determined that we should explore with stakeholders the issue of shareholder primacy, to assess how the shareholder primacy rule should be positioned in the 21st century and if greater certainty needs to be

introduced to the operation of the law in this regard. We held two roundtables in Melbourne and Sydney which generated stimulating debate. Work continues on whether the explicit objectives of a company should be solely about shareholders — we aim to foster a wider public discussion in the coming year.

With Australian superannuation now comprising the fourth largest pool of savings in the world and rising, members have a significant financial interest in their funds. Good governance is key to providing the transparency and accountability of the stewardship of those funds and to this end Governance Institute has developed a series of guidance notes on this topic and formulated a policy position on how best to facilitate member empowerment.

International relationships

Governance Institute is a founding member of the Corporate Secretaries International Association (CSIA), and one of our Members, Peter Turnbull, was the 2013 President. Among other activities, CSIA launched globally-accepted principles of good governance for corporate secretaries in Kuala Lumpur in

2013. This is one of the three major initiatives CSIA has been working on, with the other two being lobbying the World Trade Organisation (WTO) to include a new listing for 'Corporate Governance, Compliance and Secretarial Advisory Services' in the WTO's 'Trade in Services' business classification listings, and developing a *Corporate Secretaries Toolkit* in conjunction with the International Finance Corporation, a member of the World Bank Group. This is for use in the training of corporate secretaries around the world.

A past Australian representative was elected President of the Institute of Chartered Secretaries and Administrators (ICSA) in 2013, with the task of overseeing the restructuring of the governance of the international body to ensure it represents Members' interests globally and is fit for purpose for the challenges of the coming decades.

Governance Institute also continued its membership of the International Corporate Governance Network (ICGN), and continues to contribute to investor-led guidance on governance through participation in its Integrated Reporting and Corporate Risk Oversight Committees.



Employees

As Governance Institute is a professional services organisation that develops and disseminates knowledge, its human capital is critical to its sustainability. The culture of the organisation is a balance between being an NFP organisation and Member-focused while at the same time incorporating many of the features of a performance-oriented commercial business.

Staff gender balance and opportunity

Governance Institute's employment philosophy is open and transparent. All positions are advertised publicly and internal employees are encouraged to apply. Being a small organisation, sometimes we recruit outside people, but if possible we promote internally.

There is good gender diversity among staff at senior management levels and further into the organisation.

Remuneration

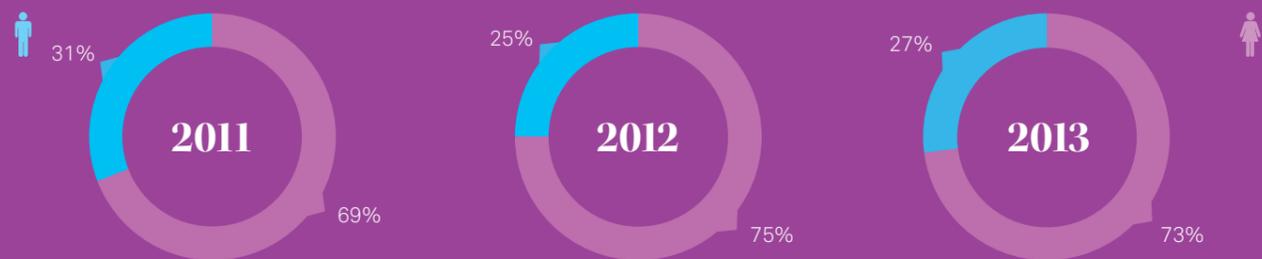
Remuneration for all staff is comprised of a combination of guaranteed and performance-based remuneration where performance-based remuneration can range from approximately five per cent to 20 per cent of an individual's total remuneration.

Externally sourced salary surveys of associations and of business in general are used each year to assess whether an employee's remuneration is consistent with the market. Governance Institute generally remunerates staff in the top quartile for similar roles and reviews salaries on an annual basis.

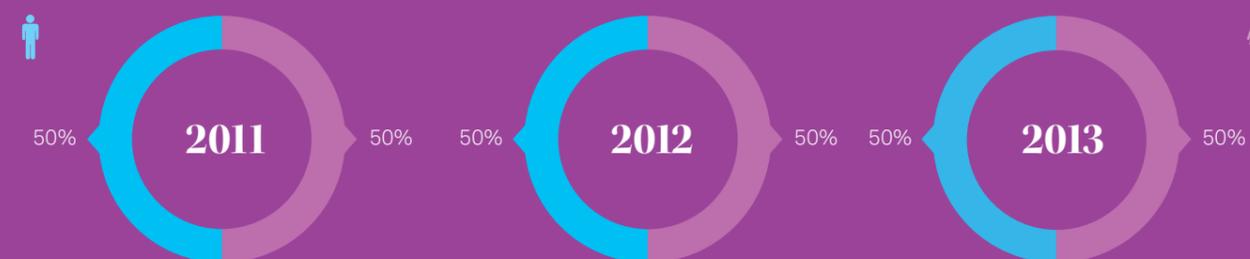
Performance-based remuneration is clearly linked to the annual budget and milestones in the strategic plan for the Chief Executive and all direct reports to the Chief Executive. The Chief Executive and Board agree on a remuneration strategy for all staff with the Remuneration Committee reviewing the actual remuneration of the Chief Executive and direct reports to the Chief Executive.

Workplace diversity by gender

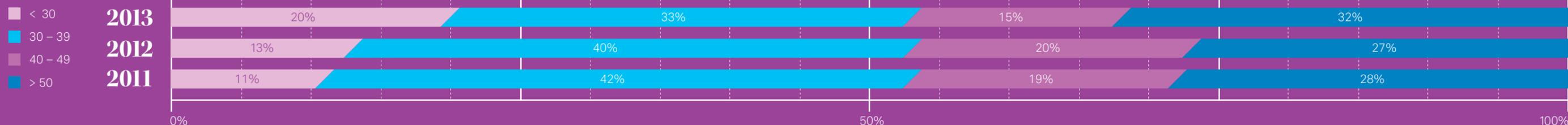
Entire staff



Senior management



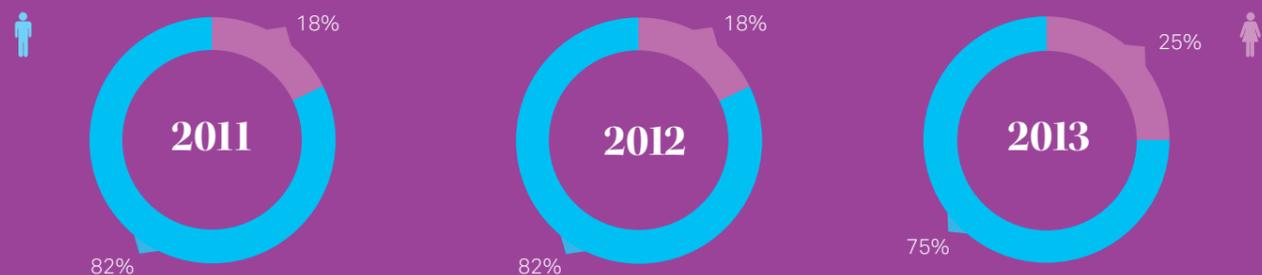
Workplace diversity by age



Board gender balance

Gender balance on the Board reflects the gender balance of the total membership of Governance Institute, but not new Members. As Governance Institute's constitution dictates that new Board members

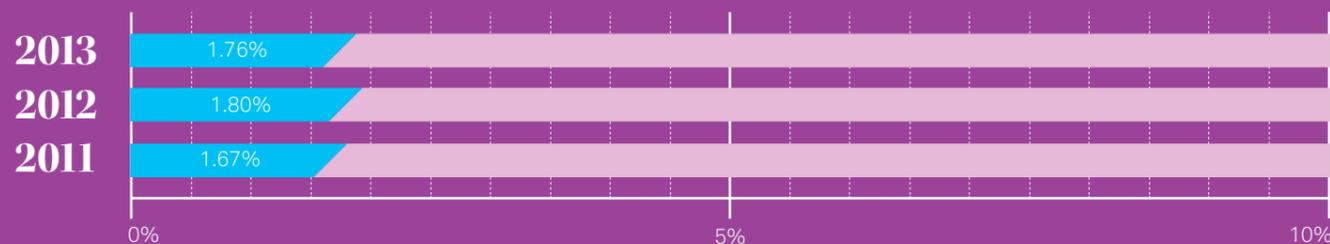
must generally come from State Councils, there is a conscious effort to increase female participation on State Councils. At the start of 2013, one third of the chairs of State Councils were female.



Staff training

Governance Institute's expenditure on staff training (as a percentage of personnel costs) has remained fairly constant over the last three years. During 2013 there was greater effort in encouraging all staff to undertake at least one of the Certificate courses in order to gain a greater understanding of governance issues in general.

During 2014 the Chief Executive will manage a review of the all human resource policies, including staff training with a view to benchmarking against best practice for professional services organisations.



Staff retention

Governance Institute has been fortunate to have relatively low staff turnover and this has contributed greatly to being able

to progress projects, provide excellent customer service and continually improve what we do.



Profiles of Governance Institute Members



Sally Murray GIA(Cert)

Board Secretary, Port of Melbourne Corporation

Sally heads the board secretariat for Port of Melbourne Corporation (PoMC), strategic manager of the nation's largest container and automotive port.

Responsible for managing board and committee related matters to service an independent board of directors, Sally plays a pivotal role in overseeing PoMC's corporate governance framework in keeping with the obligations of a significant government business enterprise.

Having joined PoMC in 2004, Sally previously worked in the office of the chairman and chief executive officer, before taking on the role of board secretary in 2011.

Prior to joining PoMC, Sally was office manager and personal assistant to the chief executive officer at Great Southern Railway (owned by Serco), operators of *The Ghan*, *The Indian Pacific* and *The Overland* from April 1998.

Sally's early professional career development was underpinned by roles in the hospitality, retail and tourism including Crown Limited, Harrods and AAT Kings tours.

Sally is a Certificated Member of Governance Institute of Australia where she continues to serve on the Victorian State Council.

Sally also holds a Bachelor of Business degree.



Chris Murphy AGIA

Legal Manager and Company Secretary, Melbourne Stadiums Ltd – Etihad Stadium

Chris joined Melbourne Stadiums Ltd, the operator of Etihad Stadium, in 2010 in the role of general manager – legal. In 2012 Chris' responsibilities were expanded to include the role of company secretary. Chris is responsible for the overall management of Etihad Stadium's legal and compliance obligations, providing support to the board and senior management as well as providing company secretarial services to the organisation.

Prior to joining Etihad Stadium, Chris was a senior associate at Allens Linklaters, working in the Corporate, Mergers & Acquisition and Capital Markets group.

Chris has a wide range of experience in legal and governance matters including commercial contracts and negotiations, licensing and sponsorship, employment law, mergers and acquisitions, capital raisings, property law and privacy.

Chris holds a Bachelor of Commerce and Bachelor of Law (Hons) from the University of Melbourne and in 2013 completed the Graduate Diploma of Applied Corporate Governance receiving the Ian Falconer Award for Best Overall Graduate in Australia. Chris has been an Associate Member of Governance Institute since 2013.



Fiona Mead FGIA

Company Secretary, Asciano Ltd

Fiona is the company secretary and a member of the senior leadership team at Asciano Ltd, a role she has been in since that company listed on the ASX in 2007. Prior to joining Asciano, Fiona was assistant company secretary at Telstra.

Fiona's role encompasses providing legal and governance advice to Asciano's board and senior leadership team and implementing and maintaining the company's governance and compliance framework.

Fiona is a Fellow of Governance Institute of Australia and is also a member of their Legislation Review Committee, a role that gives a unique view of emerging and existing governance issues. Fiona is also a member of the Finance and Risk Management Committee at St Michaels Grammar School, and will join their board of directors in April 2014.



Sam Butcher FGIA

CEO and Founder, Authorities Online

Sam has over 20 years experience in corporate governance and law. He is the CEO and founder of Authorities Online and provides expert governance services to boards and executives.

Sam was previously deputy company secretary of BHP Billiton, and company secretary & general counsel of Zinifex and Bonlac Foods.

He has advised many organisations on their governance arrangements, often with a focus on delegated authorities. While at BHP Billiton, Sam led several major change projects including designing and implementing the improvement actions following the 2006 Royal Commission of Inquiry into the UN Oil-for-food Program for Iraq, and developing a comprehensive new framework of delegated authorities across the group.

Sam has led a range of functional teams and delivered many corporate transactions such as mergers, divestments and capital raisings and reductions. He is a Fellow of Governance Institute of Australia and has been a Member for over 14 years. He is also a member of Governance Institute's Legislation Review Committee and he presents frequently on corporate governance topics.

