



# AIEF

AUSTRALIAN INDIGENOUS  
EDUCATION FOUNDATION

**ANNUAL REPORT 2012**





## A MESSAGE FROM THE PATRONS



HER EXCELLENCY  
PROFESSOR MARIE  
BASHIR AC CVO,  
GOVERNOR OF NSW

As Patron-in-Chief of the Australian Indigenous Education Foundation I have experienced over the past five years the delight of meeting so many young men and women whose lives, and those of their families and communities, have been changed by quality education and careers. The following pages show the achievements of all who have been part of this journey. I invite you to join us on this splendid journey and support the work of the Australian Indigenous Education Foundation – a great investment in our Nation.



SIR WILLIAM DEANE AC KBE

AIEF is making an immense contribution towards helping us attain the goal of comparable educational opportunities and future prospects for all young Australians. It is of great importance, not only to Indigenous Australians but to our nation as a whole, that the Foundation and its work continue to prosper and grow. I warmly congratulate and thank all those whose vision, work or financial or other support have helped make possible AIEF's achievements.



DAVID GONSKI AC

It's some years now since I first heard of AIEF. Indeed I remember my first meeting with Andrew Penfold and how excited I felt as a result of it. AIEF sought to solve and combine a number of issues that were troubling to me. In particular, the lack of opportunity for top class education for the Indigenous, the fact that those in private education often didn't see or meet Indigenous students, the plight of those who lived far from an excellent

education establishment, the power of philanthropy and the need for a marriage between that and government funding – to my amazement AIEF seemed to tick each of these boxes.

Over the years since my first meeting my expectations of AIEF have been more than realised. To be honest what they have achieved has not only been truly remarkable but almost incredible.

To be asked to be one of the Patrons of AIEF is an enormous honour. I can't think of another organisation which I would prefer to be Patron of and which has impressed me as much.

## WELCOME FROM THE CHAIR



ANN SHERRY AO

The work of AIEF creates life changing opportunities for a new generation of Indigenous boys and girls through education. The commitment of the organisation and its team drives amazing outcomes and it is a joy to see the impossible become possible.

2012 has been another milestone year for AIEF and its partner schools and colleges. I am delighted to be Chair of the AIEF, having been a Director since 2008.

We farewelled our inaugural Chair, Ray Martin AM, under whose stewardship the organisation has developed at a pace and to a level of influence and engagement with communities, supporters and schools and universities that many would have thought impossible. Ray has contributed great insight and wisdom to the organisation and for that we all thank him.

The AIEF team, under the leadership of Andrew Penfold, has again built the opportunity for young Indigenous students to access the educational opportunities and other opportunities the partner boarding schools and university residential colleges provide. More students, more schools, more universities, wider geographic spread and more are completing Year 12.

AIEF students now have the highest retention and completion rates for Indigenous students in Australia. These students are also entering sustainable careers upon graduation from school or university. This is an

achievement that reflects on the quality of the partnerships but more importantly, the previously untapped opportunity and talent in our young Indigenous people.

I am proud to be involved in AIEF as it reminds me both of the challenges still to be met as well as the opportunity to celebrate great achievement of individuals and of programs.

Thank you to all of our supporters and ambassadors, to the partner schools and universities and to the students and their families for being part of changing Australia's future.





## OVERVIEW FROM THE CHIEF EXECUTIVE OFFICER



AIEF's mission is to empower Indigenous children to build a brighter future for themselves and for the Nation.

Our initial goal was to educate 2,000 Indigenous children at some of the leading schools and universities in the country and support their transition into meaningful careers.

ANDREW PENFOLD

We now want to aim higher and help to educate not 2,000 but 7,000 Indigenous children. With your support we can do this.

We are proud that AIEF has the highest rate of Year 12 completion in the country, that close to 100% of those graduates successfully transition into a meaningful career and, having raised over \$57 million in four years, we are proud to have the backing of so many individual and corporate partners to help us realise our dreams for Indigenous children to realise theirs.

We work with over 1,400 partners, volunteers and supporters who make these dreams happen, and our stakeholder satisfaction surveys place AIEF among the highest ranking organisations in the world on client satisfaction benchmarking.

2012 has been a year of substantial growth in our Scholarship and Pathways programs.

Through the *AIEF Scholarship Program* we provided scholarships to 294 Indigenous students in 2012 and another 32 students on AIEF scholarships graduated from Year 12, joining the 52 AIEF alumni who have graduated since 2009. We are privileged to have witnessed their drive, passion and commitment to learning and creating a future for themselves.

Throughout the year, the *AIEF Pathways Program* continued to provide support to prepare students for the workforce and life post school and managed their transition from school into tertiary studies and employment.

AIEF has further grown the network of educational partners in 2012, extending the national reach of AIEF. We were pleased to formalise additional relationships with a number of schools in Queensland, New South Wales and Western Australia, which enabled us to offer a larger number of Indigenous scholarships across Australia. We have also now signed our first partnership in Victoria.

We were honoured to welcome David Gonski AC as a Patron of AIEF recently and feel privileged to have the support of three highly respected and distinguished Australians as our Patrons.

2012 also saw changes to the AIEF Board of Directors. After many years of leadership, founding director Ray Martin AM resigned and we welcomed AIEF Director Ann Sherry AO as our new Chair. We express our deep appreciation to Ray for his leadership and wisdom that have helped to position AIEF so well for its future and to achieve so much to date.

None of this is easy. It's the hardest work I've done in my career, including 20 years in global law firms and investment banking, and it always gets harder and busier. None of the great achievements you read about here would be possible without the dedicated support and drive of so many

Federal Education Department statistics show **AIEF has the highest rate of Year 12 completion** of any federally funded program

AIEF supports over **300 students per annum** and has a **retention and Year 12 completion rate of over 90%**

**Almost 100% of Year 12 graduates** from AIEF's programs have embarked on a productive career pathway

AIEF has attracted **over \$57 million** in funding

AIEF is supported by some of the **nation's most influential leaders and companies**

Our business model is built upon the **strong foundation** of a sustainable funding base to enable it to **operate sustainably for 20 years**

partners, volunteers and staff and I am enormously grateful and indebted to the thousands of them who contribute immensely.

In the four-year period from 2009-2012, AIEF has grown from a start-up to one of the most successful and effective non-profit organisations in the country.

But we need to aim higher because AIEF's partner boarding schools and universities around Australia can't keep up with demand for more scholarship places from families wanting these excellent educational opportunities for their children.

With your support we can do this. We need to increase our funding base from our first goal of \$40 million to a new goal of \$140 million to enable us to educate not 2,000 but 7,000 Indigenous children.

We won't stop until there are enough scholarship places available for all the Indigenous families who seek them, until every Indigenous child who is enthusiastic to make the most of their potential has access to the best schools and universities in the country regardless of the financial circumstances they inherited at birth.

These are big dreams indeed, but we are at an inflection point and with your support, we are certain it can be done. We look forward to continuing this journey with you towards a brighter future for our Nation.

# AIEF SCHOLARSHIP PROGRAM



The *AIEF Scholarship Program* opens doors for marginalised Indigenous students to access high-quality education in culturally inclusive environments, giving them the tools and confidence to take full advantage of the opportunities before them.

