

ANNUAL 2014 REPORT





# AIEF IS IN THE BUSINESS OF NATION CHANGING



In 2014 *The Australian* celebrated 50 years in print with 50 days of special features about the people and events that have shaped our nation. The newspaper kicked off the countdown in May with a special edition featuring a new AIEF campaign declaring 'AIEF is in the business of nation changing'.

Over several months, the campaign gave leading Australians the opportunity to express their support for AIEF's mission and ask readers to consider the potential of the 7,000 children AIEF aims to support by 2028.

Just as an education can change a life, a life can change our nation. In the words of 2014 Australian of the Year Adam Goodes: "Getting an education gave me and my family opportunities in life to become whatever we wanted to be. It set me up for a successful career both on and off the sporting field and I am passionate about making sure Aboriginal boys and girls around Australia have the same experience. I support AIEF because by opening doors to leading schools and universities, they're empowering thousands of Aboriginal kids to pursue their dreams".



# A Message from our Patrons



PATRON-IN-CHIEF

## His Excellency General The Honourable Sir Peter Cosgrove

AK MC (Retd) Governor-General of  
The Commonwealth Of Australia



## Professor The Honourable Dame Marie Bashir

AD CVO



## Mr David Gonski

AC

Education is a gift with endless potential; it can enrich, empower and transform lives, address injustice and promote understanding. As Patron-in-Chief of the Australian Indigenous Education Foundation, I commend the Foundation's absolute determination to harness the power of education to open up new opportunities for Indigenous students and to encourage them to pursue productive and fulfilling lives and, in the process contribute to a better Australia. The gift of education truly benefits those who receive it, but it also returns much to those who give it. The scholarships and career support detailed in this 2014 Annual Report are making a difference to the lives not only of Indigenous students, but to their families and communities, and indeed to all Australians.

Research indicates that one of the driving forces of Australian prosperity over the past few decades has been the huge improvement in the educational attainment of young Australians. Ensuring that no one is denied this opportunity, and that young Indigenous Australians in particular are given the opportunity to fulfil their potential, is of great importance for our nation. In 2014, AIEF continued to encourage, enhance and expand educational opportunities for Indigenous children and I would like to congratulate most warmly this splendid organisation, its scholarship students, and their schools and families on another year of outstanding achievements.

I have seen personally the difference a good education can make in my own family's history and also the effect of such in the wider community. This is why I believe so strongly in the work of AIEF, an organisation which is dedicated to bringing great education opportunities within the reach of talented young indigenous Australians. It is impressive to note that AIEF has already had wonderfully positive effects in improving the lives of hundreds of young people. In 2014 it supported a greater number of students than ever before and I have no doubt that with our help, it will achieve even more.





Image: The Australian/Lyndon Mechielsen



## Welcome from the Chair

Warren Mundine

### Last year I was proud to stand under the banner 'AIEF is in the business of nation changing'.

It was my privilege to do so alongside 17 business and community leaders as part of AIEF's campaign as the official charity partner for the 50th anniversary of *The Australian*.

I said – and I believe – that AIEF's work is vital because going to school and getting a quality education is the first, essential step toward a successful and fulfilling life.

There is no question that the issues around the wellbeing of Indigenous people in Australia are complex and interconnected. Addressing them can seem like trying to find the way out of a labyrinth.

Over the past seven years I have seen AIEF respond to these challenges and succeed where so many other organisations and governments have failed by starting small and building on success.

This approach, coupled with a commitment to measurable outcomes and efficiency, has seen AIEF

grow from one scholarship student in 2008 to almost 500 students in 2014, backed by \$90 million in funding, strong partnerships with the public and private sectors and success rates that continue to set the bar.

In 2013 AIEF committed to raise a total of \$140 million to help educate 7,000 Indigenous students over a 20 year period. As I write these words, AIEF is more than two thirds of the way to its funding target and undoubtedly in the business of nation changing.

I would like to thank my fellow Directors and AIEF's network of supporters, Ambassadors, and Partner Schools and Colleges for their dedication to this nation changing work.

A handwritten signature in black ink, appearing to be 'W. Mundine', written in a cursive style.

“ AIEF is like a guardian angel – always there for me, checking up on me and making sure I'm OK.

*Connor, AIEF-BHP Billiton Scholarship Student*





Image: The Australian/Sam Wooy



## 2014 Overview

Andrew Penfold AM, Executive Director

### In 2014 AIEF was proud to support the first student to complete both her secondary and tertiary education on an AIEF Scholarship, Lowanna Moran.

When I first met Lowanna, who shares her story on page 11 of this report, she was one of only 43 AIEF Scholarship Students from 26 communities in NSW and QLD.

Last year she was one of 469 scholarship students from over 230 communities in every state and territory in Australia, and one of 230 secondary and tertiary graduates to date.

At AIEF we often talk about the ‘ripple effect’ – the effect that one AIEF Scholarship Student can have within their family and community. Over the past seven years I have seen this effect inspire countless siblings and friends to pursue their education, complete Year 12 and make a successful transition to further study and careers.

In our eighth year we are receiving more and more enquires from students and families who have read about us in the newspaper, online and on social media. In this way, what once passed between cousins and siblings now travels by media and word of mouth across Australia.

Lowanna’s achievement is a testament to her talent and commitment. The milestone it represents for AIEF shows us that, before long, the ripple will become a wave. In 2014 we continued to develop our programs to provide more effective support to our growing numbers of scholarship students and alumni. Our Pathways team doubled to accommodate a near doubling in the number of alumni supported by the AIEF Transition Support Program and mentors and students taking part in the AIEF Mentor Program.

