



**Annual Financial Report**

**For the year ended 30 June 2022**

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## **Corporate Information**

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Directors	Mr Lindsay Maxsted (Chairman)  Ms Carol Austin  Dr Andrew Cuthbertson AO  Ms Caroline Cox  Ms Geraldine Doogue AO  Ms Kathryn Fagg AO  Prof Duncan Maskell  Ms Jillian Segal AO  Mr Ian Marshman AM  Dr Ian Watt AC
Registered office and principal place of business	8 Malvina Place Carlton Victoria 3053 Australia
Australian Business Number	17 134 323 756
Bankers	National Australia Bank
Auditors	KPMG

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## Directors' Report for the Year Ended 30 June 2022

Your directors present this report to the members of Grattan Institute (the "Company") for the financial year ended 30 June 2022.

### Directors

The names of each person who has been a director over the financial year and until the date of this report are listed in the below table. The table also details the number of directors' meetings held (including meetings of Board committees) and number of meetings attended by each of the Directors of Grattan Institute during the year.

Director	Service Period	Board Meetings		Risk & Audit Committee <sup>1</sup>		Investment Committee		Public Policy Committee	
		Number of Meetings	Number Attended	Number of Meetings	Number Attended	Number of Meetings	Number Attended	Number of Meetings	Number Attended
Mr Alex Chernov	Retired 30 Nov 2021	2	2	1	1	2	2	2	1
Mr Lindsay Maxsted	Appointed 30 Nov 2021	3	3	1	1	2	2	2	2
Ms Carol Austin	Full year	5	5	2	2	4	4	-	-
Ms Caroline Cox	Full year	5	4	-	-	-	-	-	-
Dr Andrew Cuthbertson	Full year	5	5	-	-	-	-	-	1
Ms Geraldine Doogue	Full year	5	4	-	-	-	-	-	-
Ms Kathryn Fagg	Full year	5	4	2	2	4	3	-	1
Mr Ian Marshman	Full year	5	4	-	-	-	-	-	1
Prof Duncan Maskell	Ful year	5	3	-	-	-	-	-	-
Mr Jeremi Moule	Resigned 10 Nov 2021	2	1	-	-	-	-	-	-
Ms Jillian Segal	Full year	5	5	-	-	4	4	-	3
Mr Ian Watt	Full year	5	5	-	-	-	-	4	4

*Number of Meetings* indicates the number of meetings of the Board or Board Committee that were held during the period the Director was a member of the Board or Committee.

*Number Attended* indicates the number of meetings of the Board or Board Committee attended by the Board Member.

Details of the directors' qualifications, experience and special responsibilities can be found on pages 7 to 10 of this report.

### Company Secretary

Mr Andrew McDonald BEc MPA has been Company Secretary since 5 October 2009. Previously, Mr McDonald was Chief Financial Officer for the Victorian Government Department of Sustainability and Environment.

<sup>1</sup> The Risk & Audit Committee also comprises an external member, Mr Brett Croft. Mr Croft attends Audit Committee meetings.

## Directors' Benefits

No Director has received or become entitled to receive a benefit because of a contract between Grattan Institute and the Director or a firm of which the Director is a member or an entity in which the Director has a substantial financial interest.

## Principal Activities

Grattan Institute's principal activities during the year were:

- The conduct of systematic research and analysis in Australian public policy in the fields of social, environmental and economic policy.
- The discussion of this research with senior decision makers and in public forums.
- The raising of funds for these research activities through government grants, donations and in-kind contributions.

There were no significant changes in the nature of Grattan Institute's activities during the financial year.

## Short and Long-term Objectives

Grattan Institute's long-term objectives are to:

- undertake systematic research and analysis in the fields of social, environmental and economic policy; and
- disseminate and discuss the research and analysis

for the public benefit to improve the basis for informed debate and assessment by the public and its leaders on public policy for Australia as a liberal democracy in a globalised economy.

Grattan Institute's current programs include, Budgets and Government, Economic Policy, Energy and Climate Change, Health and Aged Care, Transport and Cities and Education.

Grattan Institute's strategy in each of these Programs is to conduct independent and rigorous analysis to contribute practical proposals to improve Australian public policy. It distributes its research findings online and through the media as well as via presentations and discussions with opinion leaders and decision-makers.

Grattan Institute measures its performance by:

- Monitoring its immediate outputs in terms of research papers and opinion pieces published, and participation in public events, private forums and presentations;
- Reporting on the intermediate impact of this work through media mentions and website pages viewed; and
- Qualitative evaluation of the impact of Grattan Institute's influence on policy decisions and the quality of the public policy debate.

## Operating Results and Review of Operations

The operating result for the year was a loss of \$4,451,000 (2021: profit of \$4,052,000). Grattan Institute is exempt from income tax.

Comparative operating results from the last seven years are set below. The analysis is provided separately for endowment income and operating results.

	2015-16 \$'000	2016-17 \$'000	2017-18 \$'000	2018-19 \$'000	2019-20 \$'000	2020-21 \$'000	2021-22 \$'000
<b>Endowment Income</b>							
Interest and Dividends	2,797	2,585	2,600	1,748	1,325	3,943	812
Realised	(473)	1,085	1,409	(472)	138	1,301	10
Gains (Losses) from the Sale of Investments							
Movement in the Market Value of Investments	(2,211)	894	647	1,074	(1,624)	1,096	(2,570)
Investment Rebates	-	-	-	-	-	81	96
<b>Total Interest and Investment Income</b>	<b>113</b>	<b>4,564</b>	<b>4,656</b>	<b>2,350</b>	<b>(161)</b>	<b>6,421</b>	<b>(1,652)</b>
<i>Additions to the Endowment</i>							
Other Donations	290	484	591	763	728	1,188	1,812
<b>Total Additions to the Endowment</b>	<b>290</b>	<b>484</b>	<b>591</b>	<b>763</b>	<b>728</b>	<b>1,188</b>	<b>1,812</b>
<b>Total Endowment Income</b>	<b>403</b>	<b>5,048</b>	<b>5,247</b>	<b>3,113</b>	<b>567</b>	<b>7,609</b>	<b>160</b>
<b>Operating Result</b>							
Other Income	806	1,051	963	886	714	1,132	531
Operating Expenditure	5,410	5,548	5,636	5,682	5,690	4,689	5,142
<b>Total Entity Profit (Loss)</b>	<b>(4,201)</b>	<b>551</b>	<b>574</b>	<b>(1,683)</b>	<b>(4,409)</b>	<b>4,052</b>	<b>(4,451)</b>

## Significant Changes in the State of Affairs

In the opinion of the directors, there were no significant changes in the state of affairs of Grattan Institute during the financial year that are not otherwise disclosed in this report.

