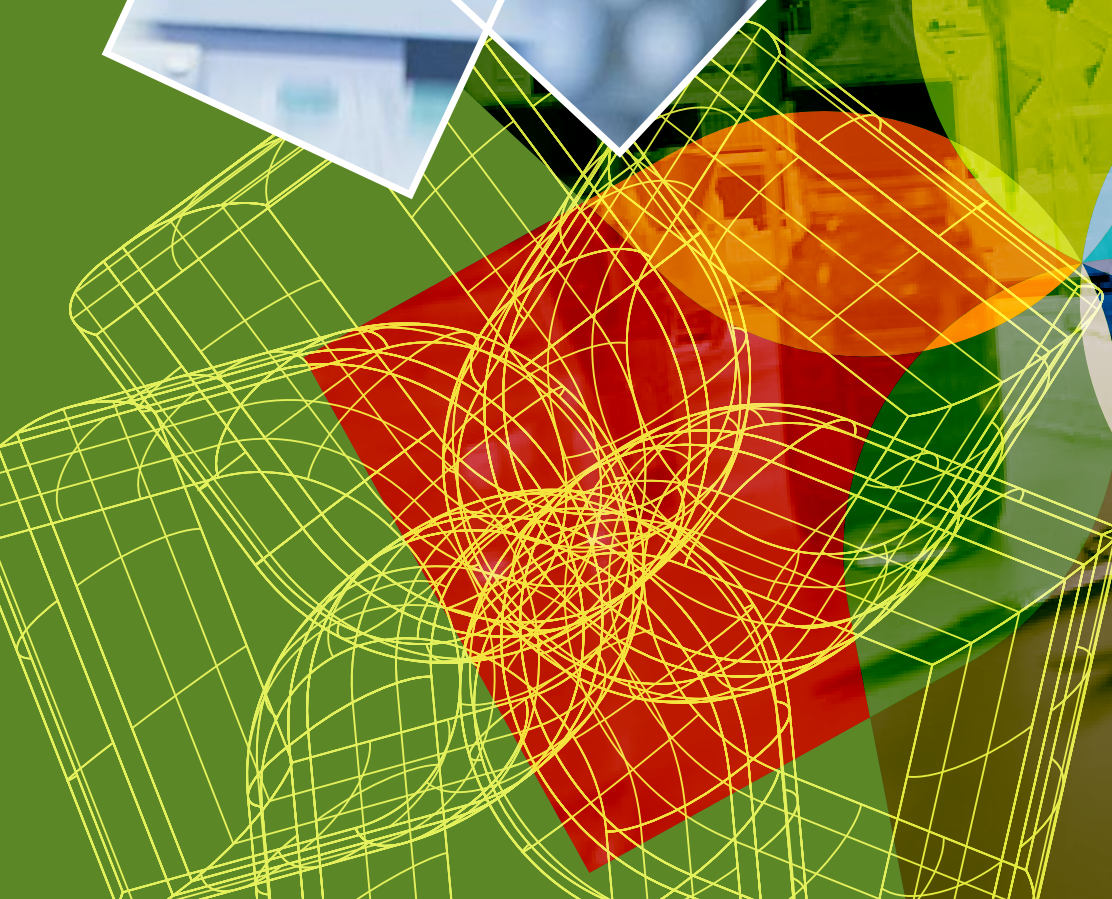




DEAKIN UNIVERSITY

**ANNUAL
REPORT**
2009



**REPORT OF OPERATIONS AND AUDITED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2009**

18 March, 2010

The Honourable Bronwyn Pike, MP
Minister for Education and Minister for Skills and Workforce Participation
Level 1, 2 Treasury Place,
East Melbourne Vic 3002

Dear Minister

In accordance with the requirements of regulations under the *Financial Management Act 1994*, I have pleasure in presenting to you, on behalf of the Deakin University Council, the Deakin University Annual Report 2009.

This Annual Report was approved at a Council meeting held on 18 March, 2010.

Yours sincerely,

A handwritten signature in black ink, appearing to read 'D. Morgan', with a small flourish at the end.

Mr David M. Morgan
Chancellor

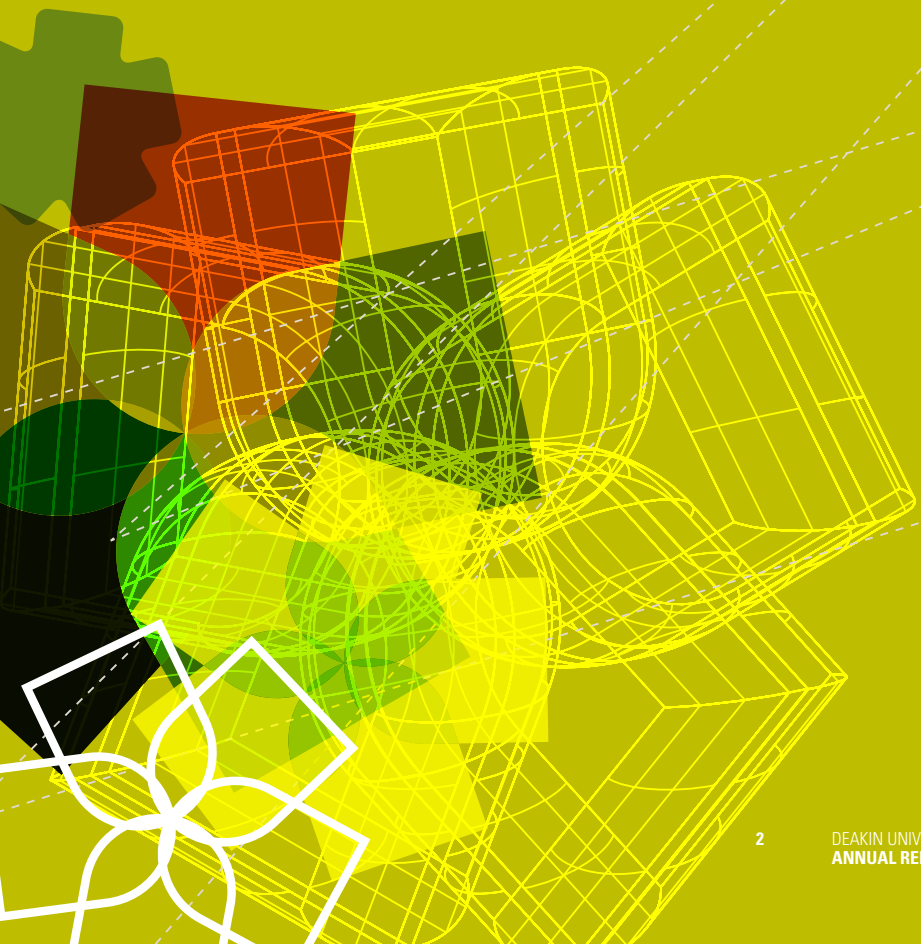


DEAKIN UNIVERSITY

**ANNUAL
REPORT**
2009

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MISSION

Deakin University aims to be a catalyst for positive change for the individuals and the communities it serves.

This will be achieved by ensuring that Deakin's teaching, its research, its partnerships, its international programs and the services that support those activities are:

- Relevant
- Innovative and
- Responsive

By pursuing these objectives, Deakin aspires to be recognised as Australia's most progressive University.

CORE COMMITMENTS

Deakin University has identified six core commitments that shape its distinctive position in higher education in Australia. These core commitments guide every aspect of the University's activities:

- Rural and regional engagement
- Continuing education and life-long learning
- Equity and access for individuals and groups who might not otherwise enjoy the benefits that flow from participation in higher education
- Research that makes a difference
- Contemporary and flexible teaching programs
- An international outlook.

**RELEVANT
INNOVATIVE
RESPONSIVE
PROGRESSIVE**

DEAKIN AT A GLANCE STATISTICS SUMMARY 2009

STUDENT LOAD¹

(EQUIVALENT FULL TIME
STUDENT LOAD – EFTSL)

Student load 26,155

STAFF²

FULL-TIME EQUIVALENT

Full time/fractional full time 2,588

Casual (estimate) 548

Total 3,136

COURSE DATA

Active award courses 356

LIBRARY

Books 1,586,335

Current serials
(includes electronic titles) 88,776

FINANCE

(AS AT 31 DECEMBER 2008)

(\$ MILLIONS)

Total income 611.4

Total expenditure 540.2

CAMPUSES AND

LAND AREA

(HECTARES)

Melbourne Campus at Burwood 27

Geelong Campus at Waurn Ponds 325

Geelong Waterfront Campus 4

Warrnambool Campus 94

Total 450

COURSE ENROLMENTS¹

| | 2009 | 2008 | 2007 | 2006 |
|--------------|---------------|---------------|---------------|---------------|
| Commencing | 13,946 | 14,114 | 13,371 | 12,459 |
| Returning | 23,356 | 23,019 | 21,764 | 21,518 |
| Total | 37,302 | 37,133 | 35,135 | 33,977 |

BY FACULTY

| | | | | |
|---|--------|--------|--------|--------|
| Arts and Education | 11,756 | 11,745 | 11,527 | 11,182 |
| Business and Law | 13,546 | 13,656 | 12,597 | 12,303 |
| Health, Medicine, Nursing and Behavioural Sciences | 6,811 | 6,538 | 5,949 | 5,320 |
| Science and Technology | 4,850 | 4,706 | 4,582 | 4,678 |
| Cross institutional | 339 | 488 | 480 | 495 |

BY COURSE TYPE

| | | | | |
|---------------------------|--------|--------|--------|--------|
| Higher degree by research | 974 | 880 | 917 | 917 |
| Postgraduate coursework | 10,208 | 9,782 | 8,492 | 8,172 |
| Undergraduate | 25,506 | 25,829 | 25,151 | 24,309 |
| Non-award | 614 | 642 | 575 | 579 |

BY CAMPUS

| | | | | |
|----------------------------------|--------|--------|--------|--------|
| Melbourne Campus at Burwood | 18,327 | 18,167 | 16,685 | 15,377 |
| Geelong Campus at Waurn Ponds | 4,536 | 4,423 | 4,281 | 4,173 |
| Geelong Waterfront Campus | 2,177 | 2,080 | 1,910 | 1,635 |
| Warrnambool Campus | 1,054 | 1,069 | 1,096 | 1,102 |
| Off Campus | 10,576 | 10,607 | 10,240 | 10,571 |
| Offshore | 633 | 786 | 924 | 1,118 |

BY GENDER

| | | | | |
|--------|--------|--------|--------|--------|
| Female | 21,859 | 21,595 | 20,439 | 19,676 |
| Male | 15,442 | 15,538 | 14,696 | 14,301 |

1. 2009 EFTSL and course enrolment data provides a 'snapshot' of enrolments as at 24 October 2009. The 2009 snapshot includes finalised Trimester 1 and Trimester 2 data and an interim snapshot for Trimester 3. Full year data is not finalised until 31 March 2010. Data for previous years provides a finalised end-of-year picture. It follows that 2009 figures should be compared with those of previous years with this proviso. Furthermore, the transition to a new teaching calendar meant that the 2008 year included four teaching periods: Summer, Semester 1, Semester 2 and Trimester 3. For this reason data for 2008 is not comparable to data for other years.

2. FTE figures are as at 31 December 2009 and exclude external entities (DeakinPrime and Callista). Casual FTE estimates are based on contact hours worked during the 2009 calendar year in accordance with the DEEWR formulae.



Finance
Total income
\$611 million
Total expenditure
\$540 million

STUDENT LOAD¹
(EQUIVALENT FULL TIME
STUDENT LOAD – EFTSL)

| | 2009 | 2008 | 2007 | 2006 |
|--------------|---------------|---------------|---------------|---------------|
| Commencing | 9,766 | 9,620 | 8,965 | 8,200 |
| Returning | 16,389 | 15,968 | 14,266 | 13,697 |
| Total | 26,155 | 25,589 | 23,230 | 21,896 |

BY FACULTY

| | | | | |
|--|-------|-------|-------|-------|
| Arts and Education | 8,134 | 8,122 | 7,760 | 7,334 |
| Business and Law | 8,881 | 8,758 | 7,482 | 7,063 |
| Health, Medicine, Nursing and Behavioural Sciences | 5,205 | 4,975 | 4,517 | 4,002 |
| Science and Technology | 3,835 | 3,585 | 3,318 | 3,344 |
| Cross institutional | 102 | 148 | 154 | 154 |

BY COURSE TYPE

| | | | | |
|---------------------------|--------|--------|--------|--------|
| Higher degree by research | 701 | 612 | 615 | 634 |
| Postgraduate coursework | 4,532 | 4,221 | 3,324 | 2,972 |
| Undergraduate | 20,758 | 20,561 | 19,108 | 18,087 |
| Non-award | 165 | 195 | 183 | 203 |

DOMESTIC
FEE-PAYING LOAD (EFTSL)

| | | | | |
|--------------|--------------|--------------|--------------|--------------|
| Commencing | 1,251 | 1,673 | 1,392 | 1,174 |
| Returning | 1,567 | 1,604 | 1,305 | 1,131 |
| Total | 2,818 | 3,277 | 2,697 | 2,305 |

INTERNATIONAL
FEE-PAYING LOAD³ (EFTSL)

| | | | | |
|--------------|--------------|--------------|--------------|--------------|
| Commencing | 2,619 | 2,487 | 2,035 | 2,071 |
| Returning | 3,218 | 3,268 | 2,871 | 2,595 |
| Total | 5,838 | 5,755 | 4,906 | 4,665 |

COURSE COMPLETIONS
BY COURSE TYPE

| | 2009 | 2007 | 2006 | 2005 |
|-----------------------------|--------------|--------------|--------------|--------------|
| Higher degree by research | 145 | 137 | 118 | 121 |
| Higher degree by coursework | 1,634 | 1,385 | 1,457 | 1,543 |
| Other postgraduate | 1,229 | 1,237 | 1,174 | 1,271 |
| Bachelor | 4,964 | 4,747 | 4,883 | 4,909 |
| Other undergraduate | 84 | 111 | 156 | 197 |
| Total | 8,056 | 7,617 | 7,788 | 8,041 |

STAFF²
(FULL-TIME EQUIVALENT
INCLUDING CASUAL)

| | 2009 | 2008 | 2007 | 2006 |
|--------------|--------------|--------------|--------------|--------------|
| Academic | 1,461 | 1,340 | 1,219 | 1,196 |
| General | 1,675 | 1,572 | 1,444 | 1,442 |
| Total | 3,136 | 2,912 | 2,663 | 2,638 |