Looking ahead, we remain committed to delivering quality outcomes for our scholarship students, which

means operating according to evidence based policy and keeping retention and Year 12 completion rates, and the rate at which graduates participating in the program transition into further studies or employment, above 90%.

We hope the release of the *AIEF Compendium of best practice for achieving successful outcomes with Indigenous students in Australian boarding schools* – a ground-breaking book published alongside this report with the support of AIEF Corporate Partner HSBC – will equip all Australian boarding schools to deliver similar outcomes for their Indigenous students.

Our uncompromising focus on results continues to draw support from the private sector, in addition to the support we receive from the Federal Government.

Collaborative partnerships with leading Australian companies allow us to tap in to what’s best within the private sector to create even more opportunities for our scholarship students. These partnerships saw AIEF’s funding rise to \$90 million in 2014, and we are determined to raise a total of \$140 million to empower 7,000 Indigenous children to access quality education and career opportunities.

I encourage you to read Lowanna’s story and consider the potential of just one educated and empowered Aboriginal woman to shape Australia’s future. When you multiply that potential by 7,000, it’s not hard to see how AIEF Scholarship Students will contribute to changing our nation.

A handwritten signature in black ink, appearing to read 'Andrew Penfold'.





469



**AIEF SCHOLARSHIP STUDENTS** attended leading schools and universities across Australia in 2014

School students achieved a

**92%** **RETENTION AND YEAR 12 COMPLETION RATE**



Tertiary students achieved a **RETENTION AND COMPLETION RATE OF**



The AIEF Scholarship Program has supported

**230**

**SECONDARY & TERTIARY GRADUATES SINCE 2008**



# AIEF Scholarship Program

**In 2014 students supported by the AIEF Scholarship Program achieved a 92% retention and Year 12 completion rate as the program grew to support more students at more schools, colleges and universities than ever before.**

The rate of retention and completion among tertiary scholarship students was higher still, with 97% of students continuing or completing their university studies during the year.

Student numbers rose to 469 in 2014, including 410 secondary and 59 tertiary students attending 37 Educational Partners and 12 universities across Australia. Graphs 1 and 2 chart the growth of the program over the past seven years.

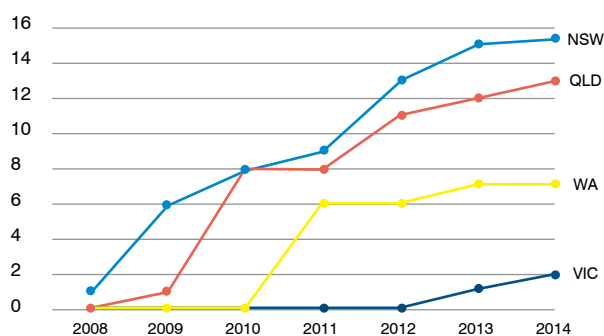
AIEF continued to expand its network of Educational Partners in 2014 to meet growing demand for scholarship places and has since forged partnerships with St Monica's College, Cairns and Ipswich Girls' Grammar School that will create opportunities for more female students from 2015. AIEF also increased its reach in 2014, supporting students from a record 233

communities in every state and territory of Australia, with 38% of students coming from remote and very remote communities, 46% from rural and regional communities and 16% from metropolitan communities.

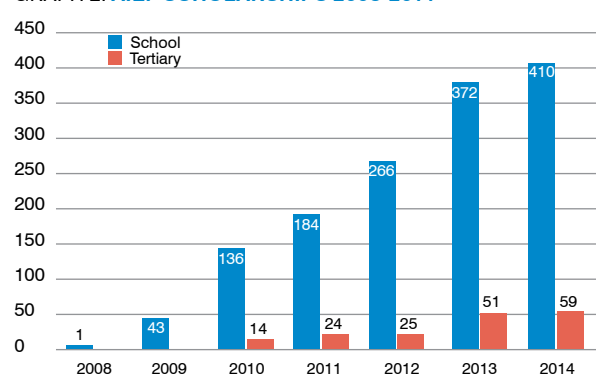
The growth and success of the AIEF Scholarship Program in 2014 reflects the expertise and commitment of AIEF's Educational Partners and we continue to develop our Scholarship and Pathways Programs in consultation with schools.

A recurring theme of schools' feedback has been the substantial and largely unmet demand for scholarship places for Indigenous day students, so it was with great excitement that AIEF commenced a partnership with the Goodes O'Loughlin (GO) Foundation and awarded the first 11 scholarships for Indigenous day students in December 2014.

