Governance Institute of Australia Ltd (Governance Institute) promotes and advances effective governance in Australian organisations and the wider community. We principally do this by educating and 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.

In doing this we are becoming a more vibrant and more diverse organisation. While professionals in governance, risk management and compliance still comprise the largest portion of our membership, we are drawing members from an increasingly wide range of backgrounds and professional responsibilities.

Governance Institute has gender diversity among our senior management and the gender balance of our Board is also increasingly reflecting the greater diversity of our overall membership. In 2017 the female representation on the Board increased to 36 per cent.

Membership has grown significantly year-on-year with 2017 having our largest new member growth in recent times. In 2017, we had over 570 new members join Governance Institute from a variety of role backgrounds, sectors and across Australia.

The strength of our brand and reach is growing, and this is demonstrated through awareness levels, increase in unique web visitors, highest level of enquiries and our social media follower increase. LinkedIn is our main social media channel.

### Key metrics

Governance Institute is now a more vibrant and more diverse organisation. Women now comprise 36 per cent of our Board.

- **New Governance Institute members**
  - Certificated
  - Associate
  - Fellow

- **Increase in number of social media followers**
  - LinkedIn
  - LinkedIn member only group
  - Twitter
  - Facebook

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<td>------------------------------------------------------------------------</td>
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<tr>
<td>Chair and CEO report</td>
<td>2</td>
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<tr>
<td>Governance and stewardship</td>
<td>4</td>
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<td>Strategy</td>
<td>6</td>
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<td>Engagement with Governance Institute</td>
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<td>Profiles of Governance Institute members</td>
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<td>Member milestones</td>
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<td>Directors’ report</td>
<td>28</td>
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<td>Financial report</td>
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<td>Directors’ declaration/Auditor’s independence declaration</td>
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<td>Detailed operating surplus and deficit accounts</td>
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<tr>
<td>Contact</td>
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</tr>
</tbody>
</table>
Strategic direction
In 2017 we laid down strong new foundations for the future, to underpin growth and ensure financial sustainability and organisational success in the years ahead.

Governance Institute’s overall strategic objective continues to be to position itself as the expert in governance in the Australian market.

However, it is also fundamental that Governance Institute has the financial strength to underpin its long-term sustainability and provide the resources to allow it to deliver on its mission and vision.

Growth in membership, enrolments in education and training and our other services will create stronger revenues, ensuring organisational sustainability and providing financial means to fund improved benefits to members. Ensuring a growing and vibrant Institute will also give us greater ‘critical mass’ and influence in our advocacy.

There have been a number of important initiatives in 2017 aimed at growth and benefits to members.

These initiatives and strategic changes include new pathways to membership, new governance training courses and improvements in our higher education courses, improvements in our professional development events such as the National Conference, new alliances with other organisations, a new digital strategy and the successful introduction of new IT platforms.

Expanding our membership
Our expanded Professional Entry Scheme (PES) was introduced in April and has resulted in a significant increase in new members, especially in the Associate and Fellow categories. We opened further new pathways to membership through creating two early entry options from existing Governance Institute postgraduate courses.

Serving our members and customers
Our strategic initiatives this year have leveraged our significant investment in new information technology systems, which has improved delivery of our education, training and other services, streamlined membership processes. We are also improving the usability of our website, including making it more accessible from mobile phones, tablets and other devices. All this is aimed at making every member, student and customer’s engagement with us a better experience.

The ongoing implementation of our digital strategy will deliver new and innovative ways to engage with members, including better use of social media, richer and more relevant content, enhanced member communications and easier access to information. A highlight has been introduction of a new and improved digital version of Governance Directions journal.

Education and training
The Graduate Diploma of Applied Corporate Governance and the Graduate Diploma of Applied Risk Management and Corporate Governance continue to be recognised as the premier qualifications for senior governance and risk management practitioners.

We are planning further improvements over the coming year, including changes to the postgraduate diploma assessment, the implementation of blended learning in postgraduate courses and the introduction of Higher Education FEE-HELP.

Following a review of the ICSA International Qualifying Scheme (IQS) we will develop new postgraduate subjects over the coming year in preparation for the introduction of this new IQS in 2019.

In governance training, we continued to provide a wide range of short courses leading to Certificates in Governance Practice, Governance and Risk Management and Governance for Not-for-Profits.

In 2017 we developed a new training course for aspiring directors, The Effective Director Course. Our new fully online sports governance training course, Working in Sports Essentials, was also successfully launched in September.

We have secured alliances with other organisations to provide access for their members to our high quality education, training and professional development, including our partnership with Chartered Accountants Australia and New Zealand (CAANZ) to provide its large membership with short course training. Partnership agreements with a range of tertiary education institutions also give our students advanced standing into their Masters programs or integrate our postgraduate diploma subjects into their degree programs.

Policy, advocacy and thought leadership
In 2017 Governance Institute continued to devote significant resources to enhancing Australia’s governance framework through active advocacy and our ongoing thought leadership program.

We made a significant contribution to the public debate on corporate culture and ethical behaviour in business with the release of the second annual Governance Institute Ethics Index, and partnering to produce Managing culture — A good practice guide.

New directions for ICSA
The Annual General Meeting of our international body, the Institute of Chartered Secretaries and Administrators (ICSA) was held in London on 4 October and members approved some important changes for ICSA.
The first was the introduction of a part-qualified category of membership, to be called Affiliated Member. The other is the creation of a second designation called Chartered Governance Professional to sit alongside the existing Chartered Secretary designation.

**Financial health**
Trading conditions in 2017 have been difficult in some areas of Governance Institute’s operations as we have developed and introduced a number of new initiatives for the organisation. An operational surplus of $75,904 for the year was delivered before allowing for commercial organisation transformation and related costs amounting to $232,018 for a final net deficit of $156,114.

This commercial team transformation project was an investment in future growth and improved service to our members, with the organisational restructure allowing greater management focus and increased resources in key areas of our business including sponsorship and partnerships, professional development and service delivery.

We anticipate that these changes, will gain momentum in 2018 and will result in stronger revenue growth and greater operational efficiencies in the future, with the initial benefits being felt later this year.

Our financial position remains strong. Overall membership has been growing, including an increase in Associate and Fellow membership, while other areas, including short courses and training, have also performed well.

**Conclusion**
2017 has been a year of both challenge and success for Governance Institute as it continues its evolution into a more broadly based organisation serving and providing value to the full spectrum of those involved in governance.

We have developed important new products and services for members and stakeholders and improved our customer processes, while continuing to make significant contributions to Australia’s governance knowledge, capacity and legislative framework.

———

Warren Baillie FGIA FCIS
President and Chair of Governance Institute of Australia Ltd and of the Australian Division of ICSA.

Steven Burrell
Chief Executive of Governance Institute of Australia Ltd and of the Australian Division.
Governance and stewardship

Governance Institute’s own governance framework is modelled on that of leading listed companies but with additional elements reflecting our status as a membership organisation. We believe this multifaceted approach is not only appropriate to the nature of our organisation but ensures it can deliver value to members on a sustainable basis into the future.

Governance Institute reports against the ASX Corporate Governance Council’s Corporate Governance Principles and Recommendations, which we see as being extremely relevant to our organisation.

Our Corporate Governance Statement reflecting this is available on our website at governanceinstitute.com.au/about-us/governance-institute-governance/annual-report/

However, while we report against these high corporate standards, as a membership body the need to communicate regularly and consult often is greater. As such, aspects of our governance framework go beyond the ASX Principles.

We outline these below under five broad principles or governance ‘pillars’: stewardship and financial sustainability, membership sustainability, transparency, accountability and integrity.

**Stewardship and financial sustainability**

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

Governance Institute is managed for the benefit of members, taking reasonable account of the interests of other legitimate stakeholders.

All of the major strategic decisions made by Governance Institute are the result of an ongoing strategic planning process that has been in place for almost two decades. Each year, the Board meets off-site to provide for a sustained focus on strategy, as well as continuously reviewing strategy at each board meeting throughout the year. This process contributes to setting KPIs for senior management and staff, is clearly documented, and is reported against at each board meeting.

To ensure the financial health and sustainability of the organisation, over a period of more than a decade the directors have set strategies to diversify revenue streams away from a previous very heavy dependence on income from membership fees.

In recent years, the Board of Directors and chief executive have worked to ensure organisational sustainability not only through sound financial management but also by expanding the scope of the organisation’s operations and widening its target membership.

The Board and management came to the view in 2012 that maintaining almost a sole focus on the role of company secretary would not result in a sufficient flow of new members to ensure continued financial sustainability, populate committees and give the organisation the ‘critical mass’ to have a substantial voice in policy and advocacy.

To meet this challenge, we created a new Certificated membership category to provide a home for those entering a career in governance and risk management, expanded into new markets such as the not-for-profit and public sectors, and developed new products such as the Graduate Diploma of Applied Risk Management and Corporate Governance in order to cater for the expanding professional needs of a widening membership.

The change of name to Governance Institute of Australia and repositioning of our brand in 2013, reflecting this strategy to appeal to a wider range of governance practitioners, was another move that the Board undertook with a clear view to the longer-term sustainability of the organisation.

In 2017 we continued down that strategic path, opening further new pathways to membership and expanding into new markets through initiatives such as a new online training course in sports governance.

We also sought to open up new pathways for potential members and clients through alliances with other organisations and educational institutions.

**Membership sustainability**

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. Until 2017, this was reflected in a strict requirement that, except in the limited circumstances of our existing Professional Entry Scheme, only those who had completed education courses or a training certificate courses provided by Governance Institute could be eligible for membership.

This set Governance Institute apart from many other professional bodies and membership associations but also created a number of challenges, including maintaining growth of membership.

After our strategy review in 2016, the Board came to the view that Governance Institute required new pathways of membership to better accommodate a wider range of professionals working in governance, aspiring and practising directors and executives reporting to boards.

Significantly, these pathways would for the first time allow membership based on prescribed educational qualifications obtained outside Governance Institute, as well as prescribed levels of professional standing and experience in governance as a company secretary, risk manager,
governance professional, director or other related profession.

Reflecting this, the Board approved changes to Governance Institute pathways to membership introduced in 2017 including:

• an expanded Professional Entry Scheme (PES) system with three tiers, feeding into the existing Fellow, Associate and Certificated member categories
• further new pathways to membership through creating early entry options from existing Governance Institute postgraduate courses
• a new pathway to Certificated membership through a new director training course.

These new pathways, commenced in April, have helped address the challenge presented by declining Fellow and Associate membership which, although still by far our biggest source of membership revenue, had been on a sustained downturn trend. We have seen a dramatic increase in the number of new members and a rise in the Associate and Fellow categories for the first time in many years.

Transparency

We report to members not only in this Annual Report, but also in our journal, Governance Directions, and in a range of e-communications. These disclosures allow us to keep members up to date on how the organisation is fulfilling its mission and on any proposals for (and voting outcomes on) constitutional change and their impact on members, as well other matters that go to the sustainability of Governance Institute as a member-based association.

We use social media as another channel to inform members via our pages on LinkedIn and Facebook and via Twitter. While we recognise that these 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 have also continued to communicate with members about significant developments within the international body with which we are associated, the Institute of Chartered Secretaries and Administrators (ICSA).

Internally, we practise what we preach by circulating board papers and the strategic plan to staff (except those papers relating to commercial-in-confidence and personal staff matters). We also have fortnightly all-staff meetings conducted by the chief executive via video link, where progress on strategic issues is discussed, as well as outlining progress toward achieving our annual financial goals.

Accountability

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. Operational performance, key performance indicators and adherence to set project timelines are monitored on a regular basis by the chief executive and by the Board at each of its meetings through the year.

There is a clear reporting process to the Board and its sub-committees, with the chief executive reporting at each Board meeting, and to committees where appropriate and relevant to their mandate, on progress against the strategic plan as well as financial and operating performance. Key management personnel also present to the Board at each meeting, providing an opportunity for directors to question senior management directly.

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

The Board has a clear understanding of the respective roles and responsibilities of the Board and management and has clarified this in a Board Charter. This is available on our website at governanceinstitute.com.au/about-us/our-governance/constitution-charters-policies/.

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. The state charter, introduced in 2013 to reflect the changing role of the state councils and to enable councillors to understand the importance of their ambassadorial and mentoring role, has continued to be effective.

This charter was updated by the Board in late 2016, with effect from 1 January 2017, following a review of its operation.

Early each year, the president and chief executive attend a meeting of each state council, where the council is given an overview of progress during the prior year and strategic priorities for the coming year at both a state and national level.

Integrity

All members must abide by the members’ code of ethics (see page 50). However, there are very few disciplinary actions required to be taken against members, highlighting how you, our members, embody integrity in your professional practice.

It is also 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 which is to behave ethically. All staff are reviewed annually on their performance.

We demonstrate integrity in our engagement with regulators and policy makers, bringing an independent mind to influencing public policy and other issues affecting the profession. We also promote integrity in our learning programs, not only via the quality of the content but also through procedural fairness and educational equity.

Our 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.
Governance Institute has a robust strategic planning process, involving senior executives, managers, state and regional councils and the Board, which has contributed greatly to our continued growth and sustainability.

The process begins mid-year when the Board and management participate in a weekend strategy meeting to review progress on the current strategic plan, assess the business environment, develop new strategic initiatives and plan for the future of the organisation. From this meeting a draft plan for the coming year is developed which is reviewed in September and then finally approved at the final board meeting of the year.

The strategic plan links firmly back to our broader mission and business objectives for the organisation.

Governance Institute’s mission is to be the leader in the promotion and application of the practice of whole of organisation governance to drive responsible performance.

We evaluate our success by measuring participation, engagement and achievement of advocacy outcomes. We also report on trends in enrolments, course completion rates and rates of subsequent conversion to membership and overall financial performance.

Future growth and sustainability

Although Governance Institute is a not-for-profit organisation we must operate on a financially sound and efficient basis pursuing business objectives, in order to ensure our sustainability and secure our future.

Generating revenue — through growth in membership and our client base, increasing postgraduate education and training enrolments, lifting attendance at professional development events and through sponsorship and partnerships — is necessary to underpin organisational sustainability. It also allows us to fund improved benefits to members, our policy and advocacy activities and the achievement of other vital aspects of our mission.