2012 was a year of growth for the *AIEF Scholarship Program*, as both the number of scholarships provided and the number of educational partners across Australia rose substantially and with 90%, AIEF reached the highest Year 12 completion rate of any federally funded program in the country.

The number of AIEF scholarships provided to Indigenous students grew significantly by 41% from 2011. From only one scholarship at one AIEF Partner School in 2008, the program has seen extraordinary growth in the past five years to the 294 scholarships provided at 30 educational partners in 2012, as Graphs 1 and 2 demonstrate. In total, AIEF has supported 416 individual students since 2008.

AIEF commenced partnerships with a number of new schools and continued the partnership with Shalom College at The University of New South Wales; its network of educational partners grew from 23 in 2011 to 30 in 2012, and is spread across New South Wales, Queensland and Western Australia.

During 2012, AIEF commenced partnerships with the following schools:

- Brisbane Boys College (Boys) – Toowong QLD
- Cranbrook School (Boys) – Bellevue Hill NSW
- Ipswich Grammar School (NSW) – Ipswich QLD
- St Gregory's College Campbelltown (Boys) – Campbelltown NSW
- The Scots College (Boys) – Bellevue Hill NSW
- The Toowoomba Preparatory School (Co-Ed) – Toowoomba QLD

More recently, Knox Grammar School, Melbourne Grammar School, Saint Ignatius' College, Riverview and Wesley College, South Perth also became AIEF Partner Schools and their first AIEF scholarship students have begun in 2013.

AIEF is proud to partner with leading schools and colleges that have established Indigenous education programs and close relationships with Indigenous families and communities, providing high-quality educational opportunities to students who are enthusiastic about learning and eager to unlock their potential.

AIEF provided **294 scholarships** in 2012 and has supported **416 students** since 2008

AIEF commenced partnerships with **six new partner schools** in 2012 and closed the year with **over 300 scholarship places** on offer at **30 educational partners** across Australia

Students in the AIEF Scholarship Program have a **90% retention and Year 12 completion rate**

**84 students** have graduated through the AIEF Scholarship Program since 2009

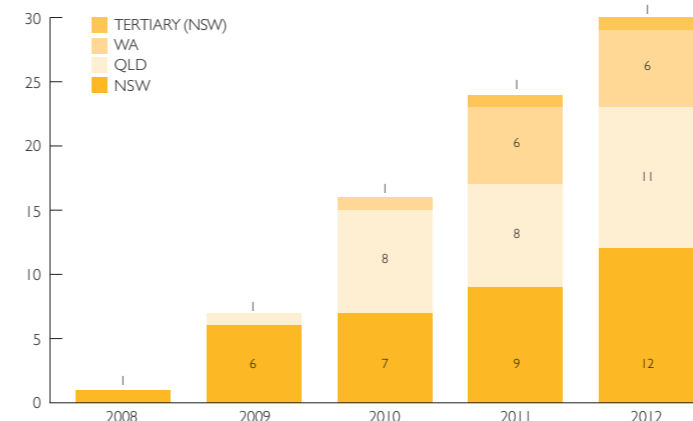
The *AIEF Scholarship Program* is driven by the enthusiasm, the hard work and the great achievements of our educational partners. Our work would not be possible without the administrative support in the scholarship process as well as the passion and personal commitment they put into the education and pastoral care of every individual student.

The achievements presented on these pages reflect the achievements of our educational partners, and we would like to thank them for making our partnerships work so effectively.

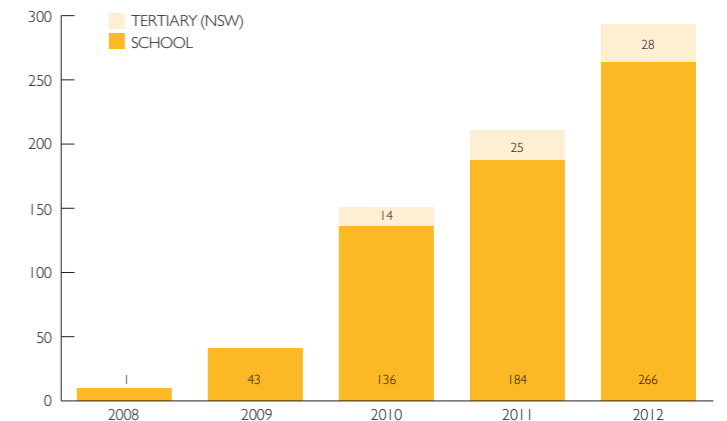
AIEF's educational partners comprise girls', boys' and co-educational schools and colleges and represent a mix of denominational and non-denominational institutions. In 2012, AIEF scholarships were provided to an approximately even mix of male (47%) and female (53%) students, as reflected in Graph 3.

Students in the *AIEF Scholarship Program* were evenly spread across the secondary school Year groups, as well as a number of primary and tertiary students (Graph 4).

GRAPH 1 AIEF'S EDUCATIONAL PARTNERS 2008-2012



GRAPH 2 AIEF SCHOLARSHIPS 2008-2012



For many years, AIEF's educational partners have been establishing relationships with Indigenous families and communities across Australia, predominantly in New South Wales, Queensland and Western Australia. Of AIEF scholarship holders in 2012, 63% are from outer regional, remote or very remote areas. The remaining 37% come from urban or inner regional centres (Graph 5).

In our second year of operations in Western Australia, AIEF has continued to increase the number of scholarship places being offered at six partner schools in Perth. Of the 294 secondary scholarships funded in 2012, 4% were at AIEF educational partners in Western Australia, 42% in New South Wales and 54% in Queensland (Graph 6).

AIEF has also continued to provide tertiary residential scholarships in 2012, supporting 28 university students who attend The University of New South Wales and reside at Shalom College. The students are enrolled in a variety of degrees, ranging from Medicine and Science to Fine Arts, Commerce and Engineering.

AIEF typically partners with schools and colleges that have established Indigenous programs with a proven track record of engagement and student retention and wish to take the growth of their programs to the next level with the help of AIEF's support. Indigenous students at AIEF Partner Schools represent a solid critical mass in both the boarding houses and the overall student population, which is crucial to a culturally inclusive program.

Students on AIEF school scholarships have a 90% retention and Year 12 completion rate (Graph 7) and 90% of AIEF's tertiary scholarship students continue their studies through to completing their degree (Graph 8), which is a testimony to the excellent academic support and pastoral care our educational partners provide.

Moving into 2013, more than 300 scholarship places will be offered around the country. We look forward to a growing cohort of AIEF alumni as more than 70 scholarship students commence their senior year and will start to work intensively with AIEF's Transition Support team to help define their goals and offer guidance along their path towards a fulfilling career after completing their education.

Additional AIEF tertiary scholarships will be provided in 2013 through a new partnership with BHP Billiton Iron Ore, giving students studying Engineering and Mining-Related degrees the opportunity to study at any university throughout Australia. We will be offering current and prospective university students a unique and highly attractive opportunity to learn from experts, develop a global network of colleagues, attend world class training and build exceptional skills and expertise.

## PROVIDING THE BEST EDUCATIONAL OPPORTUNITIES – ETHAN'S STORY



ETHAN AT THE AIEF 2011 ANNUAL REPORT LAUNCH IN SYDNEY

Ethan from Dunlop in Western Australia received an AIEF scholarship to attend The Scots School Albury in 2011. A promising sportsman, he made a great contribution to the school's football team as well as making some significant gains in his studies and undertaking some valuable work experience in Albury. Ethan was well regarded within the school community and known for his kind nature and sincere attitude.