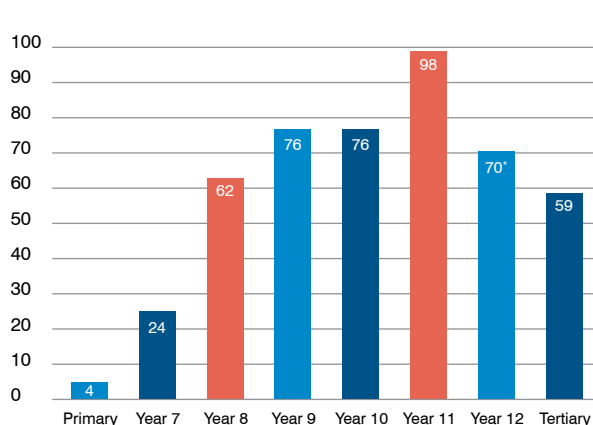
GRAPH 1: AIEF'S EDUCATIONAL PARTNERS



GRAPH 2: AIEF SCHOLARSHIPS 2008-2014

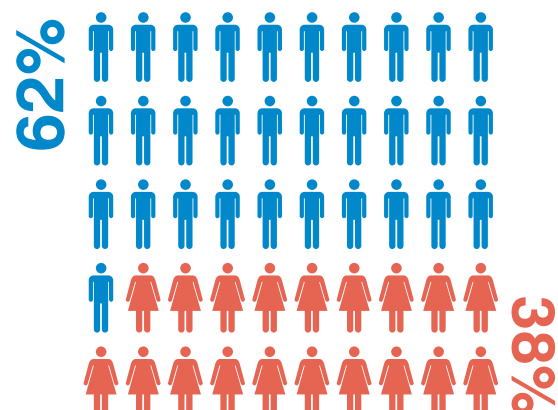


GRAPH 4: AIEF SCHOLARSHIP STUDENTS BY GRADE 2014



\*Includes two students completing Year 12 over two years, set to graduate in 2015.

GRAPH 3: AIEF SCHOLARSHIP STUDENTS BY GENDER 2014





The scholarship, which provides mentoring and career support through the AIEF Pathways Program in addition to financial assistance, is currently offered at four AIEF Partner Schools in Sydney with records of success in supporting Indigenous students: Loreto Normanhurst, Knox Grammar School, St Gregory's College Campbelltown and Pymble Ladies' College.

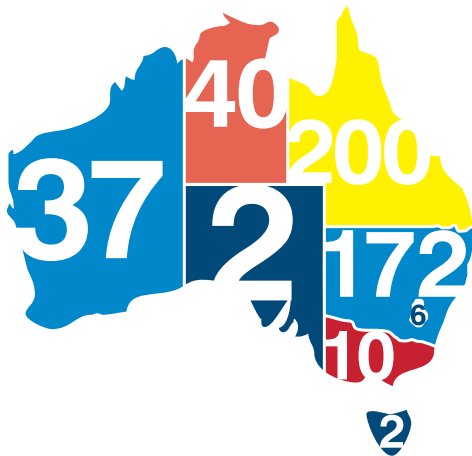
AIEF also awarded seven AIEF-BHP Billiton Tertiary Scholarships to outstanding students studying engineering and other mining-related degrees in 2014, bringing the total number of students supported by the scholarship to 11. Inaugural AIEF-BHP Billiton Tertiary Scholar Tim Hill successfully applied to the prestigious BHP Billiton Graduate Program – starting work at the Jimblebar mine in WA's Pilbara region in 2015 after completing a combined Bachelor of Engineering and Bachelor of Commerce in November 2014 – and two scholars were accepted to the BHP Billiton Undergraduate Program, which Tim completed in 2013.

Looking ahead, AIEF remains focused on increasing its footprint in VIC and WA and also has plans to expand into SA, where AIEF aims to offer a small number of scholarship places from 2015. This targeted approach has resulted in steady, sustainable growth in student numbers and the number of AIEF Scholarship places offered by our Educational Partners to date.

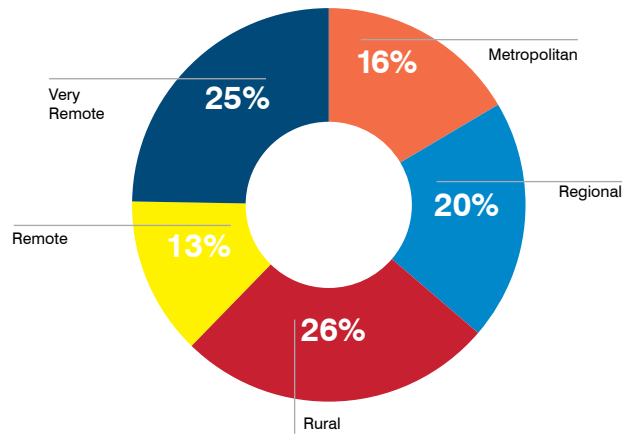
The AIEF Scholarship Program is driven by the hard-work and enthusiasm of our partners and our success would not be possible without the passion and commitment they dedicate to the education and pastoral care of each individual AIEF Scholarship Student, as well as the essential administrative support they provide.

The achievements of the AIEF Scholarship Program in 2014 reflect the achievements of our Educational Partners, and we would like to thank and acknowledge them for ensuring AIEF's continued success.

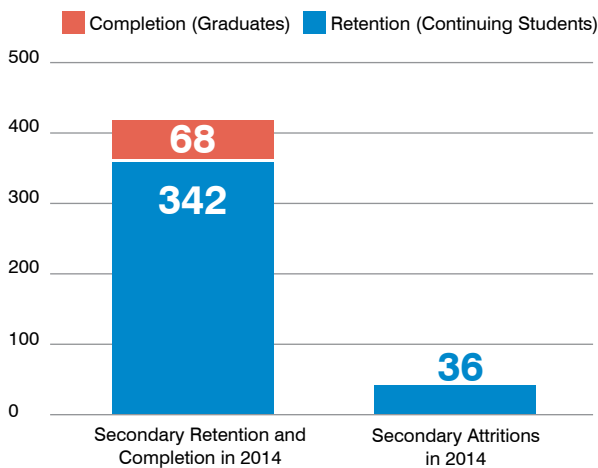
GRAPH 5: AIEF SCHOLARSHIP STUDENTS BY STATE 2014