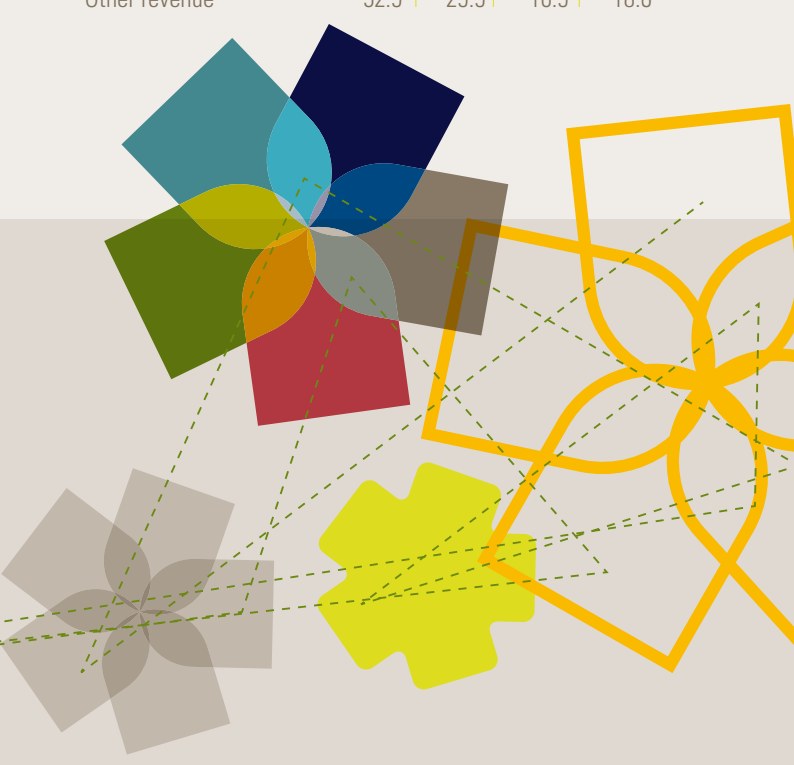
FINANCE
(\$ MILLIONS)

| | 2009 | 2008 | 2007 | 2006 |
|-----------------------------------|--------------|--------------|--------------|--------------|
| Total revenue | 611.4 | 557.2 | 460.8 | 451.2 |
| Government grant revenue | 222.0 | 198.3 | 171.6 | 173.7 |
| Consultancy and contract research | 13.7 | 14.1 | 12.0 | 11.0 |
| Fee-paying students | 166.7 | 154.9 | 125.7 | 104.3 |
| Commercial activities | 53.6 | 60.8 | 60.0 | 67.5 |
| HECS | 102.5 | 99.2 | 80.6 | 76.1 |
| Other revenue | 52.9 | 29.9 | 10.9 | 18.6 |

1. 2009 EFTSL and course enrolment data provides a 'snapshot' of enrolments as at 24 October 2009. The 2009 snapshot includes finalised Trimester 1 and Trimester 2 data and an interim snapshot from Trimester 3. Full year data is not finalised until 31 March 2010. Data for previous years provides a finalised end-of-year picture. It follows that 2009 figures should be compared with those of previous years with this proviso. Furthermore, the transition to a new teaching calendar meant that the 2008 year included four teaching periods: Summer, Semester 1, Semester 2 and Trimester 3. For this reason data for 2008 is not comparable to data for other years.

2. FTE figures are as at 31 December 2009 and exclude external entities (DeakinPrime and Callista). Casual FTE estimates are based on contact hours worked during the 2009 calendar year in accordance with the DEEWR formulae.

3. International fee-paying student load (EFTSL) includes offshore.



THE YEAR IN REVIEW

PROFESSOR SALLY WALKER
VICE-CHANCELLOR





Deakin's goal to increase participation by people from low socio-economic backgrounds is also aligned to the Government's ambition to provide opportunities for people from all backgrounds to develop and reach their potential.

RESPONDING TO THE AUSTRALIAN GOVERNMENT'S AMBITIONS FOR HIGHER EDUCATION

In December 2008 the report of the Review of Australian Higher Education, chaired by Professor Denise Bradley, was handed down. The Australian Government's response to the Bradley report was published in its May 2009 budget papers in a document entitled, *Transforming Australia's Higher Education System*. The ambitious targets set out in this document, especially those relating to the attainment of qualifications and to participation in tertiary education, have far-reaching and long-term implications for all tertiary education providers.

The May 2009 budget papers also outlined the Australian Government's priorities for research. The relevant document is entitled, *Powering Ideas: An innovative agenda for the 21st century*. A central theme is to encourage collaboration between universities, industry and government.

Although developed before the change of government in December 2007, Deakin's goals as set out in its Strategic Plan - *Delivering Effective Partnerships* - are concordant with the objectives of both *Transforming Australia's Higher Education System* and *Powering Ideas: An innovative agenda for the 21st century*. This is evidenced, at a general level, by Deakin's core commitments and, more specifically, by the distinctive contribution that Deakin makes to the sector. For example, Deakin is Victoria's major rural and regional higher education provider and it is focusing on improving its research performance through partnerships and industry collaboration. It follows that Deakin is well placed to contribute to the Australian Government's agenda.

The introduction to *Delivering Effective Partnerships* states that, during the period of the Plan (2008-2012), Deakin aims "to increase its student load by at least three per cent per annum". Following the Government's announcement of its ambition for growth in higher education attainment, Deakin increased its growth targets for 2009-2011. The University is planning its approach for 2012 and beyond when the enrolment 'cap' is lifted.

Deakin's goal to increase participation by people from low socio-economic backgrounds is also aligned with the Government's ambition to provide opportunities for people from all backgrounds to develop and reach their potential.

In *Transforming Australia's Higher Education System*, the Federal Government confirmed that it planned to introduce "mission-based compacts" with each Australian university. The compacts will "outline the relationship between the Commonwealth and each university". The Government also announced that it would work in partnership with universities to define "targets for improvement and reform which will trigger reward payments". To this end, 2009 became a transitional year requiring an Interim Agreement for Mission-Based Compacts. Deakin's Interim Agreement was approved and signed in December. In 2010 the first compacts will be negotiated.

RESEARCH

The Australian Research Council (ARC) and National Health and Medical Research Council (NH&MRC) funding announcements in 2009 showed an improvement in the level of research grant income for Deakin. Of particular note was the success of a \$1 million Deakin-led ARC Linkage Infrastructure Equipment and Facilities (LIEF) Grant for a Field Emission Gun Transmission Electron Microscope. This is for use in conducting research into nanomaterials, metal alloys and biological sciences, which will be beneficial to researchers working on projects dealing with clean energy, environmental protection and health care. The microscope will be located in the Geelong Technology Precinct at the Geelong Campus at Waurn Ponds. The application for the grant was led by Professor Ian Chen in collaboration with researchers from the Commonwealth Scientific and Industrial Research Organisation (CSIRO), Swinburne University of Technology, the University of New South Wales and the University of Wollongong.

The University values highly the ongoing support from the Federal Minister for Innovation, Industry, Science and Research, Senator Kim Carr, who was again a regular visitor to the University in 2009, especially to Deakin's Institute for Technology Research and Innovation based at the Geelong Campus at Waurn Ponds



STUDENT RECRUITMENT AND INTERNATIONALISATION

Deakin continued to achieve outstanding results in relation to both domestic and international student recruitment in 2009. After the 'change of preference' period there was an increase of 14.9 per cent in first preference applications for Commonwealth Supported Places (CSP) at Deakin in 2009, compared with an overall increase of 9.5 per cent across Victoria. Deakin secured 16.0 per cent of the market share of first preferences compared with 15.3 per cent in 2008.

Domestic fee paying postgraduate load increased from 1,904 EFTSL in 2008 to 2,029 EFTSL in 2009. International student load rose by 83 EFTSL - from 5,755 EFTSL in 2008 to 5,838 in 2009. These outcomes were assisted by the full introduction of the Trimester system.

On 21 October, Deakin received the Governor of Victoria Export Award for Education and Training. This is the second consecutive year that Deakin has won this award for outstanding innovation and export achievement in the field of education and training services, expertise and curriculum.

ALTC TEACHING EXCELLENCE AWARDS AND CITATIONS

The Australian Learning and Teaching Council awarded six citations to Deakin staff members for outstanding contributions to student learning. Two academic staff members - Mr Abdel-Hakeem Kasem and Dr Claire Macken - received Australian Awards for University Teaching, which recognise the nation's top university teachers.

UNIVERSITY RANKINGS

In October the Times Higher Education World University Rankings for 2009 were released. Deakin's overall rank was equal 355, up from equal 396 in 2008. This is Deakin's strongest result to date in this listing and indicates that the University is making good progress towards the goal of being in the top third of Australian universities on key measures of teaching and research by 2012. Overall, this places Deakin at equal 21 among Australian universities. In the rankings for individual subject areas, Deakin was placed 13th in Australia in Social Sciences and 16th in Life Sciences and Biomedicine.

DEAKIN AT YOUR DOORSTEP

In December 2008 the Australian Government awarded \$8.21 million to Deakin from the Diversity and Structural Adjustment Fund to establish "Deakin At Your Doorstep". In 2009 the project achieved several key milestones, in particular the finalisation of agreements with its Technical and Further Education (TAFE) partners, the establishment of the Associate Degree program and the completion of preparations for enrolments in 2010.

RESPONDING TO AUSTRALIAN GOVERNMENT REVIEWS

In 2009 Deakin made submissions to a number of government reviews, including:

- The Review of the *Education Services for Overseas Students (ESOS) Act 2000*
- The Australian Qualifications Framework Council Project, *Strengthening the AQF: An Architecture for Australia's Qualifications*
- The Senate's Rural And Regional Affairs and Transport References Committee, *Social Security and Other Legislation Amendment (Income Support for Students) Bill 2009*
- The Australian Government Review of the *Equal Opportunity for Women in the Workplace Act, 1999* and Agency.

Professor Sally Walker
Vice-Chancellor

Deakin can best achieve its goals both by *working in partnership* with people and groups *external* to the University and by creating a collegial, *engaged community* of staff and students.

PLANNING FOR SUCCESS

DELIVERING EFFECTIVE PARTNERSHIPS

Deakin University aims for excellence in all of its activities. It is committed to continuous quality improvement to advance its teaching programs, its contribution to research, the development of its staff and students, and its infrastructure.

Deakin has an integrated cycle of planning, resourcing, accountability and evaluation. The Planning Cycle involves the development of a five-year Strategic Plan, which is advanced by annual Operational Plans and Work Plans governing all areas of the University. This contributes to the development of a culture that is aligned with the University's Mission and Core Commitments. The Planning Cycle aims to ensure that there is a shared sense of purpose at every level of the University.

Deakin is improving the alignment of its Budget with its Strategic and Operational Plans. During 2009 further progress was made to ensure that the individual performance planning of all staff members advances the University's Plans.

At its highest level, the Strategic Plan sets out Deakin's long-term goals and strategies. The current Strategic Plan - *Delivering Effective Partnerships* - will guide the University's activities over the five years from 2008 to the end of 2012.

In developing *Delivering Effective Partnerships*, Deakin identified the unique characteristics that it wishes to preserve and enhance. These include:

- community relationships
- contemporary, friendly and welcoming environment
- flexible education platform
- effective research partnerships
- Indigenous education
- DeakinPrime's activities.

“Deakin does not aim to compete with or to emulate other universities; its focus is on developing its own distinctive position in the higher education sector. By being the best that it can be in its areas of core commitment, Deakin will rival other universities, although such rivalry is not, of course, an objective in itself.”

Vice-Chancellor's introduction to Delivering Effective Partnerships

Delivering Effective Partnerships provides a framework for action by which Deakin can achieve its planned growth over the five-year period. The theme of partnerships, which underpins the Strategic Plan, is based on the premise that Deakin can best achieve its goals both by working in partnership with people and groups external to the University and by creating a collegial, engaged community of staff and students.

Performance measures and targets are identified in the Strategic Plan. The Strategic Plan also sets out how Deakin will benchmark its performance. In most cases, the benchmarks are expressed in relation to a group of universities, comprising Curtin University, Griffith University, Macquarie University, Newcastle University, the University of South Australia and the University of Wollongong. Deakin has chosen to compare itself with these universities because of the rankings that they have achieved in terms of key performance measures. The aim is to stretch Deakin by comparing its outcomes with those of this group.

The Strategic Plan is complemented by an annual University-wide Operational Plan that sets out immediate priorities in the form of measurable targets for the year. The Operational Plan is finalised over a period of months, during which time the targets are refined and adjusted in light of the University's current performance, external developments and available resources. Faculties and other areas then develop their own Operational Plans or, in the case of Schools and Divisions, Work Plans. These are consistent with and advance the University's Operational Plan and the goals and strategies in the Strategic Plan.

DEAKIN UNIVERSITY HIGHLIGHTS 2009

TEACHING AND LEARNING

- Strong growth in enrolments in all key categories – Commonwealth Supported Places, fee-paying domestic and international
- Receipt of Federal Government funding of \$16.07 million over two years from the Rural Clinical Schools Program to support the clinical training of medical students
- Expanded relationships with the Melbourne Institute of Business Technology (MIBT) and Technical and Further Education (TAFE) partners to further facilitate pathways into Deakin's degree programs
- Full introduction of Trimester system

More information regarding teaching and learning can be found on pages 14-18.

RESEARCH AND RESEARCH TRAINING

- Identification and promotion of 12 new Strategic Research Centres
- Award of inaugural Australian Laureate Fellowship to Professor Peter Hodgson, Director of the Institute for Technology Research and Innovation, by the Australian Research Council (ARC)
- Awarding of the title 'Alfred Deakin Professor' to Professor David Crawford and Professor Boyd Swinburn
- Achievement of 13 ARC Discovery Awards and 10 ARC Linkage Round One Awards – the highest number received by Deakin in recent years
- Opening of the Deakin India Research Initiative by the Victorian Minister for Skills and Workplace Participation, Ms Jacinta Allan MLA

More information regarding research and research training can be found on pages 19-22.

THE DEPUTY PRIME MINISTER, THE HON JULIA GILLARD MP, PRESENTS DR CLAIRE MACKEN WITH HER NATIONAL AWARD FOR TEACHING EXCELLENCE



Highlight Receipt of a citation as an Employer of Choice for Women from the Equal Opportunity for Women Agency (EOWA)



INTERNATIONALISATION

- Increase in international student enrolments despite the negative impact of changes to some student visa conditions, the rise in value of the Australian dollar and the effects of adverse publicity regarding the safety of international students
- Completion of a review of the University's current levels of support for international students
- Development of a comprehensive kit of information by the Institute of Teaching and Learning to enhance the intercultural understanding and capabilities of staff and their ability to work in a multi-national classroom

More information regarding internationalisation can be found on pages 23-25.