## After Balance Date Events

There has not arisen in the interval between the end of the financial year and the date of the report any item, transaction or event of a material and unusual nature that in the opinion of the directors is likely to materially affect the operations of Grattan Institute, the results of those operations, or Grattan Institute's state of affairs in future financial years.

## Future Developments

Grattan Institute will continue to carry on the principal activities noted above. There are no likely developments in the activities in future years which will affect the results and therefore require disclosure.

## Environmental Regulations

The directors have not received notification nor are they aware of any breaches of environmental laws by Grattan Institute.

## Auditor's Independence

The auditor's declaration of independence appears on page 11 and forms part of the Directors' report for the year ended 30 June 2022.

## Rounding

Pursuant to the ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 Grattan Institute has rounded off amounts in this report and the accompanying financial report to the nearest thousand dollars, except where indicated.

## Indemnification and Insurance of Directors, Officers and Auditors

During the financial year, Grattan Institute has paid insurance premiums in respect of directors' and officers' liability for current and former directors and officers, including senior executives of Grattan Institute and the independent members of the Risk & Audit Committee.

The insurance premiums relate to:

- Costs and expenses incurred by the relevant officers in defending proceedings whether civil or criminal and whatever the outcome.
- Other liabilities that may arise from their position, with the exception of conduct involving wilful breach of duty or improper use of information or position to gain a personal advantage.

Premiums totalling \$19,897 were paid in respect of the current directors named in this report and an independent member of the Risk & Audit Committee. Grattan Institute has not otherwise indemnified or agreed to indemnify an officer or auditor of Grattan Institute against a liability incurred by such an officer or auditor.

## Directors' Qualifications, Experience and Special Responsibilities

### **Mr Lindsay Maxsted**

Chairman of Grattan Institute since 30 November 2021 and is a member of the Risk and Audit Committee, Investment Committee and Public Policy Committee.

Mr. Maxsted is the Chair (since 2010) and a Non-executive Director of Transurban Group (since 2008), the Chair of Tanarra Restructuring Partners Pty Ltd, and the Managing Director of Align Capital Pty Ltd. Mr. Maxsted was previously Chair (2011–2020) and a Non-executive Director of Westpac Banking Corporation (2008–2020), a Non-executive Director of BHP Group Limited and BHP Group plc (2011–2020) and a partner of KPMG Australia where he was CEO from 2001 to 2007. His principal area of practice was in the corporate recovery field managing a number of Australia's largest insolvency, workout and turnaround engagements.

He holds a Diploma of Business and is a Fellow of the Institute of Chartered Accountants and a Fellow of the Australian Institute of Company Directors.

### **The Hon. Alex Chernov AC KC**

Chairman of Grattan Institute since 15 February 2016 and is a member of the Risk and Audit Committee, Investment Committee and Public Policy Committee. Retired 30 November 2021.

Mr Chernov is a Governor of The Ian Potter Foundation and other organisations. He practices in alternative dispute resolutions both locally and internationally.

Mr Chernov practised as a barrister for over 30 years in commercial law and equity and was appointed King's Counsel in 1980. He has also taught law, co-authored a legal text and was an Honorary Consultant to the Australian Law Reform Commission. He became Chairman of the Victorian Bar, Vice President of the Australian Bar Association and, later, President of the Law Council of Australia and Vice President of LawAsia. In 1997 Mr Chernov was appointed to the Trial Division of the Supreme Court of Victoria and, in the following year, to its Court of Appeal. He was also Deputy Chancellor of The University of Melbourne and in 2009 was elected as its Chancellor. He was appointed an Officer of the Order of Australia in 2008 and a Companion of the Order in 2012. Mr Chernov was sworn in as Victoria's 28th Governor in April 2011 and, in September, 2014 as deputy to the Governor-General.

He holds degrees from The University of Melbourne B.Com, LL.B (Hons) and Honorary LL.D from Melbourne, Monash and Amity Universities.

### **Ms Carol Austin**

Director appointed 4 April 2016. Chairman of the Investment Committee.

Ms Austin is a director of StateSuper, Infoxchange and Connecting Up Inc, Chairman of the ACT Investment Advisory Board and a member of the General Sir John Monash Investment, Audit and Risk Committee. She is a former Commissioner with the Independent Planning Commission and former director of HSBC Bank Australia, the Future Fund, the Tasmanian Public Finance Corporation and the AOFM Advisory Board. Her executive career included senior roles with Contango Asset Management, Rothschild Australia Asset Management, BHP and the Reserve Bank of Australia. Ms Austin holds a B.Sc from Monash University, a B.Ec (Hons) from the Australian National University and Dip Ed from the University of Papua New Guinea. She is also a Fellow of the Australian Institute of Company Directors.



**Dr Andrew Cuthbertson AO**

Director appointed 27 November 2018.

After completing medical training at the University of Melbourne and Ph.D in Immunology at the Walter and Eliza Hall Institute in Australia, Andrew Cuthbertson spent five years doing molecular biology research as a staff member at the Howard Florey Institute in Melbourne and the National Institutes of Health in the United States. He then spent seven years at Genentech Inc. in San Francisco, working on anti-VEGF therapy for age-related macular degeneration. Andrew was recruited to CSL Limited in 1997 and served as the R&D Director and Chief Scientific Officer. He is now a Non-Executive Director (since 2018) on the CSL Limited board. In 2016, he was made an Enterprise Professor, Faculty of Medicine, Dentistry and Health Sciences, University of Melbourne and an Officer of the Order of Australia for his services to medical research. Andrew is on the board of the Centre for Eye Research Australia (CERA) and the Council of the University of Melbourne. Dr Cuthbertson holds BMedSci, MB BS and a PhD.

**Ms Caroline Cox**

Director appointed 8 June 2021.

Ms Caroline Cox is BHP's Chief Legal, Governance and External Affairs Officer. She joined BHP in 2015 as Vice President, Legal and was appointed Group General Counsel & Company Secretary in 2016. Prior to BHP, Caroline was a Partner at Herbert Smith Freehills, a firm she was with for 11 years, specialising in cross-border transactions, disputes and regulatory investigations. Ms Cox is the Chair of the GC100, a member of the AICD legal committee and a Board member of General Counsel for Diversity & Inclusion, and of the European Australian Business Council. Earlier in her career, Caroline was a solicitor at the Canadian law firm, Osler Hoskin & Harcourt and clerked for Judges at the Alberta Court of Appeal and Court of Queen's Bench. Ms Cox holds Bachelor of Arts (Hons), Master of Arts and LLB from the University of Alberta, as well as Masters Degree in Law from Oxford University.