Ethan completed Year 10 and began Year 11 in 2012 but his personal circumstances changed necessitating his return to Western Australia to complete his schooling there.

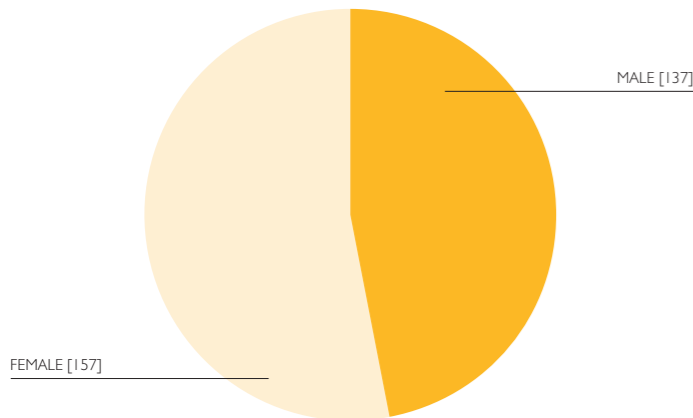
Prior to this, in May 2012, Ethan attended the AIEF Annual Report Launch in Sydney, where he met fellow AIEF scholarship student Koree from Aquinas College, an AIEF Partner School in Perth. The boys became friends and stayed in contact after the event. When Ethan informed Koree of his decision to return home, Koree suggested that Ethan should try and join him at Aquinas in 2013.

From this idea, a series of conversations between both schools, Ethan and his family and AIEF ensued. Michael Bell, Director of Indigenous Education at Aquinas, responded enthusiastically to Koree's suggestion – he was impressed by Ethan and, like all parties involved, knew of Ethan's great potential. All wanted the best outcome for Ethan in completing his schooling.

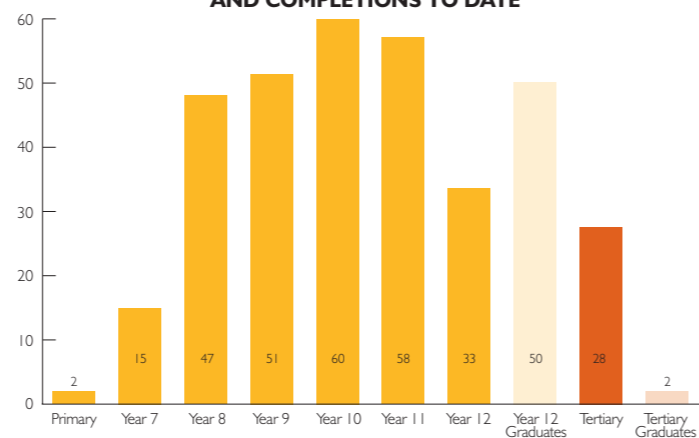
AIEF was able to support Ethan's transition into a scholarship at Aquinas College to complete his final year, ensuring he receives the educational opportunity best suited to his needs.

In 2013 Ethan and Koree will commence Year 12 together and look forward to the company of a new friend as they journey towards the end of high school and the many opportunities beyond.

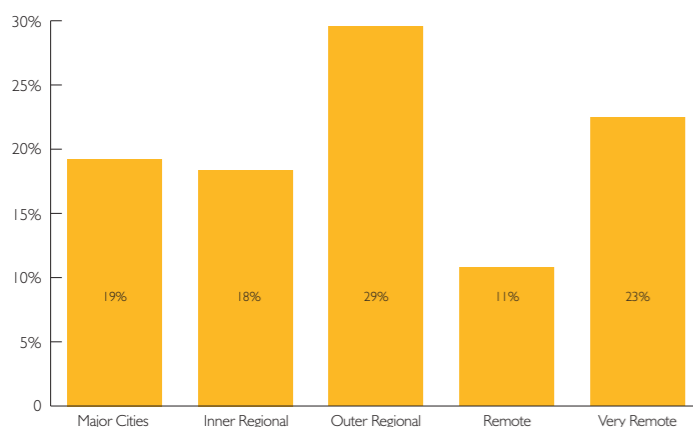
GRAPH 3 AIEF SCHOLARSHIP STUDENTS BY GENDER 2012



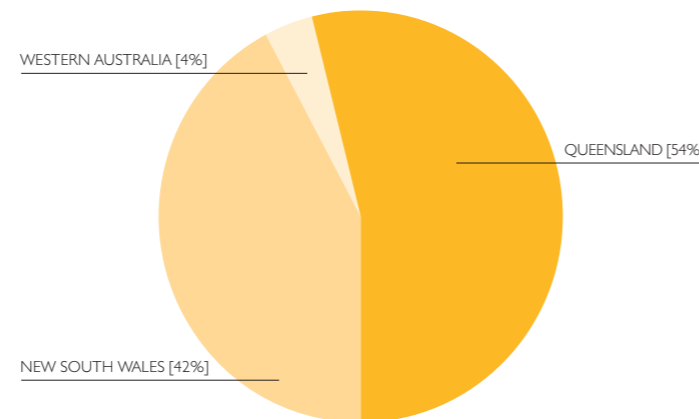
GRAPH 4 CLASS YEAR BREAKDOWN 2012 AND COMPLETIONS TO DATE



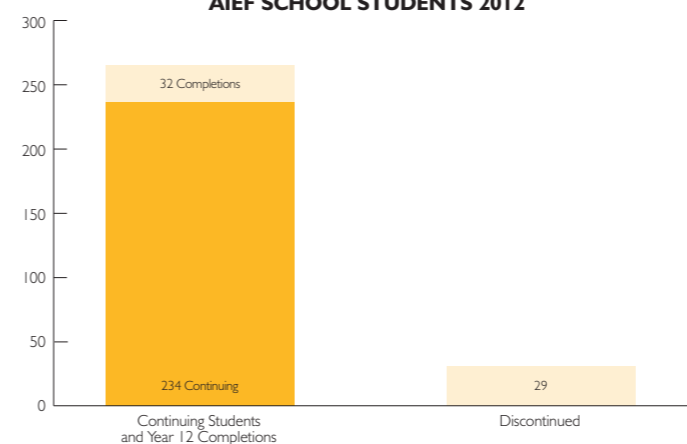
GRAPH 5 AIEF SCHOLARSHIP STUDENTS 2012 – REMOTENESS



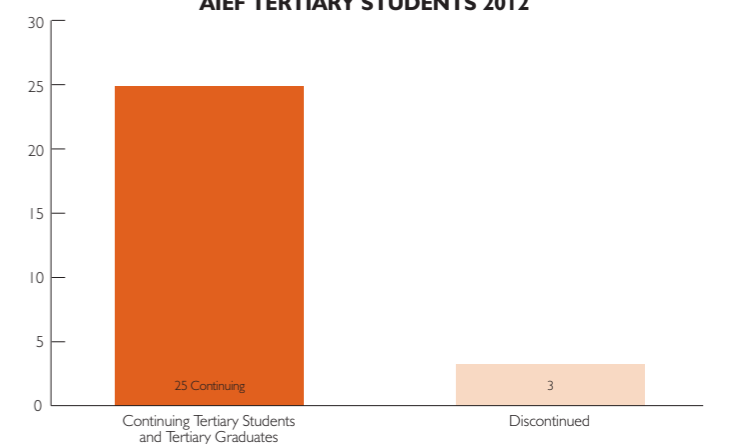
GRAPH 6 AIEF SCHOLARSHIP STUDENTS BY STATE 2012



GRAPH 7 RETENTION AND COMPLETION RATES AIEF SCHOOL STUDENTS 2012



GRAPH 8 RETENTION AND COMPLETION RATES AIEF TERTIARY STUDENTS 2012



Note: Attrition rates do not imply underperformance as students may leave a school for a variety of reasons that can include changes in personal circumstances such as family migration interstate, personal or family health issues, or moving to a school that is more suited to the needs of the student where they go on to successfully complete Year 12.