Governance Institute executive staff



Tim Sheehy FGIA

Chief Executive

Tim has been Chief Executive since November 1999. He works with the Board to guide Governance Institute's major strategic objectives and leads the senior management team to achieve Governance Institute's objectives, legal and international responsibilities.

In the time since he has led Governance Institute, he has positioned it as the only independent professional association with a sole focus on the practice of governance.

His background prior to joining Governance Institute was in investment banking with Westpac and Swiss Bank Corporation, management consulting with McKinsey & Co Inc and as a member of the academic staff at the University of New England, Armidale NSW.



Peter Dongas

National Director, Operations

Peter joined Governance Institute in 2007 in the role of Regional Director, NSW & ACT. In January 2014 he moved into the coordinating role of National Director, Operations. In this position, he has responsibility for maximising the effectiveness, reach and profitability of Governance Institute's operations and alliances, including delivery of national events.

He initiates and progresses strategic alliances with other professional associations, higher education providers and important commercial organisations, and manages an integrated sponsorship program that maximises state and national opportunities for the mutual benefit of Members and partners.

His commercial background was with a leading legal publisher, a corporate training provider and a large not-for-profit member organisation.



Judith Fox FGIA

National Director, Policy & Publishing

Judith has been National Director, Policy and Publishing since 2005. She works with Members to develop substantive policy statements on governance in the private, public and not-for-profit sectors and to advocate for sound regulatory frameworks in governance and corporate law.

Judith also develops thought leadership papers and guidance, and generates new information and data on governance and risk management practice through research.

She has represented Governance Institute on the ASX Corporate Governance Council since 2005, and also represents Members on Standards Australia's Risk Management and Governance Committees, the Business Reporting Leaders Forum and ASIC's Business Advisory Committee.

Judith also oversees the editorial direction and timeliness of publications in print and electronic formats.



Stan Jodeikin FGIA

Company Secretary/National Director, Finance & Administration

Stan joined the staff of Governance Institute in August 2000 and has been a Member of Governance Institute since 1991. He is experienced in company secretarial practice, corporate governance, financial management, computer systems, risk management implementation, office and business management in manufacturing, wholesale and retail industries.

He manages Governance Institute's compliance, secretarial, financial and administrative requirements so that it can achieve its mission of promoting and advancing effective governance and administration. Stan ensures Governance Institute and the Board meet legal and compliance requirements, the company and ICSA's constituent documents, and identifies and manages or mitigates risks. He provides professional governance support to the company and the Board as well as financial and management accounting information systems for Governance Institute, providing accurate information to the Board, staff and relevant regulators.

Stan also ensures that Governance Institute's IT infrastructure meets the business's needs.



Marc Wanstall

National Director, Marketing & Membership Services

Marc joined Governance Institute in August 2008. He positions the Governance Institute brand and the provision of services to governance and risk management practitioners in all sectors.

He ensures that Governance Institute is the primary membership destination for company secretaries, governance advisers and risk managers, and that it remains relevant and valuable as their careers develop.

Marc also manages and promotes Governance Institute's subscriber and student subscriber package.

He develops processes to promote the attractiveness of studying with Governance Institute and, ultimately conversion to membership. Marc is responsible for the consistency of message and tone across Governance Institute's online and hard copy marketing and promotional materials.

In 2013, Marc managed the process of rebranding and renaming Chartered Secretaries Australia to Governance Institute of Australia.



Stephen Wright

National Director, Education & Training

Stephen joined Governance Institute as National Director, Education and Training in April 2011. He seeks to enhance the reputation and standing of the Graduate Diploma of Applied Corporate Governance, ensuring that it meets international obligations. Similarly he augments the training programs by making them as relevant as possible and by strengthening their online delivery capability.

He also works to further entrench Governance Institute's three Certificates as pathways to Certificated membership.

Recently he has designed a risk management qualification, built to higher education standard which was launched in 2013.

Prior to working for Governance Institute, he worked for the Institute of Actuaries as Director of Education, was a Global Education Manager for EMC (an international information technology company), and was the Head of Training for the ABC.

Member milestones

Life Members

The Board inducts Life Members of Governance Institute to recognise their lasting impact on the direction or status of Governance Institute.

For 2013, John Rennie FGIA^{Life}

VIC

Members who have attained Fellowship

The Board congratulates Members who were elected to or advanced to Fellowship during 2013

| | | | | | | | |
|---------------------------|-----|----------------------------|-----|---------------------------|-----|----------------------|-----|
| Daniel Abrahams FGIA | QLD | Judith Fox FGIA | NSW | Tom May FGIA | ACT | Greg Seeto FGIA | QLD |
| Jeremy Barker FGIA | QLD | Patrick Gibson FGIA | NSW | Nicole McGinn FGIA | QLD | Joginder Sharma FGIA | NSW |
| Raymond Barro FGIA | VIC | Brett Govendir FGIA | NSW | Andrew McNeil FGIA | VIC | Howard Shepherd FGIA | WA |
| Nicholas Benbow FGIA | VIC | Richard Grauaug FGIA | WA | Dennis Mentzines FGIA | NSW | Guy Smith FGIA | NSW |
| Timothy Bethe FGIA | NSW | John Grieg FGIA | QLD | Tony Monaghan FGIA | WA | Giles Stapleton FGIA | NSW |
| Josie Bieber FGIA | NSW | Brooke Haigh FGIA | VIC | Faisal Mukhtar FGIA | QLD | Caron Sugars FGIA | WA |
| Tom Bloomfield FGIA | NSW | Charmaine Harch FGIA | QLD | Kerryn Newton FGIA | QLD | Louise Sullivan FGIA | NSW |
| Amanda Boland-Curran FGIA | QLD | Deborah Hoffman FGIA | NSW | Tony Ng FGIA | VIC | Peter Thomas FGIA | VIC |
| Steve Boulton FGIA | NSW | Romanie Hollingworth FGIA | WA | Lyn Nikolopoulos FGIA | NSW | Paul Thompson FGIA | VIC |
| Nigel Bubalo FGIA | NSW | Dominic Horsley FGIA | VIC | Kate O'Donohue FGIA | QLD | Tim Timchur FGIA | QLD |
| Michael Buckmaster FGIA | WA | Kirsty Huxtable FGIA | SA | William Ooi FGIA | WA | Adam Walk FGIA | QLD |
| Simon Cameron FGIA | NSW | Kirsten Kiel-Chisholm FGIA | QLD | Janelle O'Reilly FGIA | TAS | Sophie Ward FGIA | QLD |
| Catherine Caradus FGIA | NSW | Ho Lam FGIA | VIC | John O'Shannassy FGIA | NSW | Leigh Warnick FGIA | WA |
| Gavin Carney FGIA | SA | Andrew Leake FGIA | NSW | Nameeta Pai FGIA | NSW | Kwong Yap FGIA | VIC |
| Damien Coleman FGIA | VIC | Kenneth Leigh FGIA | QLD | Colleen Papadopoulos FGIA | QLD | Andrew Yost FGIA | NSW |
| Lionel Cowan FGIA | NSW | Marc Lichtenstein FGIA | VIC | Lee Perry FGIA | VIC | | |
| Michael Drew FGIA | QLD | Nicole Madden FGIA | VIC | Terry Rogers FGIA | QLD | | |
| Ken Fisher FGIA | ACT | Malcolm Thompson FGIA | QLD | Genevieve Ryan FGIA | VIC | | |

Continuous membership

Governance institute congratulates the following Members who achieved milestones for continuous membership in 2013

50 years

Australian Capital Territory

Alan Ashley AGIA
John Larkin AGIA

New South Wales

Philip Alexander FGIA
Miles Barclay AGIA
Rex Barrett AGIA
Anthony Baylis AGIA
Sydney Bishop FGIA
Douglas Brown AGIA
Ian Calder AGIA
Ian Campbell AGIA
Stanley Carr AGIA
Guy Cassar FGIA
Kenneth Chapman FGIA
Graham Connolly FGIA
Bruce Davis AGIA
Brian Doyle FGIA
Gordon Fontana AGIA
Justin Gardener AGIA
Robert Hall AGIA
Alan Hansell AGIA
Graham Harbutt FGIA
Donald Henderson AGIA
Maurice Hibbert AGIA

Roger Ho FGIA
Peter Hodges FGIA
Leslie Howarth AGIA
Jack Kameron AGIA
Marion Lawrence FGIA
Robert Llewelyn FGIA
Hugh Murphy AGIA
Richard Notley AGIA
Joshua Owen FGIA
Lindsay Paton AGIA
Robert Prince AGIA
Reginald Richardson FGIA
Neil Robinson FGIA
William Rowan AGIA
Mary Sheedy AGIA
George Staples AGIA
John Wadling FGIA
Michael Warren FGIA
Joo Wee Joo Loke AGIA

Queensland

Herbert Allport AGIA
James Bryan FGIA
Keith Cooper AGIA
Cornelis Frederiks FGIA
Hugh Greenway AGIA

Lancelot Hogg FGIA
Lloyd Jones AGIA
Samuel Lambert AGIA
Trevor Sanewski AGIA
James Tolhurst FGIA
Evan White FGIA
Gregory Whitmore AGIA

South Australia

Peter Carr FGIA
Graeme French FGIA
Thomas Kean AGIA
John Pridham AGIA
John Rawes FGIA
Geoffrey White FGIA

Tasmania

Neville Howden AGIA
Brian Loring AGIA
Bryan Richardson AGIA

Victoria

Theodorus Bieshaar AGIA
Leonard Boscoe AGIA
Maxwell Cobb FGIA
Robert Collister AGIA
James Dowling AGIA

John Erlandsen AGIA
Roger Fitzgerald AGIA
Leslie Harrison FGIA
Keith Head AGIA
Barry Jamison AGIA
Maurice Kellett AGIA
Athol Kelly FGIA
David Mair FGIA
Timothy Parker FGIA
Harold Paroissien AGIA
Edward Petersen AGIA
Ivor Reed FGIA
Tom Runnalls AGIA
David Simmons FGIA
John Simpson AGIA
Desmond Slattery AGIA
Jeffrey Taylor AGIA
Douglas Walter FGIA
Lawrence Webb FGIA
Norman Woff FGIA

Western Australia

Donald Humphreys FGIA
Barry Markey AGIA
Keith Minkey AGIA
Derek Wright FGIA

25 years

Australian Capital Territory

Gerald Burraston AGIA
Francis Kelly AGIA
Peter Langhorne FGIA
Charles Mazvidza AGIA
Jonathan Meiklejohn AGIA

New South Wales

Clive Bailey AGIA
Malcolm Bowman AGIA
James Bretherton AGIA
Phillip Camilleri AGIA
Rodney Campbell AGIA
Wing Choi AGIA
Robyn Cook AGIA
Janelle Couell FGIA
Robert Cross FGIA
Varunika DeSilva FGIA
Stephen Dickson AGIA

Domenic Fedele AGIA
Christopher Gabriel FGIA
John Harris AGIA
Andrew Hogg AGIA
Judith Howard FGIA
David Hughes AGIA
Alan James FGIA
Michael Jenkins AGIA
Peter Klomp FGIA
Timothy Laing FGIA
Bruce Loynes FGIA
Wayne McCarthy AGIA
Adrienne Parkinson FGIA
Stephen Patterson AGIA
David Perkins FGIA
Bernard Roden AGIA
Paul Ryan AGIA
Arun Shandil AGIA
Ross Sinclair AGIA

Roger Smith AGIA
Donald Stedman FGIA
David Tarleton AGIA
George Venardos FGIA
Coral Wasson AGIA

Queensland

Andrew Brodie FGIA
Deborah Bullock AGIA
Patrick Collins FGIA
Michael Gorrie AGIA
John Greig FGIA
John Kennedy AGIA
James Knowlman AGIA
Morgan Lane AGIA
Prem Nair FGIA
Stephen Pardey AGIA
Ian Paterson FGIA
Terence Rogers FGIA
Peter Wetzig FGIA

South Australia

Victor Ma AGIA
Gerard McQueen AGIA
Andrew Moffatt FGIA
Robert Moon FGIA
Geoffrey Thiel AGIA
Greg Wiese AGIA

Victoria

Rodney Brown AGIA
John Cassidy AGIA
Stephen Coles AGIA
Rohan David AGIA
Simon McBride FGIA
Bernard McInerney AGIA
Steven Reynolds AGIA
Paul Shepperd AGIA
Margaret Wilson AGIA

Western Australia

Graham Addison FGIA
Susan Bonaccorso AGIA
Geoffrey Brown AGIA
Alison Cohoe AGIA
John Evans FGIA
John Flint FGIA
Paul Fromson AGIA
Kevin Hall AGIA
Ida Holt AGIA
David Keeffe AGIA
Gregory MacMillan FGIA
Boon Tan AGIA
Chee-Peng Yao AGIA

Overseas

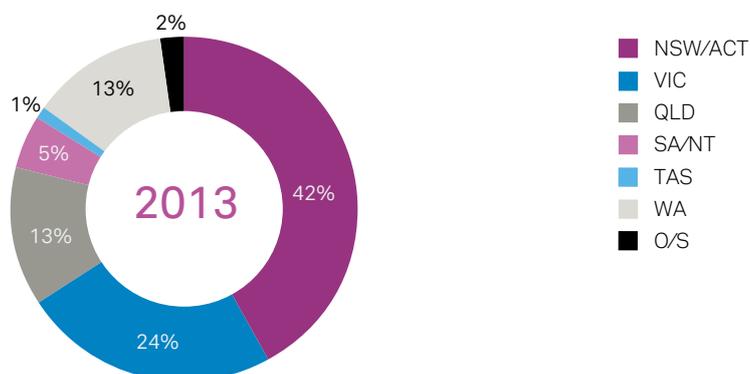
David Tsang Kwok Leung AGIA
Chan Wai AGIA

At year's end, Members and subscribers totalled 6,888 as follows:

Diversity of professional responsibilities of Members



Members by state



Corporate governance statement

The eight core principles of the ASX Corporate Governance Council's (ASXCGC) *Corporate Governance Principles and Recommendations* (2nd edition) apply to listed companies. Governance Institute of Australia Ltd is not a listed company and does not have any obligations to report against these principles and recommendations, but is the leading education and membership organisation committed to advancing good corporate governance.