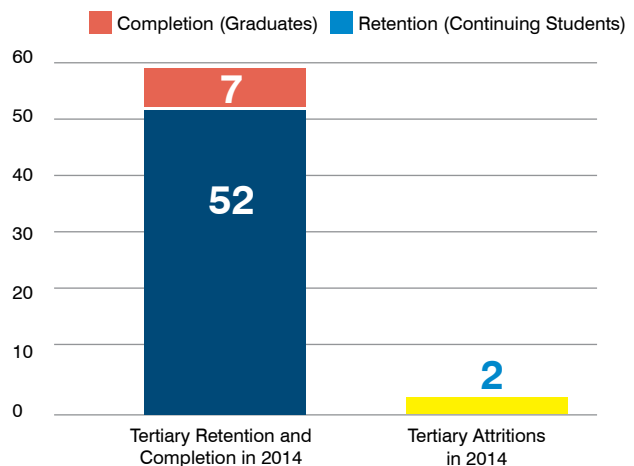
GRAPH 6: AIEF SCHOLARSHIP STUDENTS BY REMOTENESS 2014



GRAPH 7: SCHOOL RETENTION AND YEAR 12 COMPLETION RATE 2014



GRAPH 8: TERTIARY RETENTION & COMPLETION RATE 2014



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





AIEF Scholarship Student Kyle meets his mentor, Richard Hanna from Commonwealth Bank, February 2014



AIEF Scholarship Students train alongside the Qantas Wallabies at the HSBC Rugby Festival in Brisbane, June 2014



Geoff Lloyd and Nathan Jacobson from Perpetual with Andrew Penfold and Michelle Penfold at the Garma Festival, August 2014



Mentors and students meet and network over a football match at the MCG thanks to Swire, May 2014



Adam Goodes and Michael O'Loughlin announce the AIEF-GO Foundation Scholarship, May 2014



"My Mentor is an extra person outside of school who I can talk to about home, school and other issues." – AIEF Scholarship Student Madeleine on her mentor, Nicole Buckeridge from CLSA



Catherine Freeman OAM inspires the Class of 2014 at the AIEF Work Readiness Workshop, May 2014



AIEF-BHP Billiton Tertiary Scholarship graduate and BHP Billiton Graduate Mining Engineer Tim Hill at the Jimblebar iron ore mine in the Pilbara, WA, April 2015



AIEF Alumni and their mentors mark three years in the AIEF Mentor Program at the Cricket World Cup in Sydney thanks to SAP, March 2015



"My understanding of Indigenous cultures has deepened in the loveliest way, and I'm really proud to work for a company that's part of this program." – AIEF Mentor Caroline Watson from Qantas on her student Myah





Image: Hollie Adams

# Lowanna Moran, 22

## Bachelor of Fine Arts/Bachelor of Education (Secondary) 2014, The University of New South Wales

Year 12 2010, St Catherine's School, Waverley

From Angledool (Mudawarri) and Walgett (Gamilaroi),  
raised in Sydney, NSW

In 2014 Lowanna Moran became the first Indigenous student to complete both Year 12 and tertiary study with AIEF Scholarship support.

After graduating from St Catherine's School, Waverley in 2010, Lowanna began studying a combined Bachelor of Fine Arts/Bachelor of Education (Secondary) at the University of New South Wales on an AIEF-Shalom Gamarada Scholarship.

The passion that drove her to pursue her own education at boarding school continues to inspire her in her first teaching role at a public secondary school in western Sydney.

"I wanted to become a teacher because I wanted to have an ability to enhance the lives of other people and I thought the best way to do that would be through education."

As an art teacher working with a lower socio-economic status (SES) cohort including students from diverse cultural backgrounds with different learning abilities, Lowanna is fulfilling a long-held dream.

"The whole point of providing someone with an opportunity to obtain an education is to help them to further their lives and better their future. When you work with students from a low SES background, you can make greater difference. It is also very rewarding to be in a position where you can support young people, because they are Australia's future."

"I'm not working on a specific Indigenous program but teaching gives me the opportunity to be a leader for young Indigenous people on a daily basis. My Indigenous students identify with me immediately. I'm not just a teacher to them, I'm an example to them – showing them that they can achieve anything they put their minds to."

Looking ahead, Lowanna is determined to become a leader in a position that will give her the opportunity to ensure better outcomes for a greater number of disadvantaged students.

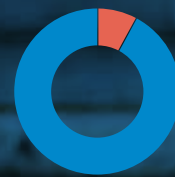
"AIEF did more than fund my scholarship – they provided me with ongoing support. AIEF kept in contact with me all through school and university and they're still in touch with me now. Having more than just financial support makes a big difference, especially when circumstances become tough."

"Right now, I love what I'm doing, but in the future I would like to pursue an honours in education and obtain the training I need to progress into a head teacher role and hopefully, one day, a deputy or principal position. Eventually, I'd like to be in a role where I can design and implement programs that will support kids who come from disadvantage to succeed in a whole range of different ways. I'd like to be the person who builds the framework that enables students from disadvantage to succeed."