# AIEF PATHWAYS PROGRAM



The AIEF Pathways Program prepares students for life post-school and supports their transition from school through tertiary studies or employment into productive and fulfilling careers.

Through the *AIEF Pathways Program*, we provide support for students on AIEF scholarships from Years 7 to 12, at university and beyond. We work closely with students to help them prepare for life post-school, to support their transition into a sustainable career upon completing secondary school or university, and to actively track and support them thereafter.

We do this through a range of program elements that are targeted at the needs of particular age groups; the support intensifies the closer the students get to graduating and continues well beyond graduating as alumni embark on their career pathways.

With younger students, we focus primarily on skills development, ensuring students develop the practical and personal skills required to succeed at high school and make a successful transition to living independently after graduating. Students as young as Year 7 can join the *AIEF Tutor Program*, which provides numeracy and literacy support. Volunteer tutors from AIEF corporate partners meet students to assist with homework and other study-related tasks.

We also offer students opportunities to participate in a wide range of skills development activities such as personal development and work-readiness workshops, coaching opportunities and outdoor education camps. These activities are focused on developing personal skills necessary for a successful career such as resilience, leadership and self-confidence.

As students enter Year 10, the Pathways Program becomes more focussed on encouraging the students to begin to develop a network of people and relationships that can be called on for advice, ideas, support and introductions to help them make a successful transition at the end of high school. Year 10 students are invited to join the *AIEF Mentor Program*, which matches each student with a volunteer mentor from an AIEF corporate partner in an ongoing mentor relationship. With this program, we aim to create a structured and trusting relationship between the student and mentor, offering guidance and support about career and life choices.

The preparation for work and life after school becomes a main focus as students get older, and AIEF offers a wide range of formal and informal site visit and work experience activities for students to experience exposure to the workplace and start developing ideas and goals for their future pathways.

Part of the work experience is the *Learn Earn Legend! Work Exposure in Government* program, which has been co-organised by AIEF for the past three years. The week-long program opens doors to the public service for Indigenous students by placing them in the offices of MPs, Ministers and Senators for practical work experience. AIEF students have had the chance to work alongside Jenny Macklin, Peter Garrett, Malcolm Turnbull and many more over the course of this program, and the experience inspired many to pursue their dreams and aim high for a productive and fulfilling career.

**157 students** participated in the AIEF Pathways Program in 2012

**11 AIEF corporate partners** were involved in the program in 2012, providing volunteers, hosting events and sharing their expertise through presentations and other support

**98 volunteers** were engaged in the AIEF Pathways Program

**92% of AIEF alumni** participating in the program have embarked on a **productive career pathway** after completing their education and the remainder are in transition management

Building on the students' professional skills, we also run the *AIEF Food for Thought* series of boardroom lunches, where senior executives from AIEF corporate partners host lunches for small numbers of AIEF scholarship students. The program aims to provide students with exposure to a corporate environment and to encourage them to use self-confidence to develop their networking skills.

Once students enter their senior year of secondary school or latter years of university, career planning and work readiness become our main emphases. We work to ensure that students have the wide range of work, life and other skills required to apply for jobs, interviews and study, to begin employment and to live independently. We also support students to make informed and well thought out decisions about their future careers, and we assist them through the application processes.

In the *AIEF Transition Support Program*, we work intensively with all AIEF students in their final year of school and provide ongoing support for AIEF alumni after completing their education. AIEF's Student Support Managers work one-on-one with each student and alumni to identify their strengths, define their career interests and assist them in the steps towards achieving their goals.

In addition to the one-on-one support, we also offer formal workshops, in which senior students can develop their skills in a group setting and share their goals and plans for their careers. Two-day *AIEF Work Readiness Programs* are held annually to prepare Year 12 students to enter the workforce or tertiary studies after completing school. The program contains a range of modules designed to provide a comprehensive overview of the key work readiness areas such as Interview Techniques, What Employers Want, Workplace Etiquette and Dress Code, Public Speaking Techniques and Financial Literacy. AIEF's corporate partners, alumni and Ambassadors assist in presenting these modules.

The following pages feature some of our flagship Pathways programs throughout 2012, highlighting personal success stories and key achievements in preparing students for life post-school, equipping them with the tools and confidence necessary to pursue their dreams and providing ongoing intensive support in their transition into a sustainable career.

## THE AIEF MENTOR PROGRAM

2012 was a very successful year for the *AIEF Mentor Program*, with a substantial increase in mentors and student participants as well as the extension of the program into Queensland. More than 90% of mentor-student pairs from previous years continued their relationship into 2012 and the program closed its third year with over 70 mentor-student pairs.

This growth was made possible by our corporate partners' tremendous support, enabling their staff to participate in the program as volunteer mentors.

In 2012, the *AIEF Mentor Program* was also launched in Queensland with four participating AIEF Partner Schools. This was met with overwhelming enthusiasm from both students and mentors, and 29 mentor pairs commenced their relationships. It also saw the advent of the first boys' schools participating and therefore the first male mentors joined the program. We look forward to many of these relationships continuing beyond 2012 and to further expanding program in 2013.

## A CLOSE MENTORING BOND – ZIEHA AND KATHY'S STORY



Kathy Rajkovic, Branch Manager at AIEF corporate partner HSBC Bank Australia and Zieha, Year 10 student at St Vincent's College, Potts Point commenced their mentoring relationship at the beginning of 2012. They connected immediately and formed a close bond throughout the year.

Both have spoken very positively of the program and of each other, stressing how much they enjoy spending time together. For Zieha, it is particularly valuable to have someone to talk to outside her normal circle, someone who is able to give her an objective outside perspective on her school life and her plans after school.

Kathy has found the relationship to be extremely enriching and commented on her experience as a mentor, *"The program for me has been very rewarding. I have built a strong, meaningful relationship with Zieha and she is a delight to mentor and support as she maximises her opportunities, career development, personal development and leadership."*

*It has also provided me with a deeper understanding of Indigenous people, their communities and their culture and is an experience I highly recommend to all my colleagues."*

Zieha and Kathy also took part in the *AIEF Mentor Program* workplace visits. Zieha had the opportunity to visit Kathy's workplace, the HSBC Town Hall branch in Sydney, where she was able to get to know Kathy's job, experienced the day-to-day working in a bank and met several executives from the business. The experience was invaluable for Zieha and thanks to the relationship with Kathy, Zieha felt very comfortable in the professional environment, which gave her a great boost in self-confidence. Seeing the many aspects of the work in the bank and being able to talk to staff and executives also provided Zieha with a broader outlook on the careers available to her and further strengthened her motivation to achieve her career goals.