Governance Institute of Australia Ltd Board (consolidated with the ICSA Committee for Australia (National Council) in 2009 to achieve improved efficiency and cost effectiveness) is, therefore, committed to report its governance structure against the ASXCGC guidelines.

The Board believes that its corporate governance structure and practices should be an example of sound practice for an organisation of its type and, as far as possible, for corporations generally. The Board, therefore, keeps all areas of Governance Institute of Australia Ltd's governance under ongoing review, in order to provide leadership by example in this crucial area of corporate responsibility and accountability. It particularly monitors any area of business risk that is identified and ensures appropriate control strategies are in place and properly managed.

As at 31 December 2013, and to the date of the signing of this report, the position of Governance Institute of Australia Ltd is as follows:

Principle 1: Lay solid foundations for management and oversight

In accordance with the Board Charter, the Directors' responsibilities include determining and reviewing the company's strategic direction and operational policies; establishing goals for management and monitoring the achievement of these goals; reviewing and approving the company's annual business plan; providing leadership to management; appointing, monitoring and rewarding the chief executive officer (CEO); recommending the appointment of the auditor to Members; approving the appointment and remuneration of all senior executive staff; approving all significant business transactions, including acquisitions, divestments and capital expenditure; monitoring business risk exposures and risk management systems; and approving and monitoring financial and other reporting to Members.

Induction days designed for newly appointed Directors, senior executives and all newly appointed staff are held as required. The induction kits contain comprehensive information in respect

of all constitutional documentation, service agreements, reimbursement, travel, Directors' and officers' insurance policies, risk management policies, strategic plans, the company's financial position, organisational charts of business and management structure and meeting arrangements, as well as the respective rights, duties and roles of the Board and senior executives. A brand identity guideline is also included that promotes the culture and values of the company. Directors are encouraged to interact with each other, senior executives and other stakeholders.

The induction process is designed to allow new Directors and senior executives to participate fully and actively in decision-making at the earliest opportunity.

The CEO is accountable to the Board for the management of the company within the policy and authority levels prescribed in the Board Charter and the company's business plan, which is reviewed and approved by the Board each year.

The CEO has the authority to approve capital expenditure and business transactions within predetermined limits set by the Board.

The CEO's responsibilities include ensuring business development activities are in accordance with the company's overall business strategy; ensuring the company conducts its affairs within the law and abides by the company's Code of Business Conduct and Ethics (a copy of which can be found on the Governance Institute of Australia Ltd's website); keeping the Board informed of all major business proposals and developments by way of specific reports; and, within limits set by the Board, approving the remuneration levels and bonus payments of all personnel.

The National Director, Finance & Administration (DFA) is responsible for maintaining financial control across the company. In this role, the DFA is responsible for overall

company management reporting, statutory accounting, compliance, auditing, treasury, taxation, insurance, monitoring of financial performance and planning, allocation and management of financial resources throughout the company, ensuring that appropriate financial reporting is provided to the Board on a monthly, quarterly and annual basis, and monitoring the company's risk management framework to ensure that established policies, guidelines and controls are implemented through a scheduled program of audits and reviews, the statutory compliance obligations are met, and the investment policy strategy is implemented and maintained.

The Board monitors the performance of the company's key executives by reviewing the company's financial performance and revised forecast results on a quarterly, half-yearly and annual basis. Detailed presentations are also made by the CEO and his direct reports during business planning/strategy review meetings, which are convened annually and held midyear over a two- to three-day period.

Regular performance management reviews between the CEO, direct reports and all other staff against job description and key performance indicators are conducted on an annual basis and are assessed at least biannually. The targets contained within the strategic plan are linked to the key performance indicators of staff.

Senior executives and key management personnel and their total compensation are listed in the annual report.

The Board and CEO support a staff incentive and retention program included and approved in the annual budget. Senior staff attend selected conferences (both domestic and international) and executive development training is provided where appropriate. On a discretionary basis, tertiary or postgraduate study by selected senior and middle-level staff may be reimbursed upon successful completion.

Additionally, independent research and surveys of all staff, the Board and the CEO have been conducted a number of times with regard to the human relations, organisational culture and leadership of Governance Institute of Australia Ltd in respect of team functioning, job satisfaction and general HR practices.

Principle 2: Structure the Board to add value

The company presently has up to 12 non-executive Directors. All Directors are Members of Governance Institute of Australia Ltd and are on, or observers to, the National Council. The names of the Directors of the company in office at the date of this statement, including the duration of each Director's tenure, are set out in the Directors' report and the notes to the financial statements. There are no executive Directors.

In addition, the Board has adopted a number of measures to ensure that independent judgment is achieved and maintained. Directors are entitled to seek independent professional advice at the company's expense, subject to the prior approval of the Chair and the relevant policy. Directors having a conflict of interest in relation to a particular item of business must absent themselves from the Board meeting before commencement of discussion on the topic. The Board confers on a scheduled or regular basis without management in attendance.

Six Directors are elected directly by Members annually on a rotational basis, with each current Director bringing a range of complementary skills and experience to the company as indicated on page 32 of the Directors' report in the annual report. There are two additional Directors appointed by the Board as provided in the constitution to ensure the ideal mix of skills and diversity. The remaining four Directors are the President, appointed by the Board from amongst its number, and up to three past presidents, these persons having previously been elected by Members as State Representatives

To assist the Board in discharging its responsibilities, it has established a number of Board committees, including the Board Executive; Remuneration; and Risk, Audit and Finance Committees, comprised of non-executive Directors. It has also established a number of advisory Committees, including Communication, Education and Policy Committees, comprised of non-executive Directors and non-Board Members. Each of these committees has mandated operating procedures that are governed by their respective charters, as is the Board, by its own Charter. These charters can be viewed at www.governanceinstitute.com.au/charters

It is the Board's policy that Board committees and their Chairs are appointed by the Board. The Board Executive; Remuneration; and Risk, Audit and Finance Committees are comprised solely of independent non-executive Directors, who are entitled to obtain independent professional or other advice at the cost of the company as per the policy on Directors' access to professional advice, and to such resources and information from the company, including direct access to employees of and advisers to the company, as they may require.

The company's Chair is considered by the Board to be independent in terms of the ASXCGC's definition of independent director. The company's Chair and CEO have separate roles. The Chair is responsible for leading the Board in the discharge of its duties while the CEO is responsible for implementing the strategic plan of the company.

The Board conducts a self-evaluation process to measure its own performance and the performance of its committees during each financial year.

An annual review is presented to the Members at the annual general meeting (AGM) of National Council and National Council reviews the performance of its service agreement.

An independent Nomination Committee has been established by National Council. Since the consolidation of the National Council and Board in 2009, the Nomination Committee has for the most part focused on succession planning in relation to the honorary officers.

The Company Secretary is accountable to the Board, through the Chair, on all governance matters. Directors have direct access to the Company Secretary, whose appointment and removal is a decision by the Board as a whole. The Company Secretary supports the effectiveness of the Board by monitoring and reporting that Board policy and procedures are followed.

Principle 3: Promote ethical and responsible decision-making

It is the policy of Governance Institute of Australia Ltd to conduct business according to the highest standards of honesty, integrity, respect and fairness when dealing with all its Members, customers and employees. Employees are also required to meet these high standards. Governance Institute of Australia Ltd's Members' Code of Ethics, which is set out on page 52, applies to staff as well as Members.

The company takes seriously its obligations to comply with all federal, state and local government laws and regulations, as well as common law obligations, and again requires all employees to do the same as specified in the company's Code of Business Conduct and Ethics.

The company is a non-listed, not-for-profit (NFP) company limited by guarantee under the *Corporations Act 2001* (the Act) and as such there is no trading in company securities.

Governance Institute of Australia Ltd's objective is the promotion and advancement of effective governance and administration of organisations in the private, public and NFP sectors through the continued development and application of good corporate governance and administrative practice. To ensure this occurs, the company conducts its business within the Code of Business Conduct and Ethics, that documents and outlines the company's core values, which are to:

- act with integrity and fairness
- recognise the needs of the Members
- protect the environment
- be commercially competitive
- foster a performance-driven culture
- encourage innovation and technological leadership.

The company provides in its annual report the proportion of women employees in the organisation as a whole, women in senior executive positions and women on the Board, as indicated on page 34 of the Directors' Report. Governance Institute of Australia Ltd also provides details on the diversity of our workforce by gender and age on pages 16–17 of the Annual Report. As can be seen, Governance Institute of Australia Ltd has a diverse workforce.

As a small organisation of 39 employees, Governance Institute of Australia Ltd has decided not to develop a formal diversity policy but to implement active strategies to ensure that we appoint women to senior executive positions, implement flexible work practices for both genders, and retain our female talent if they take parental leave.

Governance Institute of Australia Ltd also proactively supports the requirement for listed entities to report against the recommendations in the ASXCGC's principles and recommendations by developing intellectual property to assist companies to improve gender balance within their organisations. We published a Good Governance Guide setting out the issues to consider when developing a diversity policy, including practical initiatives that can be implemented to assist in setting measurable targets for improving gender balance at the senior executive level.

Principle 4: Safeguard integrity in financial reporting

Governance Institute of Australia Ltd's CEO and DFA report in writing to the Directors, the Risk, Audit and Finance Committee and the auditors that the financial statements of Governance Institute of Australia Ltd for the full financial year present a true and fair view, in all material respects, of the company's financial condition and operational results and are in accordance with the Australian Accounting Standards, applicable approved accounting standards and the appropriate disclosures of all information required by statute.

Governance Institute of Australia Ltd is committed to providing an integrated report to Members that is clear and unambiguous about the company's structure, operations and performance. Our objective is to provide insight to our Members and other stakeholders that the company is fulfilling its mission to improve governance practice in all sectors through the provision of education, advocacy and intellectual property, and that it is being managed prudently for the benefit of our Members.

The prototype framework for integrated reporting is principally aimed at the providers of financial capital in order to support their investment decisions. However, as the Governance Institute of Australia Ltd is a not-for-profit organisation dedicated to the public good of delivering accredited

education and the most practical and authoritative training and information in governance we have not rigidly applied the six capitals of integrated reporting to our disclosures.

We have tried to provide Members and stakeholders with a holistic picture of how the organisation is fulfilling its purpose and being governed. Integrated reporting is about 'telling the organisation's story' to Members and other stakeholders, by providing empirical data that we can report on year-on-year. We have reported against the underlying principles of integrated reporting, which are to make disclosures that accommodate the complexity of financial, management commentary, governance, remuneration and sustainability reporting.

Likely developments in the operations of Governance Institute of Australia Ltd and the expected results of those operations in future financial years are disclosed in the Chair and CEO's integrated reports.

The Board established an audit committee in 1999. During 2009 its charter was expanded to include the review and evaluation of the company's risk management processes and framework, as well as financial functions. The membership of the committee consists of independent non-executive Directors. Details of their attendance at committee meetings are set out in the Directors' report.

The principal functions of the Risk, Audit and Finance Committee are governed by its charter which is on the Governance Institute's website at www.governanceinstitute.com.au/charters. Its responsibilities are to assist the Board in the discharge of its responsibilities in respect of the preparation of the company's financial statements, through the review and consideration of those statements and the company's internal financial controls; make recommendations to the Board regarding the appointment of external auditors to meet the terms of the auditor rotation policy; review the scope of the audit, the level of audit fees and the performance of the external auditors; provide a line of communication between the Board and the external auditors; review the external auditors' evaluation of internal controls and management's response; and to monitor the risk management framework and risk register, as well as other financial functions.