However, we operate in a challenging and increasingly competitive commercial environment. Our 2018–2020 strategy, and our budget, seek to meet these challenges by both expanding opportunities for revenue growth and containing our expenditure to keep us on a sustainable financial footing.

Strategic initiatives

A number of initiatives were launched in 2017 to increase membership numbers, boost enrolments in our postgraduate and training courses, build sponsorship and other partnership relationships, improve engagement with our members, students and customers, contain our operational costs and improve our internal processes.

These initiatives and strategic changes have included new pathways to membership, new governance training courses and improvements in our higher education courses, significant improvements in our professional development events such as the National Conference and Governance and Risk Management Forums, and new alliances with other organisations.

In 2017 we developed a new practical training course for directors, The Effective Director Course. Our new fully online sports governance training course, Working in Sport Essentials (WISE), was also launched in September. Developed by Governance Institute in partnership with e-learning provider etrainu, WISE provides fundamental governance knowledge for anyone involved in a sports organisation, including grassroots volunteers, committee members, directors and managers of sports clubs and executives of peak sporting bodies.

The successful introduction of a new IT platform has improved delivery of our education, training and other services, as well as streamlining our membership processes to make your engagement with us a better experience.

Our digital strategy is delivering new and innovative ways to engage with members through all channels, especially social media. We have revamped our website to make it more useful, easier to use and more accessible from mobile phones, tablets and other devices. Another highlight has been successful introduction of a substantially improved digital version of our Governance Directions journal.

This year we have also implemented a major transformation of some key areas of our operations which will see a significant change to the way the organisation is structured and how we do business — all aimed at improving our financial performance and our service to members. In all these areas, we have taken decisive strategic action and invested in change today to lay the foundation for a stronger Institute tomorrow.

A wider range of further initiatives and strategic changes will be implemented over the year ahead.

We are planning further improvements to professional development events, including the second phase of our transformation of the National Conference, the development of more new online governance training courses, more information services for members and a series of major Profile Events to help build greater awareness of Governance Institute.

Another important priority will be implementing the changes flowing from the approval at the Annual General Meeting of ICSA held in London in October, including the introduction of a part-qualified Affiliated Member category and a second designation called Chartered Governance Professional, which will be integrated into our membership structure.

We are also developing new postgraduate subjects under the new International Qualifying Scheme (IQS) to take effect from 1 January 2019.
New members

The growth of membership demonstrates the strength of the organisation and the value prospective members believe they will gain from joining. 2017 has been the strongest year for new members with close to 600 new members across all categories.

As in previous years to be eligible for Associate or Fellow membership, candidates can complete 18–24 months of part-time study. Under the changes to the professional entry scheme introduced in 2017, candidates may also submit evidence of prior learning and governance and risk management experience for membership consideration. The high standards for entry ensure that these membership categories continue to be well regarded by the marketplace.

The changes to the professional entry scheme has led to a strong increase in new Associate and Fellow members. In particular the number of Certificated members moving to Associate or Fellow increased from three in 2016 to 32 in 2017.

The number of new Certificated members has dropped slightly due to a significant number of students using new eligibility options to enter as Associate or Fellow members.

The Certificated member category meets the needs of professionals who are beginning their career in governance and risk management, as well as experienced practitioners who want to stay ahead in their field.

To maintain this momentum, the organisation’s continued focus for the next three years will be to encourage highly qualified professionals and larger percentages of Certificate graduates to take up membership and gain the benefits Governance Institute provides.

Member retention

Governance Institute is proud of the strong retention rates it has for all membership categories. As it is not mandatory to maintain membership in the organisation, the level of renewal is a testament to the perceived value membership holds for governance and risk management professionals.

Associate and Fellow membership retention remained strong throughout 2017 when compared to other membership bodies — 80 per cent is regarded as the industry median as per the Marketing General 2017 Membership Marketing Benchmarking Report. Members who were elected to or advanced to Fellowship, or achieved continuous membership of 25 or 50 years can be viewed on pages 24–26.

Certificated membership retention in 2017 remained steady. Governance Institute will focus on lifting these numbers in 2018 by highlighting benefits to Certificated members and providing more complimentary webcasts on relevant topics for our members.
Membership gender representation
Governance Institute is committed to gender diversity across Australia’s governance and risk management profession.

Despite the profession traditionally being male dominated, the number of females studying with Governance Institute and taking up membership is steadily increasing.

The current ratio of male Associate and Fellow members reflects the traditional demographic of the profession, which is changing.

Currently, women constitute 63 per cent of the newer Certificated membership category, 48 per cent of new Associate and Fellows and overall 53 per cent of all new members in 2017. This demonstrates that we will have a mix for the profession in the future.

Digital engagement

Website
Our website traffic grew in 2017 with an eight per cent increase in unique visitors to the website — based on data from 1 January to 31 October 2017*. This means more people are exploring the governance solutions we provide.

One third of our traffic now comes from mobile and tablet devices. Governance Institute launched a new digital journal in November 2017 to be followed by a new mobile-responsive website in 2018.

Email
The email database continues to grow and performance has improved with more people opening our emails than ever before. Our News Update distribution grew by almost 3,000 subscribers in 2017 — reaching almost 28,000 people and open rates increased throughout the year. As customers continue to update their email marketing preferences, we’ve been able to provide more targeted email communications to the right groups.

Social media
Social media is an important and growing engagement and referral channel for Governance Institute.

Increase in number of social media followers

Governance Directions journal
Governance Directions received a digital transformation in November 2017 to improve functionality and reduce our environmental footprint. In its first six weeks, the digital articles received over 3,000 views combined.

*We moved data tracking systems on 31 October 2016 as part of the IT upgrade, so this time period reflects like-for-like comparison data.
Governance Institute provides leading education and training in corporate governance and risk management to:

- develop and enrich the governance and risk management expertise of members
- encourage new membership of Governance Institute via education and training pathways
- promote good governance by encouraging the uptake of governance and risk management skills more generally in the wider community
- build alliances with other educators to leverage governance and risk education into new areas.

Individuals often first engage with our education and training by searching for specific governance or risk management issues and for just-in-time learning in a particular area. They then typically seek to undertake further education as they become more aware of the knowledge and skills needed to carry out good governance and risk management.

For those seeking to develop a professional hands-on understanding of governance or risk management, a suite of short courses can then be undertaken. These articulate into one of three Certificates. There is a continued trend of predominantly female enrolment in these courses.

### Short courses

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<td>2016</td>
<td>4,143</td>
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<td>2015</td>
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### Certificates

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<td>2015</td>
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<td>2016</td>
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### GIA(Cert) membership

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<td>2016</td>
<td>4,143</td>
</tr>
<tr>
<td>2015</td>
<td>4,787</td>
</tr>
</tbody>
</table>

### Professional membership

Those who have undertaken education at a postgraduate level with us are entitled to apply to become Associate or Fellow members. Graduates of a Certificate course are entitled to apply to become a Certificated member.

However, with the introduction of the Professional Entry Scheme (PES) students can become members across all categories, provided they meet the PES requirements, before they enrol or graduate their course.

The expansion of the PES has changed the relationship between education and membership. We now have more people becoming members before studying and this means our traditional pathway to membership graphs has decreased year-on-year. Overall, we have increased new members and the overall number of members year-on-year.

<table>
<thead>
<tr>
<th>Year</th>
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<th>Entry through postgraduate</th>
<th>Entry through PES</th>
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<td>2015</td>
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</tr>
</tbody>
</table>
Individuals can undertake an accredited postgraduate course as their careers progress, providing a deeper and much more rigorous exploration of knowledge and skills, appropriate to more senior levels of governance and risk management responsibility. The enrolments in postgraduate courses reflect the gender balance of broader society and will, in the long term, lead to evolution in the composition of Governance Institute’s membership.

### Number of postgraduate enrolments

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,269</td>
<td>1,179</td>
<td>1,090</td>
</tr>
</tbody>
</table>

### Number of graduates

<table>
<thead>
<tr>
<th>Year</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>72</td>
<td>59</td>
<td>107</td>
</tr>
</tbody>
</table>

### AGIA or FGIA membership

- New members who graduated with a Certificate
  - 2017: 161
  - 2016: 251
  - 2015: 264

- New members who graduated from a postgraduate course
  - 2017: 140
  - 2016: 175
  - 2015: 177

### Professional development events

Ongoing professional development is key to maintaining the currency of knowledge of our members, subscribers and customers on governance and risk management. Governance Institute delivers a variety of briefings, workshops, thought leadership events, forums, conferences and discussion groups.

### Attendees at professional development events

Professional development events are available to a wide audience that includes members, subscribers and customers. Attendees often appreciate the currency of the topics presented by subject matter experts and will make a point of relying on Governance Institute for their continuous professional development. In 2017 the strategy was to offer fewer events targeting more people. The result was a 15 per cent growth in participant numbers per event.

### Networking and profile events

Governance Institute networking and profile events connect our members, subscribers and professional participants with colleagues working in their unique field of interest or responsibility. These events strengthen the collegiate nature of Governance Institute’s community by enabling peer-to-peer exchange of professional knowledge, networks and consultation among like-minded professionals.

### Total number of events and total number of attendees

- 2017: 32 events, 1,439 attendees
- 2016: 5,049 attendees
- 2015: 5,515 attendees

### Governance Institute’s Certificates

- Certificate in Governance Practice
- Certificate in Governance and Risk Management
- Certificate in Governance for Not-for-Profits.

### Governance Institute’s postgraduate courses

- Graduate Diploma of Applied Corporate Governance
- Graduate Certificate of Applied Risk Management
- Graduate Diploma of Applied Risk Management and Applied Corporate Governance
What sets Governance Institute Certificate and postgraduate courses apart is the direct involvement of expert practitioners and academics. Governance Institute members add value by participating in the development and presentation of education and training programs. This 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, strengthens and reinforces 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, thus creating a virtuous circle of governance expertise and practice. As a result, governance and risk management skills are handed down from generation to generation and are continually being enhanced and improved.

Course directors of postgraduate course subjects who are Governance Institute members
Course directors are lecturers and tutors in our postgraduate courses. They are responsible for teaching classes to a postgraduate standard.

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>73%</td>
</tr>
<tr>
<td>2016</td>
<td>63%</td>
</tr>
<tr>
<td>2015</td>
<td>65%</td>
</tr>
</tbody>
</table>

Guest presenters at postgraduate course subjects who are Governance Institute members
Guest presenters provide specialised expertise in specific sections of the postgraduate classes.

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>37%</td>
</tr>
<tr>
<td>2016</td>
<td>35%</td>
</tr>
<tr>
<td>2015</td>
<td>30%</td>
</tr>
</tbody>
</table>

Training presenters who are Governance Institute members
Training presenters deliver the short courses for Governance Institute.

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>71%</td>
</tr>
<tr>
<td>2016</td>
<td>64%</td>
</tr>
<tr>
<td>2015</td>
<td>61%</td>
</tr>
</tbody>
</table>

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.

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>41%</td>
</tr>
<tr>
<td>2016</td>
<td>44%</td>
</tr>
<tr>
<td>2015</td>
<td>43%</td>
</tr>
</tbody>
</table>

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 to mirror the system used in postgraduate education.

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
<td>67%</td>
</tr>
<tr>
<td>2016</td>
<td>69%</td>
</tr>
<tr>
<td>2015</td>
<td>39%</td>
</tr>
</tbody>
</table>

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 of Applied Corporate Governance.
Leadership and influence

Our advocacy on our members’ behalf on important policy issues, with the aim of positively influencing the legislative and regulatory environment in which governance professionals operate, is an important facet of our strategy.

In order to fulfil our mission of ensuring that Australia’s governance frameworks lead the world in facilitating a strong economy underpinned by responsible performance, we actively participate in public policy formulation.

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

We are an independent and trusted voice. Over the past year we have made 16 public submissions to government on a range of policy areas and also provided input on a confidential basis as our expertise is sought to test public policy ideas. We have participated in a number of roundtable meetings where ideas are discussed in a robust fashion. We also meet with government ministers, regulators and those advising the policy makers; represent our members on relevant industry and regulatory committees, give evidence to Senate Committee inquiries and provide media commentary on issues as they arise to influence the development of public policy.

In 2017, we were active on a range of issues.

Ethics Index

The public debate on corporate culture and ethical behaviour in business intensified in 2017. We launched the second edition of our Ethics Index in August 2017, capturing the attention of the media, business, regulators and government. As was the case last year, perceptions of ethical standards in the health and education sectors, charities and small business were strongly positive and Australians continue to rate chief executives and directors as the most important ‘gatekeepers’ influencing ethics in organisations.

Whistleblowing was seen as among the ‘top five elements ensuring ethical conduct’ in society, ranking equally with ‘a strong legal framework’ and ahead of ‘strong, inquisitive media and oversight by regulators’. Protection for whistleblowers is considered very important, yet Australians are not convinced they are treated ethically.

The Ethics Index continues to provide a valuable source of material for our public advocacy and thought leadership efforts.

Culture

Both ASIC and APRA have signalled for some time that they see corporate culture as a ‘key risk area’ for companies, due to the strong connection between poor culture and poor conduct, with ethical conduct going to the heart of that. ASIC has been sending strong messages for some time that gatekeepers have an essential role to play in setting the tone from the top and ensuring it cascades throughout the entire organisation.

Our annual Ethics Index plays a role in allowing gatekeepers to assess whether their oversight and implementation of culture and ethical conduct is perceived as being up to the mark by those affected by it, which in the final count is the community at large.

Goverance Institute partnered with the Institute of Internal Auditors, Chartered Accountants and New Zealand and The Ethics Centre to launch Managing culture — A good practice guide in December 2017. This practical guide argues that the role of boards is to determine the purpose, values and principles of the company, that the CEO and senior management have the responsibility for implementing the desired culture and that personnel in human resources, ethics, compliance and risk functions all have a role to play in embedding values and ethics.

The launch featured a panel discussion facilitated by the executive director of The Ethics Centre, Simon Longstaff, and included ASIC Commissioner John Price, Regnan CEO Pauline Vamos and ASX Corporate Governance Council chair Elizabeth Johnstone. The panel shared their insights and discussed creating ethical frameworks and a positive workplace culture. The guide is an important resource for all organisations and leaders.