**Ms Geraldine Doogue AO**

Director appointed 24 February 2014.

Ms Geraldine Doogue is an award winning journalist and broadcaster. She is currently the presenter of the ABC Radio National's Saturday Extra program on the ABC. Ms Doogue is a member of the Telstra Foundation Board, the Sydney Youth Orchestra Board and Patron of the Family Action Centre at The University of Newcastle. Ms Doogue holds a Bachelor of Arts from The University of Western Australia. She also holds a Honorary Doctorate of Letters from The University of Western Australia, Macquarie University, The University of Newcastle and the University of Sydney.

**Ms Kathryn Fagg AO**

Director appointed 1 July 2018. Chairman of the Risk and Audit Committee and member of the Investment Committee.

Ms Fagg is Chair of CSIRO, and is on the boards of listed companies National Australia Bank Limited, Medibank Private Limited and Djerriwarrh Investments Limited. She is the Chair of the Breast Cancer Network Australia (BCNA), Inaugural Chair of Watertrust Australia Limited, as well as being a board member of The Myer Foundation and the Champions of Change Coalition. Ms Fagg was a member of the Board of the Reserve Bank of Australia from 2013 to 2018, Board Member of Boral Limited 2014 to 2021, including as Chair from 2018 and Non-Executive Director of Incitec Pivot Limited 2014 to 2019. She also served as President of Chief Executive Women and Chair of the Melbourne Recital Centre and is a former board member of the Australian Centre for Innovation. Ms Fagg is an experienced senior executive, having worked across a range of industries in Australia and Asia, including logistics, manufacturing, resources, banking and professional services. She was previously President

of Corporate Development with the Linfox Logistics Group and prior to that she held executive roles at BlueScope Steel and ANZ and consulted for McKinsey and Co. In addition to her engineering degree, she holds an Honorary Doctorate of Business and a Master of Commerce in Organisation Behaviour from UNSW, and an Honorary Doctorate in Chemical Engineering from the University of Queensland. Ms Fagg was awarded an Officer in the Order of Australia in 2019 for her distinguished service to business and finance, to the central banking, logistics and manufacturing sectors, and to women.

**Mr Ian Marshman AM**

Director appointed on 27 August 2019.

Ian Marshman was Senior Vice Principal ('Chief Operating Officer') at the University of Melbourne for some twenty years until 2015. Previously he had held senior roles within both the Commonwealth and Victorian Government Health portfolios. He is currently a Honorary Fellow at the Melbourne Centre for Study of Higher Education. Mr Marshman is currently Chair of Melbourne Teaching Health Clinics, President of Queen's College Council and a director of the Australian National Academy of Music. Past board appointments include: Chair of Headspace Youth Mental Health Foundation; Melbourne Theatre Company; Universitas 21 Global; Uniseed Pty Ltd; North Western Health Service; and Chair, Victorian Tertiary Admissions Centre. Mr Marshman holds BA(Hons) from The University of Melbourne, LLB from the Australian National University and LLD (Honorary) from the University of Melbourne.

**Prof Duncan Maskell**

Director appointed on 27 November 2018.

Professor Duncan Maskell became the 20th Vice-Chancellor of the University of Melbourne on 1 October 2018. Prior to this, Professor Maskell was Senior Pro-Vice-Chancellor at the University of Cambridge, responsible for overall planning and resources for the globally recognised institution. A Cambridge graduate and research specialist in infectious diseases, Professor Maskell has also worked at the University of Oxford, Imperial College London, and Welcome Biotech. In August 2021 Professor Maskell has been appointed a non-executive Director of CSL Limited, a major ASX listed global company. Professor Maskell has been a member, and in some cases Chair, of a range of Institute and company Scientific Advisory Boards, and UK Government and International research grant and review committees.

**Mr Jeremi Moule**

Director appointed on 8 June 2021. Resigned 10 November 2021.

Mr Jeremi Moule was appointed as Secretary for the Victorian Department of Premier and Cabinet on 13 November 2020. Prior to this role, he was the Deputy Secretary, Governance Policy and Coordination at the Victorian Department of Premier and Cabinet, a position he has held since August 2018. Mr Moule has held various executive positions in the Victorian Public Service over a 17 year period, was the CEO of a registered training organisation and started his career as a journalist. Mr Moule holds a Bachelor of Arts in Journalism from the University of South Australia and is a Graduate of the Australian Institute of Company Directors.

**Ms Jillian Segal AO**

Director appointed 22 February 2017. Member of the Investment Committee.

In addition to her role on the Board of Grattan Institute, Ms Jillian Segal is the Chairman of the General Sir John Monash Foundation, Chairman of the Australia-Israel Chamber of Commerce (NSW), Chair of the Independent Parliamentary Expenses Authority (IPEA), a Director of the Garvan Institute of Medical Research, a Trustee of the Sydney Opera House

Trust and a Director of Rabobank Australia. Jillian holds a BA, LL.B from UNSW and a Master of Laws from Harvard Law School.

**Dr Ian Watt AC**

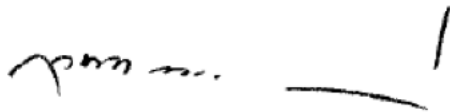
Director appointed 24 December 2013. Chairman of the Public Policy Committee.

Dr Ian J Watt AC has had a long career as one of Australia's most distinguished public servants, with nearly 20 years at the highest levels of the public service. His most recent and most senior appointment was as Secretary of the Department of the Prime Minister and Cabinet and head of the Australian Public Service, a position he held from 2011 until the end of 2014. Prior to that, he was Secretary of the Departments of Defence; Finance; and Communications, Information Technology and the Arts between 2001 and 2011. Before that, he was Deputy Secretary of the Department of the Prime Minister and Cabinet.

Dr Watt is Chair of the International Centre for Democratic Partnerships and Chair of the ADC Advisory Council. He is also the recently retired Chair of the Australian Governance and Ethical Index Fund Advisory Board former Chair of BAE Systems Australia, and recently retired Director of Citigroup Pty Ltd. He serves on the Boards of Smartgroup Corporation Ltd, the Grattan Institute (University of Melbourne), O'Connell Street Associates Pty Ltd and the Committee for Economic Development of Australia. Dr Watt is also a Member of the Male Champions of Change, a Member of the Melbourne School of Government Advisory Board at the University of Melbourne, a Fellow of ANZSOG, and Senior Adviser to Flagstaff Partners. Dr Watt completed an Independent Review of the Tasmanian State Service in July 2021, the first in several decades.

Dr Watt was appointed as a Companion of the Order of Australia in 2016. Dr Watt also holds Honorary Doctorates of Letters from the University of Technology Sydney and from the University of Wollongong.