Principle 5: Make timely and balanced disclosure

The company is not a listed company and is not subject to ASX Listing Rules disclosure requirements. The company does, however, report to its Members in the form required by the Act and discloses significant information on a continuous basis as detailed below and in its integrated report.

Principle 6: Respect the rights of shareholders

The company does not have shareholders but has Members. The company's Member communication policy provides for communication with Members and other stakeholders in an open, regular and timely manner so that Members have sufficient information to make informed decisions on the operations and results of the company. The policy provides for the use of systems involving communiqués and technologies that ensure a regular and timely release of information about the company to Members. The mechanisms employed include:

- regular Member communications such as the monthly journal *Governance Directions*, formerly *Keeping good companies*, incorporating the President's Commentary, CEO report on advocacy, international developments, Governance Institute Members' Benefits and a professional development calendar
- the annual integrated report, circulated to Members prior to the company's AGM according to their choice, with notice given to all Members of its availability on the Governance Institute of Australia Ltd's website
- providing information about the last five years' annual reports and financial data on the website



Governance Institute of Australia Ltd's objective is the promotion and advancement of effective governance and administration of organisations in the private, public and NFP sectors through the continued development and application of good corporate governance and administrative practice.

- placing the full text of notices of meeting and explanatory material on the website
- Member access to information and updates through the monthly enewsletter, Governance Institute news update, other ecommunications and the Governance Institute of Australia Ltd's website.

The Board encourages full participation of Members at the company's AGM to ensure a high level of accountability and understanding of the company's strategy and goals. Important issues are presented to Members as single resolutions. Members are encouraged to appoint proxies to express their views through directed proxies at the AGM.

The Board also presents an annual Year in Review Report to the Members at the AGM of National Council, held at the National Conference, which is also published in full in the journal.

Governance Institute of Australia Ltd's practice is to ensure that the company's external auditor attends the AGM and is available to answer Members' questions.

Principle 7: Recognise and manage risk

The Board is responsible for the oversight of the company's risk management and control framework. Major exposures for the company are highlighted in Governance Institute of Australia Ltd's business risk profile, which covers areas including operational, reputation, regulatory, contractual, financial, information and strategic risk.

The company has implemented a risk management policy framework, including a risk register, designed to ensure that the company's material business risks are identified, analysed, evaluated and treated and that controls are adequate, in place and functioning effectively. This framework incorporates the maintenance of comprehensive policies, procedures and guidelines. It covers areas such as business continuity management, CEO's office, education and training, finance and administration, marketing, membership, policy, publishing, reputation and strategic risks, states' service delivery, strategic market product and development risks, social media and special projects such as the new website. The risk management policy can be viewed at www.governanceinstitute.com.au/risk-management

Responsibility for control and risk management is delegated to the appropriate level of management within the company with the CEO having ultimate responsibility to the Board for the risk management and control framework.

Arrangements put in place by the Board to monitor risk management include regular reporting to the Board in respect of operations and the financial position of the company; reports by the Chair of the Risk, Audit and Finance Committee and circulation to the Board of the minutes

of each meeting held by that committee; attendance and reports by the internal directors of the company's main business units at Board meetings on at least an annual basis; and presentations made to the Board or committees of the Board throughout the year by appropriate members of the company's management team (and/or independent advisers, where necessary) on the nature of particular risks and details of the measures which are either in place or can be adopted to manage or mitigate the risk.

In addition, annual peer reviews are undertaken by the senior management in respect of areas of responsibility, to ensure that all business risks and mitigating strategies in respect of those risks are updated as a result of changing business strategies.

All staff are inducted or updated with the risk management policies and risk register components.

Governance Institute of Australia Ltd's CEO and DFA have provided the Directors with the statement required under s 295A of the Act and have provided written assurance to the Directors and the external auditors that the statement is founded on a sound system of risk management and internal compliance and control which implements the policies adopted by the Board, and that the company's risk management and internal compliance and control framework is operating efficiently and effectively in all material respects.

Principle 8: Remunerate fairly and responsibly

As the company is not a listed company and does not have shares or shareholders (only Members), there are no equity based remuneration payments or schemes which involve the issue of new shares.

A program of regular performance appraisals and objective setting for senior management and other staff is in place.

The Board established the Remuneration Committee in 1999. At the present time the Remuneration Committee comprises the Board Executive and past President, and its principal functions include reviewing and approving the remuneration of the CEO and senior executives of the company, and reviewing and making recommendations to the Board regarding the remuneration policies and practices for the company generally, including participation in the incentive plan and other benefits.

Directors do not receive remuneration for services as Directors, but a Director is entitled to be paid all travelling and other expenses properly incurred by that Director in connection with the affairs of the company, including attending and returning from general meetings, meetings of the Directors or of committees of Directors or other committees of the company, meetings of National Council

and of ICSA, or any of its committees, bodies or activities. The company may advance money to a Director for any such purpose, which must be appropriately accounted for, and any balance refunded.

No Directors of Governance Institute of Australia Ltd, during or since the end of the financial year, received or have become entitled to receive a benefit by reason of a contract made by Governance Institute of Australia Ltd or of a related body corporate with one of the Directors or with a firm of which they are a member or with a company in which they have a substantial financial interest, other than as disclosed in related-party transactions at Notes 6 and 16 of the Financial Statements.

Governance Institute of Australia Ltd being limited by guarantee, none of the Directors holds an interest but each, as a Member of Governance Institute of Australia Ltd, is liable to the extent of their undertaking under Governance Institute of Australia Ltd's constitution.

Governance Institute of Australia Ltd pays premiums to insure the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of Director of Governance Institute of Australia Ltd other than conduct involving a wilful breach of duty in relation to Governance Institute of Australia Ltd.

Premiums were paid for each of the Directors specified in the Directors' report on pages 32–33 of the annual report. The insurance contract entered into by Governance Institute of Australia Ltd prohibits disclosure of the nature of the liabilities insured by the insurance contract and the amount of the premiums.

The Governance Institute of Australia Ltd's constitution allows for the inclusion of indemnities in favour of persons who are or have been a Director or officer of Governance Institute of Australia Ltd. To the extent permitted by law, Governance Institute of Australia Ltd indemnifies every person who is or has been a Director or officer against any liability to any person incurred while acting in that capacity in good faith and against costs and expenses incurred by that person in that capacity in successfully defending legal proceedings and ancillary matters and operates to the extent that the loss or liability is not covered by a valid and current insurance policy. During the year the company executed deeds of indemnity, insurance and access agreements with the Directors and senior officers of the company.



The Board is responsible for the oversight of the company's risk management and control framework. Major exposures for the company are highlighted in Governance Institute of Australia Ltd's business risk profile, which covers areas including operational, reputation, regulatory, contractual, financial, information and strategic risk.

Directors' report

Your Directors present this report on the company for the financial year ended 31 December 2013.



Principal activities, objectives and strategies

The principal activities of Governance Institute of Australia Ltd (formerly known up until 24 September 2013 as Chartered Secretaries Australia Ltd) during the year were to be the expert leader in the promotion and application of the practice of governance to drive responsible performance for the benefit of organisations and the wider community.

There was no significant change in the nature of the activities during the year and the operations are in accordance with the constitution. The company's financial report has been prepared in accordance with Australian Accounting Standards which include the Australian equivalent to International Financial Reporting Standards (AIFRS).

In order to meet its abovementioned long-term objectives, the company will strive to see that:

- Australia's governance frameworks lead the world in facilitating a strong economy underpinned by responsible performance.
- current Members and aspiring chartered secretaries, governance advisers and risk managers are provided with the best education and support to enhance their professional standing and career.
- the organisation is strategically focused on being innovative, encouraging positive engagement with all stakeholders and fostering a culture and values with a view to be sustainable.

The company's short-term objective will be to focus on its core target markets for the next 12 to 18 months and sustain Member retention at 97 per cent or better.

In order to meet its short-term objectives, the company will continue to:

- emphasise Member retention and satisfaction as a first priority
- broaden the pathways to membership at the open-entry and postgraduate level
- place greater emphasis on increasing the number of Certificated Members and better gender diversity

Financial results

An operating deficit from ordinary activities of \$666,417 was made for the year after providing for income tax which the company is exempt from as it is endorsed as a charitable institution.

Accumulated Members' funds at year-end totalled \$4,203,144.

Dividends

Being limited by guarantee, Governance Institute of Australia Ltd does not pay dividends.

Review and result of operations

Company performance is assessed by the Board of Directors at their five scheduled Board meetings held during the year. Forecast reviews are presented and discussed as to the progress between budget and actual results achieved. The Risk, Audit and Finance Committee also reviews the budget and the results of operations prior to recommendations made to the Board of Directors for their consideration.

Left to right: John Mazengarb, Bill te Kloot, Trisha Mok, John Williamson, Andrew Horne, Alan Evans, Wendy Wills, Warren Baillie, Simon Pordage, Douglas Gration, Rachel Rees, Peter Turnbull.



Revenue for the year primarily came from Member and subscriber fees \$2,589,866; Graduate Diploma fees \$2,526,878; short courses, Certificates and publications \$3,065,394; sponsorship \$454,624; investment income \$108,298; and other income for services \$80,001.

Expenditure for the year was primarily on direct costs for short courses, Certificates and publications \$1,169,438; direct costs for education courses \$871,838; profile-raising activities and website maintenance \$435,814; rebranding and renaming project \$605,501; international activities \$195,022 (including \$11,057 expended on the ICSA Structural Reform matters); payroll \$4,371,277 and governance and administration \$1,842,588.

Likely developments

Likely developments in the operations of Governance Institute of Australia Ltd and the expected results of those operations in future financial years have not been included in this report but are disclosed in the Chair and CEO's report at pages 2–3 and the integrated report from pages 4–17.

Environmental regulations

Governance Institute of Australia Ltd's operations are not regulated by any significant environmental regulation under a law of the Commonwealth or of a state or territory.

Events subsequent to balance date

There are no matters or circumstances that have arisen since the end of the financial year which would significantly affect the operations of the entity in subsequent financial years.

Continuing members of the Board of Governance Institute of Australia Ltd are Warren Baillie FGIA, Alan Evans FGIA, Douglas Gration FGIA, Andrew Horne FGIA, Trisha Mok FGIA, Rachel Rees FGIA, Simon Pordage FGIA, Bill te Kloot FGIA, Peter Turnbull FGIA, John Williamson FGIA and Wendy Wills FGIA. John Mazengarb FGIA was appointed on 08.01.14.

Auditor's indemnification

Governance Institute of Australia Ltd has not, during or since the end of the financial year, in respect of any person who is or has been an auditor of Governance Institute of Australia Ltd or a related body corporate, indemnified or made any relevant agreement for indemnifying against a liability incurred as an auditor, including costs and expenses in successfully defending legal proceedings, or paid or agreed to pay a premium in respect of a contract insuring against a liability incurred as an auditor for the costs or expenses to defend legal proceedings.

Directors

Warren Baillie LLB, BCom, Grad Dip CSP, FGIA, FCIS (appointed 12.1.11) — Experienced in company secretarial practice and corporate governance, and corporate and commercial law. Currently Company Secretary of Woodside Energy Ltd.

Frank Bush FGIA(Life), FCIS, Solicitor (appointed 1.1.09 – 31.12.13) — Experienced in company secretarial practice and governance, corporate finance and corporate law. Former Group Secretary of GIO Australia Holdings Ltd (1992–1999) and Aristocrat Leisure Ltd (1999–2004) and now consultant in corporate governance and company secretarial practice. Australian Division President 2003. President of ICSA Council 2009–2010 and 2014. Vice-President of ICSA Council for 2007–2008 and 2013.

Alan Evans BBus (Law), FGIA, FCIS, MAICD (appointed 4.6.09) — General Manager Corporate Governance and Corporation Secretary for Hydro Tasmania for the last 9 years. A corporate governance and secretarial practice and law professional, he has over 30 years of practical international experience at executive level and as an executive and non-executive director on boards of Australian, USA and European companies. Alan has lectured in corporate governance, secretarial practice and law. Member and past Chair of the Tasmanian Council. 2014 National President and Chair Governance Institute of Australia Ltd.

Douglas Gratton BSc, LLB (Hons), FGIA, FCIS (appointed 1.1.09) — Experienced in company secretarial practice and corporate governance, corporate law and compliance. Company Secretary Telstra Corporation Limited 2001–2007. Barrister practising at the Victorian Bar. Australian Division President, 2011. Director of Governance Institute of Australia Ltd subsidiary companies.