Whistleblowing

Both Treasury and a Parliamentary Joint Committee inquiry into whistleblowing conducted public consultations on whistleblowing protections in early 2017. In our submissions we expressed our concerns that the current provisions governing the protection of whistleblowers are poorly regarded and infrequently used. One of the key shortcomings in the current regime is that it is very narrowly focused.

We recommended the introduction of a concept of ‘discloseable conduct’ and argued that whistleblowers should be protected, regardless of to which regulator they disclose and that protection be extended to any person who makes a disclosure of alleged corporate wrongdoing to an appropriate corporate officer or regulator. We recommended that a company should be subject to the requirement to protect a whistleblower’s anonymity in the event they have made a disclosure on an anonymous basis. This is subject to the proviso that the recipient of a disclosure should be permitted to disclose that information and discuss the issue with the board or senior officers of the company (unless implicated in the disclosure), for the purpose of investigating or remedying the matters raised.

Goverance Institute supports compensation for whistleblowers who have suffered loss or harm as a result of making their disclosures. Given our concerns with the moral hazards associated with bounty or
reward schemes, we did not support the adoption of US style bounty systems to provide financial rewards to whistleblowers.

We also continued our involvement as a partner in the groundbreaking research led by Griffith University. We hosted the launch of the first phase of the research, and our members were a key target audience to provide input on how whistleblowing processes and systems currently work — or do not work — in organisations. The research suggests that the answers will lie in new, rather than copied, responses to whistleblowing challenges. The first stage of the analysis looked at five key whistleblowing processes that together act as important indicators for assessing the strength of whistleblower protection practices: incident reporting and tracking; support strategy; risk assessment; dedicated support; and remediation. In future analyses, another five key questions will be used to examine the strength of whistleblowing processes.

The Parliamentary Joint Committee released its report on whistleblowing in September 2017 recommending a broad range of changes including: streamlining existing whistleblower legislation, implementing a reward system for whistleblowers, establishing a statutory Whistleblower Protection Authority, broadening existing legislative protections for whistleblowers and providing for enhanced remedies to whistleblowers in line with the Fair Work Regime. As part of its response to the Inquiry the Government established an Expert Advisory Panel on whistleblower protections including Professor AJ Brown, the leader of the Griffith University Whistling While They Work project. Draft legislation was released in late 2017. Whistleblowing will continue to be a high priority for Governance Institute in 2018.

Proposed modern slavery in supply chains reporting requirement

During 2017 the Attorney-General’s Department (AGD) consulted about a proposed modern slavery reporting requirement based on the UK Modern Slavery Act 2015. The proposal would require entities headquartered in Australia or entities that have any part of their operations in Australia with total annual revenues of $100 million or more to report annually on their efforts to address modern slavery in their supply chains (the UK threshold is £36 million annual turnover). The requirement would apply to larger listed entities and proprietary companies, large charities and co-operatives, aged and healthcare providers and educational institutions.

Governance Institute made a submission expressing support for the proposed reporting requirement but considers that where possible, the Australian legislation should align with the requirement for UK domestic companies and should also apply to Commonwealth and state government procurement. Governance Institute also considers that any mandatory modern slavery supply chain reporting requirement should be non-prescriptive about what steps entities should take to address modern slavery in their supply chains and allow flexibility in disclosure. Similarly, any guidance should be illustrative and principles based. Modern slavery reporting will continue to be a high priority for Governance Institute in 2018.

Contributions to the policy debate

We continued to advocate in a range of other areas during 2017.

• We made several submissions on the introduction of ASIC’s industry funding model and advocated for changes to proposals in relation to disclosure of beneficial ownership.

• We successfully argued against the introduction of proposed amendment to the Corporations Act 2001 which would require companies to include a member’s email address in addition to their name and physical address on the register of members.

• As a member of the #fixfundraising coalition we continued to advocate publicly in 2017 for a nationally consistent fundraising regime. Our efforts saw some success when the state Consumer Affairs Ministers agreed to develop guidance to clarify the current application of the Australian Consumer Law to not-for-profit fundraising activities.

• We continued to consult with regulators and government on AGM reform.

• We supported the introduction of a one-third independent director requirement for superannuation entities as a pragmatic first step towards a requirement for a majority to be independent.

• We made several submissions to government on the proposed Banking Executive Accountability Regime.

• Our advocacy over many years for the introduction of a director identification number (DIN) bore fruit as the government announced the introduction of a package of reforms to address illegal phoenix activity which will include the introduction of a DIN.

All public policy submissions are available on our website.

Intellectual property

Providing guidance on good governance practice is part of our mission to drive whole-of-organisation governance and responsible performance across all sectors. We now have 90 Good Governance Guides available on our website, applicable to the private, NFP and public sectors and freely available to download. We released Good Governance Guides in 2017 on subjects including risk appetite statements and categorising risk. In early 2017 we launched our Adding value to governance in aged care publication, a definitive guide for directors in this important, growing sector. The guidance has been well received.

Our Good Governance Guides are referenced on the websites of regulators such as the Australian Charities and Not-for-profits Commission, ASX and are disseminated to clients by law firms.
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.

**Workplace diversity by gender**

**Entire staff**
- **2015**: 22% female, 78% male
- **2016**: 19% female, 81% male
- **2017**: 16% female, 84% male

**Senior management**
- **2015**: 45% female, 55% male
- **2016**: 36% female, 64% male
- **2017**: 36% female, 64% male

**Workplace diversity by age**

<table>
<thead>
<tr>
<th>Year</th>
<th>&lt;30</th>
<th>30-39</th>
<th>40-49</th>
<th>&gt;50</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>2017</strong></td>
<td>18%</td>
<td>34%</td>
<td>14%</td>
<td>34%</td>
</tr>
<tr>
<td><strong>2016</strong></td>
<td>19%</td>
<td>38%</td>
<td>12%</td>
<td>31%</td>
</tr>
<tr>
<td><strong>2015</strong></td>
<td>10%</td>
<td>41%</td>
<td>10%</td>
<td>39%</td>
</tr>
</tbody>
</table>

**Staff turnover**
Governance Institute has generally 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. Governance Institute is a small organisation and staff levels fluctuate from year to year. During 2017 staff turnover increased to 22 per cent (10 people).

- **2017**: 22% female, 10 people
- **2016**: 21% female, 9 people
- **2015**: 36% female, 15 people
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.
Emma Cunningham FGIA FCIS
Legal and Compliance Manager, Officeworks Limited

Emma has over 20 years’ experience as a general commercial lawyer across a range of industries. She began her career at Corrs Chambers Westgarth where she undertook her Articles in 1997 and then worked in the areas of litigation and corporate advisory.

In 2000, Emma moved in-house to Village Roadshow where she was responsible for the legal and company secretarial work for the film financing and production business. She worked at Village Roadshow for nine years finishing as general counsel in 2009. Emma then joined Lawyers on Demand (known then as Advent Balance) where she undertook assignments for various companies including Wesfarmers Limited (for the Coles division), JB Hi-Fi Limited, Toll Holdings Limited and Treasury Wine Estates Limited.

In March 2017 Emma joined Officeworks Ltd where she now works as the legal and compliance manager. As her title suggests, Emma is responsible for overseeing the legal and compliance function of the business and is also a part of the finance leadership team."

Emma studied law at Monash University and completed the Graduate Diploma of Applied Corporate Governance in 2014. She is a Fellow member of Governance Institute.

Brian Ferreira GIA(Cert)
Vice President, Gartner

Brian has been in various international business and technology roles for more than 25 years and currently serves as vice president for Gartner in ANZ. In this role Brian leads a team of executive partners who deliver business and technology advisory to boards, board committees, business and technology executives across ANZ. Brian also co-publishes Gartner research with fellow Gartner analysts covering the state of technology in ANZ, technology focus areas for business and how to lead business through digital transformation.

His career has an underlying theme of technology for business, the investment and governance management of technology and managing technology risk. Brian has laid out a firm plan shifting to a professional board career over the next five years and Governance Institute of Australia has been instrumental in his plans and achievement. Brian has served as NED, risk and governance board committee chair for commercial and NFP sector. Currently Brian is serving as a board committee member for Governance Institute of Australia’s Communications Committee.

Brian is a Certificated member and completing his Graduate Diploma of Applied Corporate Governance from Governance Institute. Outside of his academic background, Brian is fully certified in change management and master facilitator.

Brett Kelly GIA(Cert)
Company Secretary, Bega Cheese Limited

Brett is the Company Secretary for Bega Cheese Limited, an ASX200 listed company headquartered in Bega NSW. Bega Cheese has seven sites in NSW and Victoria which manufactures dairy and grocery products, including Bega Cheese and Vegemite for sale in Australia and internationally.

Brett has been a Chartered Accountant for over 30 years. Brett’s career with Bega Cheese began over 20 years ago as group accountant and has participated in the company’s significant growth during this time. Brett has particular experience in corporate governance, financial reporting, commercial transactions, taxation, and compliance with ASX, ASIC and other regulatory bodies. In his role, Brett supports the business in contract management, corporate governance, risk management, insurance, taxation advice and statutory compliance.

As well as being a Certificated member of Governance Institute of Australia, Brett is also a Fellow of the Institute of Chartered Accountants in Australia, a graduate member of Australian Institute of Company Directors and holds directorships with Giant Steps Sydney Limited, Giant Steps Melbourne Limited and Stepping Stones Early Learning Limited. Brett is involved in local community groups such as Landcare. He has been involved with Giant Steps since 2003 where he provides corporate governance, financial and risk management advice.
Profiles of Governance Institute members

Josie King AGIA ACIS
Company Secretary, QBANK

Josie is currently the company secretary at QBANK (formerly the Qld Police Credit Union). She has had over 20 years’ experience in company secretarial, corporate governance and legal advisory roles. Josie adds value to boards through her proven ability to analyse, understand and simplify complex issues to facilitate strategic decision-making. She is passionate about creating outcomes-based corporate governance practices and driving continuous improvement and innovation in the boardroom.

Previously Josie was company secretary and legal counsel of Exoma Energy Limited, group legal counsel of AWT International Pty Ltd and senior legal counsel at Virgin Australia Limited. Josie also spent eight years in London as a corporate advisory lawyer with several large international law firms.

Josie completed Governance Institute of Australia’s Graduate Diploma of Applied Corporate Governance in 2013 and was awarded the John Goffage Prize. She is a qualified Chartered Secretary and an Associate of Governance Institute of Australia. Josie also holds a Bachelor of Commerce and Bachelor of Laws (Hons) from the University of Queensland and is admitted as a solicitor of the Supreme Court of Queensland.

Lisa Palmer FGIA FCIS
Non-Executive Director, HBF Health Limited

Lisa has over 20 years of broad experience in audit, finance, risk and governance.

Starting out as a graduate in audit at Price Waterhouse in London, Lisa arrived in Australia on a two-year secondment in 1999 and never left, subsequently working with Deloitte in external audit and corporate finance advisory.

Since leaving public practice, Lisa has held executive management roles in finance, strategy, risk and compliance, governance and internal audit at Woodside Energy & BHP Iron Ore.

As well as holding a Graduate Diploma in Applied Corporate Governance, Lisa holds an honours degree in mathematics and business, is a fellow chartered accountant in Australia and the UK (ICAEW), a senior associate with the Financial Services Institute of Australasia and a graduate of the Australian Institute of Company Directors.

While at BHP, Lisa co-founded a fire engineering company which has and continues to work on a number of large mining and commercial construction projects. Alongside, she holds non-executive director positions at HBF Health Limited, Bicycling WA and North Cottesloe Surf Lifesaving Club.

Lisa has a keen interest in the maturation of practical but effective business risk management frameworks and is passionate about the minimisation of unnecessary process and cost.

Geoff Thiel AGIA ACIS
Board Member, LHI Retirement Services

Geoff has been a board member of LHI, one of the largest aged care and retirement village operators within the aged care sector of the Lutheran Church of Australia, for over 26 years and the chairman of its Finance and Audit Committee for that same period. Geoff is also one of the Lutheran aged care representatives on the National Aged Care Alliance. During 2017 Geoff Thiel held the position of chief operating officer at LHI Retirement Services, while the CEO position was vacant.

From 1995 to 2016 Geoff worked in senior executive roles at RM Williams Pty Ltd. Geoff was the chief operating officer and a director for much of that time and the managing director from 1995 to 2000 when the company was publicly listed. Geoff also served on the board of RM Williams Publishing Pty Ltd for over 15 years. Prior to 1995, Geoff worked in his own national consulting business, assisting to build the Newslink Newsagency business and also served as a board member for many years.

Geoff completed his postgraduate qualifications for acceptance into the Institute of Chartered Secretaries in 1986. He has therefore effectively been a member of Governance Institute for over 30 years. Geoff is also a qualified CPA and a 20+ year member of the Australian Institute of Company Directors.
Steven Burrell  
Chief Executive

Steven Burrel was appointed as Chief Executive of Governance Institute of Australia in September 2015.

Steven was formerly the general manager of communications and public affairs at the Australian Institute of Company Directors (AICD).

He was previously a leading journalist, columnist and editor at the Australian Financial Review where he was economics editor and deputy editor, and the Sydney Morning Herald where he was deputy editor, national affairs editor and business editor. Over a 25-year journalism career he won both a Walkley Award and the Pan Asian Journalist of the Year Award.

Earlier in his career he was a policy adviser at the Federal Treasury and Australian Bureau of Statistics.

Steven holds a Bachelor of Economics degree from the University of Sydney and is a graduate of the General Management Program at the Melbourne Business School Mt Eliza and completed the Company Directors Course from the AICD.

Meegan George  
Chief Commercial Officer

Meegan joined Governance Institute in September 2016, bringing with her a wealth of experience gained over more than 20 years’ international involvement in global custody, financial planning, insurance and superannuation. Her skills include strategic planning, financial management, people leadership, change management, consultancy, sales, product development, relationship management, adult education and client service management.

As chief commercial officer, Meegan is responsible for member-facing and customer-centric services including sales, business development, strategic alliances, customer service, event management, professional development, marketing, membership and publishing.