Signed in accordance with a resolution of the directors made pursuant to s298(2) of the Corporations Act 2001 on behalf of the directors:



Lindsay Maxsted  
Melbourne, 18 October 2022



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

To: the Directors of Grattan Institute

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2022 there have been:

- i. no contraventions of the auditor independence requirements as set out in the Australian Charities and Not-for-profits Commission Act 2012 in relation to the audit; and
- ii. no contraventions of any applicable code of professional conduct in relation to the audit.

KPMG

Gordon Sangster

Partner

Melbourne

18 October 2022

**Statement of Profit and Loss and Other Comprehensive Income  
For the Year Ended 30 June 2022**

	Notes	2022 \$'000	2021 \$'000
<b>Operating Revenue</b>			
Interest and Investment Income	3	(1,652)	6,421
Endowment Funds and Donations	3	1,812	1,188
Other Income	4	531	1,132
<b>Total Operating Revenue</b>		<b>691</b>	<b>8,741</b>
<b>Operating Expenses</b>			
Employee Expenses	5	4,382	4,249
Audit Fees	5, 17	20	14
Investment Expenses	5	245	38
Other Expenses	5	495	388
<b>Total Operating Expenses</b>		<b>5,142</b>	<b>4,689</b>
<b>Profit (Loss) before Tax</b>		<b>(4,451)</b>	<b>4,052</b>
Income Tax Expense	2(l)	-	-
<b>Profit (Loss) for the Year</b>		<b>(4,451)</b>	<b>4,052</b>
<b>Other Comprehensive Income</b>		<b>-</b>	<b>-</b>
<b>Total Comprehensive Income (Loss)</b>		<b>(4,451)</b>	<b>4,052</b>

The Statement of Comprehensive Income is to be read in conjunction with the Notes to the Financial Statements set out on pages 16 to 32.

**Statement of Financial Position  
As at 30 June 2022**

	Notes	2022 \$'000	2021 \$'000
<b>Current Assets</b>			
Cash and Cash Equivalents	6	5,231	3,980
Trade and Other Receivables	7	688	3,820
<b>Total Current Assets</b>		<b>5,919</b>	<b>7,800</b>
<b>Non-current Assets</b>			
Financial Assets	8	26,575	29,841
Property, Plant and Equipment	9	19	8
Intangible Assets	10	58	70
<b>Total Non-current Assets</b>		<b>26,652</b>	<b>29,919</b>
<b>Total Assets</b>		<b>32,571</b>	<b>37,719</b>
<b>Current Liabilities</b>			
Trade and Other Payables	11	1,017	1,633
Employee Entitlements	12	531	595
<b>Total Current Liabilities</b>		<b>1,548</b>	<b>2,228</b>
<b>Non-current Liabilities</b>			
Employee Entitlements	12	35	52
<b>Total Non-current Liabilities</b>		<b>35</b>	<b>52</b>
<b>Total Liabilities</b>		<b>1,583</b>	<b>2,280</b>
<b>Net Assets</b>		<b>30,988</b>	<b>35,439</b>
<b>Equity</b>			
Retained Profits	13	30,988	35,439
<b>Total Equity</b>		<b>30,988</b>	<b>35,439</b>

The Statement of Financial Position is to be read in conjunction with the Notes to the Financial Statements set out on pages 16 to 32.

Statement of Changes in Equity  
For the year ended 30 June 2022

	Notes	2022 \$'000	2021 \$'000
<b>Retained Profits</b>			
Opening Balance		35,439	31,387
Profit (Loss) for the year	13	(4,451)	4,052
Closing Balance		30,988	35,439
<b>Total Equity</b>		<b>30,988</b>	<b>35,439</b>

The Statement of Changes in Equity is to be read in conjunction with the Notes to the Financial Statements set out on pages 16 to 32.

**Statement of Cash Flows  
For the Year Ended 30 June 2022**

	Notes	2022 \$'000	2021 \$'000
<b>Cash Flows from Operating Activities</b>			
Cash Receipts from Donations, Endowments and Other Income		2,138	2,278
Interest and Investment Income Received		3,838	663
Cash Payments in the Course of Operations		(5,415)	(4,065)
Net Cash Provided By/ (Used In) Operating Activities	14	561	(1,124)
<b>Cash Flows from Investing Activities</b>			
Sales of Investments		4,500	30,214
Purchases of Investments		(3,794)	(32,723)
Payments for Property, Plant and Equipment		(16)	(4)
Payments for Intangible Assets		-	(70)
Net Cash From (Used In) Investing Activities		690	(2,583)
Net Increase /(Decrease) in Cash and Cash Equivalents		1,251	(3,707)
Cash and Cash Equivalents at Beginning of the Year		3,980	7,687
<b>Cash and Cash Equivalents at the End of the Year</b>	6	<b>5,231</b>	<b>3,980</b>

The Statement of Cash Flows is to be read in conjunction with the Notes to the Financial Statements set out on pages 16 to 32.



## **Notes to the Financial Statements**

### **Note 1 Basis of Preparation**

(a) Reporting Entity

Grattan Institute is domiciled in Australia. The address of Grattan Institute's registered office is 8 Malvina Place Carlton Victoria.

Grattan Institute was incorporated under the Corporations Act 2001 on 25 November 2008 and is a not-for-profit Company limited by guarantee.

(b) Statement of compliance

The Financial Report is a general-purpose financial report which has been prepared in accordance with:

Australian Accounting Standards (AASBs) (including Australian Interpretations) adopted by the Australian Accounting Standards Board (AASB), the Corporations Act 2001 and the Australian Charities and Not-For-Profits Commission Act 2012 and Regulations.

The financial statements were approved by the Board of Directors on 18 October 2022.

(c) Basis of preparation

The Financial Report is prepared in accordance with the historical cost convention, except for investments that are stated at fair value through profit and loss.

The preparation of the Financial Report in conformity with Australian Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates. These accounting policies have been consistently applied by Grattan Institute.

The directors believe that it remains appropriate to prepare the financial statements on a going concern basis and have a reasonable expectation that Grattan Institute will be able to meet all liabilities during the next twelve months.

(d) Functional and Presentation Currency

The Financial Report is presented in Australian dollars, which is Grattan Institute's functional currency. Grattan Institute is of a kind referred to in ASIC Corporations Instrument 2016/191 and in accordance with that Corporations Instrument; all financial information presented has been rounded to the nearest thousand dollars unless otherwise stated.

## **Note 2 Statement of Significant Accounting Policies**

The accounting policies set out below have been applied in preparing the financial report for the year ended 30 June 2022.