Andrew Horne BLegS, Grad Dip CSP, FGIA, FCIS, MAICD (appointed 21.1.10) — Experienced in company secretarial practice, corporate law, risk management, real property and compliance. Company Secretary of GrainCorp Limited from March 2012. Previously General Counsel and Group Company Secretary of ASX listed Thakral Holdings Limited. Past course director for the Corporate Accountability: Meetings and Disclosure module of the Governance Institute of Australia's Graduate Diploma of Applied Corporate Governance. Member since February 2007 and past Chair of the NSW Council.

John Mazengarb BCom, FGIA, FCIS, FCA, MAICD (appointed 8.1.14) — Extensive management consultancy career with PricewaterhouseCoopers and IBM and senior executive contract positions for Tasmanian Government businesses leading major transformation programs. Currently Principal, State Manager Tasmania of Litmus Group, Chair of Tasmanian Catholic Education Industry LSL Fund, Trustee Director of Retirement Benefits Fund and independent member of Clarence City Council Audit Committee. Member of Tasmanian State Council since 2009 and current Chair of the Tasmanian Council since 2013.

Trisha Mok BCom, LLB (Hons), Grad Dip, ACG, FGIA, FCIS (appointed 4.6.09) — A governance professional experienced in company secretarial practice, corporate governance, corporate law, compliance and intellectual property law in the information technology and media sectors. Currently Special Counsel at Inside Eagles. Formerly Director of Legal and Corporate Affairs (Asia Pacific) at Spendvision Pty Limited. Chair of Governance Institute of Australia Ltd's Remuneration Committee since January 2014.

Simon Pordage LLB (Hons), FGIA, FCIS, MAICD (appointed 16.2.12) — Experienced in company secretarial, corporate governance, corporate law, risk management and compliance matters. Company Secretary of Australian Foundation Investment Company Limited and three other listed investment companies since 2009. Formerly Deputy Company Secretary of Australia & New Zealand Banking Group Limited. Governance Institute of Australia Ltd's Vice President from 2014, Chair of Legislation Review Committee since 2011 and Deputy Chair of Victorian Council since 2011. Author/co-author of a number of Governance Institute of Australia Ltd's publications.

Rachel Rees BBus, Grad Dip ACG, FGIA, FCIS, MAICD, FTIA, FCA (appointed 8.2.13) — Senior executive and Chartered Accountant with extensive commercial, strategic and risk management, corporate governance, company secretarial and financial experience across a vast range of industries from smaller organisations (Australian and international) and multinationals to listed corporations (ASX and TSX). Currently Chief Financial Officer Rex Minerals Ltd and previous roles include Group Company Secretary of Hills Holdings Ltd and Vice President — Corporate Affairs Uranium One Australia. Member and immediate past Chair, SA/NT State Council.

Bill te Kloot MA, BCom, FGIA, FCIS, FAICD, Cdec (appointed 4.6.09) — A governance professional experienced in company secretarial practice, corporate governance, and risk management, and a director of several private companies. Formerly Company Secretary of Vita Group Limited. Australian Division President and Chair of the Board of Governance Institute of Australia Ltd 2012. Director of Governance Institute of Australia Ltd subsidiary companies.

Peter Turnbull BCom, LLB, FGIA, FCIS, FAICD (appointed 1.1.09) — A governance professional experienced in company secretarial practice, corporate governance, corporate law, and senior executive management. Formerly Company Secretary/General Counsel of large listed public and private companies including BTR Nylex, Newcrest Mining and Energex. Currently the Chair or a Non-Executive Director of a number of unlisted public and private companies. Australian Division President in 2010 and a Vice-President of ICSA Council in 2014.

John Williamson BA, LLB, FGIA, FCIS, FAusIMM, MAICD (appointed 15.2.12) — Broad experience in several industry sectors spanning some 35 years and covering senior management, commercial, advisory and, initially, legal roles. John has also had substantial governance and company secretary experience from both a corporate and consulting perspective. He is currently a Director of and consultant with WEPL Management Consultants.

Wendy Wills BEC, MBA, FGIA, FCIS, FAICD, FCPA (appointed 4.6.09) — A qualified accountant and executive manager with experience in governance, financial management, risk and compliance in the not-for-profit and education sectors. Currently Business Director at Pembroke School, South Australia, with previous experience in multimedia, government, finance and consulting. Australian Division President and Chair of the Board of Governance Institute of Australia Ltd 2013. Director of Governance Institute of Australia Ltd subsidiary companies.

Directors' interests and benefits

Governance Institute of Australia Ltd being limited by guarantee, none of the Directors holds an interest but each, as a Member of Governance Institute of Australia Ltd, is liable to the extent of their undertaking under Governance Institute of Australia Ltd's constitution.

During or since the end of the financial year, Governance Institute of Australia Ltd has paid premiums to insure the Directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of Governance Institute of Australia Ltd other than conduct involving a wilful breach of duty in relation to Governance Institute of Australia Ltd. Premiums were paid for each of the directors listed on pages 32–33. The insurance contract entered into by Governance Institute of Australia Ltd prohibits disclosure of the nature of the liabilities insured by the insurance contract and the amount of the premiums.

Governance Institute of Australia Ltd's constitution allows for the inclusion of indemnities in favour of persons who are or have been a Director or officer of Governance Institute of Australia Ltd. To the extent permitted by law, Governance Institute of Australia Ltd indemnifies every person who is or has been a Director or officer against any liability to any person incurred while acting in that capacity in good faith, and against costs and

expenses incurred by that person in that capacity in successfully defending legal proceedings and ancillary matters and operates to the extent that the loss or liability is not covered by a valid and current insurance policy. During the year the company executed deeds of indemnity, insurance and access agreements with the Directors and senior officers of the company.

Payments to the Directors and to entities from which the Directors may benefit for services by the Directors or entities are disclosed in Notes 6 and 16 to the Financial Statements on pages 42 and 45.

No other Directors of Governance Institute of Australia Ltd, during or since the end of the financial year, received or have become entitled to receive a benefit (other than a benefit included in the aggregate amount of emoluments received or due and receivable by the Directors shown in the financial report or the fixed salary of a full-time employee of Governance Institute of Australia Ltd or of a related body corporate) by reason of a contract made by Governance Institute of Australia Ltd or of a related body corporate with one of the Directors or with a firm of which they are a member or with a company in which they have a substantial financial interest.

Proceedings on behalf of the company

No person has applied for leave of court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

Attendance at Directors' meetings

During 2013 attendance by individual Directors (including when represented by alternates) at meetings they were entitled to attend, was as set out in the table below.

| | Board of Directors | Risk, Audit & Finance Committee | Remuneration Committee |
|-----------------|--------------------|---------------------------------|------------------------|
| Warren Baillie | 6 of 6 | 3 of 5 | – |
| Frank Bush | 4 of 4 | – | – |
| Alan Evans | 5 of 6 | 5 of 5 | 3 of 3 |
| Douglas Gration | 6 of 6 | – | – |
| Andrew Horne | 4 of 6 | 4 of 5 | – |
| Trisha Mok | 3 of 5 | – | 3 of 3 |
| Simon Pordage | 4 of 6 | – | – |
| Rachel Rees | 5 of 6 | – | – |
| Bill te Kloot | 6 of 6 | 5 of 5 | 3 of 3 |
| Peter Turnbull | 5 of 6 | – | – |
| John Williamson | 6 of 6 | – | – |
| Wendy Wills | 6 of 6 | 5 of 5 | 3 of 3 |

Liability of Members on winding up

The liability of Members (or within one year after ceasing to be a Member) on winding up is limited to an amount not exceeding \$100.

Diversity of employees

In terms of the ASX Corporate Governance Council's *Corporate Governance Principles and Recommendations* reporting requirements, the proportion of women employees in the whole organisation, women in senior executive positions and women on the board are as follows:

| In whole of organisation | In senior executive positions | On the board |
|--------------------------|-------------------------------|--------------|
| 73% | 50% | 25% |

Company details

The registered office and principal place of business of the company is:

Level 10, 5 Hunter Street
Sydney NSW 2000 Australia.
ABN 49 008 615 950

Company Secretary

Stan Jodeikin BCom, Dip Bus Mgt (Hons), Grad Dip Accounting, FGIA, FCIS, FCPA, FIPA, AFAIM — Chartered Secretary, experienced in company secretarial practice, corporate governance, financial management, computer systems, risk management implementation, office and business management in manufacturing, wholesale and retail industries. Appointed Company Secretary of Governance Institute of Australia Ltd on 7 October 2000. He is also Australian Secretary of the Australian Division of the Institute of Chartered Secretaries & Administrators.

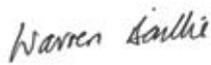
Auditor's independence declaration

The Auditor's independence declaration is set out on page 49 and forms part of the Directors' report for the financial year ended 31 December 2013.

Directors' signatures



Alan Evans FGIA
Chair



Warren Baillie FGIA
Director



Douglas Gration FGIA
Director



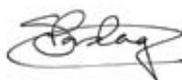
Andrew Horne FGIA
Director



John Mazengarb FGIA
Director



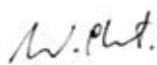
Trisha Mok FGIA
Director



Simon Pordage FGIA
Director



Rachel Rees FGIA
Director



Bill te Kloot FGIA
Director



Peter Turnbull FGIA
Director



John Williamson FGIA
Director



Wendy Wills FGIA
Director

On behalf of the board by resolution of the directors, as signed above.

SYDNEY, 22 March 2014

Financial report

Statement of comprehensive income for the year ended 31 December 2013

| | Note | 2013 \$ | 2012 \$ |
|--|------|------------------|----------------|
| Revenue | 2 | 8,825,061 | 8,503,508 |
| Expenses | | | |
| Depreciation | 3 | (378,629) | (369,095) |
| Other expenses | 3 | (9,101,792) | (7,937,662) |
| ICSA structural reform | 3 | (11,057) | (46,144) |
| (Deficit)/Surplus before income tax expense | | (666,417) | 150,607 |
| Income tax expense | 1(e) | - | - |
| (Deficit)/Surplus after income tax | | (666,417) | 150,607 |
| Net loss on disposal of asset | 3 | - | (1,051) |
| (Deficit)/Surplus attributable to Members | | (666,417) | 149,556 |
| Other comprehensive income for the year | | - | - |
| Total comprehensive (deficit)/income for the year attributable to Members | | (666,417) | 149,556 |

Statement of financial position as at 31 December 2013

| | Note | 2013 \$ | 2012 \$ |
|--------------------------------------|-------|------------------|------------------|
| Current assets | | | |
| Cash and cash equivalents | 7 | 3,069,526 | 3,321,319 |
| Trade and other receivables | 8 | 130,410 | 203,004 |
| Other | 9 | 288,402 | 306,272 |
| Total current assets | | 3,488,338 | 3,830,595 |
| Non-current assets | | | |
| Property, plant and equipment | 10 | 3,520,866 | 3,506,421 |
| Intangible assets | 11 | 499,981 | 648,823 |
| Total non-current assets | | 4,020,847 | 4,155,244 |
| Total assets | | 7,509,185 | 7,985,839 |
| Current liabilities | | | |
| Trade and other payables | 12 | 767,632 | 720,502 |
| Deferred revenue | 13 | 1,858,154 | 1,882,550 |
| Provisions | 14(a) | 560,162 | 455,970 |
| Total current liabilities | | 3,185,948 | 3,059,022 |
| Non-current liabilities | | | |
| Provisions | 14(b) | 120,093 | 57,256 |
| Total non-current liabilities | | 120,093 | 57,256 |
| Total liabilities | | 3,306,041 | 3,116,278 |
| Net assets | | 4,203,144 | 4,869,561 |
| Members' funds | | | |
| Reserves | 4 | 763,033 | 763,033 |
| Retained surplus | 5 | 3,440,111 | 4,106,528 |
| Total Members' funds | | 4,203,144 | 4,869,561 |

Statement of changes in members' funds for the year ended 31 December 2013

| | Note | 2013 \$ | 2012 \$ |
|--|------|------------------|------------------|
| Opening balance | | 4,869,561 | 4,720,005 |
| Transfer net (loss) on disposal of asset | 3 | - | (1,051) |
| Deficit recognised directly in Members' funds | | - | (1,051) |
| (Deficit)/Surplus from ordinary activities | | (666,417) | 150,607 |
| Total recognised (deficit)/income and expenses for the year attributable to the Members | 5 | (666,417) | 149,556 |
| Closing balance | | 4,203,144 | 4,869,561 |

Statement of cash flows for the year ended 31 December 2013

| | Note | 2013 \$ | 2012 \$ |
|--|-------|------------------|------------------|
| Cash flows from operating activities | | | |
| Subscriptions received | | 2,784,591 | 3,295,669 |
| Receipts from courses and other activities | | 6,363,987 | 6,177,075 |
| Payments to suppliers and employees | | (9,257,970) | (8,337,545) |
| Interest received | | 108,298 | 134,517 |
| GST paid | | (6,467) | (205,675) |
| Net cash provided by operating activities | 18(b) | (7,561) | 1,064,041 |
| Cash flows from investing activities | | | |
| Payments for property, plant and equipment | | (244,232) | (39,747) |
| Payments for website development | | - | (313,778) |
| Net cash used in investing activities | | (244,232) | (353,526) |
| Net increase/(decrease) in cash held | | (251,793) | 710,516 |
| Cash and cash equivalents at beginning of year | | 3,321,319 | 2,610,803 |
| Cash and cash equivalents at end of year | 18(a) | 3,069,526 | 3,321,319 |

Notes to the financial statements for the year ended 31 December 2013

1 Statement of significant accounting policies

This financial report is a general purpose financial report that has been prepared in accordance with the Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report has been prepared on an accruals basis and is based on historic costs and does not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets.