## TRANSITION SUPPORT

AIEF's Transition Support team supported 32 new Year 12 students through their final year up to graduation and continued to provide ongoing support to the previous 52 AIEF alumni as they embark on their career pathways.

Student Support Managers (SSMs) worked intensively with each of the Year 12 students throughout the year and witnessed the dedication and hard work the students put into achieving their goals. The 2012 graduates transitioned into a variety of post-school destinations including university studies in Social Work, Engineering, Screen Arts, Nursing and Midwifery, Diesel Fitting and Electrical Apprenticeships as well as joining the Australian Defence Force.

The Transition Support team also kept in close contact with AIEF alumni, ensuring they are on a career pathway of their choosing and have access

to resources and support when needed. In 2012, 59% of all AIEF alumni participating in the program had secured employment or vocational training, 33% were enrolled in tertiary degrees and 8% were in transition management, working one-on-one with an SSM to achieve their career goals.

Students and alumni highly value the support of the Student Support Managers and appreciate the help of the good advice, useful research and the many hours of intensive career sessions with the SSMs. Many graduates have been regular visitors to the AIEF offices, working on their resumes and university applications, organising their living arrangements, seeking support or simply a comfortable and reassuring environment to discuss their plans.



COMMONWEALTH BANK CEO IAN NAREV WITH AIEF STUDENTS AT A FOOD FOR THOUGHT BOARDROOM LUNCHEON

## FOOD FOR THOUGHT BOARDROOM LUNCHEONS

AIEF's corporate partners continued their support and engagement through all layers of the business and up to executive level. *Food for Thought* luncheons in 2012 were hosted by Commonwealth Bank, HSBC and Leighton Contractors.

These luncheons help broaden students' understanding of potential career pathways and help to familiarise them with a corporate environment.

Positive feedback was received from both corporates and the students, who were thrilled about the opportunity to meet the Chief Executives of major Australian corporations.

During the lunch at the Commonwealth Bank, Chief Executive Officer Ian Narev encouraged the students to aim high and said: *"I am very impressed with the way you present yourselves. Your ability to talk and interact with adults will take you a long way!"*

One of the students attending the lunch was deeply impressed by the experience and commented afterwards: *"I am getting straight out of here and going to call my Mum and tell her that I had lunch with the CEO of CBA!"*

We look forward to continuing this program with many more *Food for Thought* luncheons in the boardrooms of some of Australia's most influential executives.

## CELEBRATING ACHIEVEMENTS – AIEF GRADUATION EVENTS

AIEF Year 12 Graduation Events were held in New South Wales and Queensland for the first time in 2012 to celebrate the achievements of Year 12 students completing secondary school through AIEF's programs. The events gave the students a chance to get together and celebrate their successful completion of secondary school.

After enjoying delicious meals in the company of fellow AIEF graduates, school staff and some of their mentors, the students received personal AIEF graduation certificates as well as portfolios prepared by AIEF's Student Support Managers including a personal resume, copies of certificates and important documents and a School Leavers Guide, which will be a valuable resource upon entering their post-school pathways.



2012 NEW SOUTH WALES GRADUATES



2012 QUEENSLAND GRADUATES

# FINANCIAL SUMMARY

The Financial Report for the year ending 31 March 2013 highlights AIEF's strong financial performance in three key areas:

## 1. Funding

As at 31 March 2013 AIEF has raised a cumulative total of \$57 million. This includes Scholarship Program Funding of \$55 million and Fee for Service Income of \$1.5 million. This represents an increase of \$15 million in reportable income and pledges since the date of our last Annual Report a year ago. AIEF has one of the most successful funding track-records in the sector and remains one of the only non-profit organisations in the sector with a genuinely sustainable funding base for the long-term to match its tangible program outcomes.

## 2. Investments

AIEF continued to implement its conservative investment strategy focused around protection of capital and risk minimisation, and its investment portfolio generated investment earnings of \$1.3 million representing a return of approximately 5.44% during the year.

## 3. Costs

AIEF's low cost base continues to set a benchmark across the non-profit sector, with AIEF having spent an amount equivalent to only 2.6% of its Scholarship Funding on total costs to date after other income generated by AIEF for costs is taken into account.

### KEY HIGHLIGHTS TO DATE

Initial funding target for Scholarship Program	\$40,000,000
Total Scholarship Funding to date	\$54,915,227

**Exceeded initial target to date by: \$14,915,227**

### FUNDS RAISED TO DATE

Government scholarship funds received	\$22,000,000
Investment income in government scholarship fund	\$2,494,166
Non-government contributions to scholarship fund received	\$14,621,891
Investment income in non-government scholarship fund	\$1,079,403
Investment income in operating account	\$578,089
Fee for Service Income	\$1,543,178
Pledged contributions	\$14,719,768

**Total funds raised to date \$57,036,494**

**Total equivalent expenditure to date from Scholarship Funding (2007-2013) \$1,453,077**

The AIEF financial results provide additional compelling evidence of how a private sector led, non-profit initiative with an efficient and scalable model, with hard-headed business discipline and with leading implementation capability can make a strong impact in this vital work.

AIEF provides evidence that the private sector has an appetite to invest in strategies to help Close the Gap and to invest in a joint venture with the public sector that is efficient, effective, proven and low-cost, where the venture has detailed and transparent public reporting and is regulated through the same corporate governance regime under ASIC that applies to public companies.

### CAPITAL RAISING

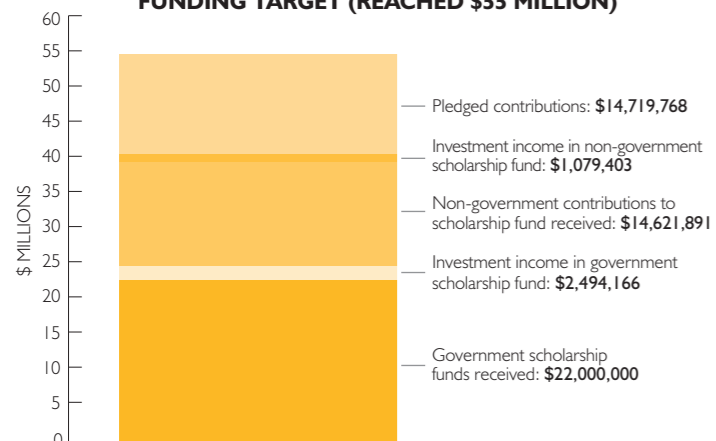
Under the contract AIEF entered into with the Australian Government in 2009, the Australian Government committed to investing \$20 million over three years and this was subsequently increased to \$22 million in 2012. AIEF committed to using its best endeavours to match this with an additional \$22 million over a period of 20 years, with an undertaking to raise \$5 million in the first five years. AIEF took this commitment seriously, and as at the end of March 2013, less than four years since signing the contract with the Australian Government, AIEF has raised \$11 million more than its \$22 million 20-year target, with cumulative cash and pledges standing at \$55 million to substantially surpass the \$44 million milestone. This is in addition to another \$2 million raised in fees and other income making a cumulative total of \$57 million.

That is, instead of raising \$22 million in a period of 20 years as originally planned, AIEF has raised \$57 million in four years.