Since her appointment she has had input into the overall strategic direction of the organisation and re-aligned the business units to position Governance Institute for growth. Meegan holds a BA of Commerce, from the University of Canberra, completed the Company Directors Course from the AICD, a Certificate IV in Assessment & Workplace Training, a Graduate Conversion Course in Accounting from University of Technology, Sydney, and holds a Diploma — Neuro Linguistic Programming from Quadrant 1.

Stan Jodeikin FGIA  
Company Secretary & Chief Financial Officer

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, general and business management in manufacturing, wholesale and retail industries.

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 is also responsible for Governance Institute’s IT infrastructure and that the business’s needs are met and has been the project leader of the new state-of-the-art CRM with integrated website and accounting functions. Stan’s qualifications are listed on page 32 of this report.
Catherine joined Governance Institute in August 2017. Her team is responsible for policy, advocacy and advising on media and government relations.

Her background includes roles as a senior manager at APRA and as secretariat for the revision of the ASX Corporate Governance Council Corporate Governance Principles and Recommendations, 2e. She also held policy and governance roles at the AICD and the Financial Services Council.

Catherine holds degrees in Arts and Law from the University of Sydney and worked as a lawyer in Sydney and Hong Kong for ten years.

Catherine was previously company secretary at The Cancer Council NSW. She was the course director for Corporate Governance in the Graduate Diploma in Applied Corporate Governance from 2009 to 2017.

Rachel was appointed to Governance Institute in September 2014. Her team is responsible for Governance Institute’s engagement strategy with members, subscribers and customers. This includes achieving membership, marketing, website, email, social media, and publishing objectives.

She has achieved a considerable growth in interest in Governance Institute’s products and services and social media engagement and followers throughout this time.

Rachel holds a Bachelor of Business degree from the University of Newcastle and is a graduate of the Master of Business Administration (MBA) Executive from The Australian Graduate School of Management (AGSM) at the University of NSW Business School and completed the Company Directors Course from the AICD.

Renee was appointed to Governance Institute in November 2017 to the newly created role of Executive Manager, Human Resources. Renee’s commencement has coincided with the implementation of a new organisational structure within our commercial division.

Renee has overall responsibility for all areas of human resources and will partner with the executive team in achieving our strategic initiatives.

Renee brings over 15 years’ human resources experience gained in the financial, health insurance and ecommerce industries.

Renee holds a Bachelor of Economics from the University of Sydney and a Certificate IV in Assessment and Workplace training.

Mark joined Governance Institute in November 2017, following a career in health education in universities in the United Kingdom and Australia.

The education and training team supports Governance Institute’s objective of being the leading provider of accredited education in governance and administration. The education and training team also supports three vocational Certificates and a range of short courses.

Mark holds a Bachelor of Science (Hons) (Biology) from the University of Portsmouth, a Certificate in Education: Post 16 from Sheffield Hallam University, and a Master of Science (Interprofessional Health and Social Care) from Canterbury Christ Church University. Mark is also undertaking a PhD at Western Sydney University.
A new structure was announced in late 2017 and instituted in March 2018. It is designed to improve our financial performance and our service to our members, students and customers, while acknowledging the unique characteristics and strengths of our traditional state-based approach.

We now have dedicated sales, service delivery, professional development and partnerships teams, headed by national managers. Our service delivery teams continue to be located in each major state, led by state managers.

Service delivery teams are responsible for the efficient and effective management of all Governance Institute activities in their respective regions. This includes business development, member and student support, the delivery of postgraduate courses, training, conferences plus other professional development and networking events.

### National management team

**Leanne Ryan | National Manager, Service Delivery and State Manager QLD (commenced January 2018)**

Leanne Ryan joins Governance Institute with over 25 years of business experience and effective leadership after holding senior operations and business development roles in the healthcare, health technology and aged care sectors in the Asia Pacific region. Leanne is passionate about creating superior customer experiences and is skilled in developing operational infrastructures to accommodate business growth. Leanne also has a background in education.

**Leon Cox | National Manager, Sales**

Leon joined Governance Institute in 2014. Leon holds a Bachelor of Business, Human Resources and Hospitality Management from Victoria University. Leon also holds a Certificate IV in Workplace Training and Assessment from the University of Melbourne, Training Services Department. Prior to joining Governance Institute Leon was Advisor to the CEO at the Institute of Chartered Accountants Australia and was a relationship manager prior to that. His previous roles have been with CPA Australia and the RACV Club. Formerly Regional Director, VIC & TAS.

**Sally Graham, National Manager, Professional Development (commenced March 2018)**

Sally Graham has worked across the finance and superannuation industry for more than 20 years in various roles including the areas of claims, client service management, financial advice and member education. Previous employers include Norwich, NAB, Westpac and Russell Investments. Sally holds a Bachelor of Arts, Bachelor of Teaching. She has a Diploma of Financial Planning, Certificate IV in Training & Assessment, and is currently completing a Master of Education program. Sally was formerly with the Australian Institute of Superannuation Trustees, as education manager, playing a key role in the management of trustee director education.

**Maryanne Brogan | National Manager, Partnerships**

Maryanne joined Governance Institute in 2016. Maryanne holds a Bachelor of Commerce from the University of NSW and has completed her Company Directors Course from the AICD. Prior to joining Governance Institute Maryanne was the NSW Operations Manager at AICD. Her previous roles have been with boutique property developer Niecon Developments, CPA Australia, UNSW Roundhouse and her own events and sponsorship business. Formerly Regional Director, NSW & ACT.
Governance Institute management team

Service delivery teams

Maria Humphreys | State Manager, NSW & ACT (commenced February 2018)
Maria holds business and project management qualifications from Australian Applied Management Colloquium and The University of Sydney. Prior to joining Governance Institute Maria was Head of Member Engagement and Community Services at the Financial Planning Association responsible for member events, sponsorship, student engagement initiatives, Chapter committees and the pro bono program with the Cancer Council. Maria was also General Manager, Future2 Foundation, the FPA’s charitable foundation, working with members to raise funds for disadvantaged youth around Australia.

Louise McIntyre | State Manager, VIC (commenced February 2018)
Louise holds a Masters of Education, Leadership and Management from La Trobe University, a Diploma of Applied Science in Food and Food Services from RMIT and a Certificate IV in Workplace Training and Assessment. Her previous roles have been with the skills service organisation, Innovation Business Skills Australia and as education and training manager with Occupational Therapy Australia. Louise has also lectured at TAFE and within higher education in hospitality.

Jack Rosagro | State Manager, WA (commenced March 2018)
Jack holds a Bachelor of Commerce (Finance) from Curtin University. He is an Associate member of Governance Institute and completed the Graduate Diploma of Applied Corporate Governance in 2010. Prior to joining Governance Institute, Jack worked as an account manager at Advanced Share Registry and Computershare. His previous roles have been in stockbroking and compliance.

Susan Bradbrook | State Manager, SA, NT and TAS
Susan joined Governance Institute in 2002. Susan is Fellow of the National Institute of Accountants. She has previously held positions of accountant, state administration manager and in customer relations/marketing, Susan is on the board of CARA (Community Accommodation and Respite Agency) which is one of South Australia’s largest charities working in partnership with people living with a disability, their families and the community to create a better life. Formerly State Director, SA & NT.

Emma Churchill, State Director, QLD and Leigh Grant, State Director, WA left the organisation January 2018.
Members who have attained Fellowship
The Board congratulates members who were elected to or advanced to Fellowship during 2017.

Elected to Fellow

**Australian Capital Territory**
- Glenn Bain FGIA
- Chris Davies FGIA
- Robert Gehrig FGIA
- Michael Gouws FGIA
- Donna Hardman FGIA
- John Hourigan FGIA
- Andrew Kefford PSM FGIA
- Sazzad Khandakar FGIA
- Peter Matheson FGIA FCIS
- Michelle Narracott FGIA
- Bradley Shallock FGIA
- Mark Spencer FGIA
- Alice Tay FGIA

**New South Wales**
- Kwesi Addo FGIA FCIS
- Merelyn Aked FGIA
- Geoffrey Bartels FGIA
- Susan Bennett FGIA
- Brooke Benson FGIA
- Alan Bowen-James FGIA
- Harry Bridge FGIA FCIS
- David Bruce FGIA
- Mark Burdack FGIA
- Richard Burns FGIA FCIS
- John Carroll FGIA
- Atil Chadda FGIA
- John Cleary FGIA
- Ben Collins FGIA FCIS
- Bernadette Cossettini FGIA FCIS
- Sasha Culpinovich FGIA
- Suzanna Dabbs FGIA
- Athey D'Souza D'Souza FGIA
- Lila D'Souza FGIA
- Jackie Ellis FGIA
- Michael Gold FGIA
- Adam Green FGIA FCIS
- David Green FGIA
- Keith Griffiths FGIA FCIS

**Northern Territory**
- Candice Sgroi FGIA FCIS

**Queensland**
- Greg Baynton FGIA
- Louise Bolger FGIA
- Lizabeth Bott FGIA
- Anh Bui FGIA FCIS
- Lachlan Burg FGIA
- Michael Buster FGIA FCIS
- Wei-Loong Chen FGIA
- Kym Christensen FGIA FCIS
- Debbie Cooke FGIA FCIS
- Terence Crawford FGIA
- Scott Dorries FGIA
- Peter Edwards FGIA FCIS
- Simone Finch FGIA
- Maria Forlione FGIA FCIS
- Mel Gillespie FGIA FCIS
- Michael Gordon FGIA
- John Halliday FGIA
- Emma Hennell FGIA
- Leonie Hinton FGIA
- Melissa Holzberger FGIA
- Carla Jaggar FGIA
- Neryda Janes Van Rensburg FGIA FCIS
- Rob Jerrom FGIA
- Anna Katter FGIA

**South Australia**
- Duncan Craig FGIA
- Peter Hastings FGIA
- Lynn Smith FGIA
- Simon Stevens FGIA
- Jennifer Tobin FGIA
- Jamie Wilson FGIA

**Tasmania**
- Tom Dorey FGIA
- Alison Merridew FGIA

**Victoria**
- Karen Ada FGIA FCIS
- Amber Agustin FGIA
- George Anastasiou FGIA
- Dana Argypoulos FGIA
- Jalaja Balakrishna FGIA
- Kerry Bradley FGIA FCIS
- Heather Brown FGIA
- Wayne Brown FGIA FCIS
- Darren Callahan FGIA
- Roger Chao FGIA
- Sean Collier FGIA
- Paul Collins FGIA
- Steve Conolly FGIA
- Belinda Donaldson FGIA
- Earl Eddings FGIA
- Andrew Ellis FGIA FCIS
- Minas Frangoulis FGIA

Life members 2017
The Board inducts Life members of Governance Institute to recognise their lasting impact on the direction or status of Governance Institute.

- William te Kloot FGIA FCIS

**Members who have attained Fellowship**
**The President’s Award 2017**
The President’s Award is presented to members who, in the opinion of the Board, have made a substantial contribution to the work of Governance Institute.

- Jason Harris FGIA FCIS
- Diane Smith-Gander FGIA FCIS

**President’s Award 2017**
The President’s Award is presented to members who, in the opinion of the Board, have made a substantial contribution to the work of Governance Institute.

- Jason Harris FGIA FCIS
- Diane Smith-Gander FGIA FCIS
Member milestones

Jane Frawley FGIA
Paul Gibney FGIA
Peter Goffin FGIA FCIS
Kirsten Gray FGIA
Tory Gruen FGIA
Turlough Guerin FGIA
Bruce Harvey FGIA
Graham Henderson FGIA
Rebecca Hunt FGIA
Timothy Hunt FGIA FCIS
David Hutchings FGIA
Tracey Hutchinson FGIA FCIS
Alison Ivey FGIA
David Kay FGIA
Gordon Kenwright FGIA FCIS
Richard Long FGIA FCIS
Nam Luong FGIA FCIS
Alex Makin FGIA
Penny Maroulis FGIA
Helen Matich FGIA FCIS
Kirsten Morrison FGIA FCIS
Andrew Neilson FGIA
Paris Nicolaou FGIA FCIS
Paul O'Neill FGIA
Jim O'Shea FGIA
Paul O'Neill FGIA
Glenn Bain FGIA
Glenn Bain FGIA
Chris Davies FGIA
Robert Gehrig FGIA
Michael Gouws FGIA
Donna Hardman FGIA
John Hourigan FGIA
Andrew Kefford PSM FGIA
Sazzad Khandakar FGIA
Peter Matheson FGIA
Michelle Narracott FGIA
Bradley Stallings FGIA
Mark Spencer FGIA
Alice Tay FGIA

Advanced to Fellow
Australian Capital Territory
Glenn Bain FGIA
Chris Davies FGIA
Robert Gehrig FGIA
Michael Gouws FGIA
Donna Hardman FGIA
John Hourigan FGIA
Andrew Kefford PSM FGIA
Sazzad Khandakar FGIA
Peter Matheson FGIA
Michelle Narracott FGIA
Bradley Stallings FGIA
Mark Spencer FGIA
Alice Tay FGIA

New South Wales
James Barnes FGIA
Rod Campbell FGIA FCIS
Rob Ciroto FGIA FCIS
Jeremy Danon FGIA FCIS
Matthew George FGIA FCIS
Manish Ghiya FGIA
David Hodges FGIA FCIS
Sarah Latimer FGIA FCIS
David Moya FGIA
Sam Nimkar FGIA FCIS
Julian Perry FGIA FCIS
Colin Pocklington FGIA FCIS
John Pounder FGIA FCIS
Dorian Radue FGIA FCIS
Leanne Ralph FGIA FCIS
Bhavin Raval FGIA FCIS
Michael Rennie FGIA FCIS
Edelvine Rigato FGIA FCIS
Roger Smith FGIA FCIS
Grant Stepa FGIA
Kellie Taite FGIA
Lisa Weber FGIA
David Whitehead FGIA

Queensland
Louise Alford FGIA FCIS
Emma Churchill FGIA
Scott Douglas FGIA
Robert Ellison FGIA FCIS
Ciara Gilletee FGIA FCIS
Yashwant Lal FGIA FCIS
Mariette Lansdell FGIA FCIS
Amita Lariya FGIA FCIS
Leesa O'Dempsey FGIA FCIS
Steve Slade FGIA FCIS
Karen Stafford FGIA FCIS
Marnie White FGIA FCIS