RURAL AND REGIONAL ENGAGEMENT

- Development of the new Associate Degree of Arts, Business and Sciences, which is to be delivered through the Deakin at Your Doorstep project
- Completion of a survey of senior representatives of partner organisations in Geelong and Western Victoria to obtain advice regarding the University's relationship with regional communities

More information regarding rural and regional engagement can be found on pages 26-27.

EQUITY AND ACCESS

- Implementation of the Metropolitan Access Program (MAP) and the Regional Engagement Access Program (REAP) in 20 schools across Victoria
- Improved participation rates for students from low SES and regional target groups and achievement of increased access and participation rates for students with disability
- Completion of a restructure of the Disability Resource Centre to improve services to staff and students with a disability
- Receipt of a citation as an Employer of Choice for Women from the Equal Opportunity for Women Agency (EOWA)
- Training of more than 60 Harassment and Discrimination Contact Officers to provide support and information for staff and students

More information regarding equity and access can be found on pages 28-30.

PEOPLE, CULTURE AND CHANGE

- Significant improvement in the results from the annual staff survey, particularly in relation to 'organisational climate' within workgroups
- Growth in the rate of success of applications from academics for promotion
- Significant increases in the number of professors appointed to the University
- Introduction of a new suite of leadership programs for academic and professional staff
- Development of a single academic workload model in each Faculty, which will be used to allocate workloads in 2010

More information regarding people, culture and change can be found on pages 31-32.

ACADEMIC SUPPORT

- Completion of a major review of student services to ensure that they are comprehensive and delivered without wasteful duplication
- Implementation of a pilot program to test the skills of incoming students and provide them with advice about their English proficiency
- Commencement of the implementation phase of a comprehensive plan to address the key factors that influence employability – generic skills, work-integrated learning and career education and preparation

More information regarding academic support can be found on page 33.



COMMUNICATION, MARKETING AND 'POSITIONING'

- Growth of 16 per cent in the number of students who put Deakin as their first preference for a CSP in 2010 compared with the previous year's timely preference or 'POP Poll' outcomes, thereby for the first time making Deakin the third most popular university in Victoria after Monash and RMIT
- Increase in the unprompted brand awareness of Deakin on the brand equity index (measured by the IPSOS scale) - from 47 percent in 2008 to 51 per cent
- Presentation of the 2009 Richard Searby Oration by the Federal Minister for Finance and Deregulation, the Hon Lindsay Tanner MP
- Record number of local, interstate and international Alumni events

More information regarding communication, marketing and 'positioning' can be found on page 34.

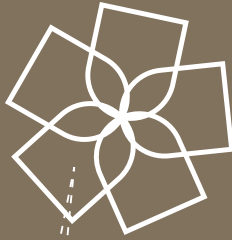
RESOURCES, INFRASTRUCTURE AND SERVICES

- Surplus of \$71.2 million despite significant financial market turmoil arising from the Global Financial Crisis
- Delivery of a 10-year Strategic Asset Management Plan for property, equipment and Information, Communications and Technology (ICT), including three-year, five-year and 10-year projections
- Review of the Master Plan for the Melbourne Campus at Burwood
- Completion of the \$37 million redevelopment of the Dennys Lascelles Building at the Geelong Waterfront Campus and the official opening of the Building by Ms Lisa Neville MP, Victorian Minister for Mental Health, Community Services and Senior Victorians, and Member for Bellarine
- Completion of the design development phase for a new 1,000 seat lecture theatre at the Melbourne Campus at Burwood
- Establishment of the Office of Environment to integrate environmental sustainability into all of Deakin's operations

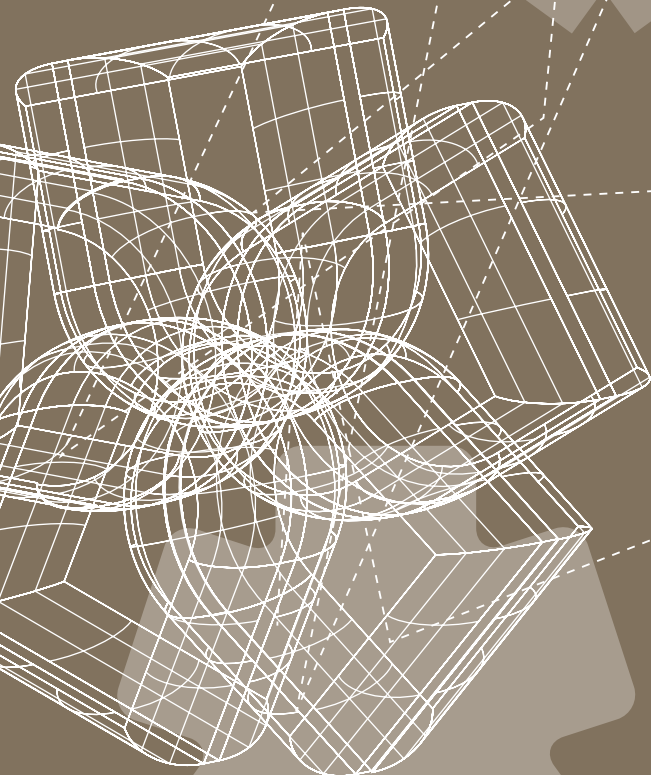
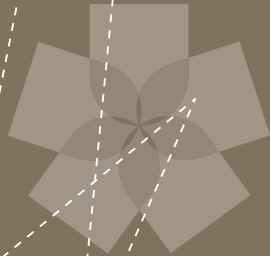
More information regarding resources, infrastructure and services can be found on pages 35-37.

THE COMPLETED REDEVELOPMENT OF THE DENNYS LASCELLES BUILDING AT THE GEELONG WATERFRONT CAMPUS

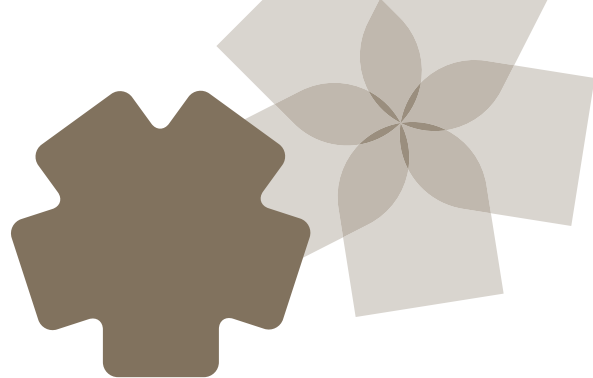




REVIEW OF OPERATIONS



TEACHING AND LEARNING



Deakin's goal is: To work in partnership with students, staff, industry, employers and governments to ensure that Deakin's academic programs are of high quality, relevant, informed by contemporary research and create a unique Deakin student experience; and to be recognised as a national leader in flexible education.

2009 was a year of expansion, review and continued commitment to Deakin's goal of being in the top third of Australian universities in teaching and learning by 2012. Much work was also undertaken to ensure that the University is well placed to respond to the Australian Government's May Budget announcements regarding the implementation of the Bradley Review.

EXPANSION

The strong increase in enrolments that Deakin has experienced in recent years continued in 2009 in all key categories.

Under the arrangements that operated in 2009, universities received full funding in respect of enrolments of up to 5 per cent more than the number of Commonwealth Supported Places (CSPs) allocated to them; for enrolments over 5 per cent, universities received only the student contributions. In 2009 Deakin exceeded its CSP allocation by 5.6 per cent in funding terms. Accordingly, Deakin will receive full funding for all but 0.6 per cent of its CSPs. Deakin is well positioned to take advantage of the Australian Government's decision to lift the cap on full funding for over enrolments from 5 per cent to 10 per cent in 2010 and 2011 and to remove the cap altogether in 2012.

Deakin also exceeded its targets for fee-paying domestic and international students despite the fact that these targets were higher than in 2008. This is seen as further evidence of Deakin's increased attractiveness to students.

The Medical School continued to expand with the second intake of medical students at the Geelong Campus at Waurn Ponds. The School received a boost in July when the Federal Government awarded \$16.07 million to Deakin over two years from the Rural Clinical Schools Program. This will be used to support students based at rural locations during their clinical placements. The funding will be used to provide additional consulting rooms, IT facilities, teaching equipment and study spaces in medical practices and rural hospitals; it will also be used to purchase residential accommodation in the towns where the students will be placed.

The funding is testament to the partnership between Deakin and the Federal Government, and to joint efforts to address the health challenges faced by rural and regional Australians. In a similar display of confidence, in October the Government allocated Deakin an additional 55 CSP places in early childhood education. Over the next several years, this will result in substantially increased enrolments in this area.

To ensure continued strong demand for places at all Campuses, Deakin expanded its relationship with the Melbourne Institute of Business and Technology (MIBT) and with a number of its Technical and Further Education (TAFE) partners. The teaching of MIBT science and engineering-related diplomas increased at the Geelong Campus at Waurn Ponds and agreement was reached during the year to offer diplomas in commerce and computing at that Campus in 2010. Agreement was also reached to enable MIBT to commence offering an associate degree at the Melbourne Campus at Burwood. All of these arrangements enhance the opportunities for students who successfully complete these programs to enter Deakin's degree courses in future years.

In an important initiative, a four-way TAFE Alliance came into operation between Deakin and the three TAFEs most closely aligned to the Geelong, Warrnambool and Melbourne Campus locations, namely, the Gordon Institute of TAFE, the South-West Institute of TAFE and the Box Hill Institute of TAFE. The alliance expands cooperation between the parties. The cooperation involves the development of pathways that will enable qualified students to move between the TAFE sector and



2009 was a year of expansion, review and continued commitment to Deakin's goal of being in the top third of Australian universities in teaching and learning by 2012.

Deakin. It also involves the creation of programs that combine qualifications from both sectors.

In 2009 the new Trimester system was fully introduced after its commencement at the end of 2008, which followed a two-year trial in the Faculty of Business and Law. Despite some inevitable teething problems that were addressed during the year, the system has proved to be very popular with all categories of students, as the following table shows.

The decision to allow students to commence their studies at Deakin in Trimester 3 has proven very appealing, with 682 domestic and international students taking up this option. The Trimester system also gives teaching staff greater flexibility in relation to when they teach and helps the University to better utilise its teaching and student support facilities throughout the year.

STUDENT PARTICIPATION IN TRIMESTER 3 BY FUNDING CATEGORY¹

| Funding Category | Summer 2007-2008 | Trimester 3 2008 | Trimester 3 2009 | Variance 2008-2009 | % Variance 2008-2009 |
|-------------------------------------|------------------|------------------|------------------|--------------------|----------------------|
| Commonwealth Supported | 321 | 2,537 | 3,727 | 1,190 | 47% |
| Domestic Fee-paying – UG | 882 | 311 | 318 | 7 | 2% |
| Domestic Fee-paying – PG | 778 | 1,052 | 1,477 | 425 | 40% |
| International Fee-paying | 1,543 | 1,625 | 2,145 | 520 | 32% |
| International Fee-paying (Offshore) | 236 | 164 | 181 | 17 | 10% |
| Employer Funded (DeakinPrime) | 115 | 87 | 77 | -10 | -11% |
| Total | 3,866 | 5,770 | 7,921 | 2,151 | 37% |

1. The totals shown are the number of individual students who participated in Trimester 3. A small number of students enrolled in two courses under two separate funding categories. This means that the total may be less than the sum of all funding categories.

STUDENTS FROM THE SCHOOL OF ARCHITECTURE AND BUILDING AT THE GEELONG WATERFRONT CAMPUS



Through the substantial momentum that it has developed, the Higher Education Research Group has made a significant contribution to the vibrant discussion about higher education issues that now exists within the University.

REVIEWS

In 2009 Deakin conducted a number of reviews to ensure that it is able to achieve its teaching and learning goals. These included:

- a review of the University's award courses to ensure that they provide a learning experience which encompasses international and intercultural perspectives and equips graduates to work in occupations and markets that are international in dimension. This involved a conference in April, a workshop in July and a report presented to the Academic Board in November, the recommendations of which will be implemented in 2010
- a formal review of the Institute of Teaching and Learning. This was conducted in September, with a report submitted to the Vice-Chancellor in October. As a result of this review and the Vice-Chancellor's response, the Institute will raise its profile within the University and work more closely with Faculties and Schools to meet their professional development needs. It will also reorient the modes in which its programs are delivered and, while maintaining the important work that must be carried out in relation to Deakin's online teaching program, give more attention to the key pedagogical and assessment issues facing classroom teachers
- a summit in October, which considered Deakin's most recent results in the annual Australian Graduate Survey and the Australasian Survey of Student Engagement (AUSSE). This led to the development of a comprehensive "vision" of what the student learning experience at Deakin must encompass if the University is to realise its goal of being in the top third of Australian universities in these areas. In December, meetings were held with staff at all Campuses to discuss the vision and to help inform the development of a plan to bring it to fruition.

At a more general level, the Course Review and Enrolment Planning Sub-Committee of the Planning and Resources Committee reviewed the performance of all award courses to ensure that their content and range are attractive to current and prospective students and respond to Australia's needs. The Sub-Committee examined the health of each existing course and the strength of proposals being advanced by the Faculties for the introduction of new courses in 2010 and beyond. Reviews of this nature will now be a regular part of Deakin's course review and renewal processes. This will help to ensure that Deakin's teaching program remains relevant, innovative and responsive.

RECOGNISING AND PROMOTING EXCELLENCE

During 2009 the Associate Deans (Teaching and Learning) contributed to initiatives to improve the feedback that staff provide to students regarding the results of the Student Evaluations of Teaching and Units (SETU). They also chaired working groups at the Teaching and Learning Summit and were involved in the considerable work associated with the selection of a new learning management system to support Deakin Studies Online. Activities such as these helped to consolidate a culture of excellence, collegiality, accountability and continuous improvement in teaching and learning at Deakin.

The Higher Education Research Group (HERG), which provides a mechanism for Deakin's staff to participate and collaborate in research and scholarship in higher education, including teaching and learning, also underpinned a culture of excellence. In 2009 more than 200 staff were associated with HERG activities. Through the substantial momentum that it has developed, HERG has made a significant contribution to the vibrant discussion about higher education issues that now exists within the University. Examples of its activities include the colloquia series that was introduced during the year, the co-hosting of a student engagement conference in August and involvement in the annual Teaching and Learning Conference, conducted by the Institute of Teaching and Learning.