This success has significantly exceeded our projections. This means more Indigenous students will be able to receive AIEF scholarships, because as the AIEF Scholarship Fund grows, AIEF partners with more leading schools and universities and offers more scholarship places.

#### OUTPERFORMANCE ON AIEF'S \$44 MILLION SCHOLARSHIP FUNDING TARGET (REACHED \$55 MILLION)



In accordance with accounting and audit advice, only the actual receipts are included in the statutory accounts and the pledges are booked as and when they are received. Pledges are shown here for completeness.

AIEF is indebted to its visionary and committed partners for supporting its work. AIEF is supported by more than 1,200 financial supporters as well as hundreds of program partners and volunteers and dozens of pro-bono and in-kind supporters. Our model of engaged collaboration is built on best practice partnership principles and this collaborative approach in AIEF's work is a cornerstone of its success.

#### INVESTMENTS

AIEF is pleased to have delivered a strong investment performance in its investment portfolio by proceeding with caution and diligence in a defensive portfolio predominantly in cash, to deliver an investment performance of 5.44% in 2012. This result is pleasing against the backdrop of 2012 continuing to be a difficult year in the financial markets with a high degree of uncertainty. Total investment returns over the last four years amount to over \$4.1 million.

AIEF believes that its investment function is to protect and preserve the money contributed to its programs and to be prudent, conservative and diligent with investments so that it can apply the funds for the purpose they were contributed – the education of more Indigenous students through a sustainable, long-term program.

In 2012, AIEF therefore continued to adopt a defensive, cautious and conservative investment strategy focused on stability, predictability and certainty. The majority of its portfolio was held in cash and term deposits with major licensed Australian banks, apart from a small allocation in a multi-manager fund. During the year AIEF invested \$2 million of its capital in a multi-manager fund to provide some growth and diversity in its investment portfolio, and this fund has performed well.

In addition to its investment portfolio, some listed equities have been donated in-specie to AIEF to hold for dividend income. Those equities fall outside AIEF's investment portfolio since AIEF is directed to retain those shares to generate ongoing dividend income in accordance with the wishes of the donor and AIEF did not pay any consideration for these shares. These shares declined in value in 2012 and the impairment is booked as an expense based on audit requirements even though this impairment is not a cash or realised expense and is only an unrealised book value.

The overall investment returns on AIEF's investment portfolio are expressed as approximately 5.44% because the capital invested changes daily as more donations are received and consequently, the overall investment returns would need to be weighted for average daily balances and returns throughout the year.

AIEF has a professional and experienced Investment Committee chaired by AIEF Director Rob Coombe, former CEO of Westpac Retail and Business Banking and former CEO of Bankers Trust and also including Greg Cooper, CEO of Schroder Investment Management Australia Ltd, asset allocation expert John Schaffer, Tenix and AIEF Treasurer and Director Michael Lindsay and AIEF's Chief Executive and former investment banker Andrew Penfold. The AIEF Investment Committee maintains discussions and market monitoring to ensure the investments are appropriate for the AIEF business model and objectives.

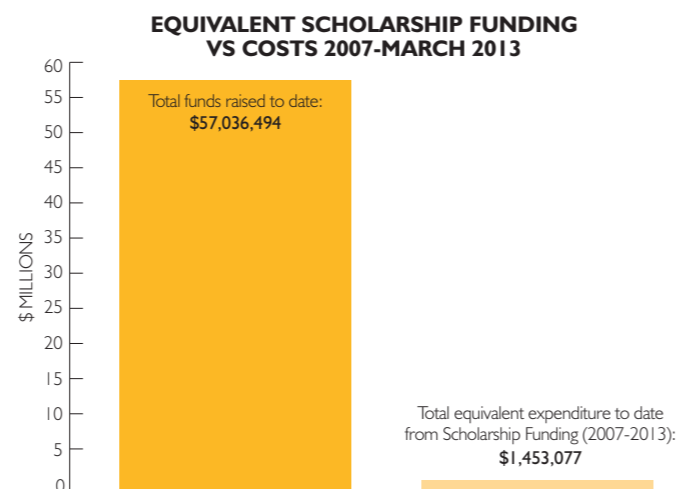
#### COSTS

AIEF's low cost base continues to set a benchmark across the non-profit sector, with AIEF having spent an amount equivalent to only 2.6% of its Scholarship Funding on total costs to date after other income generated by AIEF for costs is taken into account.

AIEF generates income to meet its total operating costs from a number of sources including a proportion of scholarship donations, administrative and other fees for services, contributions made specifically for capacity costs and investment income in the AIEF operating account. If we look at the total income generated by AIEF for operating costs (i.e. all costs other than scholarship distributions) from all sources other than scholarship contributions, it leaves only \$1.4 million of the total AIEF costs in its entire history from 2007 until 31 March 2013 that would not have been met from such additional sources, and we refer to this as the 'Total equivalent expenditure to date from Scholarship Funding (2007-2013)', which equates to only 2.6% of total Scholarship Funding in its entire history.

The total costs we refer to are not 'fundraising expenses' – they represent the entire cumulative total that AIEF has spent since it was established, including all staff, premises, regulatory and operational costs involved in establishment, incorporation, rollout, delivery and expansion of its business as well as fundraising, investment management, reporting, acquittals and compliance.

This is shown below in the chart.



#### ACCOUNTS

Under the legal, regulatory, tax and contractual framework AIEF operates within, AIEF is required to keep various separate books of accounts and segregation of funds (for example segregation of government and non-government funds) for accounting, investment, distribution and treasury functions. AIEF's statutory accounts comply with all such requirements in full and are always filed within the required legal and regulatory timeframes.

For the purposes of this Annual Report, AIEF has summarised its statutory accounts into two convenient components as follows:

1. the **AIEF Scholarship Program**, which contains details of all income, expenditure, assets and liabilities relating to that program from both government and non-government sources; and separately,
2. the **AIEF Corporate Account** comprising the financial statements for AIEF's operating accounts where all operating income and expenses are captured.

#### AIEF SCHOLARSHIP PROGRAM

AIEF SCHOLARSHIP PROGRAM Statement of Income and Expenses for Year Ending 31 March 2013	
<b>Income</b>	
Government Funding for Scholarships	\$2,000,000
Non-Government Funding for Scholarships	\$4,528,507
Non-Government Capacity Donations	\$391,941
Net Investment Earnings	\$1,157,146
<b>Total Income</b>	<b>\$8,077,594</b>
<b>Expenditure</b>	
Donations for Costs to AIEF	\$391,941
Transfer to Operating Costs Reserve	\$2,229,195
<b>Total Expenditure</b>	<b>\$2,621,135</b>
<b>Operating Surplus</b>	<b>\$5,456,459</b>
<b>Distributions</b>	
School Scholarship Distributions	\$3,366,652
University Scholarship Distributions	\$408,669
Total Scholarship Distributions	\$3,775,321
<b>Surplus</b>	<b>\$1,681,137</b>

In 2012, AIEF received an additional \$8 million in cash into the AIEF Scholarship Program. This included an additional instalment (\$2 million) from the Australian Government (in addition to the \$20 million received in previous years), \$4.9 million in non-government contributions for scholarships and capacity, and \$1.1 million in investment income on both government and non-government scholarship contributions. AIEF's Scholarship Program produced an Operating Surplus of \$5.4 million for the year.