Image: Will Robertson



**93%**

**OF AIEF ALUMNI**

were productively engaged in further studies, employment or other pursuits in 2014



The AIEF Pathways Program supported

**476** STUDENTS INCLUDING  
68 YEAR 12 AND 7  
TERTIARY GRADUATES



**180** VOLUNTEERS FROM  
AIEF CORPORATE  
PARTNERS

were personally engaged with AIEF

# AIEF Pathways Program

**In 2014, AIEF integrated and extended its core Pathways programs to provide a more effective support network for AIEF Scholarship Students and Alumni.**

These core programs – the AIEF Mentor Program and the AIEF Transition Support Program – were established in 2010 to meet demand for mentoring and career support from AIEF Partner Schools.

Until 2013, these programs provided mentors for students from Year 10 and one-on-one transition support to students from Year 12.

In 2014, AIEF extended transition support to Year 11 and tertiary scholarship students and invited students' mentors to attend and contribute to career sessions and events, such as the Year 12 graduation lunch.

In conjunction with overall growth in student numbers, these changes saw the number of students and alumni participating in the AIEF Pathways Program rise from 206 in 2013 to 476 in 2014.

AIEF employed four new full time staff to accommodate this growth and created new tertiary and employment support roles to provide specialised assistance to tertiary scholarship students and alumni pursuing further study or employment.

Transition Support Team (TST) members facilitated regular career sessions with 176 Year 11 and Year 12 students and supported 68 Year 12 graduates, including 15 students who were the first person in their family to finish Year 12.

TST was also proud to support 59 tertiary scholarship students including seven who completed undergraduate degrees in medicine, law, education and engineering in 2014, AIEF's largest number of tertiary graduates to date.

Our 75 2014 graduates bring the total number of secondary and tertiary graduates to date to 230. During the year, 93% of alumni participating in the program were productively engaged in further studies, employment and other pursuits, with 30% living, working and/or studying in their home community. AIEF's growing network of alumni made a significant contribution to the Pathways Program in 2014: volunteering at AIEF events, providing feedback on Pathways activities, and engaging with one another at AIEF's new, biannual Alumni Connect events.

AIEF continued to develop the AIEF Alumni Mentor Program, which provides support and resources for mentor-student pairs continuing after graduation. All 21 Year 12 students participating in the AIEF Mentor Program in 2014 confirmed that they would continue their mentoring relationships after school – a first for the program and a sign of the strength of its matching and ongoing support processes.

The AIEF Mentor Program supported 137 mentor-student pairs in 2014, including 55 new pairs, and experienced, professional volunteer mentors from AIEF's Corporate Partners remained the backbone of the program. The integration of mentoring and transition support enabled TST to draw on mentors' wealth of professional knowledge and experience to help students define their aspirations and prepare to make a successful transition from school to further studies or employment, productive careers and fulfilling lives.



Giselle supports me and has an ear to my problems, she gives good advice.

I enjoy spending time with her and it's good to have another friend to laugh with.

*AIEF Scholarship Student Cathy on her mentor, Giselle Kilvert from Allens*





## Lesley, 17

### Year 11 2014, La Salle College From Bellary Springs, WA

In 2013 Lesley made the 1,500km journey from Bellary Springs to Perth to begin boarding at La Salle College on a AIEF-BHP Billiton Scholarship.

When he left his home in WA's remote Pilbara region, Lesley's goal was to stay at school and complete Year 12. A few months later he joined the AIEF Mentor Program and he says the time he's spent with his mentor Ed Still has inspired him to set more goals and plan for the future.

"He helped me start thinking about my life and career after school, as well as school – where I would be working and where I'd be living."

Lesley ended Year 11 with the ambition of becoming a mechanic, and will undertake a traineeship and a TAFE course in addition to his studies during his final year of secondary school in 2015.

His mentor Ed, a Specialist Surveyor with BHP Billiton, has worked in Aboriginal communities across WA and currently makes the same 1,500km journey every fortnight to work on sites across the Pilbara. Ed says his experiences mentoring young people in communities across Australia and overseas inspired him to become an AIEF Mentor, and his reasons for joining proved to be very important to Lesley.

"When I met Les at the start of the program I was impressed by his maturity and the questions he asked. He wanted to understand why I wanted to be his mentor.

I told him about my experience mentoring and I think that put his mind at ease."

Ed says he focused on getting to know Lesley at first, and that he sees himself as a supporter rather than an advisor.

"I've made it clear that if he ever needs help with his academics he can come to me. But he's got a pretty clear idea of where he wants to end up, he's doing what he needs to get there and I think he'll make it with ease."

Lesley and Ed meet monthly and Ed says he tries to arrange outings which give Lesley the opportunity to explore Perth and try new things. Lesley says having someone to talk to outside of school has made it easier to board so far from home: "It's great to chat to someone outside school because it takes you to another environment and helps you get to know people from outside of school."

Lesley and Ed are looking forward to continuing their relationship when Lesley finishes school and pursues an apprenticeship in Perth. Ed says the time they spent getting to know one another is key to the success of their relationship and encourages new mentors to take a similar approach.

"The first couple of times you meet you've just got to take it easy and see what they're about and let them see what you're about," Ed says. "How you interact and mentor your student depends on what they're like, so you need to spend time getting to know them."



## Biama, 18

**Year 12 2014, Pymble Ladies' College  
From Thursday Island, raised in Maroochydore, QLD**

In 2014 68 AIEF Scholarship Students completed Year 12 with the support of AIEF's Transition Support Team (TST). For Pymble Ladies' College student Biama, this support culminated in a successful application for the prestigious Bond University Indigenous Scholarship – one of only 14 nationwide in 2014.

She says her excitement at the news was a far cry from what she felt four years earlier, when her grandmother asked her if she wanted to go to boarding school in Sydney.