Other noteworthy events and achievements in the area of teaching and learning include:

- the annual Teaching and Learning Conference and its theme - *Enhancing Student Engagement at Deakin University* - highlighted not only the heightened attention being given to student engagement, but also the contribution that it makes to student learning and completion rates
- the publication of *Exemplars of Teaching Excellence*, edited by Dr Claire Macken, which outlines a number of significant teaching initiatives within the Faculty of Business and Law. The monograph was compiled to support the promotion of excellent teaching practices throughout the University. It covers such topics as experiential learning, online teaching, international study tours and peer-assisted learning
- the Vice-Chancellor's announcement in June of 10 awards to individuals or teams in recognition of their outstanding contributions to teaching and learning.

By adopting the same selection criteria for its awards as the Australian Learning and Teaching Council (ALTC), Deakin ensures that its recognition program strengthens the University's ability to submit competitive nominations for national awards. This strategy is proving to be successful - six of Deakin's staff members received citations for Outstanding Contributions to Student Learning from the ALTC in 2009. This takes to 27 the total number of citations that Deakin has received from the ALTC since the national award scheme's introduction in 2005, thereby placing the University 12th in Australia. In addition, two staff members, Dr Claire Macken from the School of Law and Mr Abdel-Hakeem Kasem from the School of International and Political Studies, received National Awards for Teaching Excellence in 2009. Dr Macken received her award in the early career category and Mr Kasem was the sole recipient in the Humanities and the Arts category. This was the first time that Deakin has had two awardees and it was one of only 12 universities with staff members who received an award

- an acknowledgement ceremony in December for 62 staff members who had achieved exemplary scores in their SETU evaluations, thereby recognising the importance of SETU in facilitating and encouraging improvements in teaching and learning.

Deakin's leadership in flexible education was evidenced in several ways during the year, including:

- 2 research grants in this area
- 24 publications by members of staff
- 7 invitations to deliver keynote addresses
- a Wurreker Award to the Institute of Koorie Education.

The Wurreker Award was in the category of university pathways and recognised the Institute's Bachelor of Early Childhood Education degree and its articulated pathway from the TAFE diploma in Children's Services to a university degree.

In addition to these activities and achievements, significant work was undertaken to standardise Deakin Studies Online (DSO) sites, enrich the off-campus learning experience by developing a virtual campus environment for off-campus students and improve the quality of printed teaching materials.

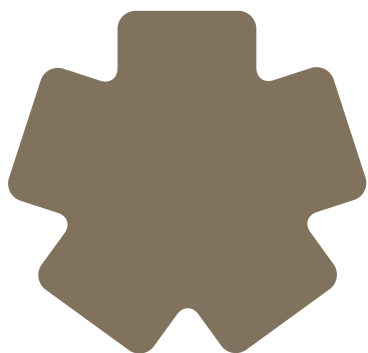
Survey results published during 2009 indicate that Deakin's overall performance in teaching and learning is steadily improving, particularly in relation to students' readiness for employment upon graduation. The trend of SETU scores, as well as Deakin's Graduate Destination Survey and the AUSSE results, all bear testament to this. The AUSSE results, which were published in December, showed that Deakin had improved in 10 of 12 scales and was now ahead of the national average in several areas, including the new category of career readiness.

DEAKIN UNIVERSITY COLLEAGUES AT THE ALTC AWARDS. FROM LEFT, ASSOCIATE PROFESSOR JUDY NAGY, PROFESSOR MARCIA DEVLIN, DR CLAIRE MACKEN, PROFESSOR PHILIP CLARKE, MR ABDEL-HAKEEM KASEM, PROFESSOR GARY SMITH, PROFESSOR ANNE REES, DR DALE HOLT

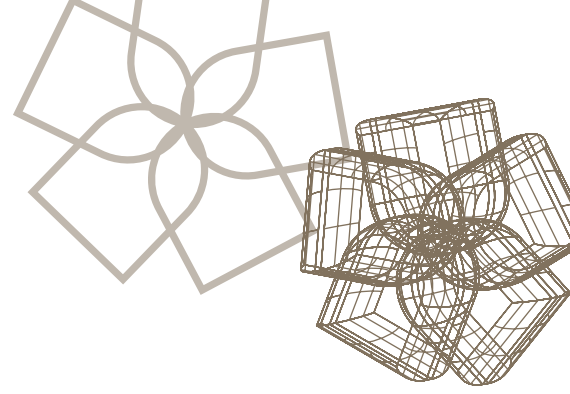


COURSE COMPLETIONS

| | 2008 | 2007 | 2006 | 2005 |
|---|--------------|--------------|--------------|--------------|
| Total | 8,056 | 7,617 | 7,788 | 8,041 |
| BY COURSE TYPE | | | | |
| Higher degree by research | 145 | 137 | 118 | 121 |
| Higher degree by coursework | 1,634 | 1,385 | 1,457 | 1,543 |
| Other postgraduate | 1,229 | 1,237 | 1,174 | 1,271 |
| Bachelor | 4,964 | 4,747 | 4,883 | 4,909 |
| Other undergraduate | 84 | 111 | 156 | 197 |
| BY RESPONSIBLE FACULTY | | | | |
| Arts and Education | 2,409 | 2,367 | 2,350 | 2,398 |
| Business and Law | 3,059 | 2,822 | 3,009 | 3,211 |
| Health, Medicine, Nursing and Behavioural Sciences | 1,622 | 1,385 | 1,283 | 1,114 |
| Science and Technology | 966 | 1,043 | 1,146 | 1,318 |
| BY GENDER | | | | |
| Female | 4,793 | 4,492 | 4,499 | 4,597 |
| Male | 3,263 | 3,125 | 3,289 | 3,444 |



RESEARCH AND RESEARCH TRAINING



**Deakin's goal is:
To improve Deakin's
research performance so
that it is in the top third of
the Australian higher
education sector by
building a critical mass of
researchers who will
develop a distinctive
portfolio of high quality
discovery, applied and
commercial research.**

MEETING THE CHALLENGE

During 2009, Deakin took a number of significant steps towards achieving its research goals.

The appointment of Professor Lee Astheimer as Deputy Vice-Chancellor (Research) in March marked the beginning of a new era for research at the University. An active researcher herself, Professor Astheimer has earned an enviable reputation for leadership as a research manager. She has a clear understanding of Deakin's strengths and potential as it seeks to build a critical mass of researchers who can lead the world in distinctive, high quality, discovery, applied and commercial research.

Deakin is already acknowledged as a global leader in a number of research areas. This foundation has assisted Professor Astheimer to develop a far-reaching vision for the future, which embraces the identification and promotion of new Strategic Research Centres (SRCs) within the University. These SRCs will be built around existing research strengths and will be formally launched in 2010.

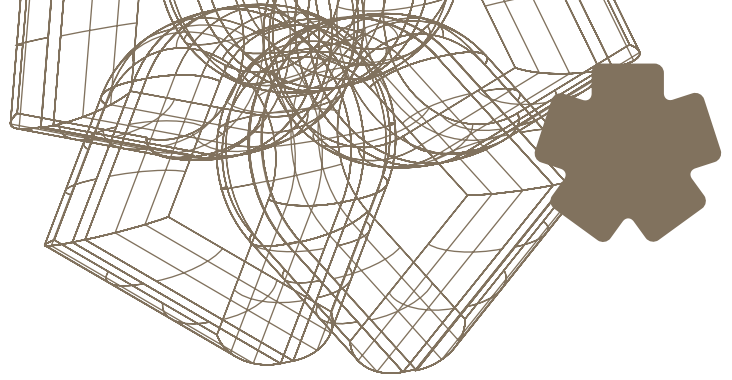
They will include the Institute for Technology Research and Innovation (ITRI) and the Alfred Deakin Research Institute (ADRI), as well as other areas, such as:

- Biotechnology, Chemistry and Systems Biology
- Population Health
- Molecular and Medical Research
- Clinical Care, Quality and Risk Management
- Centre for Physical Activity and Nutrition
- Centre for Mental Health and Wellbeing
- Citizenship, Governance and Globalisation (within ADRI).

Both ITRI and ADRI continued to grow in staff and stature this year, attracting new research recruits and major recognition inside and outside the University.

In May, Professor Peter Hodgson, Director of ITRI, was one of just 15 researchers – and the only researcher in Victoria - to be awarded an inaugural Australian Laureate Fellowship by the Australian Research Council. The fellowship allows Professor Hodgson to extend his research in the area of metallic materials and metals manufacturing processes, particularly in the development of high strength steels and light alloys and the investigation of the micron- and nano-scale properties of these novel materials.





In its first year of formal operations, ADRI established its credentials as the University's innovative policy 'think tank'. The appointment of Professor David Lowe as its Director led to a consolidation of policy-focused research in the Faculty of Arts and Education. Furthermore, the appointment of Professor Mark McGillivray to Australia's first Chair in International Development added new depth to its research activities.

ADRI's commitment to develop fresh ideas for Australian policy was highlighted to a wide, national audience in October when the fourth annual Deakin Research Forum was broadcast on ABC Radio National's *Life Matters* program. Entitled *Yes It Is Unethical, But It Is Not My Fault*, the forum featured two Deakin researchers, Associate Professor Linda Hancock and Dr Cate Burns, as well as noted author Matt Peacock.

Deakin recruited a number of highly credentialed academic staff in 2009, thereby adding to its critical mass of researchers. These included:

- Professor Paul Carter, who undertakes creative place research
- Professor Ian Chen, whose area of research is nanotechnology
- Professor Kevin Hindle, whose area of research is entrepreneurship
- Professor Gael McDonald, whose area of research is business ethics.

Professor McDonald took up the position of Dean of the Faculty of Business and Law at the beginning of the year. Under Professor McDonald's leadership, the Faculty is building its multidisciplinary research with an emphasis on high quality discovery and applied and commercial research that is relevant to the broader community. Its disciplinary research contributes to knowledge in areas such as auditing and business ethics, regional development and international trade, services marketing, organisational behaviour and commercial law.

Deakin is also committed to the training and promotion of existing researchers at the University. In February, Professor David Crawford and, in October, Professor Boyd Swinburn were appointed Alfred Deakin Professors. Professor Swinburn has forged an international reputation for his work in obesity-related research, while Professor Crawford has built a world-class team at Deakin in the area of nutrition and physical activity.

A significant result for Professor Crawford and the Behavioural Epidemiology Group was the "perfect five"

that they achieved in applying for research fellowships through the National Health and Medical Research Council (NHMRC) and the National Heart Foundation of Australia (NHFA). The usual success rate with these applications is between 15-20 per cent, so a 100 per cent success rate is an outstanding outcome.

The five recipients were:

- Dr Verity Cleland – NHMRC Public Health (Postdoctoral) Fellowship
- Dr Kylie Hesketh – NHFA Australian Career Development Award
- Dr Clare Hume – NHFA Postdoctoral Research Fellow
- Dr Sarah McNaughton – NHFA Postdoctoral Research Fellowship
- Dr Jenny Veitch – NHFA Postdoctoral Research Fellowship.

Three staff members - Jo Salmon, Leigh Ackland and Damien Kingsbury - were awarded Personal Chairs. Personal Chair appointments are very highly regarded as they recognise that the staff member is a distinguished scholar of international standing; the person must be recognised internationally as a leading authority in his or her discipline area.

Professor Salmon holds a National Heart Foundation of Australia Career Development Fellowship Award. Her research aims to understand and influence physical activity in populations, in particular children and families.

Professor Ackland and her research team are interested in the function of trace metals in human health and disease. She also has a research program that is aimed at better understanding breast cancer.

Professor Kingsbury is a prolific author and is in demand as a commentator and contributor on regional political affairs for Australian and international media. In 2007, he led the Australian NGO observer group to the East Timor presidential and parliamentary elections, following a similar task regarding the ballot on self-determination in 1999. In 2005, Dr Kingsbury was invited by the Crisis Management Initiative to advise the Free Aceh Movement in the Aceh peace talks being held in Helsinki.

Deakin's Early Career Research programs, such as the Alfred Deakin Postdoctoral Award Program, and a mentoring program for Mid-Career Researchers continued throughout the year. Higher Degree Research support initiatives included the appointment of Professor Rodger

Horn as Director of the Institute of Research Training. Professor Horn is a significant researcher in his own right; his appointment to this position will advance Higher Degree by Research outcomes at Deakin.

Another highlight of 2009 was the inaugural symposium for holders of Alfred Deakin Postdoctoral Fellowships. These Fellowships provide enormous opportunities to fast-track careers, thereby assisting Deakin to develop a new generation of leaders to drive its research agenda. One of these 'next generation' research leaders is Dr Giovanni Turchini, who was awarded an Australian Research Fellowship by the Australian Research Council (ARC) in 2009.

The University won 13 Discovery Awards and 10 Linkage Round One Awards from the ARC - the highest number in recent years. This placed Deakin equal sixth and 16th among Australian universities in terms of its number of Linkage and Discovery grants respectively. Notable among the grant recipients were Professor Bill Logan, who won two Discovery Awards, and Professor Wanlei Zhou, who won two Linkage Round One Awards.

Deakin also featured strongly at this year's Smart Geelong Researcher of the Year Awards, with Dr Fred Pfeffer and Dr Luke Henderson winning the major award.

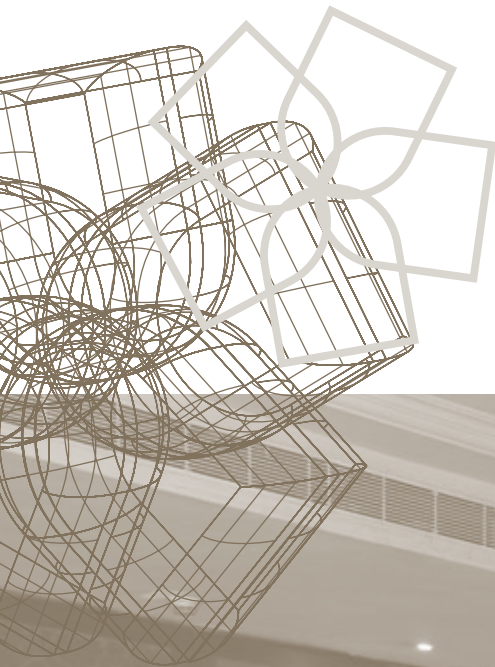
The University's partnership with the Federal Government's Enterprise Connect Innovations Regions Centre, based at the Geelong Campus at Waurn Ponds, continued to work effectively. With Minister Carr's emphasis on the establishment of a national innovation system and the engagement of small and medium enterprises within it, Enterprise Connect has focused its role on making connections between industry and research in rural and regional areas. The Centre's activities align well with those of Deakin's new Centre for Regional Entrepreneurial Research, which is based within the Faculty of Business and Law.