The business model for the AIEF Scholarship Program anticipates that the number of scholarships offered by AIEF each year increases as its funding base increases, with scholarship places offered on an ongoing basis so that scholarship funding is provided to schools on a long-term, sustainable basis. This creates a scholarship fund which will be invested and distributed for Indigenous scholarships over a 20-year period.

When funding is received for the AIEF Scholarship Program, 15% of all income is allocated to the AIEF Corporate Account to contribute to operating costs over the full 20-year business plan period, with the investment earnings including the 15% net contribution from those earnings in the Scholarship Program accounts. AIEF also transferred \$1.1 million to its operating cost reserve pursuant to an agreement with the Commonwealth.

AIEF's operating income is supplemented by income generated from other activities undertaken by AIEF to ensure AIEF can continue to operate on a sustainable basis over the 20-year business plan period. This other income is shown in the AIEF Corporate Account as 'Fee for Service Income'.

Whilst scholarship funds are being raised, AIEF is also distributing scholarship funds each year. In 2012, AIEF distributed a total of \$3.7 million in scholarship distributions for 294 Indigenous students (266 school students (184 in 2011) and 28 university students (25 in 2011)), making an average scholarship distribution of approximately \$12,800 per scholarship.

<b>AIEF SCHOLARSHIP PROGRAM</b>	
<b>Balance Sheet as at 31 March 2013</b>	
<b>Scholarship Funds</b>	
Retained Earnings as at 31 March 2012	\$22,556,707
Accumulated Surplus	\$1,681,137
<b>Total Equity</b>	<b>\$24,237,844</b>
<b>Represented by:</b>	
Bank and Term Deposits	\$20,735,190
Equities Donated in-Kind	\$394,000
Trade Debtors	\$10,962
Franking Credit Receivable	\$1,714
Interest Receivable	\$665,405
Scholarship Fund Balanced Investments	\$2,215,573
Donations Receivable	\$215,000
<b>Total Assets</b>	<b>\$24,237,844</b>
Current Liabilities	\$0
<b>Total Liabilities</b>	<b>\$0</b>
<b>Net Assets</b>	<b>\$24,237,844</b>

The AIEF Scholarship Program had retained earnings of \$22.5 million at the end of its previous financial year and a surplus of \$1.7 million up to the end of March 2013 after distributions for scholarships and costs. This resulted in a closing balance of \$24.2 million on the balance sheet of the Scholarship Program as at 31 March 2013. This strong balance sheet position enables AIEF to underwrite and fund scholarships on an ongoing basis to provide long-term certainty and sustainability.

The figure for net assets shown above is in addition to the \$14.7 million in pledges already committed to AIEF as at 31 March 2013 but not shown in AIEF's official accounts until the time of receipt.

#### **AIEF CORPORATE ACCOUNT**

The AIEF Corporate Account is the operational limb of the AIEF financial statements. For simplicity and transparency, all operating income and operating expenditure is accounted for in the AIEF Corporate Account.

In the last year to 31 March 2013, AIEF's operating costs amounted to \$1.67 million. However, AIEF also received specific funding and fees of more than \$1 million to meet specific costs so the net draw for AIEF's costs in the year ending 31 March 2013 was only \$633,619.

<b>AIEF CORPORATE ACCOUNT</b>	
<b>Statement of Income and Expenses for the Year Ending 31 March 2013</b>	
<b>Income</b>	
Capacity Donations	\$391,941
Costs Contribution from Funds for Operating Reserve	\$2,229,195
Fee for Service Income	\$645,007
Investment Earnings in Operating Account	\$112,821
<b>Total Income</b>	<b>\$3,378,964</b>
<b>Expenditure</b>	
Bank Expenses	\$4,293
Staffing Costs	\$1,059,542
Office and Operating Expenses	\$502,151
Depreciation	\$11,772
Insurance	\$6,268
Accounting, Legal and Consulting	\$86,542
Interest Expense	\$0
<b>Total Expenditure</b>	<b>\$1,670,567</b>
<b>Surplus</b>	<b>\$1,708,397</b>

All capacity donations to AIEF are routed to this operating account in addition to the cost contributions from the AIEF Scholarship Program described above, and all expenditure is routed through this operating account. This provides a centralised and segregated clearing house for all operational income and expenditure to ensure greater transparency and simplicity.

As the table shows, AIEF has incurred total operating expenditure of \$1.67 million for the year to 31 March 2013, against operating income of \$3.3 million. This produced an operating surplus of \$1.7 million, which contributes to an operating cost reserve of \$4.9 million as shown on the balance sheet below.

AIEF's 20-year business plan has operating income 'front loaded' into the first few years (during the funding phase) which then provides a sustainable capital base reserve for future operating costs during the long-term roll-out of the AIEF Scholarship Program over the remainder of the 20-year period (the distribution phase). This operating reserve provides a similar sustainability for AIEF to continue managing the AIEF Scholarship Program so both AIEF and its educational partners have certainty and financial security that AIEF is here for the long haul to see through its work.

<b>AIEF CORPORATE ACCOUNT</b>	
<b>Balance Sheet as at 31 March 2013</b>	
<b>Operational Funds</b>	
Retained Earnings as at 31 March 2012	\$3,289,560
Accumulated Surplus	\$1,708,397
<b>Total Equity</b>	<b>\$4,997,957</b>
<b>Represented by:</b>	
Bank and Term Deposits	\$4,722,196
Trade Debtors	\$146,836
Interest Receivable	\$127,274
Petty Cash	\$265
Other Assets	\$30,800.00
Plant and Equipment less Accumulated Depreciation	\$38,833
<b>Total Assets</b>	<b>\$5,066,205</b>
<b>Current Liabilities</b>	
GST Liabilities	-\$12,126
FBT and PAYG payable	\$27,869
Other Employer costs payable	\$52,505
<b>Total Liabilities</b>	<b>\$68,248</b>
<b>Net Assets</b>	<b>\$4,997,957</b>

#### **AUDIT**

The full financial reports for AIEF for the year from 1 April 2012 to 31 March 2013 have been filed on time with ASIC in accordance with the requirements of the Corporations Act 2001. The financial statements have been prepared in accordance with the Australian Equivalent of International Financial Reporting Standards and audited by BDO (the same auditor as last year following a corporate restructuring and name change from PKF Australia) in accordance with Australian Auditing Standards.