South Australia
Anthony Couroupis FGIA FCIS
Ebeneser Jебamony FGIA FCIS
Gary Wilson FGIA FCIS

Tasmania
Ross Blaikie FGIA FCIS

Victoria
Lucy Aiken FGIA FCIS
Damasn Benson FGIA FCIS
John Cottrell FGIA FCIS
Greg Crofts FGIA FCIS
Joanne Crowe FGIA FCIS
Jo-Anne Dal Santo FGIA FCIS
Neil Fawcett FGIA FCIS
Anthony Fehringer FGIA FCIS
Alistair Grant FGIA FCIS
Corey Hale FGIA FCIS
Matthew Hick FGIA FCIS
Julia Kagan FGIA FCIS
Michael Neilson FGIA
Matthew Pringle FGIA FCIS
Prosper Sebatufuni FGIA FCIS
Jennifer Smith FGIA
Lilian Tan FGIA FCIS
Nigel Van Sanden FGIA FCIS

Western Australia
Anthony Couroupis FGIA FCIS
Ebeneser Jебamony FGIA FCIS
Gary Wilson FGIA FCIS

Overseas
Devi Arul Arual FGIA FCIS
Graham Hawkins FGIA
Mark Shum FGIA FCIS
Kim Tan Kim Kow AGIA ADIS
Nelson Wong FGIA FCIS

Western Australia
Richard Joughin FGIA
Gregory Leguier FGIA
Zane Lewis FGIA FCIS
Eunice Liu FGIA
Hilary Macdonald FGIA
Phil MacLeod FGIA
Phil McClintock FGIA
Natalie McCormack FGIA FCIS
Jane McEvoy FGIA FCIS
Justin Michael FGIA
Priscilla Nguyen FGIA FCIS
Moreno Parrela FGIA
Richard Pearce FGIA
Michelle Shafrizadeh FGIA
Mary Slater FGIA FCIS
Amber Stanton FGIA
Peter Thomas FGIA
Andrew Thompson FGIA
Sandy Thomson FGIA
Nigel Tinley FGIA
Barile Yattani FGIA FCIS

Overseas
Mark Abell FGIA

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Continuous membership
Governance Institute congratulates the following members who achieved milestones for continuous membership in 2017.

50 years
Australian Capital Territory
Brian Thomas FGIA FCIS

New South Wales
Don Brinkworth AGIA ACIS
Gordon Channell FGIA FCIS
Anthony Couper FGIA FCIS
David Craik AGIA ACIS
Noel Doyle AGIA ACIS
Lloyd Draney FGIA FCIS
Thomas Everett AGIA ACIS
Robert Gibert AGIA ACIS
Ronald Greer AGIA ACIS
Robert Keenan AGIA ACIS
Kevin Lee AGIA ACIS
Roderick MacLeod AGIA ACIS
Jim McSweeney AGIA ACIS
Barry Murphy AGIA ACIS
Keith Nott AGIA ACIS
Colin O llen AGIA ACIS
John Reynolds FGIA FCIS
Peter Reynolds AGIA ACIS
Kenneth Shaw AGIA ACIS
Ross Simpson AGIA ACIS
Jack Stewart FGIA FCIS
Warren Stretton FGIA FCIS
Bill Stubbs FGIA FCIS
Frederick Walker AGIA ACIS
Bruce Williams AGIA ACIS

Queensland
Mervyn Bond AGIA ACIS
Leslie Callaghan AGIA ACIS
Ronald Friedrich AGIA ACIS
Terence Gammel FGIA FCIS
Oluf Larsen FGIA FCIS
John Thompson FGIA FCIS

South Australia
John Boeyen AGIA ACIS
Rodney Cockington AGIA ACIS
Donald Gallagher AGIA ACIS

Victoria
Pravin Ghelani AGIA ACIS
Francis Hyde AGIA ACIS
Patrick Keenealy AGIA ACIS

Man Lau Man Sung AGIA ACIS
Robert O’Reilly AGIA ACIS
Albert Pendrey AGIA ACIS
John Perrow AGIA ACIS
Ron Rose FGIA FCIS
Ken Stewart AGIA ACIS
Neil Stubbs AGIA ACIS
Roger West AGIA ACIS
Thelma Western AGIA ACIS
Alan Yates FGIA FCIS

Western Australia
Malcolm Edwards AGIA ACIS
Derrick Ernst AGIA ACIS
Con Gupanis AGIA ACIS
Robert Howe FGIA FCIS
Allan Williams AGIA ACIS

25 years members
Australian Capital Territory
John Hoon FGIA FCIS

New South Wales
Stephen Alken AGIA ACIS
Philip Black FGIA FCIS
Derek Bolling FGIA FCIS
David Buckland FGIA FCIS
Hilton Chapman FGIA FCIS
John Church FGIA FCIS
Stephen Cother AGIA ACIS
Ross Coyle FGIA FCIS
Denis Dillon FGIA FCIS
Cheryl Elvey FGIA FCIS
Gary Foweraker FGIA FCIS
Bill Gailey AGIA ACIS
Bruce Graham FGIA FCOS
Geoffrey Hickin AGIA ACIS
Hilton Bloomfield FGIA FCIS
Bernard Kennedy FGIA FCIS
David Knaggs FGIA FCIS
Allen Lee FGIA FCIS
Richard Legg AGIA ACIS
Andrew Madry FGIA FCIS
Margaret Palmer FGIA FCIS
Remy Reinker AGIA ACIS
Rodney Bennett FGIA FCIS
Ian Rosenbaum AGIA ACIS
Patrick Sam-Yue FGIA FCIS
Keith Stockall FGIA FCIS
Tony Thomas AGIA ACIS
Nigel Tolley FGIA FCIS
Simon Trevett AGIA ACIS
Leo Wassercug AGIA ACIS
Prudence Weaver FGIA FCIS
Barrie Wilson FGIA FCIS
Leonie Woudstra AGIA ACIS

Queensland
Stephen Barnard AGIA ACIS
Barry Dean FGIA FCIS
Ian Johnston AGIA ACIS

Cliff Kaye FGIA FCIS
Keng Lim AGIA ACIS
Les Massey FGIA FCIS
Stewart McKenzie-Fowle AGIA ACIS
Nev Reid AGIA ACIS
Ron Schoedel FGIA FCIS
Peter Turnbull FGIA FCIS

South Australia
Param Abraham AGIA ACIS
Ashley Roff FGIA FCIS

Tasmania
Nick Burrows FGIA FCIS
Mark Harris FGIA FCIS
Richard Lagden AGIA ACIS

Leanne Gow FGIA FCIS
Simon Grant FGIA FCIS
TC Ho AGIA ACIS
Estelle Jones-McSorley AGIA ACIS
Peter Lee FGIA FCIS
Bill Linehan FGIA FCIS
Monica Lybik Little AGIA ACIS
Graeme Marks AGIA ACIS
Martin Warwick AGIA ACIS
Bruce McDowell FGIA FCIS
Barry Moores FGIA FCIS
Robert Nankervis FGIA FCIS
Robert Love FGIA FCIS
Vlad Steinberg AGIA ACIS
Kathleen Toal AGIA ACIS
Mark Verster FGIA FCIS

Western Australia
Noel Scarborough AGIA ACIS

Leanne Gow FGIA FCIS
Simon Grant FGIA FCIS
TC Ho AGIA ACIS
Estelle Jones-McSorley AGIA ACIS
Peter Lee FGIA FCIS
Bill Linehan FGIA FCIS
Monica Lybik Little AGIA ACIS
Graeme Marks AGIA ACIS
Martin Warwick AGIA ACIS
Bruce McDowell FGIA FCIS
Barry Moores FGIA FCIS
Robert Nankervis FGIA FCIS
Robert Love FGIA FCIS
Vlad Steinberg AGIA ACIS
Kathleen Toal AGIA ACIS
Mark Verster FGIA FCIS

Western Australia
Noel Scarborough AGIA ACIS

Jenny Whybrow FGIA FCIS

Victoria
Anthony Tarquinion FGIA FCIS
Peter Barnes FGIA FCIS
David Fisher AGIA ACIS
Peter Goujon FGIA FCIS
Lyndon Goulding FGIA FCIS

Graeme Marks AGIA ACIS
Martin Warwick AGIA ACIS
Bruce McDowell FGIA FCIS
Barry Moores FGIA FCIS
Robert Nankervis FGIA FCIS
Robert Love FGIA FCIS
Vlad Steinberg AGIA ACIS
Kathleen Toal AGIA ACIS
Mark Verster FGIA FCIS

Western Australia
Noel Scarborough AGIA ACIS

Jenny Whybrow FGIA FCIS
At year's end, members and subscribers totalled 7,654, covering the following disciplines:

Membership by organisation type

- Proprietary Company: 31%
- Public Company Listed/ASX: 12%
- Consultant/Self-Employed: 16%
- Not-for-Profit: 9%
- Public Company Unlisted: 8%
- Government: 4%

Members by state

- NSW/ACT: 39%
- VIC: 24%
- WA: 15%
- QLD: 14%
- SA/NT: 4%
- Overseas: 3%
- TAS: 1%

Total number of members

- 2017: 7,101
- 2016: 6,942
- 2015: 6,946

Number of members and subscribers

- 2017: 7,654
- 2016: 7,739
- 2015: 7,713

In 2017 Governance Institute experienced an increase in membership but a decrease in the number of subscribers. Following the introduction of the PES we have seen a decrease in new subscribers, as applicants opt to apply for membership. In addition, 18 per cent of existing subscribers transitioned to membership in 2017, and of this number 30 per cent applied via the PES.
Principal activities, objectives and strategies

The principal activities of Governance Institute of Australia Ltd (Governance Institute) 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 the Australian Charities and Not-for-profits Commission Act 2012, the Australian Charities and Not-for-profits Commission Regulation 2013 and Australian Accounting Standards.

In order to meet its above mentioned 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 and organisational culture.
- current members and aspiring chartered secretaries, governance professionals and risk managers are provided with the best education, resource support and career support to enhance their professional standing
- the organisation is strategically focused on being innovative; encouraging positive engagement with, and influencing, all stakeholders; and fostering a culture and values that ensures it is sustainable.
- Governance practitioners are provided with a trusted community from which they can draw education, provide input and access a knowledge sharing network of support, appropriate for their changing needs and circumstances throughout their chosen governance careers.

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 Associate, Fellow and Certificated members and members with a risk background.

Financial results

An operating deficit from ordinary activities of $156,114 was made for the year after providing for income tax which the company is exempt from as it is endorsed as a charity.

Accumulated Members’ Funds at year-end totalled $3,980,383.

Dividends

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

Review and result of operations

Company performance is assessed by the Board of Directors at their six 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.

Total revenue for the year amounting to $9.58 million primarily came from member and subscriber fees 31.3 per cent; postgraduate courses 24.3 per cent; short courses, Certificates and publications 39.2 per cent; sponsorship 3.9 per cent; investment income 0.3 per cent; and other income for services 1.0 per cent.

Total expenditure for the year amounting to $9.73 million was primarily on direct costs for short courses, Certificates and publications 11.1 per cent; direct costs for postgraduate courses 7.9 per cent; profile-raising activities and website maintenance 6.1 per cent; international activities 1.9 per cent; payroll 53.0 per cent and governance and administration 20.0 per cent.
Likely developments

Likely developments in the operations of Governance Institute 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’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 at the date of this report are Warren Baillie FGIA, Alan Evans FGIA, Garth Fountain-Smith FGIA, Andrew Horne FGIA, Andrew Leake FGIA, John Mazengarb FGIA, Trisha Mok FGIA, Rachel Rees FGIA, Christine Manuel FGIA, Tim Timchur FGIA and Peter Turnbull FGIA.

Auditor’s indemnification

Governance Institute 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 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, FICS, MAICD (appointed 12.1.11) — Extensive experience in company secretarial practice and corporate governance, and corporate and commercial law, both in the corporate sector and the NFP sector. Currently Group Company Secretary of Woodside Energy Ltd. Also a Non-Executive Director of Black Swan Health Limited. 2018 National President and Chair of Governance Institute. Director of Governance Institute subsidiary companies.

Alan Evans BLaw (Law), FGIA, FICS, MAICD (appointed 4.6.09) — a non-executive and executive director and chairman with international experience in the energy and resources sectors. Former roles as General Manager Corporate Governance,

Corporation Secretary and Director Business Development for Tasmania’s Hydro-Electric Corporation for the last 13 years and is now senior adviser to the board and management of the corporation. A corporate governance and secretarial practice and law professional, he has over 35 years of practical international experience at executive level including ASX listed companies and as an executive and non-executive director on boards in Australia and internationally. Alan is a member and past Chair of the Tasmanian Council and 2014 National President and Chair Governance Institute of Australia Ltd.

Garth Fountain-Smith LLB, GradCertLegPrac, GradDipACG, FGIA, FCIS, MAICD (appointed 31.1.16) — Principal lawyer and director of Fountain-Smith, Lawyers and Governance in Victoria. Corporate lawyer of 20 years’ professional standing. In-depth experience includes, corporations and commercial law, directors’ duties, regulatory and enforcement law across business and financial services sectors, professional conduct matters, and board reviews. He has extensive regulatory experience as a lawyer and manager with ASIC. Chairman and Non-Executive Director National Confectionery Wholesalers Ltd (2009–2013) in combination of appointment. Past Chair of Governance Institute’s Corporate Law Issues Committee (2014–2016), Past Deputy Chair of Victoria Council (2014–2016). Garth lectures for Governance Institute within the corporate law module of the Graduate Diploma in Applied Corporate Governance, and also in the Certificated courses. Executive management experience as director, chief operating officer and general counsel in the information technology sector. Former journalist in radio and television.