"I thought I'd done something wrong! Then we looked it up [Pymble Ladies' College] online, and I was amazed."

Biama was drawn to the wide range of subject choices and extra-curricular activities at Pymble and she embraced these opportunities, which included representing Australia at an international youth conference in India, when she joined the school in Year 10.

She says meeting her mentor Helen, an investment analyst with Commonwealth Bank, helped ease the transition from home to boarding school in her first year.

"She's very easy going and understanding and we got along straight away. She supported me through my whole school journey, and we're still in touch now. She's going to be a lifelong friend – she'll definitely be coming to my wedding!"

As she prepared to pursue her dream of studying at university, Biama also valued the extra support from TST.

"AIEF hosted lots of events for scholarship students where we had the chance to socialise and share our experiences, like Work Readiness at Qantas."

"I also had career sessions with TST at school, where we'd work on my applications for uni and the Bond scholarship. It was great to have someone help me get things together early on, so I wouldn't be stressed in the lead up to the HSC."

In 2015 Biama commenced a combined Bachelor of Business and Bachelor of Social Science at Bond University. TST will continue to track Biama's progress and provide any support she needs at university and after graduation, as she embarks on her career. Whatever path she chooses, Biama hopes her work will contribute to closing the gap between Indigenous and non-Indigenous Australians.

"I've been privileged to have some great opportunities that so many Indigenous people miss out on, so I want to use what I've been given and my skills to help people who aren't as fortunate."





# Financial Summary

The Financial Report for the year ending 31 March 2015 highlights AIEF's strong financial performance in three key areas: funding, investments and costs.

## Funding

As at 31 March 2015 AIEF has raised a cumulative total of \$94 million. This represents an increase of \$9 million in reportable income and pledges since AIEF's 2013 Annual Report. AIEF has one of the most successful funding track-records and remains one of the only non-profit organisations in its sector with a genuinely sustainable funding base for the long-term to match its tangible program outcomes.

## Investments

AIEF continued to implement its conservative investment strategy focused on protection of capital and risk minimisation, and its investment portfolio generated investment earnings of \$2.4 million representing a return of approximately 4.79% during the year.

## 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 2.1% of its scholarship funding on total administration costs to date after other income generated by AIEF for costs is taken into account.

Key highlights to date	\$
Contracted funding target for Scholarship Program	64,000,000
Total scholarship funding to date	89,850,413
<b>Exceeded target to date by:</b>	<b>25,850,413</b>

Funds raised to date	\$
Government scholarship funding	32,000,000
Investment income in government scholarship fund	3,764,190
Non-government funding in scholarship fund	36,565,891
Investment income in non-government scholarship fund	3,857,344
Investment income in operating account	1,197,779
Fee for service income	3,159,491
Pledged contributions	13,662,988
<b>Total funds raised to date</b>	<b>94,207,683</b>
<b>Total equivalent expenditure to date from scholarship funding (2007-2015)</b>	<b>1,882,218</b>

“Kobe's reading is now outstanding, his writing and eagerness to learn amazes me and his participation in sport and after school activities is truly wonderful. His friends, peers and role models at school have had a huge impact on Kobe and myself. I've never been so proud of Kobe for all his achievements in a year. I wonder what he will do next year. Thank you to all who have made a difference in my child's life.

*Mother of an AIEF Scholarship Student*



## Financial Summary

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.

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

### Capital Raising

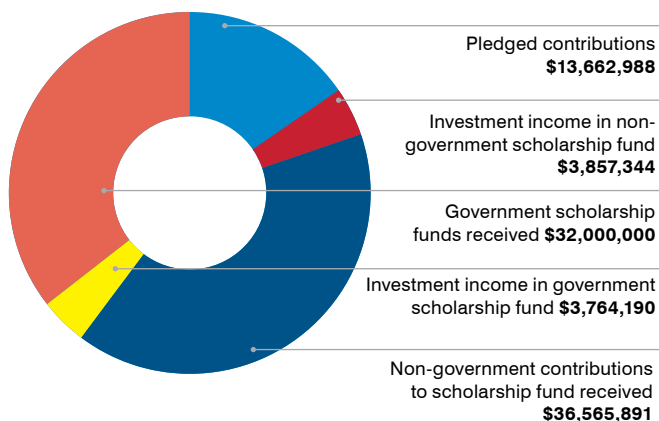
Under the contract AIEF entered into with the Australian Government in 2009, the Australian Government committed to invest \$20 million over three years. This was subsequently increased to \$22 million in 2012 and \$32 million in 2013; and no additional funding was received for scholarships from the Australian Government in 2014.

AIEF committed to use its best endeavours to match this \$32 million in Government funding 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 2015, less than six years since signing the contract with the Australian Government, AIEF has raised \$26 million more than the contracted \$64 million 20-year target, with cumulative cash and pledges standing at \$90 million and fees and other income at \$4 million, for a cumulative total of \$94 million.

Instead of raising \$64 million in a period of 20 years, AIEF has raised \$94 million in six years.

This success has significantly exceeded original projections and it means more Indigenous students will receive AIEF Scholarships, because as the AIEF Scholarship Fund grows, AIEF expands its network of Educational Partners and offers more scholarship places at more leading schools and universities.

### Outperformance On AIEF's \$64 Million Contracted Funding Target (Reached \$90 Million In Total)



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 backed by more than 2,000 financial supporters as well as hundreds of program partners and volunteers and dozens of pro-bono and in-kind supporters. AIEF's model of engaged collaboration is built on best practice partnership principles and this approach, and the support of its partners, is fundamental to AIEF's success.