(a) Cash and Cash Equivalents

Cash and cash equivalents comprise cash on hand and in banks and investments in money market instruments.

(b) Receivables

Grattan Institute makes use of the simplified approach in accounting for trade and other receivables and records the loss allowance at the amount equal to the expected lifetime credit losses. In using this practical expedient, Grattan Institute uses its historical experience, external indicators and forward-looking information to calculate the expected credit losses.

(c) Financial Instruments

### **Non-derivative Financial Assets**

Grattan Institute has the following non-derivative financial assets: financial assets at fair value through profit or loss, and receivables.

#### *Financial Assets at Fair Value Through Profit or Loss*

A financial asset is classified as fair value through profit or loss if it is classified as held for trading or is designated as such upon initial recognition. Financial assets are designated at fair value through profit or loss where Grattan Institute manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Grattan Institute's documented risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognised in profit or loss when incurred. Financial assets at fair value through profit or loss are measured at fair value, and changes therein are recognised in profit or loss.

Financial assets designated at fair value through profit or loss comprise investments in equity, debt securities and unit trusts.

#### *Receivables*

Receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, receivables are measured at amortised cost using the effective interest method, less any impairment losses.

A financial instrument is recognised if Grattan Institute becomes a party to the contractual provisions of the instrument. Financial assets are derecognised if Grattan Institute's contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows on the financial asset in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by Grattan Institute is recognised as a separate asset or liability.

### **Non-derivative Financial Liabilities**

Grattan Institute has the following non-derivative financial liabilities: trade and other payables.

Payables are initially recognised at cost and then subsequently carried at amortised cost. They represent liabilities for goods and services provided to Grattan Institute prior to the end of the financial year that are unpaid and arise when Grattan Institute becomes obliged to make future payments in respect of the purchase of these goods and services. Grattan Institute derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, Grattan Institute has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

#### **(d) Property, Plant and Equipment**

Items of property, plant and equipment are stated at cost or deemed cost less accumulated depreciation and any accumulated impairment losses (see below).

#### **(e) Depreciation**

Assets with a cost in excess of \$1,000 are capitalised and depreciation has been provided on depreciable assets so as to allocate their cost over their estimated useful lives using the straight-line method. Estimates of the remaining useful lives, residual values and depreciation method for all assets are reviewed at least annually.

The following table indicates the expected useful lives of non-current assets and intangibles on which the depreciation or amortisation charges are based.

	Useful Life
Plant and Equipment	3 Years
Furniture and Fittings	10 Years
Leasehold Improvements	10 Years
Software	5 Years

#### **(f) Intangible Assets**

Intangible assets pertain to software acquired by the Company and have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

#### **(g) Amortisation**

Amortisation is calculated to write off cost of intangible assets less their estimated residual values using the straight-line method over their estimated useful life, and is recognised in profit or loss.

The estimated useful life for the software is 5 years.

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

(h) Goods and Services Tax

Income, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense.

Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the balance sheet.

Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

(i) Employee Benefits

Liabilities for salaries and annual leave are expected to be settled within 12 months of the reporting date and are recognised in the provision for employee benefits in respect of employees' services up to the reporting date. These are classified as current liabilities and measured at nominal values.

Liabilities for long service leave are measured at the present value of expected future payments to be made resulting from services provided and are classified as non-current liabilities except where it is expected to make a payment within the following twelve months. In this case, the expected amount of the payment is classified as a current liability.

Liabilities for long service leave entitlements that are not expected to be paid or settled within twelve months are discounted using current corporate bond rates with similar maturity terms.

(j) Revenue Recognition

*Contributions, sponsorships and donations*

Where a contribution, sponsorship, program support or donation does not meet the enforceability and the 'sufficiently specific' criteria under AASB 15 it is recognised as income once the Company controlled the relevant assets (assuming no other related amounts are applicable) under AASB 1058. Contributions and donations are recognised in profit and loss and measured at the cost value of the contribution received or receivable.

*Program Support*

Under AASB 15, the Company recognises revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer.

*Other government support*

Australian Federal Government financial support is recognised when Grattan Institute becomes entitled to receive financial support.

*Volunteers and other resources provided and received free of charge or for nominal consideration*

Volunteer services and other resources received free of charge or for nominal consideration are recognised as follows:

- Volunteer intern services are not recognised as the fair value of those services cannot be reliably measured and these services would not have been purchased if they were not donated.
- In-kind services provided by The University of Melbourne are recognised at fair value when the services are provided. The total estimated fair value of these services in 2021-22 was \$162,000 (2020-21 \$158,000).
- The University of Melbourne provides Grattan Institute with office premises at 8 Malvina Place, Carlton and desktop computers without charge. Grattan Institute has elected to recognise these right-of-use assets at cost, which for both 2021-22 and 2020-21 was nil (see note 2(n) Leases).

*Interest and investment income*

Interest and investment income comprises interest and dividends. Interest income is recognised as it accrues, using the effective interest method. Dividends from listed entities are recognised when the right to receive a dividend has been established.

*Unrealised gains or losses on investments*

Movements in the market value of investments are recognised as items of income or expenditure when they occur.

(k) Expenses

All expenditure is accounted for on an accruals basis and has been classified under headings that aggregate all costs related to the category.

(l) Income Tax

Grattan Institute is a charitable institution for the purpose of Australian taxation legislation and is therefore exempt from income tax. The exemption has been confirmed by the Australian Taxation Office. Grattan Institute holds deductible gift recipient status.

(m) Fund Accounting

Grattan Institute operates on a fund accounting basis and maintains three funds: Commonwealth, Public and General Funds. The purposes of each of these Funds are:

- The Commonwealth Fund – To hold and account for the funds contributed by the Commonwealth of Australia and any fund earnings less approved distributions used in the operations of Grattan Institute.
- The Public Fund – To hold and account for the funds contributed by the public and any fund earnings less approved distributions used in the operations of Grattan Institute.
- The General Fund – To hold and account for the funds contributed by the State of Victoria, general payments to Grattan Institute and any fund earnings less approved distributions used in the operations of Grattan Institute.

(n) Leases

Grattan Institute leases 8 Malvina Place, Carlton and desktop computers from the University of Melbourne with significant below-market terms and conditions principally to enable it to further its objectives.

The Company is dependent on this lease to further its objective as it utilises the building and desktop computers to run its operations to deliver its services. The Company is restricted on the use of the building as agreed with the University of Melbourne and may not utilise it for other purposes including sub-leasing to other entities. The right-of-use assets are provided

under a five-year agreement with the University of Melbourne which is due to expire on 2 January 2024.

Grattan Institute has elected to measure the right-of-use assets at cost.