During the year, Deakin submitted three Expressions of Interest to the Federal Education Investment Fund (EIF) scheme, with two selected to proceed to the final stage. These bids are for \$25 million towards the establishment of a \$52.6 million Deakin Regional Community Health Hub (REACH) and \$37 million as a contribution towards a \$102 million Australian Future Fibre Innovation Centre (AFFRIC).



Deakin's 'Proof-of-Concept' facility, which is nearing completion at the Geelong Campus at Waurn Ponds, will also play an important role in the University's on-going and future research programs. The facility will enable businesses to work closely with researchers to take new products from concept stage to commercialisation. It will give further impetus to Deakin's policy of building partnerships with industry, government and the community – a policy that has already achieved considerable success as evidenced by the growing number of collaborations in India, China, North America and Europe.

In 2009 Deakin remained at the forefront of Australian universities in the development of research partnerships with India. The opening of the Deakin India Research Initiative (DIRI) in October reinforced the University's leadership position and will ensure that Deakin's expertise in materials sciences, nanotechnology and biotechnology benefits from research partnerships with some of India's leading companies, research institutes and universities. Deakin currently has more than 50 research partners in India, including, Biocon, VIMTA, The Energy Research Institute (TERI) and TATA Steels.

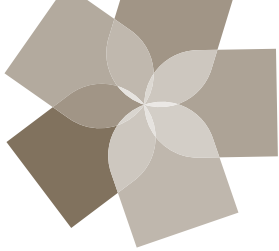


MS JACINTA ALLAN MLA, VICTORIAN MINISTER FOR SKILLS AND WORKPLACE PARTICIPATION OPENS THE DEAKIN INDIA RESEARCH INITIATIVE

At the opening of the Deakin India Research Initiative, the Victorian Minister for Skills and Workplace Participation, Ms Jacinta Allan MLA, noted that Deakin was the first university in the world to set up an office in India and that this was not surprising given that Australia's second Prime Minister, Alfred Deakin, after whom the University is named, first saw the potential for partnerships between his country and India as far back as 1893.

"So I welcome this initiative that maintains a long-standing, reciprocal relationship, this time in the significant area of research partnerships," Minister Allan said. "These partnerships will benefit not only Deakin and Victoria, but also help meet the demands of India's rapidly growing economy."

- Other research highlights in 2009 included:
- Professor Clare Bradford was awarded the inaugural Trudeau Fellowship from the University of Winnipeg
 - Professor David Walker took up residence at the University of Copenhagen as a visiting fellow in Australian Studies
 - Dr Daniel Ierodiaconou won an Australian Institute of Policy and Science Tall Poppy Award. This follows the award to Dr Kylie Ball in 2008.



INTERNATIONALISATION

**Deakin's goal is:
To have an international outlook in relation to teaching and research and to enhance international capabilities and intercultural understanding among students, staff and the wider community, so as to be a university of choice for international and Australian students and staff.**

Internationalisation at Deakin continued to flourish in 2009. Onshore international student enrolment targets were again exceeded, with the University further enhancing its international profile. At the same time, there was an expansion of activities to promote the international capabilities and understanding of students and staff.

ENROLMENTS

Deakin experienced strong international student enrolments, despite the negative impact of changes to some student visa conditions, the steady rise in the value of the Australian dollar and the effects of adverse publicity about the safety of international students in Australia. Of particular note was the record number of enrolments in the Deakin University English Language Institute (DUELI). These outcomes were largely attributable to the University's strong international partnerships and recruitment program, and the success of its relationship with the MIBT. Another important factor was the success of the new Trimester 3, which attracted 37 per cent more commencing international enrolments than in 2008.

Deakin's success in attracting international students, as well as the strength of its broad international engagement, were recognised in October when the University won - for the second year in a row - the Governor of Victoria's Export Award in the category of education and training.

INTERNATIONAL STUDENT LOAD (EFTSL)
AS A PERCENTAGE OF TOTAL LOAD¹

| EFTSL | 2009 | 2008 | 2007 | 2006 |
|--------------------|--------|--------|--------|--------|
| International Load | 5,838 | 5,755 | 4,906 | 4,665 |
| Total Student Load | 26,155 | 25,589 | 23,230 | 21,896 |
| % | 22.3% | 22.5% | 21.1% | 21.3% |

INTERNATIONAL STUDENT SUPPORT

During 2009 particular attention was given to enhancing Deakin's support for international students. A thorough review of the University's levels of support was conducted with a range of recommendations for the improvement of student services in areas such as: on-arrival services, induction and orientation; redevelopment and redesign of web content for all international students; accommodation options for international students; increasing the capacity for delivery of health services to international students; and the development of a University-wide approach to the delivery of Faculty services to international students.

DUELI has instituted an improved student data system, which centralises all student records to aid in enhanced compliance and service outcomes.

The University will continue to make improvements in services to ensure that international students enjoy a rewarding and enriching educational experience.

1. 2009 EFTSL is based on a snapshot of enrolments as at 24 October, 2009. The 2009 figures include finalised Trimester 1 and Trimester 2 data and an interim snapshot for Trimester 3. Finalised 2009 data will not be available until 31 March, 2010. Data for previous years provides a finalised end-of-year picture. Transition to a new teaching calendar also meant that the 2008 year included four teaching periods: Summer, Semester 1, Semester 2 and Trimester 3. For these reasons, data for 2009 is not comparable to data for previous years.

Deakin also contributed to the discussion and resolution of a number of international student issues affecting the sector. These were especially directed at international student safety and welfare. For example, Deakin convened meetings of Victoria's higher education providers and relevant consular representatives so that views and information could be exchanged. Submissions were made to the *Review of the Education Services for Overseas Students (ESOS) Act 2000* and the Senate inquiry into the Welfare of International Students. An analysis of the interim report of the former and the final report of the latter indicated that Deakin had addressed all material issues.

ENHANCING INTERNATIONAL CAPABILITIES AND UNDERSTANDING

As noted in the Teaching and Learning section of this Annual Report, work was undertaken to ensure an appropriate level of internationalisation in Deakin's curriculum. As a concomitant with this activity, the Institute of Teaching and Learning produced a comprehensive kit of information materials to enhance the intercultural understanding and capabilities of staff and their ability to work in a multi-national classroom. Other initiatives in this area included the inaugural Ambassadorial Lecture in April, which was delivered by the Korean Ambassador to Australia, His Excellency Dr Kim Woosang. The first Korean Ambassadorial Scholarship was also awarded to support a Deakin student undertaking studies in Korea. The recipient was Michael Schnittler, an outstanding student undertaking a Bachelor of Commerce degree.

INTERNATIONAL PROFILE

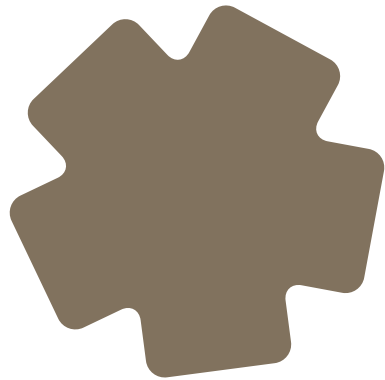
Responding to the growth in enrolments from China and India, Deakin conducted its first full graduation ceremonies in Beijing and New Delhi in late August and early September respectively. These events enabled students to graduate in the company of family and friends and underscored Deakin's commitment to a collaborative working relationship in these two countries. Several high-level meetings with government officials and the representatives of partner universities coincided with the ceremonies.

DEAKIN STUDENTS ENJOYING READING ABOUT DEAKIN'S EDUCATION ABROAD PROGRAM





STUDENTS FROM DEAKIN'S SCHOOL OF NURSING



RURAL AND REGIONAL ENGAGEMENT



Deakin's goal is:
To advance the interests and aspirations of communities in rural and regional Australia, with a particular emphasis on Geelong and Western Victoria, by developing distinctive, lasting and mutually beneficial education, research, economic, social and cultural partnerships, and by providing knowledge, expertise and resources that will contribute to the life of those communities.

DEAKIN AT YOUR DOORSTEP

With the support of an \$8.2 million grant from the Commonwealth Government's Diversity and Structural Adjustment Fund, Deakin developed the new Associate Degree of Arts, Business and Sciences.

Students successfully completing the Associate Degree will have a guaranteed pathway into a range of Deakin bachelor degrees, with up to 18 months credit. The Associate Degree will be delivered at the Warrnambool Campus from 2010; it will also be delivered in conjunction with three TAFE colleges - East Gippsland, Chisholm and Sunraysia - at their premises. Deakin signed a Memorandum of Understanding, together with an operational agreement, with each of these TAFE partners. Appropriate upgrades immediately commenced at the Warrnambool Campus and at the three participating TAFE sites, including the establishment of broadband links, to support the new Associate Degree.

The Associate Degree was approved by Deakin's Council in June.

SURVEY OF DEAKIN'S CONTRIBUTION TO GEELONG AND WESTERN VICTORIA

In October Deakin invited senior representatives of its partnership organisations in Geelong and Western Victoria to participate in a survey. The aim was to seek feedback on the University's relationship with its regional communities, businesses and government to ensure that it continues to meet the needs of rural and regional Victorians in the best possible way. Data collected from the survey will enable Deakin to consider strategies that will assist in advancing the interests and aspirations of communities in the Geelong and Western Victorian regions.

BENCHMARKING

During 2009 Deakin was a participant in the following benchmarking exercises regarding community engagement:

OECD Review of Higher Education Institutions in Regional Development

This project, which was conducted by the Organisation for Economic Co-operation and Development (OECD) through the Victorian Department of Innovation, Industry and Regional Development (DIIRD), is a review of the contribution of higher education to regional and city development in Victoria. In 2009 Deakin completed a self-evaluation benchmarking questionnaire that was subsequently incorporated with responses from other Victorian universities into a Regional Self-evaluation Report. In December an OECD-led expert Review Panel met with Deakin staff and representatives of Deakin's partnership organisations, to discuss how to improve the contribution of research, teaching and learning to regional cooperation, development and innovation. The final project report is expected by May 2010.



Deakin's commitment to rural and regional engagement is embodied in the development of mutually beneficial partnerships with local communities.

Pascal Universities and Regional Engagement (PURE) Benchmarking Project

This is an international benchmarking project. Its aim is to strengthen the contribution of higher education to regional development. The benchmarking tools are designed to assess the contribution that institutions make to their regions, to identify priorities and to work towards good practice. In particular, a series of case studies were compiled that exemplify aspects of regional engagement by the tertiary sector. The G21 Geelong Regional Alliance, of which Deakin is a member, was examined as a case study within the theme of *Regional Innovation Systems*. Project outcomes with recommendations will be available early in 2010.

Discussions are underway between PASCAL and OECD on the broader alignment of the two projects globally.

MARINE AND FRESHWATER SCIENCE RESEARCH TAKES PLACE AT THE WARRNAMBOOL CAMPUS



EQUITY AND ACCESS

Deakin's goal is: To champion higher education equity and access in the broader community; to be an exemplar of an inclusive organisation committed to the principles of social justice and fair treatment of its members; and to ensure that Deakin's teaching, research and services address the diversity of Australian and Deakin University communities and enable all staff and students to realise their potential irrespective of background or personal circumstances.

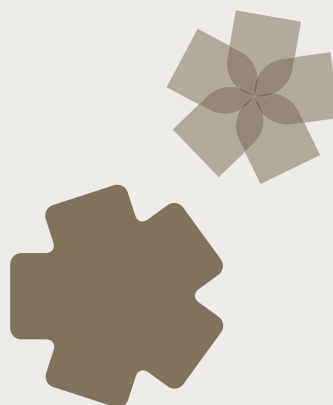
In 2009 Mr Tony Payne took up an appointment as the Head of Deakin's Equity and Diversity Unit. This Unit manages student equity, staff equity and disability services at the University. The Access, Equity and Equal Opportunity Subcommittee of the Planning and Resources Committee was also restructured to include broader Faculty, Institute and Divisional representation. In addition, working groups were formed to advise the Subcommittee on issues related to physical access, information and technology access, and mental health.

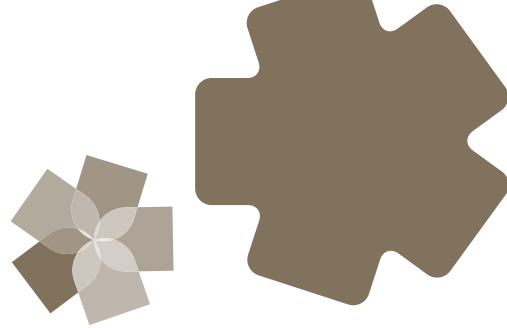
Deakin again gained citation as an Employer of Choice for Women from the Equal Opportunity for Women Agency (EOWA). The recognition highlights Deakin's strong commitment to gender equity and the effectiveness of its policies and programs that support fair and flexible work arrangements.

Deakin has in place a number of innovative programs that build on its core commitment to equity and access. The Metropolitan Access Program (MAP) and Regional Engagement Access Program (REAP) aim to increase access rates to higher education by disadvantaged students through partnerships with selected secondary schools. Activities are tailored to each school community; they target students from Years 9-12, teachers and parents. In 2009 the programs were implemented in 20 schools across Victoria.

The effectiveness of Deakin's student access and equity programs is reflected in the improving participation rates of students from low SES and regional target groups. Access and participation rates of students with disabilities have also increased through a focus on improving transition and support programs.

Through its Institute of Koorie Education, Deakin enrolls the largest number of higher education Indigenous students of any university in Victoria; Indigenous student enrolments continue to increase.





INDIGENOUS STUDENT ENROLMENTS BY HIGHER EDUCATION PROVIDER AND STATE, 2006 – 2008

| Institution | 2008 | 2007 | 2006 | Variance 2006-2008 |
|------------------------------------|--------------|--------------|--------------|--------------------|
| Deakin University | 467 | 443 | 425 | +42 |
| University of Melbourne | 172 | 181 | 223 | -51 |
| La Trobe University | 113 | 88 | 83 | +30 |
| Monash University | 99 | 117 | 108 | -9 |
| RMIT University | 77 | 63 | 55 | +22 |
| University of Ballarat | 44 | 42 | 21 | +23 |
| Victoria University | 39 | 44 | 29 | +10 |
| Swinburne University | 32 | 30 | 23 | +9 |
| Other Institutions | 11 | 8 | 3 | +8 |
| Victorian Total | 1,054 | 1,016 | 970 | +84 |
| Deakin % of Victorian Total | 44.3% | 43.6% | 43.8% | |

Source Students: Selected Higher Education Statistics (various years, DEEWR).