### Investments

AIEF has delivered a strong investment performance by proceeding with caution and diligence in a defensive portfolio predominantly in cash, to deliver an investment return of around 4.79% in 2014. Total investment returns over the past six years amount to over \$8.8 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.

“He's given me confidence in my ability to help others. That it doesn't matter what age you are, you can act as a sounding board or life model to anybody.

*AIEF Mentor David Hamon from BP Australia on his student Kal*

## Financial Summary

The majority of AIEF's portfolio is held in cash and term deposits with major licensed Australian banks. AIEF has invested \$5 million in a multi-manager fund to provide some growth and diversity in its investment portfolio, and the investment 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 decreased in value in 2014.

The overall investment returns on AIEF's investment portfolio are expressed as approximately 4.79% 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, CEO of Quick Service Restaurant Holdings and also including Greg Cooper, CEO of Schroder Investment Management Australia Ltd; asset allocation expert John Schaffer; Tenix and AIEF Director and Treasurer Michael Lindsay; and AIEF's Executive Director and former investment banker Andrew Penfold AM. The AIEF Investment Committee maintains discussions and market monitoring to ensure investments are appropriate for the AIEF business model and objectives.

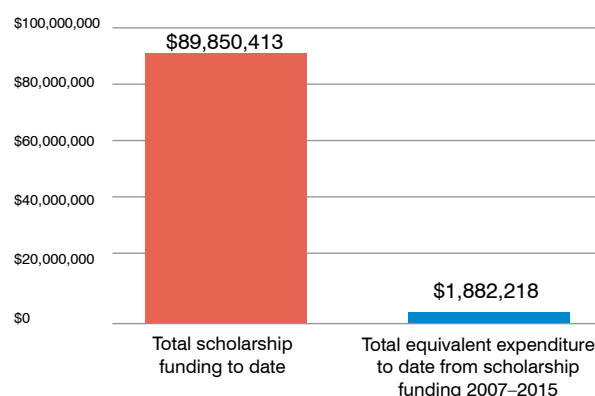
### Costs

AIEF's low cost base continues to set a benchmark across the non-profit sector, with AIEF having spent an amount equivalent to only 2.1% of its scholarship funding on total administration costs to date after other income generated by AIEF for costs is taken into account.

AIEF generates income to meet its total operating costs (i.e. all costs other than scholarship distributions) 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.

Total equivalent expenditure to date from scholarship funding (2007-2015) represents AIEF's total operating costs from 2007 until 31 March 2015, once total income generated for operating costs from all sources other than scholarship contributions is taken in to account. At \$2 million, AIEF's total equivalent expenditure to date from scholarship funding amounts to just 2.1% of total scholarship funding to date.

### Equivalent scholarship funding and costs 2007-March 2015



### Accounts

Under the legal, regulatory, tax and contractual framework AIEF operates within, AIEF is required to keep various separate books of account 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
2. The AIEF Corporate Account comprising the financial statements for AIEF's operating accounts where all operating income and expenses are captured.



## Financial Summary

### AIEF Scholarship Program

#### AIEF Scholarship Program statement of income and expenditure for year ending 31 March 2015

	2015	2014
	\$	\$
<b>Income</b>		
Government funding for scholarships	-	8,000,000
Government establishment grant contribution	-	2,000,000
Non-government funding for scholarships	5,070,099	15,892,386
Non-government capacity donations	442,607	536,271
Investment earnings	2,093,171	1,657,843
<b>Total income</b>	<b>7,605,877</b>	<b>28,086,500</b>
<b>Expenditure</b>		
Capacity donations to Corporate Account	442,607	536,271
15% allocation to Corporate Account	1,175,555	4,480,676
<b>Total expenditure</b>	<b>1,618,162</b>	<b>5,016,947</b>
<b>Operating surplus</b>	<b>5,987,715</b>	<b>23,069,553</b>
<b>Distributions</b>		
School scholarship distributions	7,833,026	4,914,019
Tertiary scholarship distributions	854,642	610,402
<b>Total scholarship distributions</b>	<b>8,687,668</b>	<b>5,524,421</b>
<b>(Deficit)/Surplus</b>	<b>(2,699,953)</b>	<b>17,545,132</b>

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 provided to schools is long term and sustainable. This creates a scholarship fund that will be invested and distributed for Indigenous scholarships over a 20 year period. When funding is received for the AIEF Scholarship Program, 15% of 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'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. AIEF's average net scholarship cost is approximately \$19,000 per student per annum, which includes the net amount we fund for boarding and tuition fees; incidentals such as uniforms, books, extra-curricular activities, camps and excursions; and support for work readiness training, mentoring and post-school transition support. In 2014, AIEF distributed a total of \$8.7 million in scholarship funds.

#### AIEF Scholarship Program balance sheet as at 31 March 2015

	2015	2014
	\$	\$
Retained funds as at beginning of year	41,913,976	24,237,844
Accumulated (deficit)/surplus	(3,028,953)	17,676,132
<b>Total scholarship funds</b>	<b>38,885,023</b>	<b>41,913,976</b>
<b>Represented by:</b>		
Bank and term deposits	31,992,167	36,205,747
Equities donated in-kind	196,000	525,000
Trade and other receivables	4,286	4,287
Interest receivable	433,214	613,176
Scholarship fund balanced investments	6,100,190	3,474,338
Donations receivable	166,666	1,091,428
<b>Total assets</b>	<b>38,892,523</b>	<b>41,913,976</b>
Current liabilities	7,500	-
<b>Total liabilities</b>	<b>7,500</b>	<b>-</b>
<b>Net assets</b>	<b>38,885,023</b>	<b>41,913,976</b>

In addition to the net assets shown above, AIEF has \$13.7 million in pledges already committed to AIEF as at 31 March 2015 but not shown in AIEF's official accounts until the time of receipt.