(o) Intangible Assets

Intangible assets pertains to software acquired by the Company and expenditure on developing the Company's website. These have finite useful lives are measured at cost less accumulated amortisation and any accumulated impairment losses.

(p) Standards issued not yet effective

A number of new standards are effective for annual periods beginning after 1 July 2022 and earlier application is permitted; however the Company has not early adopted the new or amended standards in preparing these financial statements. These amended standards and interpretations are not expected to have a significant impact on the Company's financial statements.

### Note 3 Endowment Income

	Notes	2022 \$'000	2021 \$'000
<b>Interest and Investment Income</b>			
Interest, Dividends and Distributions		812	3,943
Realised Gains from the Sale of Financial Assets		10	1,301
Movement in the Market Value of Financial Assets		(2,570)	1,096
Investment Management Fee Rebates		96	82
<b>Total Interest and Investment Income</b>		<b>(1,652)</b>	<b>6,422</b>
<b>Endowment Funds and Donations</b>			
Donations		1,812	1,188
<b>Total Endowment Funds and Donations</b>	15	<b>1,812</b>	<b>1,188</b>
<b>Total Endowment Income</b>		<b>160</b>	<b>7,610</b>

### Note 4 Other Income

	2022 \$'000	2021 \$'000
In-kind Services Provided by the University of Melbourne	162	158
Affiliate Fees	229	400
COVID-19 Government Support	-	491
Other Income	140	83
<b>Total Other Income</b>	<b>531</b>	<b>1,132</b>

## Note 5 Operating Expenses

	Notes	2022 \$'000	2021 \$'000
Employee Expenses		4,382	4,249
Audit Fees	17	20	14
Investment Expenses		245	38
<i>Other Expenses</i>			
Insurance		28	23
Travel Expenses		68	37
Other Expenses		237	170
Expenses for In-kind Services		162	158
Total Other Expenses		495	388
<b>Total Expenses</b>		<b>5,142</b>	<b>4,689</b>

Investment expenses in 2022 include all management fees charged against investment funds, both direct and indirect. The 2021 comparable amount does not include indirect management fees charged by fund managers.

## Note 6 Cash and Cash Equivalents

	2022 \$'000	2021 \$'000
Bank Balances	5,231	3,980
<b>Total Cash and Cash Equivalents</b>	<b>5,231</b>	<b>3,980</b>

## Note 7 Trade and Other Receivables

	2022 \$'000	2021 \$'000
Trade Receivable	51	6
Accrued Income	352	3,676
Prepayments	6	7
Other Receivables	279	131
<b>Total Trade and Other Receivables</b>	<b>688</b>	<b>3,820</b>

Due to the short-term nature of these receivables, their carrying value is assumed to approximate their fair value.

**Note 8 Financial Assets**

	2022 \$'000	2021 \$'000
<b>Non-current Financial Assets at Fair Value Through Profit and Loss</b>		
Managed Investments	26,575	29,841
<b>Total Non-current Investments</b>	<b>26,575</b>	<b>29,841</b>
<b>Total Investments</b>	<b>26,575</b>	<b>29,841</b>

All investments are categorised as either Level 1 or 2 within the fair value hierarchy and are valued using market observable rates, being quoted ASX stock prices for listed Australian instruments, respective stock exchange quoted prices for foreign listed instruments or reported by fund managers which is based on observable data. Refer to Note 16 for further information regarding financial assets.



**Note 9 Property, Plant and Equipment**

	2022 \$'000	2021 \$'000
<b>Leasehold Improvements</b>		
At cost	8	1
Less accumulated depreciation	(2)	(1)
<b>Total Leasehold Improvements</b>	<b>6</b>	<b>-</b>
<b>Plant and Equipment</b>		
At cost	76	66
Less accumulated depreciation	(63)	(59)
<b>Total Plant and Equipment</b>	<b>13</b>	<b>7</b>
<b>Furniture and Fittings</b>		
At cost	11	11
Less accumulated depreciation	(11)	(10)
<b>Total Furniture and Fittings</b>	<b>-</b>	<b>1</b>
<b>Total Property, Plant and Equipment</b>	<b>19</b>	<b>8</b>
<b>Movements in Carrying Amounts</b>		
<b>Leasehold Improvements</b>		
Balance at beginning of the year	-	-
Additions	6	-
Depreciation expense	-	-
<b>Carrying amount at end of the year</b>	<b>6</b>	<b>-</b>
<b>Plant and Equipment</b>		
Balance at beginning of the year	7	7
Additions	10	3
Depreciation expense	(4)	(3)
<b>Carrying amount at end of the year</b>	<b>13</b>	<b>7</b>
<b>Furniture and Fittings</b>		
Balance at beginning of the year	1	2
Additions	-	-
Depreciation expense	(1)	(1)
<b>Carrying amount at end of the year</b>	<b>-</b>	<b>1</b>
<b>Total Property, Plant and Equipment</b>	<b>19</b>	<b>8</b>

## Note 10 Intangible Assets

	2022 \$'000	2021 \$'000
<b>Intangibles</b>		
At cost	70	70
Less accumulated amortisation	(12)	-
<b>Total Intangible Assets</b>	<b>58</b>	<b>70</b>
<b>Movements in Carrying Amounts</b>		
<b>Intangibles</b>		
Balance at beginning of the year	70	-
Additions	-	70
Amortisation expense	(12)	-
Total Intangibles	58	70
<b>Total Intangible Assets</b>	<b>58</b>	<b>70</b>

## Note 11 Trade and Other Payables

	2022 \$'000	2021 \$'000
Trade Payables	536	616
Other Payables and Accruals	481	1,017
<b>Total Trade and Other Payables</b>	<b>1,017</b>	<b>1,633</b>

Due to the short-term nature of these payables, their carrying value is assumed to approximate their fair value.