The financial statements are presented in Australian dollars, which is the company's functional currency and domicile.

Statement of compliance

The financial report complies with Australian Accounting Standards, which include Australian equivalents to International Financial Reporting Standards (AIFRS) applicable for not-for-profit entities. A statement of compliance with International Financial Reporting Standards cannot be made due to Governance Institute of Australia Ltd applying the not-for-profit sector specific requirements contained in AIFRS.

The financial statements were authorised for issue by the Board of Directors on 22 March 2014.

The following is a summary of the material accounting policies adopted by the company in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

(a) Company structure

Governance Institute of Australia Ltd (formerly known up until 24 September 2013 as Chartered Secretaries Australia Ltd) is an incorporated company limited by guarantee. In the event of Governance Institute of Australia Ltd being wound up, the liability of each Member, or each former Member who ceased to be a Member within a year of Governance Institute of Australia Ltd being wound up, is limited to an amount not exceeding \$100. As Governance Institute of Australia Ltd is limited by guarantee, there is no reference in the statement of financial position to share capital or shareholders' equity.

(b) Property, plant and equipment

(i) Recognition and measurement

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs

directly attributable to bringing the assets to a working condition for their intended use, the costs of dismantling and removing the items and restoring the site on which they are located, and capitalised borrowing costs.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

The gain or loss on disposal of an item of property, plant and equipment is determined by comparing the proceeds from disposal with the carrying amount of the property, plant and equipment, and is recognised net within other income/other expenses in surplus or deficit.

(ii) Subsequent costs

The cost of replacing a component of an item of property, plant and equipment is recognised in the carrying amount of the item if it is probable that the future economic benefits embodied within the component will flow to the company, and its cost can be measured reliably. The carrying amount of the replaced part is derecognised. The costs of the day-to-day servicing of property, plant and equipment are recognised in surplus or deficit as incurred.

(iii) Depreciation

Depreciation is based on the cost of an asset less its residual value. Significant components of individual assets are assessed and if a component has a useful life that is different from the remainder of that asset, that component is depreciated separately. Depreciation is recognised in surplus or deficit on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful lives unless it is reasonably certain that the company will obtain ownership by the end of the lease term. Land is not depreciated.

The depreciation rates used for each class of depreciable asset are:

| Class of fixed asset | Depreciation rate |
|--|-------------------|
| Building — strata entitlement | 1.33% |
| Strata and leasehold improvements | 20.00% |
| Computer systems, furniture and office equipment | 10% — 33.33% |

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

(c) Intangible assets

(i) Website development costs

Expenditure on research activities, undertaken with the prospect of gaining new technical knowledge and understanding, is recognised in profit or loss as incurred.

Development activities involve a plan or design for the production of new or substantially improved products and processes.

Development expenditure is capitalised only if development costs can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and the company intends to and has sufficient resources to complete development and to use or sell the asset. The expenditure capitalised includes the cost of materials, direct labour and overhead costs that are directly attributable to preparing the asset for its intended use, and capitalised borrowing costs. Other development expenditure is recognised in surplus or deficit as incurred.

Capitalised development expenditure is measured at cost less accumulated amortisation and accumulated impairment losses.

(ii) Subsequent expenditure

Subsequent expenditure is capitalised only when it increases the future economic benefits embodied in the specific asset to which it relates. All other expenditure, including expenditure on internally generated goodwill and brands, is recognised in surplus or deficit as incurred.

(iii) Amortisation

Intangible assets are amortised on a straight-line basis in surplus or deficit over their estimated useful lives, from the date that they are available for use.

The estimated useful lives for the current years are as follows:

- Capitalised website development costs 5 years

Amortisation methods, useful lives and residual values are reviewed at each financial year-end and adjusted if appropriate.

(d) Leases

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses on a straight-line basis over the lease term.

(e) Income tax

Governance Institute of Australia Ltd is for income tax purposes endorsed as a charitable institution. Its income is therefore exempt from Income Tax under Subdivision 50-B of the *Income Tax Assessment Act 1997*.

(f) Goods and services tax

Revenues, expenses and assets are recognised net of the amount of goods and services tax (GST). Receivables and payables are stated inclusive of GST. The net amount of GST recoverable from, or payable to, the Australian Taxation Office is included as part of receivables or payables in the Statement of Financial Position. Cash flows in the Statement of Cash Flows are included on a gross basis. The GST component of cash flows arising from investing and financing activities that are recoverable from, or payable to, the Australian Taxation Office is classified as operating cash flows.

(g) Payroll tax

During 2009, the Company became exempt from the payment of payroll tax in NSW under the provisions of Schedule 2 Division 4 Clause 12(1)(c) of the *Payroll Tax Act 2007* (NSW).

(h) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term highly liquid investments.

(i) Employee benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits expected to be settled within one year of the balance date have been measured at the amounts expected to be paid when the liabilities are settled. Employee benefits expected to be settled more than one year from the balance date have been measured at the present value of future payments expected to be made in respect of services provided by employees up to the balance date. Consideration is given to expected future wage and salary levels, experience of employee departure and periods of service. Expected future payments are discounted to their net present value using an estimate of market yields at the balance date on professional markets investments.

(j) Revenue recognition

Revenue represents income earned from membership subscriptions and the provision of related services. Membership subscription revenue is recognised as and when received in relation to the current period. Revenue from the provision of other services is recognised upon the delivery of the service to Members/customers. Interest revenue is recognised on a proportional basis taking into account the interest rates applicable to the financial assets. All revenue is stated net of the amount of GST.

(k) Financial instruments

Initial recognition and measurement

Financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions to the instrument. For financial assets, this is equivalent to the date that the company commits itself to either purchase or sell the asset.

Financial instruments are initially measured at fair value plus transaction costs, except where the instrument is classified 'at fair value through surplus or deficit' in which case transaction costs are expensed to surplus or deficit immediately.

Derecognition

Financial assets are derecognised where the contractual rights to receipt of cash flows expires or the asset is transferred to another party whereby the company no longer has any significant continuing involvement in the risks and benefits associated with the asset. Financial liabilities are derecognised where the related obligations are either discharged, cancelled or expire. The difference between the carrying value of the financial liability extinguished or transferred to another party and the fair value of consideration paid, including the transfer of non-cash assets or liabilities assumed is recognised in the statement of comprehensive income.

Classification and subsequent measurement

Financial instruments are subsequently measured at either fair value, amortised cost using the effective interest rate method or cost.

- **Loans and receivables**

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are subsequently measured at amortised cost. Loans and receivables are included in current assets, except those which are not expected to mature within 12 months after reporting date, which will be classified as non-current assets. Loans and receivables comprise cash and cash equivalents and trade and other receivables.

- **Held to maturity investments**

Held-to-maturity investments are non-derivative financial assets that have fixed maturities and fixed or determinable payments, and it is the company's intention to hold these investments to maturity. They are subsequently measured at amortised cost.

Held-to-maturity investments are included in non-current assets, except for those which are expected to mature within 12 months after reporting date, which will be classified as current assets.

- **Financial liabilities**

Non-derivative financial liabilities (excluding financial guarantees) are subsequently measured at amortised cost using the effective interest rate method. Other financial liabilities comprise trade and other payables.

Impairment

At each reporting date, the company assesses whether there is objective evidence that a financial instrument has been impaired. Impairment losses are recognised in the statement of comprehensive income.

(l) Impairment of assets

At the end of each reporting period, the company assesses whether there is any indication that an asset may be impaired. The assessment will include considering external and internal sources of information. If such an indication exists, an impairment test is carried out on the asset by comparing

the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the statement of comprehensive income.

Where it is not possible to estimate the recoverable amount of the individual asset, the company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

(m) Provisions

Provisions are recognised when the company has a legal or constructive obligation, as a result of past events, for which it is probable that an outflow of economic benefits will result and that outflow can be reliably measured.

Provisions are measured using the best estimate of the amounts required to settle the obligation at reporting date.

(n) Trusts

The Institute Trust and The Institute No 2 Trust were established in 1993 to accept gifts and bequests from Members and others.

Estate Late Leonard Chant:

In terms of the will of Leonard Chant, following the death of the last life tenant, a one-fifth share of the estate had been left to Governance Institute of Australia Ltd to set up a trust to pay scholarships tenable overseas for advancement of training in secretarial and administrative knowledge to immediate postgraduate candidates of the Institute's examination.

The terms of the original will were found to be impracticable and following approval of a *cy pres* scheme in the Supreme Court of New South Wales, on the 28 October 2011 before Bryson AJ, the purposes of the Trust were confirmed to be that:

- The Trustee (Governance Institute of Australia Ltd) holds, uses and applies the trust property to pay scholarships for entry:
 - (a) into the Trustee's postgraduate courses dealing with applied corporate, public sector and/or not-for-profit sector governance, and
 - (b) into any other postgraduate course dealing with applied corporate, public sector and/or not-for-profit sector governance whether in Australia or overseas.

The scholarships are available to any persons with tertiary qualifications including, but not limited to, graduates from any courses which contain a corporate governance, company administration or public sector management component, whether that course has been conducted by the Trustee or any other government accredited Australian tertiary education institution.

The scholarships would be tenable at the Trustee, government accredited overseas institutions or any other government accredited Australian tertiary education institutions offering such courses, that the Trustee considers to be appropriate.

The financial statements of trust funds are not consolidated with those of Governance Institute of Australia Ltd because the company does not have direct control over them, but are shown in Note 19.

(o) Comparative figures

Where required by Accounting Standards comparative figures have been adjusted to conform with changes in presentation for the current year.

(p) Critical accounting estimates and judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the company.

(q) Foreign currency transactions and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate.

Exchange differences arising on the transaction of monetary items are recognised in the statement of comprehensive income.

(r) Trade and other payables

Trade and other payables represent the liability outstanding at reporting date for goods and services received by the company

during the reporting period, which remain unpaid. The balance is recognised as a current liability with the amounts normally paid within 30 days of recognition of the liability.

Deferred revenue represents revenue received in advance which is not entitled to be recognised in the current period.

(s) New accounting standards for application in future periods

A number of Australian Accounting Standards have been issued or amended which are not yet effective and have not been adopted in preparation of the financial statements at the reporting date. They are not expected to affect the company in future years.

(t) Subsidiary companies

During prior years Governance Institute of Australia Ltd registered three subsidiary companies with ASIC to reserve appropriate names for future activities. The companies are dormant and have not commenced trading.

In accordance with AASB 127 (Aus1.3), the directors have determined that the three subsidiary companies are immaterial, both individually and in aggregate, to the financial position, performance and cash flows of the Group and consolidated financial statements have not been prepared.