 My mentor is a great person and an amazing friend.

*AIEF Scholarship Student Jacob on his mentor, James Rickman from KPMG*

## Financial Summary

### 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.

#### AIEF Corporate Account statement of income and expenditure for the year ending 31 March 2015

	2015	2014
	\$	\$
<b>Income</b>		
Capacity donations	442,607	536,271
Costs contribution from Scholarship Program	1,175,555	4,480,676
Fee for service income	799,153	818,570
Investment earnings in Corporate Account	307,965	384,374
Annual Pathways Support Amount	1,088,474	-
<b>Total income</b>	<b>3,813,754</b>	<b>6,219,891</b>
<b>Expenditure</b>		
Staffing costs	2,046,308	1,630,186
Office and operating expenses	729,424	693,762
Depreciation	26,606	13,946
Accounting, legal and consulting	59,126	80,719
<b>Total expenditure</b>	<b>2,861,464</b>	<b>2,418,613</b>
<b>Surplus</b>	<b>952,290</b>	<b>3,801,278</b>

As at 31 March 2015, AIEF had a total staff headcount of 24, working out of Sydney, Brisbane and Perth.

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 financial security and certainty that AIEF is here for the long haul to see through its work.

#### AIEF Corporate Account balance sheet as at 31 March 2015

	2015	2014
	\$	\$
Retained funds as at beginning of year	8,799,235	4,997,957
Accumulated surplus	952,290	3,801,278
<b>Total operational funds</b>	<b>9,751,525</b>	<b>8,799,235</b>
<b>Represented by:</b>		
Cash and term deposits	9,619,388	8,694,225
Trade debtors	7,659	1,676
Interest receivable	161,834	202,523
Other assets	32,676	30,800
Plant and equipment less accumulated depreciation	143,292	123,530
<b>Total assets</b>	<b>9,964,849</b>	<b>9,052,754</b>
Trade and other payables	97,752	192,354
Employee benefits	115,572	61,165
<b>Total liabilities</b>	<b>213,324</b>	<b>253,519</b>
<b>Net assets</b>	<b>9,751,525</b>	<b>8,799,235</b>

### Audit

The full financial reports for AIEF for the periods from 1 April 2014 to 31 March 2015 have been filed on time with ACNC in accordance with the requirements of the *Australian Charities and Not-for-profits Commission Act 2012*. The financial statements have been prepared in accordance with the Australian Equivalent of International Financial Reporting Standards and audited by BDO East Coast Partnership in accordance with Australian Auditing Standards.

“My sons have benefited so much... they have grabbed their opportunity with both hands. The whole experience has been both positive and life changing. They are confident young men who can walk and live in both worlds with confidence.

*Mother of AIEF Scholarship Students*



# Governance and People

## Ambassadors



“Getting a quality education has changed my life in many ways. I entered Loreto with pretty much zero self-belief, and I left as a strong, confident and positive young woman, with greater pride in my Aboriginal heritage, and setting goals past the stars.

*AIEF Alum Sarah Treacy, speaking at the Australian Ireland Fund Young Leaders' breakfast in Sydney, 1 May 2014*

## Patrons



His Excellency General The Honourable Sir Peter Cosgrove AK MC (Retd) Governor-General of The Commonwealth Of Australia



Professor The Honourable Dame Marie Bashir AD CVO



David Gonski AC

## Board



Warren Mundine  
**Chair**



Rob Coombe



Michael Lindsay



Carlie Smart



Andrew Penfold AM  
**Executive Director**

## Investment Committee



Rob Coombe



Greg Cooper



John Schaffer



Michael Lindsay



Andrew Penfold AM

## Team



Carlos Blanco



Natalie Brosnan



Miranda Bush



Renée Coffey



Tess Crellin



Jenny Dean



Catherine Dernee



Margaret Gilroy



Trista Hickey



Frosanna Kelso



Andrew Killen



Anna Mackiewicz



Rebecca Martin



Nicole Nelmes



Jill Roy



Gillian Odbert



Rowan O'Donnell



Andrew Penfold AM



Michelle Penfold



Bianca Roberts



Tamara Salamacha



Sarah Steele



Alayna Walsh



Jason Whitfield



Zak Wild



# Our Partners



Australian Government

The AIEF Scholarship Program and the AIEF Pathways Program are supported by the Australian Government in collaboration with individual, philanthropic and corporate supporters from the private sector.



AIEF'S WORK AND THE PRODUCTION OF THIS REPORT HAVE BEEN SUPPORTED BY PRO-BONO WORK FROM:





The artwork on the cover of this report is a section of a mural painted by internationally renowned Koori artist and Gamilaroi man Daren Dunn, and Indigenous students taking part in the Get Black on Ya Feet program from St Gregory's College Campbelltown, an AIEF Partner School. The mural depicts a welcome dance including turtles, a unity totem, representing the diversity of Indigenous students who come together at St Gregory's College and the contribution they make to the school.