Andrew Horne BLaws, Grad Dip Legal Practice, Solicitor, Grad Dip CSP, FGIA, FICS (appointed 21.1.10) — Immediate Past National President and Chair of Governance Institute. Director of Governance Institute subsidiary companies and member of Board Executive Committee. Member of the Risk, Audit and Finance Committee and the Remuneration Committee. Senior practitioner in corporate and commercial law, company secretarial practice,
risk management and compliance systems. Currently Deputy Company Secretary, Virgin Australia Airlines Group. Previously Group Company Secretary of ASX100 GrainCorp Limited and General Counsel and Group Company Secretary of ASX listed Thakral Holdings Limited. Past course director for a module of Governance Institute Graduate Diploma of Applied Corporate Governance. Past Chair of the NSW Council. Chair and member of various committees.

Andrew Leake BEc, GradDipACG, FGIA, FCIS, CA, GAICD (appointed 1.1.16) — A senior business leader with extensive experience in business consulting, corporate finance, publishing, education, NFP, governance and secretarial practice. He holds a senior executive role at Wenona School, a leading Sydney school for girls and chairs Governance Institute’s NSW State Council. He is a director of the Winston Churchill Memorial Trust and chairs the NSW selection process of the Trust.

Christine Manuel BMus, GradDipACG, DipCD, DipInvRel, FGIA, FCIS, MAICD, MAITD, AAIPM (appointed 1.1.17) — Experienced in company secretarial practice and corporate governance in a range of organisations. Currently Company Secretary at Angel Seafood Holdings Ltd. Previous roles include Company Secretary of People’s Choice Credit Union and Group Secretariat Adviser at Santos Limited. Also considerable international experience in project management and senior corporate management roles providing consulting and training services in various technical disciplines in the Asia Pacific region. Facilitator for various Governance Institute Certificate programs and in-house training since 2012. Member of the Legislation Review Committee and Chair of the SA/NT State 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. Executive Director, GSD Advisors Pty Ltd, non-executive director, Mathemtica Pty Ltd, Chair of Tasmanian Catholic Education Industry LSL Fund, Trustee Director of TasPlan Limited, independent member of TasBuild Ltd Investment Committee and independent Chair of Clarence City Council Audit Committee. Current Vice President of the Board of Governance Institute, member of Tasmania State Council since 2009 and Past Chair of the Tasmanian Council 2013–2016.

Trisha Mok BCom, LLB (Hons), Grad Dip ACG, FGIA, FCIS (appointed 4.6.09) — Experienced in company secretarial practice, corporate governance, commercial and corporate law and compliance matters. She is currently Executive Director, Legal & Compliance at Scentia Pty Ltd and a non-executive director at the Australian Traditional Medicine Society Ltd and Sydney Improvised Music Association Inc. 2015 National President and Chair of Governance Institute. Chair of the Remuneration Committee for 2014. Current Chair of the Chant Legacy Scholarship Committee. Director of Governance Institute subsidiary companies.

Rachel Rees BBus, GradDipACG, FGIA, FCIS, FTIA, FCA (appointed 8.2.13) — A results oriented senior executive and chartered accountant with extensive leadership, commercial, strategic financial and risk management and corporate governance experience in operational roles in multinational and listed corporations (ASX and TSX). Currently Chief Financial Officer and Company Secretary of Lionel Samson Sadleirs Group and previous roles include Chief Financial Officer & Company Secretary Empire Oil & Gas NL, Chief Financial Officer Rex Minerals Ltd, Group Company Secretary of Hills Holdings Ltd and Vice President — Corporate Affairs Uranium One Australia. Current Vice President of the Board of Governance Institute, Chair Risk, Audit and Finance Committee — Governance Institute, current member, WA Council and Past Chair, SANT State Council.

Tim Timchur BBus, GradDipACG, FGIA, FCIS, FCPA, FIML, FAMI, GAICD, CPM (appointed 1.1.2018) — Extensive experience in accounting, corporate governance, risk management and technology, in the corporate and NFP sectors. Currently Managing Director of 365 Architects Pty Ltd. Facilitator for various Governance Institute certificate programs since 2013. Member of the Corporate and Legal Issues Committee and Chair of the QLD State Council.

Peter Turnbull BCom, LLB, FGIA (Life), FCIS, FAICD (appointed 1.1.09) — A non-executive director and chairman with extensive experience in company secretarial practice, corporate law and governance and senior executive management. Current non-executive roles include ASX listed companies in the energy and resources sectors and former executive roles have included senior roles with regulatory authorities in Australia and Hong Kong and senior corporate roles with ASX Top 20 companies. Current Vice President of the Institute of Chartered Secretaries and Administrators, Life member and Past President of the Governance Institute.

From left: John Mazengarb, Tim Timchur and Peter Turnbull
Wendy Wills BEc, MBA, FGIA, FAICD, FCPA (appointed 4.6.09–31.12.17) — Qualified accountant, senior manager and director with experience in governance, financial management, human resources, industrial relations, risk and compliance in the not-for-profit and education sectors. Business Director at Pembroke School, South Australia since 2000 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 subsidiary companies until 09.04.15. Past member of SA/NT Council.

Directors’ interests and benefits

As Governance Institute is limited by guarantee, none of the Directors holds an interest but each, as a member of Governance Institute, is liable to the extent of their undertaking under Governance Institute’s constitution.

During or since the end of the financial year, Governance Institute 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 other than conduct involving a wilful breach of duty in relation to Governance Institute. Premiums were paid for each of the Directors listed on pages 29–31. The insurance contract entered into by Governance Institute prohibits disclosure of the nature of the liabilities insured by the insurance contract and the amount of the premiums.

Governance Institute’s constitution allows for the inclusion of indemnities in favour of persons who are or have been a Director or officer of Governance Institute. To the extent permitted by law, Governance Institute 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. The company did not execute any deeds of indemnity, insurance and access agreements during the year.

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 40 and 43.

No other Directors of Governance Institute, 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 or of a related body corporate) by reason of a contract made by Governance Institute 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 2017 attendance by individual Directors (including when represented by alternates) at meetings they were entitled to attend, was as set out in the table below.
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 respective proportion of men and women employees in the whole organisation, in senior executive positions and on the Board are as follows:

<table>
<thead>
<tr>
<th></th>
<th>In whole of organisation</th>
<th>In senior executive positions</th>
<th>On the board</th>
</tr>
</thead>
<tbody>
<tr>
<td>Men</td>
<td>16%</td>
<td>36%</td>
<td>64%</td>
</tr>
<tr>
<td>Women</td>
<td>84%</td>
<td>64%</td>
<td>36%</td>
</tr>
</tbody>
</table>

Corporate Governance Statement
Our Corporate Governance Statement is available on our website at www.governanceinstitute.com.au/about-us/our-governance/annual-report/

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, CA, FCPA, FCMA, 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 on 7 October 2000. He is also Australian Secretary of the Australian Division of the Institute of Chartered Secretaries & Administrators.

Auditors’ independence declaration
The Auditors’ independence declaration is set out on page 47 and forms part of the Directors’ report for the financial year ended 31 December 2017.

Directors’ signatures

Warren Baillie FGIA
Chair

Peter Turnbull FGIA
Director

Trisha Mok FGIA
Director

John Mazengarb FGIA
Director

Tim Timchur FGIA
Director

Rachel Rees FGIA
Director

On behalf of the Board by resolution of the Directors, as signed above.

SYDNEY, 17 March 2018
# Financial report

## Statement of comprehensive income for the year ended 31 December 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>2</td>
<td>9,577,101</td>
</tr>
<tr>
<td>Expenses</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation</td>
<td>3</td>
<td>(368,703)</td>
</tr>
<tr>
<td>Other expenses</td>
<td>3</td>
<td>(9,364,512)</td>
</tr>
<tr>
<td>(Deficit)/surplus before income tax expense</td>
<td></td>
<td>(156,114)</td>
</tr>
<tr>
<td>Income tax expense</td>
<td>1(e)</td>
<td>-</td>
</tr>
<tr>
<td>(Deficit)/surplus after income tax</td>
<td></td>
<td>(156,114)</td>
</tr>
<tr>
<td>Net gain on disposal of asset</td>
<td>3</td>
<td>-</td>
</tr>
<tr>
<td>(Deficit)/surplus attributable to members</td>
<td></td>
<td>(156,114)</td>
</tr>
<tr>
<td>Other comprehensive income for the year</td>
<td></td>
<td>-</td>
</tr>
<tr>
<td>Total comprehensive (deficit)/surplus for the year attributable to members</td>
<td></td>
<td>(156,114)</td>
</tr>
</tbody>
</table>

## Statement of financial position as at 31 December 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>7</td>
<td>1,746,172</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>8</td>
<td>166,010</td>
</tr>
<tr>
<td>Other</td>
<td>9</td>
<td>260,310</td>
</tr>
<tr>
<td>Total current assets</td>
<td></td>
<td>2,172,492</td>
</tr>
<tr>
<td>Non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Property, plant and equipment</td>
<td>10</td>
<td>3,140,049</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>11</td>
<td>1,890,591</td>
</tr>
<tr>
<td>Total non-current assets</td>
<td></td>
<td>5,030,640</td>
</tr>
<tr>
<td>Total assets</td>
<td></td>
<td>7,203,132</td>
</tr>
<tr>
<td>Current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>12</td>
<td>452,562</td>
</tr>
<tr>
<td>Deferred revenue</td>
<td>13</td>
<td>2,255,009</td>
</tr>
<tr>
<td>Provisions</td>
<td>14(a)</td>
<td>446,175</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td></td>
<td>3,153,746</td>
</tr>
<tr>
<td>Non-current liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Provisions</td>
<td>14(b)</td>
<td>69,003</td>
</tr>
<tr>
<td>Total non-current liabilities</td>
<td></td>
<td>69,003</td>
</tr>
<tr>
<td>Total liabilities</td>
<td></td>
<td>3,222,749</td>
</tr>
<tr>
<td>Net assets</td>
<td></td>
<td>3,980,383</td>
</tr>
<tr>
<td>Members’ funds</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reserves</td>
<td>4</td>
<td>763,033</td>
</tr>
<tr>
<td>Retained surplus</td>
<td>5</td>
<td>3,217,350</td>
</tr>
<tr>
<td>Total members’ funds</td>
<td></td>
<td>3,980,383</td>
</tr>
</tbody>
</table>
### Statement of changes in members’ funds for the year ended 31 December 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>4,136,497</td>
<td>4,012,286</td>
</tr>
<tr>
<td>Transfer net gain on disposal of asset</td>
<td>-</td>
<td>55</td>
</tr>
<tr>
<td>Surplus recognised directly in members’ funds</td>
<td>-</td>
<td>55</td>
</tr>
<tr>
<td>(Deficit)/surplus from ordinary activities</td>
<td>(156,114)</td>
<td>124,156</td>
</tr>
<tr>
<td>Total recognised (deficit)/surplus and expenses for the year attributable to the members</td>
<td>(156,114)</td>
<td>124,211</td>
</tr>
<tr>
<td>Closing balance</td>
<td>3,980,383</td>
<td>4,136,497</td>
</tr>
</tbody>
</table>

### Statement of cash flows for the year ended 31 December 2017

<table>
<thead>
<tr>
<th>Note</th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash flows from operating activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Subscriptions received</td>
<td>3,142,474</td>
<td>2,995,044</td>
</tr>
<tr>
<td>Receipts from courses and other activities</td>
<td>6,906,565</td>
<td>6,704,661</td>
</tr>
<tr>
<td>Payments to suppliers and employees</td>
<td>(9,751,776)</td>
<td>(9,448,469)</td>
</tr>
<tr>
<td>Interest received</td>
<td>31,936</td>
<td>56,697</td>
</tr>
<tr>
<td>GST received</td>
<td>30,665</td>
<td>66,369</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>359,864</td>
<td>374,302</td>
</tr>
<tr>
<td>Cash flows from investing activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Payments for property, plant and equipment</td>
<td>(38,293)</td>
<td>(91,358)</td>
</tr>
<tr>
<td>Payments for intangible assets</td>
<td>(328,864)</td>
<td>(1,363,536)</td>
</tr>
<tr>
<td>Net cash used in investing activities</td>
<td>(367,157)</td>
<td>(1,454,894)</td>
</tr>
<tr>
<td>Net decrease in cash held</td>
<td>(7,293)</td>
<td>(1,080,592)</td>
</tr>
<tr>
<td>Cash and cash equivalents at beginning of year</td>
<td>1,753,465</td>
<td>2,834,057</td>
</tr>
<tr>
<td>Cash and cash equivalents at end of year</td>
<td>1,746,172</td>
<td>1,753,465</td>
</tr>
</tbody>
</table>
Notes to the financial statements for the year ended 31 December 2017

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 Australian Charities and Not-for-profits Commissions Act 2012 and the Australian Charities and Not-for-profits Commission Regulation 2013.

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 17 March 2018.

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 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:

<table>
<thead>
<tr>
<th>Class of fixed asset</th>
<th>Depreciation rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building — strata entitlement</td>
<td>1.33%</td>
</tr>
<tr>
<td>Strata and leasehold improvements</td>
<td>20.00%</td>
</tr>
<tr>
<td>Computer systems, furniture and office equipment</td>
<td>10% – 33.33%</td>
</tr>
</tbody>
</table>

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

(c) Intangible assets

(i) Website and customer relationship management system 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 profit or loss 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 profit or loss as incurred.

(iii) Amortisation
Intangible assets are amortised on a straight-line basis in profit or loss 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:

<table>
<thead>
<tr>
<th>Capitalised website development costs</th>
<th>5 years</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capitalised customer relationship management (CRM) system development costs</td>
<td>10 years</td>
</tr>
</tbody>
</table>

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.

(i) 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.
(ii) 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.

(iii) 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 29-31.