The Directors of the subsidiary companies are noted as per the Directors' report on pages 32–33.

| | 2013 \$ | 2012 \$ |
|---------------------------------------|------------------|------------------|
| 2. Revenue | | |
| Operating activities | | |
| Member and subscriber fees | 2,589,866 | 2,514,127 |
| Graduate Diploma | 2,526,878 | 2,313,447 |
| Short courses and Certificate courses | 3,024,166 | 2,882,259 |
| Sponsorship | 454,624 | 518,936 |
| Interest | 108,298 | 134,517 |
| Other income | 80,001 | 93,464 |
| Publications, journal and merchandise | 41,228 | 46,758 |
| Total revenue | 8,825,061 | 8,503,508 |

| | 2013 \$ | 2012 \$ |
|--|------------------|------------------|
| 3. Surplus from ordinary activities | | |
| Surplus from ordinary activities is stated before income tax expense has been determined, after charging: | | |
| Expenses | | |
| Depreciation and amortisation of non-current assets | | |
| Building | 16,864 | 16,864 |
| Plant and equipment | 123,574 | 157,855 |
| Leasehold improvements | 89,349 | 98,991 |
| Website | 148,842 | 95,385 |
| Total depreciation and amortisation of non-current assets | 378,629 | 369,095 |
| Personnel | 4,033,681 | 3,769,715 |
| Superannuation contributions | 337,596 | 306,082 |
| ICSA, UK — capitation fee | 82,789 | 82,655 |
| Rental expenses on operating leases | 371,390 | 339,085 |
| Occupancy and state facilities | 177,307 | 176,621 |
| Auditor's remuneration | | |
| Audit | 25,100 | 23,360 |
| Other services | 1,350 | 1,320 |
| Rebranding expenses | 605,501 | 55,504 |
| Other expenses from ordinary activities | 3,467,078 | 3,183,320 |
| Total other expenses | 9,101,792 | 7,937,662 |
| ICSA structural reform costs incurred during the year consist of legal, meetings, constitutional and proxy solicitation fees spent on the ICSA / Governance Institute of Australia Ltd governance matters | 11,057 | 46,144 |
| Expenses from non-operating activities | | |
| Net loss on disposal of asset | – | (1,051) |
| 4. Reserves | | |
| Capital surplus reserve | 745,933 | 745,933 |
| Works of art revaluation reserve | 17,100 | 17,100 |
| | 763,033 | 763,033 |
| 5. Retained surplus | | |
| Retained surplus at beginning of the year | 4,106,528 | 3,956,972 |
| Deficit/OSurplus for the year | (666,417) | 149,556 |
| Retained surplus at the end of the year | 3,440,111 | 4,106,528 |

| | 2013 \$ | 2012 \$ |
|--|--------------|--------------|
| 6. Key management personnel compensation | | |
| Directors, other than those listed below, do not receive any income from the entity for their services as directors. | | |
| For presentations at Graduate Diploma courses, short courses and Certificates, exam moderation and author fees | | |
| Warren Baillie | - | 250 |
| Douglas Gratton | 1,500 | 300 |
| Andrew Horne | - | 1,417 |
| Simon Pordage | 1,650 | 900 |
| Bill te Kloot | 900 | 600 |
| | 4,050 | 3,467 |

Other key management personnel

Susan Bradbrook (State Director, South Australia & Northern Territory)
Emma Churchill (State Director, Queensland)
Peter Dongas (National Director, Operations — appointed 1.1.14 formerly Regional Director New South Wales & Australian Capital Territory)
Judith Fox (National Director, Policy & Publishing)
Leigh Grant (State Director, Western Australia)
Stan Jodeikin (Company Secretary, National Director, Finance & Administration)
Tim Sheehy (Chief Executive Officer)
Sh'vorn Sumner (Regional Director, Victoria & Tasmania)
Marc Wanstall (National Director, Marketing & Membership Services).
Stephen Wright (National Director, Education & Training)

| | 2013 \$ | 2012 \$ |
|--|------------------|------------------|
| Key management personnel compensation comprised: | | |
| Salary and bonuses | 1,658,140 | 1,552,511 |
| Superannuation contribution | 184,531 | 225,124 |
| Long service leave provision | 374,846 | 312,618 |
| Total compensation | 2,217,517 | 2,090,253 |

7. Cash and cash equivalents

| | | |
|--|------------------|------------------|
| Cash on hand | 800 | 800 |
| Cash at bank | 287,686 | 625,794 |
| Cash on deposit | 2,781,040 | 2,694,725 |
| Total cash and cash equivalents | 3,069,526 | 3,321,319 |

8. Trade and other receivables

| | | |
|--|----------------|----------------|
| Current | | |
| Trade debtors | 130,410 | 203,004 |
| Total trade and other receivables | 130,410 | 203,004 |

There is no impairment or significant credit risk with any debtor balance.

| | 2013 \$ | 2012 \$ |
|------------------------|------------|------------|
| 9. Other assets | | |
| Current | | |
| Prepayments | 288,402 | 306,272 |

| 10. Property, plant and equipment | | |
|---|------------------|------------------|
| Non-current | | |
| Building | | |
| Strata entitlement — at cost — Hunter Street, Sydney | 3,100,000 | 3,100,000 |
| Leasehold improvements | 703,881 | 703,881 |
| Less: accumulated depreciation and amortisation | (667,028) | (560,815) |
| | 3,136,853 | 3,243,066 |
| Computer system, furniture and office equipment at cost | 1,844,432 | 1,600,200 |
| Less: accumulated depreciation | (1,485,246) | (1,361,672) |
| | 359,186 | 238,528 |
| Works of art at valuation | 24,827 | 24,827 |
| Total property, plant and equipment | 3,520,866 | 3,506,421 |

Valuation of strata entitlement

The strata entitlement is measured at cost less accumulated depreciation and accumulated impairment losses. The Board policy, recognising statutory requirements for assessment of Statement of Financial Position impairment indicators, is that a valuation at current market value be obtained from a registered valuer at three-yearly intervals, and that for each intervening year directors determine a value as at 31 December based on the most recent valuation, market research and other relevant information.

Strata entitlement at Level 10, 5 Hunter Street, Sydney: purchased on 12 October 2004 for initial cost of \$3,100,000. The most recent valuation report dated 17 February 2012 was based on an inspection of the property on 14 February 2012, prepared by George Paton FAPI, FRICS, FREI, AIAMA, Certified Practising Valuer, Registered Valuer No 1212 and Director of Chesterton International (NSW) Pty Limited and valued the strata entitlement at \$3,750,000 (2009 was \$3,600,000). On this basis the directors believe that there are no indicators of impairment of the asset carrying value as at 31 December 2013.

The strata entitlement is encumbered by a registered first mortgage as detailed per Note 20(d).

Movement in the carrying amounts for each class of property, plant and equipment between the beginning and the end of the current financial year.

| | Property and leasehold improvements \$ | Computer systems, furniture and office equipment \$ | Works of art \$ | Total \$ |
|---|---|--|--------------------|------------------|
| Balance at beginning of year | 3,243,066 | 238,528 | 24,827 | 3,506,421 |
| Additions (net of disposals) | - | 244,232 | - | 244,232 |
| Depreciation expense | (106,213) | (123,574) | - | (229,787) |
| Carrying amount at end of the year | 3,136,853 | 359,186 | 24,827 | 3,520,866 |

| | 2013 \$ | 2012 \$ |
|--|------------|------------|
| 11. Intangible assets | | |
| Website development costs | | |
| Balance at the beginning of the year | 744,208 | 430,431 |
| Acquisitions — developed during the year | - | 313,777 |
| Balance at end of year | 744,208 | 744,208 |
| Amortisation and impairment losses | | |
| Balance at beginning of year | (95,385) | - |
| Amortisation for the year | (148,842) | (95,385) |
| Balance at end of year | (244,227) | (95,385) |
| Carrying amounts at end of year | 499,981 | 648,823 |
| Website development costs | | |
| The website was launched during the first quarter of 2012, at which time the intangible asset was considered ready for use. Amortisation commenced from that time. | | |
| 12. Trade and other payables | | |
| Current | | |
| Trade creditors and accruals | 644,514 | 510,073 |
| Net GST liability | (65,120) | (54) |
| Accrued ICSA capitation fee | 30,959 | 59,404 |
| Payroll and PAYG tax payable | 130,927 | 143,082 |
| Fringe benefits tax payable | 10,852 | 7,997 |
| Brisbane premises new lease abatement | 15,500 | - |
| | 767,632 | 720,502 |
| 13. Deferred revenue | | |
| Subscriptions and fees in advance | 1,858,154 | 1,882,550 |
| 14. Provisions | | |
| (a) Current | | |
| Provision for annual leave | 189,273 | 164,495 |
| Provision for long service leave | 370,889 | 291,475 |
| | 560,162 | 455,970 |
| (b) Non-current | | |
| Provision for long service leave | 50,344 | 57,256 |
| Brisbane premises new lease abatement | 69,749 | - |
| | 120,093 | 57,256 |
| Average number of full-time equivalent employees | 39.8 | 39.0 |
| 15. Leasing commitments | | |
| Operating lease commitments | | |
| Non-cancellable operating leases contracted for but not capitalised in the financial statements | | |
| Being for premises | | |
| Payable: Not later than one year | 475,645 | 404,422 |
| Later than one but not later than five years | 1,223,785 | 952,682 |
| | 1,699,430 | 1,357,104 |

| | 2013 \$ | 2012 \$ |
|--|------------------|------------------|
| 16. Related party and subsidiary company disclosures | | |
| Transactions with related parties | | |
| Transactions between related parties are on normal commercial terms and conditions unless otherwise stated. | | |
| (i) ICSA, United Kingdom: under the terms of an operating agreement with ICSA, Governance Institute of Australia Ltd remits an administration fee based on the number of Australian Members and students registered with ICSA as at 31 July each year to meet the expenses of the International Institute. | | |
| In order to restrict exposure to foreign currency fluctuations while meeting its obligation to ICSA, Governance Institute of Australia Ltd has opened an Australian bank account denominated in pounds sterling which is used to remit the administration fees to ICSA. As at balance date, an unrealised foreign exchange translation surplus of \$18,830, (2012 surplus of \$1,232), had been accounted for. These payments amounted to: | 82,789 | 82,655 |
| | 82,789 | 82,655 |
| (ii) Workplace Education Pty Ltd, a company in which John Williamson is a director, consultant and a shareholder, receiving an amount of: | 4,671 | 4,415 |
| | 4,671 | 4,415 |
| (iii) Three directors, as disclosed in Directors' report on pages 32–33, are also directors of Governance Institute of Australia Ltd dormant subsidiary companies. | | |
| 17. Segment reporting | | |
| Governance Institute of Australia Ltd operates as a professional association providing education and promotion of the advancement of effective governance and administration of organisations in the private and public sectors, for Members and applicants for membership and for the public. These operations are in Australia and the revenue from operations is as disclosed per Note 2. The company is one reportable segment. | | |
| 18. Cash flow information | | |
| (a) Reconciliation of cash | | |
| Cash at the end of the financial year as shown in the Statement of Cash Flows is reconciled to the related items in the Statement of Financial Position as follows. | | |
| Cash at bank and on hand | 288,486 | 626,594 |
| Cash on deposit | 2,781,040 | 2,694,725 |
| | 3,069,526 | 3,321,319 |
| (b) Reconciliation of cash flow from operations with surplus from ordinary activities after income tax | | |
| Net (deficit)/surplus from ordinary activities after income tax | (666,417) | 149,556 |
| Non-cash flows in surplus from ordinary activities | | |
| Depreciation and amortisation | 378,629 | 369,095 |
| Change in assets and liabilities | | |
| Decrease/(Increase) in trade and other receivables | 72,594 | (29,260) |
| Decrease/(Increase) in other current assets | 17,870 | (52,805) |
| Increase in trade and other payables | 47,130 | 35,591 |
| (Decrease)/Increase in deferred revenue | (24,397) | 541,400 |
| Increase in provisions | 167,030 | 50,464 |
| Net cash provided by operating activities | (7,561) | 1,064,041 |

| | 2013 \$ | 2012 \$ |
|---|------------------|------------------|
| 19. Trust funds | | |
| Statement of Financial Position | | |
| Estate Late Leonard Chant | 1,120,799 | 1,140,109 |
| The Institute Trusts | 74,611 | 73,490 |
| | 1,195,410 | 1,213,599 |
| Represented by | | |
| Current assets | | |
| Cash at bank and on deposit and trade and other receivables | 1,195,410 | 1,213,599 |
| Statement of Comprehensive Income | | |
| Income | | |
| Interest — Bequest from Estate Late Leonard Chant | 32,394 | 45,157 |
| Interest — Other trust funds | 1,099 | 2,061 |
| | 33,493 | 47,218 |
| Expenditure | | |
| Legal fees and charges | - | (59,369) |
| Bank fees and charges | (100) | (200) |
| Scholarships and administrative costs | (51,582) | - |
| Available trust funds | (18,189) | (12,351) |
| Opening balance | 1,213,599 | 1,225,950 |
| Trust funds balance at end of year | 1,195,410 | 1,213,599 |
| 20. Financial risk management | | |
| The company's financial instruments consist of deposits with banks, accounts receivable and payable, bills and leases. | | |
| The totals for each category of financial instruments, measured in accordance with AASB 139 as detailed in the accounting policies to these financial statements, are as follows: | | |
| Financial assets | | |
| Cash and cash equivalents | 3,069,526 | 3,321,319 |
| Trade and other receivables | 130,410 | 203,004 |
| | 3,199,936 | 3,524,323 |
| Financial liabilities | | |
| Financial liabilities at amortised cost: | | |
| Trade and other payables | 767,632 | 720,502 |
| | 767,632 | 720,502 |

Financial risk management objectives and policies

Governance Institute of Australia Ltd's financial instruments consist principally of accounts receivable, accounts payable, cash and short term bank deposits and bills of exchange. The purpose of these financial instruments is to maintain financial prudence of the funds and to contribute any surplus earnings towards the company's operations.