## Note 12 Employee Entitlements

	2022 \$'000	2021 \$'000
<b>Current</b>		
Annual Leave	276	321
Long Service Leave	255	274
Total Current Employee Entitlements	531	595
<b>Non-current</b>		
Long Service Leave	35	52
Total Non-current Employee Entitlements	35	52
<b>Total Employee Entitlements</b>	<b>566</b>	<b>647</b>

**Note 13 Retained Profits**

	Notes	2022 \$'000	2021 \$'000
Retained Profits at the Beginning of the Year		35,439	31,387
Profit (Loss) for the Year		(4,451)	4,052
<b>Retained Profits at the End of the Year</b>		<b>30,988</b>	<b>35,439</b>
<b>Reconciliation of Retained Profits</b>			
Retained Profits from Endowment Funds	15	30,988	35,439
<b>Total Retained Profits</b>		<b>30,988</b>	<b>35,439</b>

**Note 14 Reconciliation of Operating Result with Cash Flow from Operations**

	2022 \$'000	2021 \$'000
<b>Profit (loss) for the year</b>	<b>(4,451)</b>	<b>4,052</b>
Depreciation and amortisation charge	17	5
Decrease/ (Increase) in the fair value of financial assets both held at the end of the financial year and sold during the year	2,560	(2,397)
(Decrease)/ Increase in trade and other payables	(616)	487
Decrease in employee benefits	(81)	(64)
Increase/ (Decrease) in trade and other receivables	3,132	(3,207)
<b>Net Cash Flow from Operating Activities</b>	<b>561</b>	<b>(1,124)</b>

**Note 15 Endowment Funds**

	2022 \$'000	2021 \$'000
<b>Commonwealth Fund</b>		
Opening balance at beginning of the year	14,129	12,742
Contributions during the year	-	-
Fund income for the year	(873)	2,815
Less: Contributions made to operating costs	(1,740)	(1,428)
Closing balance at end of the year	11,516	14,129
<b>General Fund</b>		
Opening balance at beginning of the year	14,293	12,828
Contributions during the year	-	-
Fund income for the year	(879)	2,903
Less: Contributions made to operating costs	(1,761)	(1,438)
Closing balance at end of the year	11,653	14,293
<b>Public Fund</b>		
Opening balance at beginning of the year	7,017	5,817
Donations	1,812	1,188
Fund income for the year	(145)	664
Less: Contributions made to operating costs	(865)	(652)
Closing balance at end of the year	7,819	7,017
<b>Total Endowment Funds</b>	<b>30,988</b>	<b>35,439</b>
<b>Represented in Equity by:</b>		
Retained Profits	30,988	35,439

**Note 16 Financial Risk Management**

Grattan Institute's principal financial instruments comprise cash, funds on deposits with banks and other financial organisations, commercial notes and bonds, and listed Australian and foreign equities and other financial assets held either directly or through trusts.

Overview

Grattan Institute has exposure to the following risks from its use of financial instruments:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about Grattan Institute's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk. Further quantitative disclosures are included throughout this Financial Report.

The Board oversees how management monitors compliance with Grattan Institute's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by Grattan Institute.

#### Credit risk

Credit risk is the risk of financial loss to Grattan Institute if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Grattan Institute's cash and cash equivalents, receivables from customers and investment securities.

Grattan Institute limits its exposure to credit risk by adherence to an approved Investment Policy, overseen by Grattan Institute's Investment Committee, and only invest in liquid securities and only with counterparties that have a solid credit rating in consultation with advisors. Management does not expect any counterparty to fail to meet its obligations.

#### Liquidity risk

Liquidity risk is the vulnerability of portfolio cash flow management to compromise or failure. In particular, it is the risk that insufficient at-call liquidity is available to meet the Grattan Institute's liabilities and obligations as they fall due. Grattan Institute's approach to managing liquidity risk is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to Grattan Institute's reputation.

Management monitor cash flow requirements on a daily basis to optimise its cash return on investments. Typically, Grattan Institute ensures that it has sufficient cash and short term deposits on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations without the need to draw down from its investments; although this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters.

#### Market risk

Market risk is the risk that changes in market prices, such as foreign exchange rates, interest rates and equity prices will affect Grattan Institute's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Grattan Institute may enter into derivatives in order to manage market risks in consultation with the Board and other advisors.

Grattan Institute's management monitors the mix of equity securities in its investment portfolio based on market indices. The Investment Committee oversees the management of the investment portfolio.

In this context, the primary goal of Grattan Institute's investment strategy is to maximise investment returns to an acceptable level of risk consistent with the agreed investment policy. All investments are designated at fair value through profit or loss, and their performance is actively monitored and they are managed on a fair value basis.

## Financial Instruments

### Credit Risk

#### Exposure to Credit Risk

The carrying amount of Grattan Institute's financial assets represents the maximum credit exposure. The Grattan Institute's maximum exposure to credit risk at the reporting date was:

	Notes	2022 \$'000	2021 \$'000
<b>Carrying Amount</b>			
Cash and Cash Equivalents	6	5,231	3,980
Receivables	7	688	3,820
Managed Investments	8	26,575	29,841
<b>Total Carrying Amount</b>		<b>32,494</b>	<b>37,641</b>

### Impairment Loss

The aging of Grattan Institute's trade and other receivables at the reporting date was:

	Notes	2022 \$'000	2021 \$'000
<b>Carrying Amount</b>			
Not past due		688	3,820
Past due 0-30 days		-	-
Past due 31-60 days		-	-
More than 60 days past due		-	-
Less Allowance for doubtful debts		-	-
<b>Total Carrying Amount</b>	7	<b>688</b>	<b>3,820</b>

#### Impairment of Financial assets

The impairment model under AASB 9 applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not to investments in equity instruments.

The Company considers a broad range of information when assessing credit risk and measuring expected credit losses, including past events, current conditions, reasonable and supportable forecasts that affect the expected collectability of the future cash flows of the instrument.

In applying this forward-looking approach, a distinction is made between:

- financial instruments that have not deteriorated significantly in credit quality since initial recognition or that have low credit risk ('Stage 1');
- financial instruments that have deteriorated significantly in credit quality since initial recognition and whose credit risk is not low ('Stage 2'); and
- financial instruments that have objective evidence of actual impairment at the reporting date ('Stage 3').

Measurement of the expected credit losses is determined by a probability-weighted estimate of credit losses over the expected life of the financial instrument.

As at balance sheet date no provision was considered necessary.

### Liquidity Risk

The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements:

<b>30 June 2022</b>	Carrying Amount	Contractual Cash Flows	6 Months or Less	6-12 Months	1-2 Years	2-5 Years	More than 5 Years
Trade Payables	536	536	536	-	-	-	-
Other Payables and Accruals	481	481	481	-	-	-	-
	1,017	1,017	1,017	-	-	-	-
<b>30 June 2021</b>	Carrying Amount	Contractual Cash Flows	6 Months or Less	6-12 Months	1-2 Years	2-5 Years	More than 5 Years
Trade Payables	616	616	616	-	-	-	-
Other Payables and Accruals	1,017	1,017	1,017	-	-	-	-
	1,633	1,633	1,633	-	-	-	-

### Interest Rate Risk

The following summarises interest rate risk for Grattan Institute together with effective interest rates as at balance date.