## AIEF'S COLLABORATIVE PARTNERSHIPS

Collaborative partnerships are the touchstone of AIEF's success. AIEF is proud to partner with leading companies and foundations, setting the benchmark in engaged philanthropy. These are our major partners:



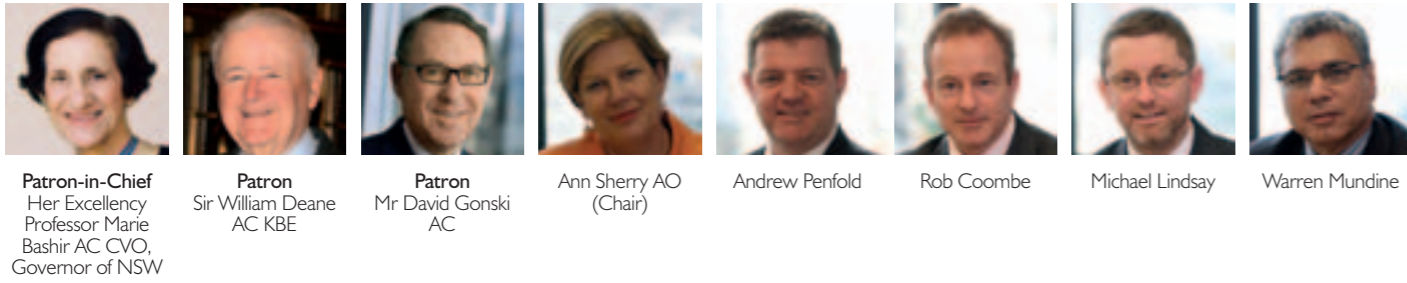
Australian Government



THE BILL & PATRICIA RITCHIE FOUNDATION

# GOVERNANCE AND PEOPLE

## PATRONS



**Patron-in-Chief**  
 Her Excellency Professor Marie Bashir AC CVO, Governor of NSW  
**Patron**  
 Sir William Deane AC KBE  
**Patron**  
 Mr David Gonski AC  
 Ann Sherry AO (Chair)  
 Andrew Penfold  
 Rob Coombe  
 Michael Lindsay  
 Warren Mundine

## BOARD OF DIRECTORS

## AMBASSADORS

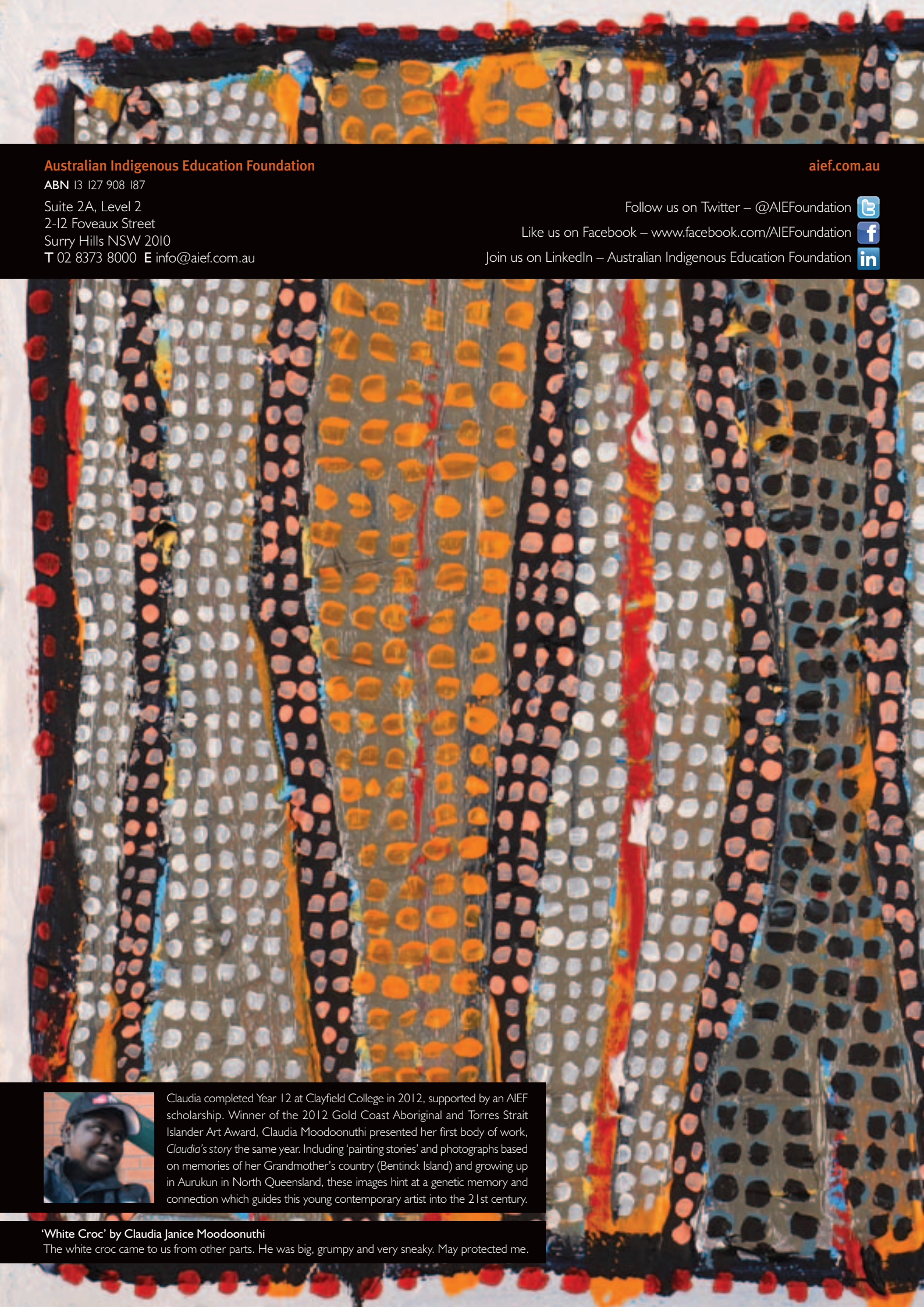


Janet Albrechtsen  
 Mark Arbib  
 Stephanie Brantz  
 Jennifer Byrne  
 Liz Cacciottolo  
 Kerry Chikarovski  
 Brett Clegg  
 Greg Cooper  
 Bruce Corlett AM  
 Patricia Cross  
 Charles Curran AC  
 Geoff Dixon  
 Tom Drake-Brockman  
 John Eales AM  
 Dr Peter Farrell AM  
 Andrew Forrest  
 Nicola Forrest  
 Adriana Gardos  
 Danny Gilbert AM  
 Caroline Gurney  
 Steve Harker  
 John Hartigan  
 Matthew Hayden AM  
 Janie Hicks  
 Alan Joyce  
 Tristan Landers  
 Peter Mason AM  
 David Mortimer AO  
 David Murray AO  
 Ian Narev  
 Ralph Norris  
 John O'Sullivan  
 James Paterson  
 Guy Reynolds AM  
 Aden Ridgeway  
 Michael Rose  
 John Schaffer  
 Nora Scheinkestel  
 Professor Julianne Schultz AM  
 Jillian Segal AM  
 Mary Shaw  
 Geoff Walsh AO  
 Dr Nikki Williams  
 Geoff Wilson  
 Frank Zipfinger



AIEF's work and the production of this report have been supported by pro-bono work from:






**Australian Indigenous Education Foundation**

ABN 13 127 908 187

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Like us on Facebook – [www.facebook.com/AIEFoundation](https://www.facebook.com/AIEFoundation) 

Join us on LinkedIn – Australian Indigenous Education Foundation 



Claudia completed Year 12 at Clayfield College in 2012, supported by an AIEF scholarship. Winner of the 2012 Gold Coast Aboriginal and Torres Strait Islander Art Award, Claudia Moodoonuthi presented her first body of work, *Claudia's story* the same year. Including 'painting stories' and photographs based on memories of her Grandmother's country (Bentinck Island) and growing up in Aurukun in North Queensland, these images hint at a genetic memory and connection which guides this young contemporary artist into the 21st century.

**'White Croc' by Claudia Janice Moodoonuthi**

The white croc came to us from other parts. He was big, grumpy and very sneaky. May protected me.