Other major projects undertaken by the Equity and Diversity Unit in 2009 included:

- **a review of the University's equal opportunity policy framework** and the implementation of new Discrimination and Sexual Harassment Complaints Procedures
- **training more than 60 Harassment and Discrimination Contact Officers** to provide support and information for staff and students
- **a comprehensive survey of the diversity of Deakin University's staff.** This identified that 43 per cent of respondents had responsibilities for dependent children and 12 per cent had responsibilities for other dependents. Eleven per cent of the staff population indicated that they had a disability or ongoing health condition. The research findings informed the development of a comprehensive Staff Equity Plan to be implemented in 2010
- **restructuring of the Disability Resource Centre** to improve the services that are provided to staff and students with disabilities and to ensure a much stronger alignment with the strategic directions of the University

- **a program of guidance for staff in relation to discrimination issues.** This program has been designed to assist staff in addressing the needs of an increasingly diverse student profile. It is tailored to the needs of individual Faculties and includes staff training sessions, a series of Fact Sheets for staff and information on the Unit's website.

EQUITY GROUP STUDENTS AS A % OF DOMESTIC STUDENT ENROLMENTS, 2006-2008¹

| Equity group | DEAKIN | | | STATE | SECTOR |
|---------------------------------------|--------|-------|-------|-------|--------|
| | 2008 | 2007 | 2006 | 2008 | 2008 |
| Aboriginal and Torres Strait Islander | 1.7% | 1.6% | 1.6% | 0.6% | 1.3% |
| Non-English speaking background | 2.4% | 2.4% | 2.2% | 4.2% | 3.9% |
| Low socio-economic background | 12.9% | 12.5% | 12.3% | 12.5% | 15.1% |
| Students with disability | 2.7% | 2.6% | 2.2% | 3.7% | 4.1% |
| Students from regional areas | 21.9% | 20.8% | 20.7% | 17.6% | 18.1% |
| Students from remote areas | 0.7% | 0.7% | 0.7% | 0.3% | 1.1% |

INDIGENOUS ENROLMENT AT DEAKIN UNIVERSITY, 2006-2008²

| Commencing Status | 2009 | 2008 | 2007 | 2006 |
|-------------------|------------|------------|------------|------------|
| Commencing | 219 | 180 | 163 | 188 |
| Returning | 311 | 287 | 280 | 237 |
| Total | 530 | 467 | 443 | 425 |

INDIGENOUS STUDENT COMPLETIONS, 2005-2008

| | 2008 | 2007 | 2006 | 2005 |
|--------------------|------|------|------|------|
| Course completions | 38 | 33 | 22 | 32 |

1. Figures have been taken from the Draft 2009 Institution Performance Portfolio, published by the Federal Department of Education, Employment and Workplace Relations
2. 2009 enrolments are as at 24 October, 2009. The 2009 snapshot includes finalised Trimester 1 and Trimester 2 data and an interim snapshot from Trimester 3. Finalised 2009 data will not be available until 31 March, 2010.

PEOPLE, CULTURE AND CHANGE

**Deakin's goal is:
To have a workplace
culture which fosters and
supports excellence in
teaching, research and the
services that support those
activities through recruiting
and retaining a workforce
of the highest calibre who
are engaged with, and
united by, Deakin's
mission, core commitments
and values.**

Building on the strong foundations laid in 2008, Deakin continued its workplace reform program, which focuses on improving the University's efficiency, effectiveness, productivity and performance. Actions included:

- enhancement of the processes that support academic recruitment, selection and promotion in line with the University's *Principles of Teaching, Learning and the Student Experience*
- recruitment of a number of high quality research staff and research teams
- embedding academic workload models in Schools and in the performance planning and review processes
- commencement of the implementation of a University workforce planning model, linked to Faculties' staff plans and annual priorities.

The rate of successful applications for academic promotion continued to grow in 2009 when a new category for Indigenous academic promotions was introduced. There was also a significant increase in the number of professorial staff appointments.

Deakin continued its workplace reform program, which focuses on improving the University's efficiency, effectiveness, productivity and performance.

The results of the 2009 Staff Survey highlighted a significant increase in the 'organisational climate' outcomes of more than half of Deakin's workgroups. The Survey showed that many workgroups have already established a high-performing environment, underpinned by a range of initiatives that strengthen the links between their core functions and their contribution to the University's top third aspirations.

The survey results also showed that:

- academic staff are increasingly more confident about their teaching and research capabilities
- staff views about Deakin have continued to improve, particularly regarding the extent to which Deakin values its people
- staff understanding of the University's top third targets has also improved considerably.

A new suite of leadership programs for academic and professional staff has been introduced. Four streams were conducted in 2009 and planning was undertaken for a further four streams in 2010. 'Communities of practice' have been formed as a result of participation in these leadership programs. These innovations, together with a new approach to leadership development, has brought about improvements in local leadership culture and capability.

Each Faculty has developed a single academic workload model that will be used to allocate workloads in 2010. The use of a single workload model will assist in the academic promotions process, help determine staffing requirements (including casual staff), performance planning and review processes, and inform Faculty staff and Operational Planning.

HEALTH AND SAFETY

In 2009 Deakin adopted an Occupational Health and Safety (OHS) Manual to assist managers and staff to maintain a safe workplace. The Manual, which provides simple, straightforward guidance, is an important part of the University's OHS management system.

STAFF (PERSONS) AS AT 31 DECEMBER 2009 BY CLASSIFICATION, CAMPUS AND GENDER¹

| | Academic | General | Male | Female | Total 2009 | Total 2008 | Total 2007 |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| Geelong Campus at Waurin Ponds | 335 | 530 | 379 | 486 | 865 | 821 | 792 |
| Geelong Waterfront Campus | 113 | 368 | 211 | 270 | 481 | 457 | 409 |
| Melbourne Campus at Burwood ² | 652 | 662 | 466 | 848 | 1314 | 1212 | 1,093 |
| Warrnambool Campus | 66 | 81 | 57 | 90 | 147 | 135 | 145 |
| Total | 1,166 | 1,641 | 1,113 | 1,694 | 2,807 | 2,625 | 2,439 |
| DeakinPrime | - | 73 | 22 | 51 | 73 | 89 | 82 |
| Callista Software Services | - | 102 | 72 | 30 | 102 | 97 | 88 |

Notes

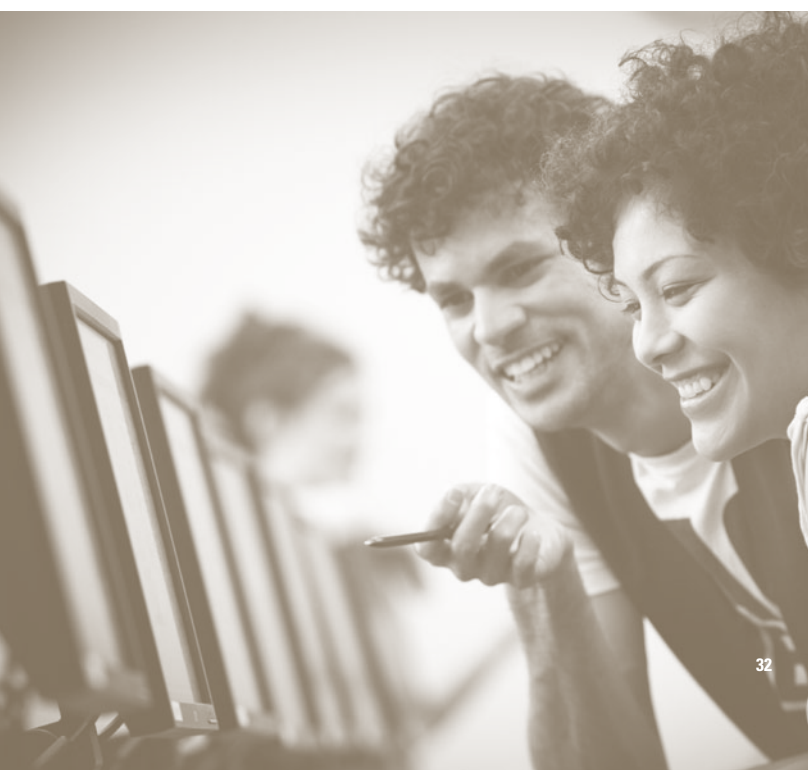
1. Excludes Casual staff head count figures.
2. Figures for the Melbourne Campus at Burwood include staff previously located at the Melbourne Campus at Toorak in 2007

OHS PERFORMANCE INDICATORS (2005-2009)

| | Lost time injury frequency rate | WorkCover frequency rate | Average lost time rate | Days lost per 100 full time equivalence <12 months | WorkCover costs per full time equivalence <12 months | Premium costs per full time equivalence | WorkCover premium rate as a % of remuneration |
|-------------------|---------------------------------|--------------------------|------------------------|--|--|---|---|
| 2009 ¹ | 2.47 | 3.46 | 60.2 | 24.6 | \$80.96 | \$346 | 0.39% |
| 2008 | 3.72 | 5.71 | 56.7 | 35.0 | \$111.31 | \$320 | 0.36% |
| 2007 | 2.98 | 6.48 | 48.5 | 24.6 | \$82.85 | \$415 | 0.49% |
| 2006 | 2.53 | 5.08 | 27.5 | 11.7 | \$43.15 | \$412 | 0.52% |
| 2005 | 2.73 | 4.10 | 48.7 | 21.8 | \$67.76 | \$420 | 0.59% |

Note

1. 2009 figures are for the 12 months from 1 November, 2008 to 31 October, 2009



ACADEMIC SUPPORT

Deakin's goal is: To ensure the delivery of an excellent student experience and to enhance the University's teaching and research performance by providing a range of high quality, innovative, responsive and efficient academic support and information services for students and staff.

Academic Support comprises the services that are provided centrally, or through the Faculties and Institutes, to support teaching and research. These services assist new students to make the transition to university studies and then to progress satisfactorily through their courses. They also help them to deal with any personal problems that they may encounter during their time at Deakin.

IMPROVING PHYSICAL SPACES

Considerable work was undertaken in 2009 to refurbish and improve the facilities available to students and staff at all Campuses. At the Geelong Campus at Waurn Ponds, this was assisted by a \$5 million grant from the Federal Government under its Capital Development Program.

New learning spaces were opened in the University Library at the Melbourne Campus at Burwood. These spaces significantly expand the variety of ways in which library services are provided to students.

STUDENT SERVICES

A review of Deakin's student services was undertaken to ensure that they are comprehensive and delivered without wasteful duplication. The review identified the extent and availability of services across the University, as well as the various 'in house' providers. The final

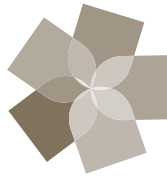


report will be delivered in 2010; it will inform Deakin's response to the corresponding results of the Australasian Survey of Student Engagement (AUSSE).

Assistance with the development of English language skills is an important student service. A pilot program was conducted in Trimesters 1 and 2 to test the skills of incoming students and provide them with advice about their English proficiency. The program was voluntary and used the iDeal English language diagnostic tool. As a result of the success of the pilot, it has been decided that, from Trimester 1, 2010, all students will be encouraged to undertake the English language diagnosis. Deakin will then provide programs to assist those students whose results show that an improvement in their English language skills will enhance their studies.

GRADUATE OUTCOMES

For many students the principal reason for attending university is to improve their prospects for employment. Deakin's record in this regard has improved steadily in recent years and the graduate outcomes of its students are now equal to the national average. To ensure continued improvement, Deakin began the implementation of a comprehensive plan in April 2009 to address the key factors that influence employability. These are generic skills, work-integrated learning and career education and preparation. The plan involves coordinated action by the Faculties and the Division of Student Life, underpinned by the University's partnerships with employers and professional organisations.



COMMUNICATION, MARKETING AND POSITIONING

At the end of 2009, the number of domestic students putting Deakin as their first preference for a Commonwealth Supported Place in 2010 grew by 16 per cent.

Deakin's goal is: To raise the standing of Deakin University so that it is increasingly the preferred choice for students, staff and employers of graduates and to ensure that Deakin's distinctive contribution and research strengths are widely recognised.

Deakin's continued success in its communication, marketing and positioning activities was again highlighted by a strong rise in student first preferences.

At the end of 2009, the number of domestic students putting Deakin as their first preference for a Commonwealth Supported Place (CSP) in 2010 grew by 16 per cent compared with the previous year's timely preference or 'POP Polls' outcomes. This was the largest increase of any university in Victoria and significantly in excess of statewide growth.

Deakin's market share of CSP first preferences is now the third largest in Victoria. Students are increasingly attracted by the University's unique student experience that stands graduates in excellent stead in the global knowledge society. Deakin's courses are also well recognised as responsive to the needs of students, employers and the communities that Deakin serves, with its teaching and learning, and research programs providing innovative approaches to the challenges of the 21st century.

Market research, which is conducted annually in line with performance measures in the Strategic Plan, revealed that unprompted brand awareness of Deakin on the brand equity index (as measured by the IPSOS scale) rose from 47 per cent in 2008 to 51 per cent in 2009. Importantly, the increase was pronounced among secondary school students and parents.

EVENTS, MEDIA AND ALUMNI

Events held during 2009 continued to connect Deakin with its communities. DeakinWeek - from October 26 to 30 - focussed on key University partnerships. Highlights of the week included the Deakin Dinner, which

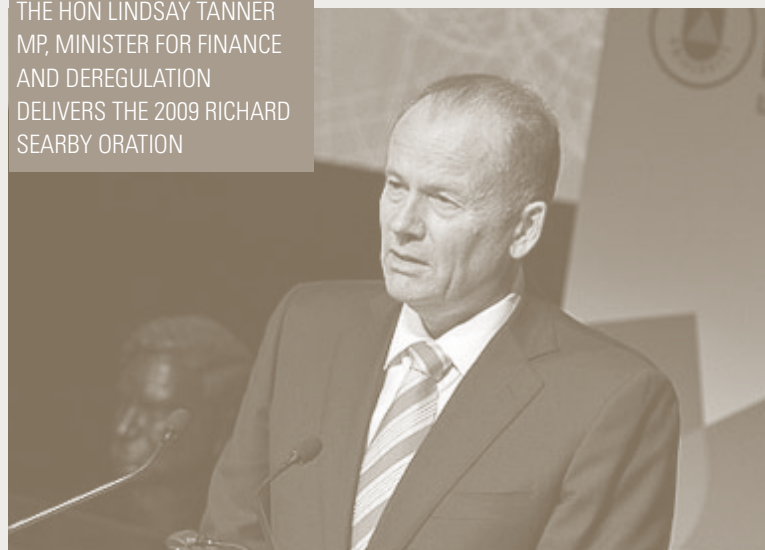
showcased the University's research; a public forum held at Warrnambool that focussed on 'The Future of the Hopkins River Estuary'; and the 2009 Leadership in Nursing and Midwifery Awards.