Financial risk exposures and management

The main risks that the company is exposed to through its financial instruments are interest rate risk, liquidity risk and credit risk.

(a) Net fair values

The carrying amount of bank deposits, prepayments, accounts payable and accounts receivable approximate fair value. The aggregate net fair values and carrying amounts of financial assets and financial liabilities are disclosed in the Statement of Financial Position and in the Notes to the Financial Statements. There is no difference noted between fair values and carrying values of financial instruments.

(b) Interest rate risk

The company's exposure to interest rate risk is the risk that a financial instrument's value will fluctuate as a result of changes in market interest rates and the effective weighted average interest rates on those financial assets and liabilities.

The company's exposure to market interest rate primarily relates to its cash and cash equivalents.

At balance date, the company had the following financial assets exposed to Australian variable interest rate risk.

| | 2013 \$ | 2012 \$ |
|---------------------------|------------|------------|
| Financial assets | | |
| Cash and cash equivalents | 3,069,526 | 3,321,319 |

Sensitivity analysis

The following sensitivity analysis is based on the interest rate risk exposure in existence at the balance date. If the interest rates had moved, with other variables held constant, post-tax surplus would have been affected as follows:

| | Post-tax surplus Higher/(lower) | |
|------------------------|------------------------------------|------------|
| | 2013 \$ | 2012 \$ |
| +1% (100 basis points) | 30,695 | 33,213 |
| -1% (100 basis points) | (30,695) | (33,213) |

The movements in surplus are due to higher/lower interest income from cash balances.

(c) Credit risk

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets is the carrying amount, net of any provisions for doubtful debts, as disclosed in the Statement of Financial Position and Notes to the Financial Statements.

The company does not have any material credit risk exposure to any single debtor or group of debtors under financial instruments entered into by the company.

(d) Financial facility

The company has a \$310,000 facility for the issue of bank guarantees which is secured by a registered first mortgage over the strata entitlement as detailed in Note 10.

(e) Price risk

The company is not exposed to any material commodity price risk.

(f) Foreign currency risk

The company seeks to mitigate the effects of foreign currency exposure by purchasing pounds sterling (GBP) and holding them in an Australian bank account denominated in GBP until it pays its obligations to ICOSA UK.

The following sensitivity analysis is based on foreign currency risk exposure in existence at balance date.

| | 2013 \$ | 2012 \$ |
|---------------------------------|------------|------------|
| Cash balance of GBP at year end | 121,385 | 102,466 |

| | Post-tax surplus Higher/(lower) | |
|------------|------------------------------------|------------|
| | 2012 \$ | 2011 \$ |
| AUD/GBP+5% | 6,069 | 5,123 |
| AUD/GBP-5% | (6,069) | (5,123) |

(g) Liquidity risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that liquidity risk arising from the company's financial liabilities is minimised so that it will meet its obligations to repay the financial liabilities as and when they fall due.

To help reduce these risks, Governance Institute of Australia Ltd has a liquidity policy in place which requires minimum average levels of cash and cash equivalents to be maintained.

Trade and other financial liabilities mainly originate from financing of assets used in the company's ongoing operations. These are summarised in the table below and represent the company's total liquidity risk.

| Year ended 31 December 2013 | Less than 1 year \$ | 1-5 years \$ | Non-interest bearing \$ | Total \$ | Weighted average % |
|------------------------------|---------------------------|-----------------|-------------------------------|------------------|--------------------------|
| Financial assets | | | | | |
| Cash and cash equivalents | 3,069,526 | - | - | 3,069,526 | 3.14 |
| Trade and other receivables | - | - | 130,410 | 130,410 | |
| | 3,069,526 | - | 130,410 | 3,199,936 | |
| Financial liabilities | | | | | |
| Trade and other payables | - | - | 767,632 | 767,632 | |
| | - | - | 767,632 | 767,632 | |

| Year ended 31 December 2012 | Less than 1 year \$ | 1-5 years \$ | Non-interest bearing \$ | Total \$ | Weighted average % |
|------------------------------|---------------------------|-----------------|-------------------------------|------------------|--------------------------|
| Financial assets | | | | | |
| Cash and cash equivalents | 3,321,319 | - | - | 3,321,319 | 4.06 |
| Trade and other receivables | - | - | 203,004 | 203,004 | |
| | 3,321,319 | - | 203,004 | 3,524,323 | |
| Financial liabilities | | | | | |
| Trade and other payables | - | - | 720,502 | 720,502 | |
| | - | - | 720,502 | 720,502 | |

21. Events subsequent to reporting date

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the entity, the results of those operations or the state of affairs of the entity in subsequent financial years.

22. Contingent liabilities

There are no contingent liabilities as at 31 December 2013.

Directors' declaration

Governance Institute of Australia Ltd

The Directors of the company declare that:

1. The financial statements and notes, as set out on pages 35–48, are in accordance with the *Corporations Act 2001* including:
 - (a) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001*; and
 - (b) giving a true and fair view of the financial position as at 31 December 2013 and of the performance for the year ended on that date of the company.
2. In the Directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Board of Directors.



Alan Evans FGIA
Director



Trisha Mok FGIA
Director

Dated at Sydney this 22nd day of March 2014

Auditor's independence declaration

Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the Directors of Governance Institute of Australia Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 31 December 2013 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and
- (ii) no contraventions of any applicable code of professional conduct in relation to the audit.



Cameron Roan
Partner
Sydney

22 March 2014



Independent auditor's report

to the Members of Governance Institute of Australia Ltd

Report on the financial report

We have audited the accompanying financial report of Governance Institute of Australia Ltd (the company), which comprises the statement of financial position as at 31 December 2013, and the statement of comprehensive income, statement of changes in Members' funds and statement of cash flows for the year ended on that date, Notes 1 to 22 comprising a summary of significant accounting policies and other explanatory information and the directors' declaration.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation of the financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. These Auditing Standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial report that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We performed the procedures to assess whether in all material respects the financial report presents fairly, in accordance with the *Corporations Act 2001* and Australian Accounting Standards, a true and fair view which is consistent with our understanding of the company's financial position and of its performance.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*.

Auditor's opinion

In our opinion, the financial report of Governance Institute of Australia Ltd is in accordance with the *Corporations Act 2001*, including:

- (i) giving a true and fair view of the company's financial position as at 31 December 2013 and of its performance for the year ended on that date; and
- (ii) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

KPMG.

KPMG

Cameron Roan

Partner

Sydney

22 March 2014

KPMG, an Australian partnership and a member firm of the KPMG network of independent member firms affiliated with KPMG International Cooperative ('KPMG International'), a Swiss entity.

Liability limited by a scheme approved under Professional Standards Legislation.

Detailed operating surplus and deficit accounts

for the five years
2009 – 2013

| | 2013 \$ | 2012 \$ | 2011 \$ | 2010 \$ | 2009 \$ |
|---|------------------|------------------|------------------|------------------|------------------|
| Operating revenue | | | | | |
| Member and subscriber fees | 2,589,866 | 2,514,127 | 2,449,618 | 2,383,849 | 2,292,555 |
| Graduate Diploma | 2,526,878 | 2,313,447 | 2,233,453 | 2,247,870 | 2,316,710 |
| Short courses and Certificates | 3,024,166 | 2,882,259 | 2,573,925 | 2,186,718 | 1,752,435 |
| Sponsorship | 454,624 | 518,936 | 519,022 | 503,230 | 460,309 |
| Interest | 108,298 | 134,517 | 159,193 | 135,689 | 85,502 |
| Other income | 80,001 | 93,464 | 82,384 | 95,569 | 75,021 |
| Publications, journal and merchandise † | 41,228 | 46,758 | 191,412 | 34,072 | 30,811 |
| | 8,825,061 | 8,503,508 | 8,209,007 | 7,586,997 | 7,013,343 |
| Operating expenses | | | | | |
| Personnel | 4,371,277 | 4,075,797 | 3,725,374 | 3,478,053 | 3,293,315 |
| Graduate Diploma | 871,838 | 655,847 | 641,171 | 627,727 | 737,644 |
| Short courses and Certificates | 908,153 | 842,575 | 793,166 | 667,448 | 622,127 |
| Occupancy and state facilities | 548,697 | 515,706 | 478,546 | 451,181 | 424,938 |
| Publications, journal and merchandise † | 261,285 | 282,990 | 270,222 | 295,334 | 276,853 |
| Depreciation and amortisation | 378,629 | 369,095 | 287,060 | 252,217 | 232,624 |
| Travel and meetings | 255,254 | 221,851 | 209,985 | 192,128 | 219,631 |
| Profile and website maintenance | 435,814 | 345,276 | 448,059 | 478,314 | 417,757 |
| Repairs and maintenance | 326,378 | 311,620 | 234,790 | 229,419 | 215,046 |
| ICSA, UK — capitation fee | 82,789 | 82,655 | 82,698 | 113,598 | 154,953 |
| Telephone, facsimile and email | 89,633 | 84,287 | 78,333 | 80,264 | 71,543 |
| Bank and credit card fees | 33,176 | 88,962 | 111,820 | 104,360 | 92,490 |
| Printing and stationery | 86,497 | 86,970 | 92,227 | 100,013 | 93,443 |
| International representation | 101,176 | 121,616 | 141,906 | 87,417 | 62,600 |
| Postage and courier | 17,347 | 21,354 | 17,237 | 18,041 | 20,101 |
| Insurance | 38,962 | 39,367 | 38,734 | 28,916 | 39,938 |
| Other expenses | 22,016 | 63,178 | 34,254 | 52,489 | 46,723 |
| Auditors | 25,100 | 23,360 | 22,660 | 25,000 | 21,800 |
| Professional services | 20,899 | 18,747 | 31,573 | 44,875 | 45,684 |
| Rebranding and renaming project †† | 605,501 | 55,504 | - | - | - |
| Refund of payroll tax ††† | - | - | - | - | (609,430) |
| ICSA Structural Reform †††† | 11,057 | 46,144 | 341,346 | - | - |
| Chant Legacy Trust legal fees ††††† | - | - | 110,533 | - | - |
| | 9,491,478 | 8,352,901 | 8,191,694 | 7,326,794 | 6,479,780 |
| (Deficit)/Surplus from ordinary activities | (666,417) | 150,607 | 17,313 | 260,203 | 533,563 |
| Net (loss) / gain on disposal of asset | - | (1,051) | (493) | (168) | (4,510) |
| Total (deficit)/surplus for the year | (666,417) | 149,556 | 16,820 | 260,035 | 529,053 |

† Publications, journal and merchandise includes publication and sale of technical booklets.

†† Expenditure incurred in rebranding company to Governance Institute of Australia Ltd.

††† Refund of payroll taxes as a consequence of NSW wages being exempted under Schedule 2 Division 4 Clause 12(1)(c).

†††† ICSA structural reform costs incurred during the year consist of legal, meetings, constitutional and proxy solicitation fees spent on the ICSA/CSA governance matters.

††††† Chant Legacy Trust legal fees in note 1(n).

This statement does not form part of the Audited Accounts but is presented for additional information.

Members' code of ethics

Governance Institute of Australia Ltd requires its Members to observe the highest standards of professional conduct and ethical behaviour in all of their activities. By maintaining such standards, Members enhance their own standing as corporate managers and increase public confidence in the management and administration of corporations.

- Members shall uphold the objectives of Governance Institute of Australia Ltd and abide by the regulations.
- As the conduct of an individual Member can reflect upon the wider profession of corporate management and upon Governance Institute of Australia Ltd's membership as a whole, the Code sets out what are deemed to be appropriate standards of professional conduct.
- Members shall refrain from conduct or action which detracts from the reputation of Governance Institute of Australia Ltd.
- Members are required to exercise complete probity, honesty and diligence in carrying out their duties and responsibilities.
- Members shall at all times safeguard the interests of their employers or clients provided that Members shall not knowingly be party to any illegal or unethical activity.
- Members shall not enter into any agreement or undertake any activity which may be in conflict with the interests of their employers or clients or which would prejudice the performance of their professional duties.
- Members shall not use confidential information gained in the performance of their duties for any personal gain nor in a manner which would be detrimental to their employer or client.
- Members shall exercise due care and diligence in performing their duties and ensure the currency of their knowledge, skills and technical competencies.
- Members acknowledge that this Code is to be adhered to both in spirit and to the letter, so that Members' conduct is governed by the highest standards of professionalism and ethical behaviour.

** Forms part of Governance Institute of Australia Ltd's Code of Business Conduct and Ethics*

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