---

### 2. Revenue

<table>
<thead>
<tr>
<th>Operating activities</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Member and subscriber fees</td>
<td>3,000,552</td>
<td>2,855,285</td>
</tr>
<tr>
<td>Postgraduate courses</td>
<td>2,329,999</td>
<td>2,523,239</td>
</tr>
<tr>
<td>Short courses and Certificate courses</td>
<td>3,724,791</td>
<td>3,439,504</td>
</tr>
<tr>
<td>Sponsorship</td>
<td>369,072</td>
<td>421,508</td>
</tr>
<tr>
<td>Interest</td>
<td>31,936</td>
<td>56,697</td>
</tr>
<tr>
<td>Other income</td>
<td>95,092</td>
<td>111,155</td>
</tr>
<tr>
<td>Publications, journal and merchandise</td>
<td>25,659</td>
<td>24,802</td>
</tr>
<tr>
<td><strong>Total revenue</strong></td>
<td><strong>9,577,101</strong></td>
<td><strong>9,432,190</strong></td>
</tr>
</tbody>
</table>
### 3. Surplus from ordinary activities

(Deficit)/surplus from ordinary activities is stated before income tax expense has been determined, after charging:

#### Expenses

<table>
<thead>
<tr>
<th>Expense</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation and amortisation of non-current assets</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Building</td>
<td>16,865</td>
<td>16,864</td>
</tr>
<tr>
<td>Plant and equipment</td>
<td>96,702</td>
<td>125,092</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>18,072</td>
<td>28,088</td>
</tr>
<tr>
<td>Website and CRM project</td>
<td>237,064</td>
<td>152,175</td>
</tr>
<tr>
<td><strong>Total depreciation and amortisation of non-current assets</strong></td>
<td>368,703</td>
<td>322,219</td>
</tr>
<tr>
<td>Personnel</td>
<td>4,537,596</td>
<td>4,337,838</td>
</tr>
<tr>
<td>Personnel — Transformation project</td>
<td>232,018</td>
<td>-</td>
</tr>
<tr>
<td>Superannuation contributions</td>
<td>388,764</td>
<td>388,408</td>
</tr>
<tr>
<td>ICSA, UK — capitation fee</td>
<td>99,940</td>
<td>114,067</td>
</tr>
<tr>
<td>Rental expenses on operating leases</td>
<td>382,757</td>
<td>392,383</td>
</tr>
<tr>
<td>Occupancy and state facilities</td>
<td>164,202</td>
<td>175,678</td>
</tr>
<tr>
<td>Auditor’s remuneration</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Audit</td>
<td>26,500</td>
<td>25,500</td>
</tr>
<tr>
<td>Other services</td>
<td>2,880</td>
<td>3,600</td>
</tr>
<tr>
<td><strong>Other expenses from ordinary activities</strong></td>
<td>3,529,856</td>
<td>3,548,341</td>
</tr>
<tr>
<td><strong>Total other expenses</strong></td>
<td>9,364,512</td>
<td>8,985,815</td>
</tr>
<tr>
<td><strong>Expenses from non-operating activities</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net gain on disposal of assets</td>
<td>-</td>
<td>55</td>
</tr>
</tbody>
</table>

### 4. Reserves

<table>
<thead>
<tr>
<th>Reserve</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Capital surplus reserve</td>
<td>745,933</td>
<td>745,933</td>
</tr>
<tr>
<td>Works of art revaluation reserve</td>
<td>17,100</td>
<td>17,100</td>
</tr>
<tr>
<td><strong>Total reserves</strong></td>
<td>763,033</td>
<td>763,033</td>
</tr>
</tbody>
</table>

### 5. Retained surplus

<table>
<thead>
<tr>
<th>Retained surplus at beginning of the year</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>(Deficit)/surplus for the year</td>
<td>(156,114)</td>
<td>124,211</td>
</tr>
<tr>
<td><strong>Retained surplus at the end of the year</strong></td>
<td>3,217,350</td>
<td>3,373,464</td>
</tr>
</tbody>
</table>
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 postgraduate courses, short courses and certificates, exam moderation and authors fees.

<table>
<thead>
<tr>
<th>Name</th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Garth Fountain-Smith (see note 16(iii) Transactions with related parties)</td>
<td>300</td>
<td>300</td>
</tr>
<tr>
<td>Andrew Horne (see note 16(v) Transactions with related parties)</td>
<td>450</td>
<td>900</td>
</tr>
<tr>
<td>Simon Pordage</td>
<td>-</td>
<td>1,300</td>
</tr>
</tbody>
</table>

Other key management personnel compensation comprised:

<table>
<thead>
<tr>
<th>Description</th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Consists of six executive officers.</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary and bonuses</td>
<td>851,073</td>
<td>875,293</td>
</tr>
<tr>
<td>Superannuation contribution</td>
<td>77,739</td>
<td>79,905</td>
</tr>
<tr>
<td>Long service leave provision</td>
<td>81,104</td>
<td>128,800</td>
</tr>
<tr>
<td></td>
<td>1,009,916</td>
<td>1,083,998</td>
</tr>
<tr>
<td>The CEO’s remuneration consists of:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Salary and bonuses</td>
<td>259,543</td>
<td>265,058</td>
</tr>
<tr>
<td>Superannuation contribution</td>
<td>24,657</td>
<td>25,180</td>
</tr>
<tr>
<td>Long service leave provision</td>
<td>13,562</td>
<td>7,674</td>
</tr>
<tr>
<td></td>
<td>297,762</td>
<td>297,912</td>
</tr>
<tr>
<td>Total compensation</td>
<td>1,307,678</td>
<td>1,381,910</td>
</tr>
</tbody>
</table>

In prior years other key management personnel consisted of the CEO and a team of 12 senior executives comprising national and state directors.

<table>
<thead>
<tr>
<th>Description</th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Salary and bonuses</td>
<td>1,702,775</td>
<td>1,773,089</td>
</tr>
<tr>
<td>Superannuation contribution</td>
<td>159,818</td>
<td>165,704</td>
</tr>
<tr>
<td>Long service leave provision</td>
<td>176,423</td>
<td>205,768</td>
</tr>
<tr>
<td></td>
<td>2,039,016</td>
<td>2,144,561</td>
</tr>
</tbody>
</table>

7. Cash and cash equivalents

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash on hand</td>
<td>800</td>
<td>800</td>
</tr>
<tr>
<td>Cash at bank</td>
<td>1,173,809</td>
<td>606,252</td>
</tr>
<tr>
<td>Cash on deposit</td>
<td>571,563</td>
<td>1,146,413</td>
</tr>
<tr>
<td>Total cash and cash equivalents</td>
<td>1,746,172</td>
<td>1,753,465</td>
</tr>
</tbody>
</table>

8. Trade and other receivables

<table>
<thead>
<tr>
<th>Description</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade debtors</td>
<td>166,010</td>
<td>279,720</td>
</tr>
<tr>
<td>Total trade and other receivables</td>
<td>166,010</td>
<td>279,720</td>
</tr>
</tbody>
</table>

There is no impairment or significant credit risk with any debtor balance.
### 10. Property, plant and equipment

<table>
<thead>
<tr>
<th>Non-current</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Building</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Strata entitlement — at cost — Hunter Street, Sydney</td>
<td>3,100,000</td>
<td>3,100,000</td>
</tr>
<tr>
<td>Leasehold improvements</td>
<td>571,071</td>
<td>571,071</td>
</tr>
<tr>
<td>Less: accumulated depreciation and amortisation</td>
<td>(790,084)</td>
<td>(755,147)</td>
</tr>
<tr>
<td>Total property, plant and equipment</td>
<td>2,880,987</td>
<td>2,915,924</td>
</tr>
<tr>
<td>Computer system, furniture and office equipment at cost</td>
<td>1,741,154</td>
<td>1,830,260</td>
</tr>
<tr>
<td>Less: accumulated depreciation</td>
<td>(1,504,192)</td>
<td>(1,534,889)</td>
</tr>
<tr>
<td>Works of art at valuation</td>
<td>22,100</td>
<td>22,100</td>
</tr>
<tr>
<td><strong>Total property, plant and equipment</strong></td>
<td><strong>3,140,049</strong></td>
<td><strong>3,233,395</strong></td>
</tr>
</tbody>
</table>

#### 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 15 February 2018 was based on an inspection of the property on 13 February 2018, prepared by Bruce John, Certified Practising Valuer, Registered Valuer No 1131, and Senior Valuer of Chesterton International (NSW) Pty Limited and valued the strata entitlement at $6,450,000 (2015 was $4,400,000). On this basis the Directors believe that there are no indicators of impairment of the asset carrying value as at 31 December 2017.

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.

<table>
<thead>
<tr>
<th></th>
<th>Property and leasehold improvements</th>
<th>Computer systems, furniture and office equipment</th>
<th>Works of art</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at beginning of year</td>
<td>2,915,924</td>
<td>295,371</td>
<td>22,100</td>
<td>3,233,395</td>
</tr>
<tr>
<td>Additions (net of disposals)</td>
<td>38,293</td>
<td>-</td>
<td>-</td>
<td>38,293</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(34,937)</td>
<td>(96,702)</td>
<td>-</td>
<td>(131,639)</td>
</tr>
<tr>
<td><strong>Carrying amount at end of the year</strong></td>
<td><strong>2,880,987</strong></td>
<td><strong>236,962</strong></td>
<td><strong>22,100</strong></td>
<td><strong>3,140,049</strong></td>
</tr>
</tbody>
</table>
11. Intangible assets

Website development costs
Balance at the beginning of the year 754,208 754,208
Acquisitions — developed during the year 132,015 -
Less: accumulated depreciation and amortisation (752,819) (696,029)
Balance at end of year 133,404 58,179

Customer relationship management system
Balance at beginning of year 1,740,612 377,076
Acquisitions — developed during the year 196,849 1,363,536
Less: accumulated depreciation and amortisation (180,274) -
1,757,187 1,740,612

Total intangible assets 1,890,591 1,798,791

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. A new website development commenced during 2017 and the intangible asset will be considered ready for use from 1 April 2018.

Customer relationship management system
During 2015 year the company began development of a new customer relationship management system. The customer relationship management system was launched progressively during the last months of 2016, at which time the intangible asset was considered ready for use from 1 January 2017. Amortisation commenced from that time.

Movement in the carrying amounts for each class of intangibles between the beginning and the end of the current financial year.

<table>
<thead>
<tr>
<th></th>
<th>Website development costs</th>
<th>Customer relationship management system</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>$</td>
<td>$</td>
<td>$</td>
</tr>
<tr>
<td>Balance at beginning of year</td>
<td>58,179</td>
<td>1,740,612</td>
<td>1,798,791</td>
</tr>
<tr>
<td>Additions (net of disposals)</td>
<td>132,015</td>
<td>196,849</td>
<td>328,864</td>
</tr>
<tr>
<td>Depreciation expense</td>
<td>(56,790)</td>
<td>(180,274)</td>
<td>(237,064)</td>
</tr>
<tr>
<td><strong>Carrying amount at end of the year</strong></td>
<td><strong>133,404</strong></td>
<td><strong>1,757,187</strong></td>
<td><strong>1,890,591</strong></td>
</tr>
</tbody>
</table>

12. Trade and other payables

Current
Trade creditors and accruals 375,507 325,737
Net GST liability (14,499) (56,931)
Accrued ICSA capitation fee - -
Payroll and PAYG tax payable 43,085 37,348
Fringe benefits tax payable 17,219 15,341
Melbourne premises new lease abatement 15,750 -
Brisbane premises new lease abatement 15,500 15,500
452,562 336,995

13. Deferred revenue

Subscriptions and fees in advance 2,255,009 2,263,926

(a) Current

<table>
<thead>
<tr>
<th>Provision</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision for employee short-term entitlements</td>
<td>225,660</td>
<td>296,655</td>
</tr>
<tr>
<td>Provision for long service leave</td>
<td>220,515</td>
<td>235,279</td>
</tr>
</tbody>
</table>

(b) Non-current

<table>
<thead>
<tr>
<th>Provision</th>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Provision for long service leave</td>
<td>61,253</td>
<td>59,637</td>
</tr>
<tr>
<td>Brisbane premises new lease abatement</td>
<td>7,750</td>
<td>23,250</td>
</tr>
</tbody>
</table>

Total provisions: 446,175  531,934

15. Leasing commitments

Operating lease commitments
Non-cancellable operating leases contracted for but not capitalised in the financial statements
Being for premises and office equipment
Payable: Not later than one year
<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>436,550</td>
<td>297,946</td>
</tr>
</tbody>
</table>

Later than one but not later than five years
<table>
<thead>
<tr>
<th>2017</th>
<th>2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>735,956</td>
<td>439,436</td>
</tr>
</tbody>
</table>

Total leasing commitments: 1,172,506  737,382

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 30 June each year to meet the expenses of the International Institute. ICSA changed their year end from July to June, which resulted in an extra month being paid during the 2016.

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 gain of $657, (2016 loss of $15,755) had been accounted for.

These payments amounted to: 99,940  114,067

(ii) Three directors, as disclosed in Directors’ report on pages 29–30, are also directors of Governance Institute of Australia Ltd dormant subsidiary companies.

(iii) Effective Governance Pty Ltd received an amount of: 3,000  1,364
This is a company with which Garth Fountain-Smith (appointed director 31.1.16) has consulting arrangements.

(iv) Manuel Projects Pty Ltd received an amount of: 13,259  -
This is a company with which Christine Manuel (appointed director 1.1.17) has consulting arrangements.

(v) AC Horne & Associates received an amount of: 2,860  -
And with which Andrew Horne (appointed director 21.1.10) has consulting arrangements.

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.