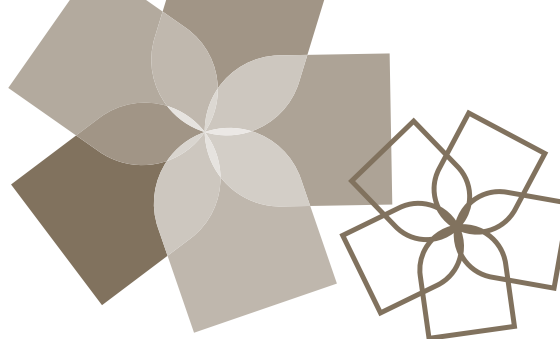
Two significant orations marked the University's 2009 calendar. The annual Richard Searby Oration was presented by the Hon Lindsay Tanner MP, Federal Minister for Finance and Deregulation, who analysed Australia's opportunities for productivity, innovation and growth. The Brookes Oration was presented by Mr Ian McPhee, Auditor-General for Australia, who spoke about trends and challenges in the public sector. Both orations were well attended by a wide range of groups associated with the University, as well as the general public.

Deakin received regular, positive media coverage during 2009, particularly regarding its research. A notable example was the extensive local, international and online coverage given to the research work of Dr Daniel Ierodiaconou into the hidden treasures of Victoria's sea-floor. Dr Ierodiaconou revealed for the first time in detail the wreck of the first United States' vessel sunk during World War II. In addition to its cultural and historical interest, the research has great significance for the ongoing management of the marine environment.

Record numbers of local, interstate and international Alumni events were held in 2009. Registered Alumni membership reached 27,000 for the first time, compared with 19,000 in 2008. During the year 65 per cent of new graduates registered as Alumni members, an increase of 5 per cent on the 2008 results.

THE HON LINDSAY TANNER
MP, MINISTER FOR FINANCE
AND DEREGULATION
DELIVERS THE 2009 RICHARD
SEARBY ORATION





RESOURCES, FINANCE AND INFRASTRUCTURE

**Deakin's goal is:
To manage the financial
and infrastructure
resources of the University
efficiently and effectively
so as to meet its needs in
relation to teaching and
research and to strengthen
Deakin's immediate and
longer term capacity to
fulfil its mission, core
commitments and goals.**

RESOURCES AND FINANCE

The year's strategies included:

- enhancement of the University's growth and financial sustainability and pursuit of new opportunities to increase and diversify revenue
- adoption of a long-term financial planning tool (designed to align with the Strategic Asset Management Plan) to provide business modelling capability from short, medium and long-term financial perspectives
- review of the capital bids process to facilitate the adoption of a three-year rolling major capital works budget process
- review and implementation of efficient, sophisticated internal financial control frameworks and related governance processes, including enterprise risk management, to provide clear, flexible and appropriate oversight of the University
- continuing focus on improving support services to the University.

Deakin successfully navigated through significant financial market turmoil arising from the Global Financial Crisis (GFC) to deliver a surplus of \$71.2 million. This was achieved through a combination of strong revenue performance, a prudent investment approach and disciplined expenditure. The University earned \$611.4

million in revenue, which was considerably in excess of the 2008 level of \$557.2 million. This included an increase in revenue from domestic and international fee-paying students of \$166.7 million compared with \$154.6 million in 2008. Deakin's strong growth in enrolments, both in Commonwealth Supported Places and fee-paying enrolments, contributed to the strong financial performance.

Despite the economic downturn, Deakin had no requirement for borrowings, no impairments for investments and, by year-end, reported full restoration of value lost in the GFC.

Growth in student numbers continues to play an important role in Deakin's underlying financial strength. At the same time, it poses challenges as the University must expand its infrastructure and support services to provide for the increased numbers of students and staff.

The Financial Management Improvement Project (FMIP), which commenced in 2007 with Federal Government funding from the Workplace Productivity Program, is scheduled for completion in June 2010. The FMIP aims to improve financial management frameworks, processes, systems and capability to ensure Deakin's long-term sustainability. Outcomes for 2009 included:

- further improvement to the three-year financial planning and budget allocation methodologies, which is part of a progressive move towards an integrated enterprise resource planning approach
- delivery of a 10-year Strategic Asset Management Plan (SAMP) for Property, Equipment and Information, Communications and Technology (ICT), including three, five and 10-year projections, each of which will be reiterated on an annual basis
- development of a long-term financial planning modelling tool aligned to the SAMP to assist in budget formulation and financial scenario analysis
- review and development of conceptual designs to improve costing methodologies and workforce resource planning
- review of, and significant improvements to, facilities accounting, research projects accounting and financial month-end close processes
- further enhancements to business case and major project formulation and reporting

- progressive enhancements to the design of Faculty, Institute and Other Area monthly reports and research project reports, including the better utilisation of the University's Data Warehouse (Cognos)
- finalisation and roll-out of both self-paced and facilitator-led financial training modules
- review of, and enhancements to, the University's financial capability across Schools and within the Deputy Vice-Chancellor (Research) portfolio.

PAYMENTS TO CONSULTANTS 2009

During the year the University engaged six consultancy firms costing more than \$100,000 each, with a combined cost of \$1,794,447. Details are as follows:

- JWT Specialised Communications – \$109,581 for a comprehensive report on the Creative Concept Testing Research
- KPMG Australia - \$405,128 for services towards the Finance Process Review
- KPMG Australia - \$535,285 for services towards the Financial Management Improvement Project
- SACS Consulting Group - \$306,871 for professional services for the Transforming Organisational Culture Program
- Santo & Williams Pty Ltd - \$101,909 for coaching, consultation, and roll out of the Heads of School Programs, and Heads and Future Leaders Programs.
- Euro Pacific Strategies - \$217,270 for professional services in relation to the Veterinary Science Degree at Warrnambool.

Consultancies costing less than \$100,000 each totalled 8 for the year, with a combined cost of \$368,358.

PROPER USE OF FUNDS

Public funds received by Deakin University have been allocated through the University's budget process for the purposes specified by the Government or other public funding bodies. The University has no evidence that public funds have been used other than for the purposes specified.

INFRASTRUCTURE

To meet the needs of its increasing number of students, maintain the quality of its existing property and support the anticipated growth in research capacity, Deakin has planned a major building program for the period 2010 to 2012, with projected expenditure of \$238.9 million on major capital works.

A Master Plan for the Geelong Campus at Waurn Ponds was approved by the University Council in February 2009. A review of the 2003 Master Plan for the Melbourne Campus at Burwood was undertaken in 2009 and will be presented to the Council for approval in 2010.

MAJOR CAPITAL WORKS

Projects completed in 2009 include:

- the Dennys Lascelles Building at the Geelong Waterfront Campus. One of the original Geelong woolstores, and located in a prime waterfront position, the building underwent a \$37 million redevelopment. It was officially opened by Ms Lisa Neville MLA, Minister for Mental Health, Community Services and Senior Victorians and Member for Bellarine, on 10 June, 2009
- new accommodation for the Institute of Teaching and Learning in the Central Precinct building at the Melbourne Campus at Burwood and the fit-out of empty spaces in that building
- the design development phase for a 1000-seat lecture theatre at the Melbourne Campus at Burwood
- a new bridge connecting the KD Stewart Centre to the central courtyard at the Geelong Campus at Waurn Ponds. This marks the completion of another phase of the \$12 million Central Campus Makeover Project at that Campus.

Projects commenced in 2009 include:

- development of a regional community health building at the Geelong Campus at Waurn Ponds to support the expansion of health-related teaching programs, subject to a successful EIF bid
- the 'Shared Laboratories Project', which will provide additional laboratory space within the Science Building at the Geelong Campus at Waurn Ponds
- Central Campus improvements at the Geelong Campus at Waurn Ponds
- development of a new 250-seat lecture theatre at the Melbourne Campus at Burwood

- the 'New Generation Library Learning Spaces Project' at the Geelong Campus at Waurm Ponds
- the 'Geelong Technology Precinct Project' at the Geelong Campus at Waurm Ponds, which will deliver a Proof-of-Concept Building together with major alterations and improvements to the existing building to provide modern research infrastructure
- fit-out of Levels four, five and six of the Dennys Lascelles building at the Geelong Waterfront Campus.

In addition to new buildings and refurbishments, significant improvements were also made to facilities at all Campuses.

The recently developed Information Communications Technology (ICT) Strategic Asset Management Plan was used in the budget planning process for the first time in 2009. Over the next 10 years, this Plan will guide Deakin's expenditure on ICT services; these services are critical to the University's teaching and learning and research activities.

ENVIRONMENTAL INITIATIVES

Deakin's environmental sustainability program gained further momentum with the establishment of an Office of Environment and the recruitment of a Manager, Environment and an Environmental Officer. Situated

within the Facilities Management Services Division, the role of the Office of Environment is to integrate environmental sustainability into Deakin's operations.

The Environment Policy Subcommittee of the Planning and Resources Committee developed an Environmental Sustainability Enabling Policy. This Policy was approved and an Environmental Management Plan was endorsed by Council. Five inter-campus working groups, which include staff and student representation, have been established to guide progress in the following program areas: energy and greenhouse gas emissions; water conservation and storm water; waste minimisation; biodiversity; and sustainable transport.

A number of environmental sustainability actions were undertaken in 2009:

- the University commenced audits of its carbon emissions, energy, water and waste to ensure that realistic performance objectives and targets are developed and to guide future initiatives
- a secure bicycle storage facility and a 600,000 litre underground water storage tank were installed at the Melbourne Campus at Burwood
- through its Green Fleet membership, the planting of 6,358 trees delivered offsets for the University's CO₂ equivalent greenhouse gas emissions in 2008.



THE ORGANISATION

Establishment of the University

Deakin University was established under the *Deakin University Act 1974* (Vic). Until January 2010, the responsible Minister was the Victorian Minister for Skills and Workforce Participation, Ms Jacinta Allan MLA. The Honourable Bronwyn Pike MLA, Minister for Education and Minister for Skills and Workforce Participation, is now the responsible Minister.

For funding purposes, and some aspects of the University's operations, the responsible Minister is the Commonwealth Minister for Education, Employment and Workplace Relations.

On 1 August 1990, Deakin University at Geelong and the Warrnambool Institute of Advanced Education merged under the provisions of the *Deakin University (Warrnambool) Act 1990* (Vic).

On 31 December 1991, Deakin University merged with the Victoria College to form a new Deakin University under the terms of the *Deakin University (Victoria College) Act 1991* (Vic).

In December 2009 the Victorian Parliament enacted the *Deakin University Act 2009*. When proclaimed, this Act will replace the 1974 legislation. The enactment of the 2009 legislation is part of a wider project undertaken by the Victorian Government to create uniform legislation in relation to Victorian universities.

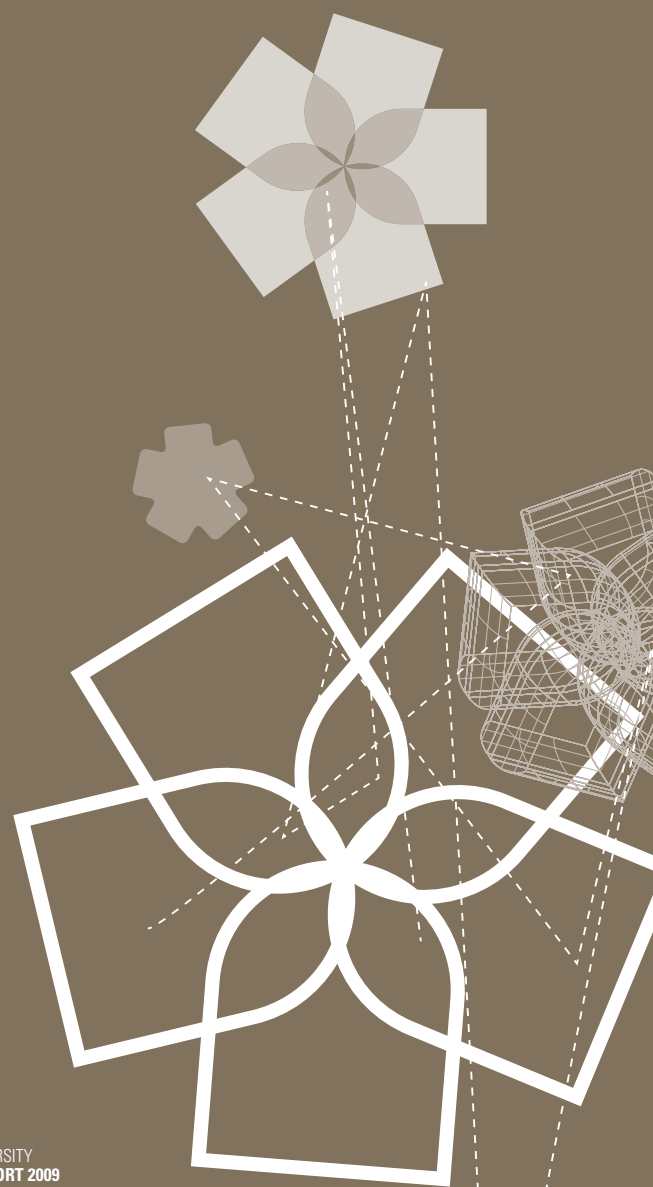
OBJECTIVES

The objectives of Deakin University are set out in Section 5 of the *Deakin University Act 1974* (Vic) as follows:

- (a) To establish a university in the Geelong area
- (ab) to maintain campuses of the University at Geelong, Warrnambool, Burwood, Malvern and such other place or places as are prescribed by the Statutes
- (b) To provide tertiary education at university level for students attending the University and to provide the opportunity for tertiary education at university level to all qualified persons whether within or outside Victoria by means of distance education programmes
- (c) To arrange for the provision of study centres at appropriate places whether in or outside Victoria where students taking distance education programmes can have access to library and other study facilities and can be given tutorial and practical assistance
- (d) To provide all such courses of study as are prescribed by the Statutes and all such units as are approved by the Academic Board from time to time
- (e) To aid by research and other means the advancement of knowledge and the pursuit of the benefits of its practical application
- (ea) To promote critical enquiry within the University and in the general community
- (f) To confer after appropriate assessment the several degrees of Bachelor, Master and Doctor and grant such diplomas and certificates as are prescribed by the Statutes.