	Weighted Average Effective Interest Rate	Variable Interest Rate	Fixed Interest Rate	Non-interest Bearing
	%	\$'000s	\$'000s	\$'000s
<b>30 June 2022</b>				
<b>Financial Assets:</b>				
Cash and Cash Equivalents	1.10%	5,231	-	-
Financial Instruments Receivables	-	-	-	688
Total Financial Assets		5,231	-	688
<b>Financial Liabilities:</b>				
Trade and Other Creditors	-	-	-	1,024
Total Financial Liabilities		-	-	1,024
<b>30 June 2021</b>				
<b>Financial Assets:</b>				
Cash and Cash Equivalents	0.35%	3,980	-	-
Financial Instruments Receivables	-	-	-	3,820
Total Financial Assets		3,980	-	3,820
<b>Financial Liabilities:</b>				
Trade and Other Creditors	-	-	-	1,633
Total Financial Liabilities		-	-	1,633

### Market Risk

A change of 1% of the value of investments at the reporting date would have increased (decreased) equity and profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. The analysis is performed on the same basis for 2021.

	Profit or Loss		Equity	
	1% Increase \$'000s	1% Decrease \$'000s	1% Increase \$'000s	1% Decrease \$'000s
<b>30 June 2022</b> Investments	265	(265)	265	(265)
<b>30 June 2021</b> Investments	298	(298)	298	(298)

### Fair Value Hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability.
- Level 3: inputs for the asset or liability that are not based on observable market data.

	Level 1 \$'000s	Level 2 \$'000s	Level 3 \$'000s	Total \$'000s
<b>Financial Assets</b>				
<b>30 June 2022</b>				
Financial assets designated at fair value through profit and loss	26,575	-	-	26,575
<b>Total Financial Assets</b>	<b>26,575</b>	<b>-</b>	<b>-</b>	<b>26,575</b>
<b>30 June 2021</b>				
Financial assets designated at fair value through profit and loss	29,841	-	-	29,841
<b>Total Financial Assets</b>	<b>29,841</b>	<b>-</b>	<b>-</b>	<b>29,841</b>



**Note 17 Auditor's Remuneration**

	2022 \$	2021 \$
<b>KPMG Australia</b>		
Audit and review of financial reports	20,000	14,000
<b>Total Auditor's Remuneration</b>	<b>20,000</b>	<b>14,000</b>

**Note 18 Segment Reporting**

Grattan Institute is a not-for-profit organisation whose principal activity is public policy research. Grattan Institute operates within a single business segment.

**Note 19 Key Management Personnel**

The key management personnel compensation included in employee expenses are as follows:

	2022 \$	2021 \$
Current employee benefits	571,396	547,423
<b>Total Benefits</b>	<b>571,396</b>	<b>547,423</b>

**Note 20 Related Party Transactions**

There were no related party transactions during the financial year.

**Note 21 Subsequent Events**

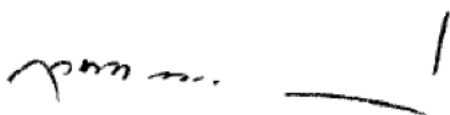
Since the end of the year, the Directors are not aware of any other matter or circumstance not otherwise dealt with in this report, that has significantly or may significantly affect the operations of Grattan Institute, the results of those operations or the state of affairs of Grattan Institute in subsequent years.

## **Directors' Declaration**

In the opinion of the Directors of Grattan Institute:

- (a) the Financial Statements and Notes, set out on pages 16 to 32, are in accordance with the Corporations Act 2001 and the Australian Charities and Not-For-Profits Commission Act 2012, including:
  - (i) giving a true and fair view of the financial position of Grattan Institute at 30 June 2022 and its performance, as represented by the results of its operations and its cash flows, for the year ended on that date; and
  - (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations), the Corporations Regulations 2001 and the Australian Charities and Not-For-Profits Commission Act 2012; and
- (b) there are reasonable grounds to believe that Grattan Institute will be able to pay its debts as and when they become due and payable.

Dated at Melbourne this 17 day of October 2022.



Lindsay Maxsted  
Director



Kathryn Fagg  
Director



# Independent Auditor's Report

To the Directors of Grattan Institute

## Report on the audit of the Financial Report

### Opinion

We have audited the **Financial Report**, of the Grattan Institute (the Company).

In our opinion, the accompanying Financial Report of the Company is in accordance with Division 60 of the *Australian Charities and Not-for-profits Commission (ACNC) Act 2012*, including:

- i. giving a true and fair view of the Company's financial position as at 30 June 2022, and of its financial performance and its cash flows for the year ended on that date; and
- ii. complying with *Australian Accounting Standards* and Division 60 of the *Australian Charities and Not-for-profits Commission Regulation 2013 (ACNCR)*.

The **Financial Report** comprises:

- i. Statement of financial position as at 30 June 2022.
- ii. Statement of profit or loss and other comprehensive income, Statement of changes in equity, and Statement of cash flows for the year then ended.
- iii. Notes including a summary of significant accounting policies.
- iv. Directors' declaration of the Company.

### Basis for opinion

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

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

We are independent of the Company in accordance with the auditor independence requirements of the *ACNC Act 2012* and the ethical requirements of the Accounting Professional and Ethical Standards Board's *APES 110 Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to our audit of the Financial Report in Australia. We have fulfilled our other ethical responsibilities in accordance with the Code.

## Other information

Other Information is financial and non-financial information in Grattan Institute's annual reporting which is provided in addition to the Financial Report and the Auditor's Report. The Directors are responsible for the Other Information.

The Other Information we obtained prior to the date of this Auditor's Report was the Directors' Report.

Our opinion on the Financial Report does not cover the Other Information and, accordingly, we do not express any form of assurance conclusion thereon.

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

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

## Responsibilities of the Directors for the Financial Report

The Directors are responsible for:

- i. Preparing the Financial Report that gives a true and fair view in accordance with Australian Accounting Standards and the ACNC.
- ii. Implementing necessary internal control to enable the preparation of a Financial Report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.
- iii. Assessing the Company's ability to continue as a going concern and whether the use of the going concern basis of accounting is appropriate. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

## Auditor's responsibilities for the audit of the Financial Report

Our objective is:

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

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

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

As part of an audit in accordance with *Australian Auditing Standards*, we exercise professional judgement and maintain professional scepticism throughout the audit.



We also:

- i. Identify and assess the risks of material misstatement of the Financial Report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- ii. Obtain an understanding of internal control relevant to the Audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the registered Company's internal control.
- iii. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- iv. Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the registered Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our Auditor's Report to the related disclosures in the Financial Report or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our Auditor's Report. However, future events or conditions may cause the registered Company to cease to continue as a going concern.
- v. Evaluate the overall presentation, structure and content of the Financial Report, including the disclosures, and whether the Financial Report represents the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors of the registered Company regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG

Gordon Sangster

Partner

Melbourne

18 October 2022