<table>
<thead>
<tr>
<th></th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank and on hand</td>
<td>1,174,609</td>
<td>607,052</td>
</tr>
<tr>
<td>Cash on deposit</td>
<td>571,563</td>
<td>1,146,413</td>
</tr>
<tr>
<td></td>
<td>1,746,172</td>
<td>1,753,465</td>
</tr>
</tbody>
</table>

(b) Reconciliation of cash flow from operations with surplus from ordinary activities after income tax

<table>
<thead>
<tr>
<th></th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net (deficits)/surplus from ordinary activities after income tax</td>
<td>(156,114)</td>
<td>124,211</td>
</tr>
<tr>
<td>Non-cash flows in surplus from ordinary activities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Depreciation and amortisation</td>
<td>368,703</td>
<td>322,219</td>
</tr>
<tr>
<td>Change in assets and liabilities</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Decrease/(Increase) in trade and other receivables</td>
<td>113,710</td>
<td>(103,934)</td>
</tr>
<tr>
<td>Decrease in other current assets</td>
<td>26,558</td>
<td>160,353</td>
</tr>
<tr>
<td>Increase/(Decrease) in trade and other payables</td>
<td>115,567</td>
<td>(150,838)</td>
</tr>
<tr>
<td>(Decrease)/Increase in deferred revenue</td>
<td>(8,917)</td>
<td>15,924</td>
</tr>
<tr>
<td>(Decrease)/Increase in provisions</td>
<td>(99,643)</td>
<td>6,367</td>
</tr>
<tr>
<td>Net cash provided by operating activities</td>
<td>359,864</td>
<td>374,302</td>
</tr>
</tbody>
</table>

19. Trust funds

Statement of financial position

<table>
<thead>
<tr>
<th></th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estate Late Leonard Chant</td>
<td>972,306</td>
<td>1,002,012</td>
</tr>
<tr>
<td>The Institute Trusts</td>
<td>76,744</td>
<td>76,529</td>
</tr>
<tr>
<td></td>
<td>1,049,050</td>
<td>1,078,541</td>
</tr>
</tbody>
</table>

Represented by

Current assets

<table>
<thead>
<tr>
<th></th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash at bank and on deposit and trade and other receivables</td>
<td>1,049,050</td>
<td>1,078,541</td>
</tr>
<tr>
<td>Other current assets</td>
<td>2,548</td>
<td>-</td>
</tr>
<tr>
<td>Total current assets</td>
<td>1,051,598</td>
<td>1,078,541</td>
</tr>
</tbody>
</table>

Current liabilities

<table>
<thead>
<tr>
<th></th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>1,461</td>
<td>577</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td>1,461</td>
<td>577</td>
</tr>
</tbody>
</table>

Net trust funds

<table>
<thead>
<tr>
<th></th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,050,137</td>
<td>1,077,964</td>
</tr>
</tbody>
</table>

Statement of comprehensive income

Income

<table>
<thead>
<tr>
<th></th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest — Bequest from Estate Late Leonard Chant</td>
<td>7,802</td>
<td>10,482</td>
</tr>
<tr>
<td>Interest — Other trust funds</td>
<td>321</td>
<td>468</td>
</tr>
<tr>
<td></td>
<td>8,123</td>
<td>10,950</td>
</tr>
</tbody>
</table>

Expenditure

<table>
<thead>
<tr>
<th></th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Administration cost</td>
<td>(884)</td>
<td>(472)</td>
</tr>
<tr>
<td>Bank fees and charges</td>
<td>(230)</td>
<td>(257)</td>
</tr>
<tr>
<td>Scholarships</td>
<td>(34,836)</td>
<td>(46,775)</td>
</tr>
<tr>
<td></td>
<td>(37,940)</td>
<td>(53,510)</td>
</tr>
</tbody>
</table>

Used trust funds

<table>
<thead>
<tr>
<th></th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Opening balance</td>
<td>1,077,964</td>
<td>1,114,518</td>
</tr>
</tbody>
</table>

Trust funds balance at end of year

<table>
<thead>
<tr>
<th></th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1,050,137</td>
<td>1,077,964</td>
</tr>
</tbody>
</table>

Page 44
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:

<table>
<thead>
<tr>
<th>Financial assets</th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>1,746,172</td>
<td>1,753,465</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>166,010</td>
<td>279,720</td>
</tr>
<tr>
<td><strong>Total financial assets</strong></td>
<td>1,912,182</td>
<td>2,033,185</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Financial liabilities</th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial liabilities at amortised cost:</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>452,562</td>
<td>336,995</td>
</tr>
<tr>
<td><strong>Total financial liabilities</strong></td>
<td>452,562</td>
<td>336,995</td>
</tr>
</tbody>
</table>

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 rates 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.

<table>
<thead>
<tr>
<th>Financial assets</th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash and cash equivalents</td>
<td>1,746,172</td>
<td>1,753,465</td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Post-tax surplus higher/(lower)</th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>+1% (100 basis points)</td>
<td>17,462</td>
<td>17,535</td>
</tr>
<tr>
<td>-1% (100 basis points)</td>
<td>(17,462)</td>
<td>(17,535)</td>
</tr>
</tbody>
</table>

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 $350,000 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 ICSA UK.

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

<table>
<thead>
<tr>
<th></th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cash balance of GBP at year end</td>
<td>40,747</td>
<td>40,090</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>2017 $</th>
<th>2016 $</th>
</tr>
</thead>
<tbody>
<tr>
<td>AUD/GBP+5%</td>
<td>2,037</td>
<td>2,005</td>
</tr>
<tr>
<td>AUD/GBP-5%</td>
<td>(2,037)</td>
<td>(2,005)</td>
</tr>
</tbody>
</table>

(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.

<table>
<thead>
<tr>
<th>Year ended 31 December 2017</th>
<th>Less than 1 year $</th>
<th>1–5 years $</th>
<th>Non-interest bearing $</th>
<th>Total $</th>
<th>Weighted average %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1,746,172</td>
<td>-</td>
<td>-</td>
<td>1,746,172</td>
<td>2.16</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>-</td>
<td>-</td>
<td>166,010</td>
<td>166,010</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,746,172</td>
<td>-</td>
<td>166,010</td>
<td>1,912,182</td>
<td></td>
</tr>
</tbody>
</table>

| Financial liabilities       |                    |             |                        |        |                    |
| Trade and other payables    | -                  | -           | 452,562                | 452,562 |                    |
|                             | -                  | -           | 452,562                | 452,562 |                    |

<table>
<thead>
<tr>
<th>Year ended 31 December 2016</th>
<th>Less than 1 year $</th>
<th>1–5 years $</th>
<th>Non-interest bearing $</th>
<th>Total $</th>
<th>Weighted average %</th>
</tr>
</thead>
<tbody>
<tr>
<td>Financial assets</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>1,753,465</td>
<td>-</td>
<td>-</td>
<td>1,753,465</td>
<td>2.60</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>-</td>
<td>-</td>
<td>279,720</td>
<td>279,720</td>
<td></td>
</tr>
<tr>
<td></td>
<td>1,753,465</td>
<td>-</td>
<td>279,720</td>
<td>2,033,185</td>
<td></td>
</tr>
</tbody>
</table>

| Financial liabilities       |                    |             |                        |        |                    |
| Trade and other payables    | -                  | -           | 336,995                | 336,995 |                    |
|                             | -                  | -           | 336,995                | 336,995 |                    |

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
On 10 January 2018, the company entered into a 5 year national telephone system equipment financing lease. The total lease commitment is $126,400. The cost is not incremental, but will substitute for equipment rental that would otherwise have been paid to a telecommunication carrier. There are no contingent liabilities as at 31 December 2017.
Directors’ declaration

In the opinion of the Directors of Governance Institute of Australia Ltd (‘the Company’):

(a) the financial statements and notes that are set out on pages 33 to 46 are in accordance with the Australian Charities and Not-for-profits Commission Act 2012, including:

(i) giving a true and fair view of the Company’s financial position as at 31 December 2017 and of its performance, for the financial year ended on that date; and

(ii) complying with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Regulation 2013; and

(b) there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Directors:

Warren Ballie FGIA
Director

Rachel Rees FGIA
Director

Dated at Sydney this 17th day of March 2018.

 Auditor’s independence declaration

Lead Auditor’s Independence Declaration under subdivision 60-C section 60-40 of the Australian Charities and Not-for-profits Commission Act 2012

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 2017 there have been:

(i) no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 and the Australian Charities and Not-for-profits Regulation 2013 in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

David Sinclair
Partner
Sydney

17 March 2018
Independent auditor’s report

to the members of Governance Institute of Australia Ltd


Opinion

We have audited the Financial Report of Governance Institute of Australia Ltd (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with the Australian Charities and Not-for-profits Commission Act 2012 (ACNC Act) and the Australian Charities and Not-for-profits Commission Regulation 2013 (collectively the Act Regulation), including:

• giving a true and fair view of the Company’s financial position as at 31 December 2017 and of its financial performance for the year ended on that date; and
• complying with Australian Accounting Standards and the Australian Charities and Not-for-profits Commission Regulation 2013.

The Financial Report comprises:

• Statement of financial position as at 31 December 2017
• Statement of comprehensive income, statement of changes in members’ funds, and statement of cash flows for the year then ended
• Notes including a summary of significant accounting policies
• Directors’ Declaration.

Basis for opinion

We conducted our audit in accordance with Australian Auditing Standards. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Our responsibilities under those standards are further described in the Auditor’s responsibilities for the audit of the Financial Report section of our report.

We are independent of the Company in accordance with the auditor independence requirements of the ACNC Act and the ethical requirements of the Accounting Professional and Ethical Standards Board’s APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

We confirm that the independence declaration required by the Act and Regulation, which has been given to the Directors of Governance Institute of Australia Ltd, would be in the same terms if given to the Directors as at the time of this Auditor’s Report.

Other Information

Other Information is financial and non-financial information in Governance Institute of Australia Ltd’s annual reporting which is provided in addition to the Financial Report and the Auditor’s Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor’s Report was the annual report. Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

In connection with our audit of the Financial Report, our responsibility is to read the Other Information. In doing so, we consider whether the Other Information is materially inconsistent with the Financial Report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We are required to report if we conclude that there is a material misstatement of this Other Information, and based on the work we have performed on the Other Information that we obtained prior to the date of this Auditor’s Report we have nothing to report.

Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

• preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the Act and Regulation
• implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error
• assessing the Company’s ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor’s responsibilities for the audit of the Financial Report

Our objective is:

• to obtain reasonable assurance about whether the Financial Report as a whole is free from material misstatement, whether due to fraud or error; and
• to issue an Auditor’s Report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Australian Auditing Standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this Financial Report.

## Detailed operating surplus and deficit accounts

for the five years 2013–2017

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating revenue</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Member and subscriber fees</td>
<td>3,000,552</td>
<td>2,855,285</td>
<td>2,764,827</td>
<td>2,699,304</td>
<td>2,589,866</td>
</tr>
<tr>
<td>Postgraduate courses</td>
<td>2,329,999</td>
<td>2,523,239</td>
<td>2,682,274</td>
<td>2,657,275</td>
<td>2,526,787</td>
</tr>
<tr>
<td>Short courses and Certificates</td>
<td>3,724,791</td>
<td>3,439,504</td>
<td>3,532,474</td>
<td>3,009,638</td>
<td>3,024,166</td>
</tr>
<tr>
<td>Sponsorship</td>
<td>369,072</td>
<td>421,508</td>
<td>477,600</td>
<td>371,058</td>
<td>454,624</td>
</tr>
<tr>
<td>Interest</td>
<td>31,936</td>
<td>56,697</td>
<td>80,408</td>
<td>88,255</td>
<td>108,298</td>
</tr>
<tr>
<td>Other income</td>
<td>95,092</td>
<td>111,155</td>
<td>69,067</td>
<td>78,915</td>
<td>80,001</td>
</tr>
<tr>
<td>Publications, journal and merchandise*</td>
<td>25,659</td>
<td>24,802</td>
<td>86,427</td>
<td>26,018</td>
<td>41,228</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td>9,577,101</td>
<td>9,432,190</td>
<td>9,693,077</td>
<td>8,930,463</td>
<td>8,825,061</td>
</tr>
</tbody>
</table>

| **Operating expenses**   |         |         |         |         |         |
| Personnel                | 4,926,360 | 4,726,246 | 4,996,526 | 4,719,122 | 4,371,277 |
| Personnel — Transformation project** | 232,018 | - | - | - | - |
| Postgraduate courses     | 764,380  | 780,004  | 829,627  | 765,519  | 871,838  |
| Short courses and Certificates | 787,608  | 832,311  | 910,917  | 838,315  | 908,153  |
| Occupancy and state facilities | 546,959 | 568,060 | 585,841 | 599,478 | 548,697 |
| Publications, journal and merchandise* | 292,126 | 277,760 | 270,673 | 281,175 | 261,285 |
| Depreciation and amortisation | 368,703 | 322,219 | 307,365 | 315,627 | 326,378 |
| Travel and meetings      | 268,063  | 256,178  | 253,996  | 249,722  | 255,254  |
| Profile and website maintenance | 593,635 | 680,510 | 493,111 | 487,203 | 435,814 |
| Repairs and maintenance  | 386,503  | 321,663  | 307,365  | 315,627  | 326,378  |
| ICSA, UK — capitation fee — see note 16(i) | 99,940 | 114,067 | 109,352 | 91,172 | 82,789 |
| Telephone, facsimile and email | 148,151 | 145,708 | 117,863 | 98,390 | 89,633 |
| Bank and credit card fees | 27,341   | 28,853   | 31,747   | 30,892   | 33,176   |
| Printing and stationery  | 16,329   | 19,753   | 79,228   | 94,318   | 86,497   |
| International representation | 85,854 | 63,416 | 84,080 | 108,961 | 101,176 |
| Postage and courier      | 12,593   | 13,428   | 16,515   | 15,389   | 17,347   |
| Insurance                | 37,658   | 36,467   | 36,504   | 38,494   | 38,962   |
| Other expenses           | 61,820   | 77,185   | 47,542   | 71,962   | 22,016   |
| Auditors                 | 26,500   | 25,000   | 26,000   | 25,000   | 25,100   |
| Professional services    | 50,674   | 18,706   | 28,499   | 16,523   | 20,899   |
| Rebranding and renaming project*** | - | - | - | 10,175 | 605,501 |
| ICSA structural reform**** | - | - | - | 4,246 | 11,057 |
| **Total**                | 9,733,215 | 9,308,034 | 9,559,528 | 9,254,951 | 9,491,478 |

### (Deficit)/surplus from ordinary activities

| (Deficit)/surplus from ordinary activities | (156,114) | 124,156 | 133,549 | (324,488) | (666,417) |

### Net gain/(loss) on disposal of asset

| Net gain/(loss) on disposal of asset | - | 55 | - | 81 | - |

### Total (Deficit)/surplus for the year

| Total (Deficit)/surplus for the year | (156,114) | 124,211 | 133,549 | (324,407) | (666,417) |

---

* Publications, journal and merchandise includes publication and sale of technical booklets.
** Personnel — Transformation project expense incurred in 2017.
*** Expenditure incurred in rebranding company to Governance Institute of Australia Ltd.
**** 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’s governance matters.
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
Contact

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F (08) 9321 8555