The *Deakin University Act 2009* states that the objects of Deakin University include -

- (a) to provide and maintain a teaching and learning environment of excellent quality offering higher education at an international standard;
- (b) to provide vocational education and training, further education and other forms of education determined by the University to support and complement the provision of higher education by the University;
- (c) to undertake scholarship, pure and applied research, invention, innovation, education and consultancy of international standing and to apply those matters to the advancement of knowledge and to the benefit of the well-being of the Victorian, Australian and international communities;
- (d) to equip graduates of the University to excel in their chosen careers and to contribute to the life of the community;
- (e) to serve the Victorian, Australian and international communities and the public interest by -
 - (i) enriching cultural and community life;
 - (ii) elevating public awareness of educational, scientific and artistic developments;
 - (iii) promoting critical and free enquiry, informed intellectual discourse and public debate within the University and in the wider society;
- (f) to use its expertise and resources to involve Aboriginal and Torres Strait Islander people in its teaching, learning, research and advancement of knowledge activities and thereby contribute to -
 - (i) realising Aboriginal and Torres Strait Islander aspirations; and
 - (ii) the safeguarding of the ancient and rich Aboriginal and Torres Strait Islander cultural heritage;
- (g) to provide programs and services in a way that reflects the principles of equity and social justice;
- (h) to confer degrees and other awards;
- (i) to utilise or exploit its expertise and resources, whether commercially or otherwise.



DEAKIN UNIVERSITY COUNCIL

Director, Internal Audit
Mr Peter Dwyer

Chair, Academic Board
Professor Philomena Leung

Vice-Chancellor
Professor Sally Walker

Director, Human Resources Services Division
Ms Wendy Cooper

Director, Quality Improvement
Ms Heather Sainsbury

Executive Director, Office of the Vice-Chancellor
Dr Tony Mordini
Equity and Diversity Unit
Governance Unit

| | | | | | | |
|--|--|---|---|--|--|--|
| Pro Vice-Chancellor (Enterprise) and CEO, DeakinPrime* Mr Kean Selway DeakinPrime | Pro Vice-Chancellor (Rural and Regional) Professor Sue Kilpatrick | Deputy Vice-Chancellor (Research) Professor Lee Astheimer Geelong Technology Precinct Institute for Technology Research and Innovation Research Services Division | Deputy Vice-Chancellor (Academic) Professor Philip Clarke Division of Student Life Institute of Koorie Education Institute of Teaching and Learning Knowledge Media Division Library | Chief Operating Officer Mr Graeme Dennehy Callista Facilities Management Services Division Information Technology Services Division Logistics Division Solicitor's Office | Chief Financial Officer* Mr Andrew Walters Commercial Management Unit Deakin Management Centre Financial and Business Services Division Risk Management Unit | Deputy Vice-Chancellor (International and Development) Ms Robin Buckham Deakin University Art Galleries Deakin International Division of Student Administration Marketing Division Planning Unit |
| Dean, Faculty of Arts and Education Professor Jennifer Radbourne School of Communication and Creative Arts School of Education School of History, Heritage and Society School of International and Political Studies | Dean, Faculty of Business and Law Professor Gael McDonald Deakin Business School School of Accounting, Economics and Finance School of Information Systems School of Law School of Management and Marketing | Dean, Faculty of Health, Medicine, Nursing and Behavioural Sciences Professor John Catford School of Exercise and Nutrition Sciences School of Health and Social Development School of Medicine School of Nursing School of Psychology | Dean, Faculty of Science and Technology Professor Christopher Gray School of Architecture and Building School of Engineering School of Information Technology School of Life and Environmental Sciences | | | |



DEAKIN UNIVERSITY SENIOR EXECUTIVE: FROM LEFT TO RIGHT (BACK ROW) MR KEAN SELWAY, PROF PHILIP CLARKE, MR ANDREW WALTERS, PROF SALLY WALKER, PROF SUE KILPATRICK, (FRONT ROW) PROF LEE ASTHEIMER, MR GRAEME DENNEHY, MS ROBIN BUCKHAM



SENIOR OFFICERS

VICE-CHANCELLOR

Professor S.A. Walker LLB(Hons), LLM Melbourne

The Vice-Chancellor is responsible to the Council for the academic and administrative affairs of the University and for maintaining and promoting the efficiency and good order of the University. The staff who report directly to the Vice-Chancellor include: all members of the Senior Executive; the Deans; the Director of the Human Resources Services Division; the Director, Quality Improvement; and the Executive Director, Office of the Vice-Chancellor. The Director, Internal Audit and the Internal Audit external co-sourcing partner both report administratively to the Vice-Chancellor, as does the Chair of the Academic Board.

In December, the Vice-Chancellor, Professor Sally Walker, announced her decision to conclude her term of office as Vice-Chancellor of Deakin University in mid-2010.

CHAIR OF THE ACADEMIC BOARD

Professor P. W. Leung BA(Hons)(Acc), HDip (Acc) HKPU, MAcc Glasgow, PhD RMIT, FCPA, FCCA, CA, MIIA

The Chair of the Academic Board is the representative of the principal academic authority within the University. The Academic Board is responsible to the Council for maintaining the highest standards in teaching and research.

VICE-PRESIDENT AND COUNCIL SECRETARY

Ms L.M. Martin (to 24 March 2009)

BSc(Hons), MSc, DipCompSc Adelaide, GAICD

The Vice-President was responsible to the Vice-Chancellor for academic support and information services and for the Planning, Governance and Equity and Diversity Units. The position held the role of the Council Secretary. On Ms Martin's resignation from the University, the responsibilities of this portfolio were assigned to other members of the Senior Executive and the position was not replaced.

Dr T. Mordini (from 14 September, 2009) BA Swinburne, BEd WACAE, BEd(Hons), Ed D Murdoch, Grad Cert Corp Mgt Deakin, AFAIM, MAICD, Executive Director, Office of the Vice-Chancellor, assumed responsibility for the Governance and Equity and Diversity Units and was designated as Council Secretary.

CHIEF FINANCIAL OFFICER

Mr A. Walters BCom Natal, BCompt UNISA, Chartered Accountant (Australia)

The Chief Financial Officer is responsible to the Vice-Chancellor for the financial operations of the University. This position is also responsible for risk management, the University's insurance portfolio and for commercial analysis and advice.

CHIEF OPERATING OFFICER AND (FROM 1 APRIL 2009) VICE-PRESIDENT

Mr G. Dennehy BE(Hons) UTS, CPEng, FCDA

The Chief Operating Officer is responsible to the Vice-Chancellor for the University's corporate services relating to Logistics, Facilities Management and Information and Communication Technology. The Chief Operating Officer is also responsible to the Vice-Chancellor for the University Solicitor's Office and the oversight of the University's controlled entities. From 1 April, 2009 the Chief Operating Officer assumed the nominal title of "Vice-President".

DEPUTY VICE-CHANCELLOR (ACADEMIC)

Professor J. Rosenberg (to 31 July 2009)

BSc(CompSc), PhD Monash, FACS, FTSE, FAICD

Professor P.H. Clarke (from 1 August 2009)

LLB UWA, LLM Auckland

The Deputy Vice-Chancellor (Academic) is responsible to the Vice-Chancellor for the development and enhancement of the academic activities of the University. This includes responsibility for the Division of Student Life, the Institute of Koorie Education, the Institute of Teaching and Learning, the Library, the Knowledge Media Division and, since Professor Clarke's appointment, the internationalisation of the University's curriculum.

DEPUTY VICE-CHANCELLOR (RESEARCH)

Professor D.M. Stokes (to 8 March 2009)

BSc, PhD, DipEd Melbourne, FBANZ

Professor L. Astheimer (from 9 March 2009)

BSc(Hons) Lakehead (Canada), PhD UC Davis (USA)

The Deputy Vice-Chancellor (Research) is responsible to the Vice-Chancellor for the development and enhancement of research within the University.

PRO VICE-CHANCELLOR (INTERNATIONAL)

Professor P.H. Clarke (to 31 July 2009)

LLB UWA, LLM Auckland.

The Pro Vice-Chancellor (International) was responsible to the Vice-Chancellor for the development and oversight of international activities and internationalisation. On Professor Philip Clarke taking up the role of Deputy Vice-Chancellor (Academic), the responsibilities of this portfolio were divided amongst the Deputy Vice-Chancellor (Academic) and the Deputy Vice-Chancellor (International and Development).

PRO-VICE CHANCELLOR (DEVELOPMENT)

Dr I. Irvine (to 18 January 2009)

BSc Glasgow, GDipAdmin Canberra, DipEd, PhD Melbourne

Ms R. Buckham (from 1 February to 31 July 2009)

MCom(Mkg) Wollongong, BA DipEd Sydney, Member AICD

The Pro Vice-Chancellor (Development) was responsible to the Vice-Chancellor for marketing and fundraising activities; domestic student recruitment; the Deakin University Art Collection and Galleries; the Deakin Foundation; and business, government, alumni and community relations.

DEPUTY VICE-CHANCELLOR

(INTERNATIONAL AND DEVELOPMENT)

Ms R. Buckham (from 1 August 2009)

MCom(Mkg) Wollongong, BA DipEd Sydney, Member AICD

The Deputy Vice-Chancellor (International and Development) is responsible to the Vice-Chancellor for the development and oversight of international activities; student recruitment (domestic and international); fundraising and marketing; government, alumni and community relations, and the Deakin University Art Collection and Galleries. This position is responsible for the Division of Student Administration, Deakin International and the University Planning Unit.

INTERIM PRO VICE-CHANCELLOR

(RURAL AND REGIONAL)

Associate Professor J. Sherwood

(to 11 February 2009)

BSc(Hons), PhD UNSW, Dip Env.Sci Macquarie, DipEd Canberra

PRO VICE-CHANCELLOR (RURAL AND REGIONAL)

Professor S. Kilpatrick (from 12 February 2009)

PhD UTAS, MEc UNE, BEc UTAS Grad Dip Lib, Dip Ad Voc Ed, MACE

The Pro Vice-Chancellor (Rural and Regional) is responsible to the Vice-Chancellor for the strengthening of Deakin's work in partnership with local regional communities, governments, industry, business and the professions.

CHIEF EXECUTIVE OFFICER, DEAKINPRIME AND

(FROM 1 AUGUST 2009) PRO VICE-CHANCELLOR

(ENTERPRISE)

Mr K.J. Selway

BBus(Mktg) Chisholm, GDipMgt VU, FAICD

The Pro Vice-Chancellor (Enterprise) and Chief Executive Officer, DeakinPrime, is responsible to the Vice-Chancellor for the University's educational and commercial services to the professions, industry and government.

DEAN, FACULTY OF ARTS AND EDUCATION

Professor J. Radbourne CertT. KPTC, BA, MA, PhD UQ, LSDA

Melbourne, ATCL, FAIM, MAICD

INTERIM DEAN, FACULTY OF BUSINESS AND LAW

Professor B. Cooper (to 25 January 2009)

BEd, BCom, MEd Melbourne, PhD RMIT

DEAN, FACULTY OF BUSINESS AND LAW

Professor G. McDonald (from 26 January 2009)

BBS Massey, MBA UWA, PhD London.

DEAN, FACULTY OF HEALTH, MEDICINE, NURSING AND BEHAVIOURAL SCIENCES

Professor J.C. Catford MA Cambridge, MSc London, MB BChir

Cambridge, DCH, DM Southampton, FFPH, FRCP, FAFPHM, FIPAA, FAICD

DEAN, FACULTY OF SCIENCE AND TECHNOLOGY

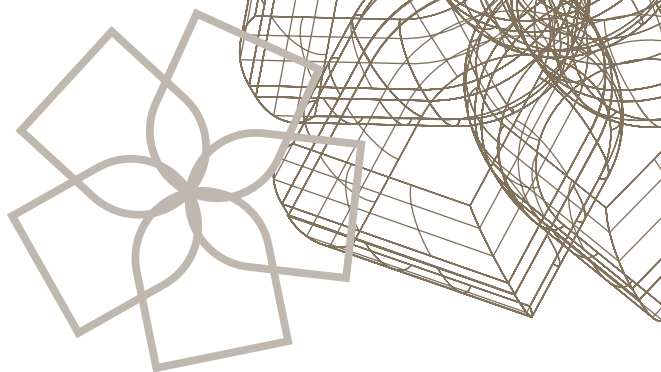
Professor B. McGaw (to 23 October 2009) BSc(Hons)

Nottingham, PhD CNAAC, CBiol, MIBiol, CChem, FRSC, CSci

Professor C. Gray (from 24 October 2009)

BA(Hons) Lancaster, MSc Leeds, PhD Bradford, CIH ABIH

COUNCIL MEMBERS' REPORT



MEMBERS

The names, qualifications and experience, method of appointment, term of office and years served on Council, of the people who held office as members of the Deakin University Council during the year 2009 are set out below.

MEMBERS EX-OFFICIO

THE CHANCELLOR



Mr D.M. Morgan BCom Melbourne

Term of office

1 January 2006 – 31 December 2011

Years on Council 11

Company director; Board member, Australian Trade Commission (Austrade); Chair, Austrade Board Audit Committee; Board member, Victorian Centre for Advanced Materials Manufacturing; Chair, National Motor Vehicle Theft Reduction Council; the Geelong Economic Development Board; and G21 – Geelong Region Alliance Ltd.

THE VICE-CHANCELLOR

Professor S.A. Walker LLB(Hons), LLM Melbourne

Term of office

2 January 2003 –

Years on Council 7

Vice-Chancellor and President of Deakin University. Previously Senior Deputy Vice-Chancellor, Hearn Professor of Law, President of the Academic Board, and Pro-Vice Chancellor (University of Melbourne). Associate to Justice Aickin, High Court of Australia (1978/79); Solicitor (1979); Associate Partner, Gillotts Solicitors (1980).



THE CHAIR OF THE ACADEMIC BOARD

Professor P.W. Leung BA(Hons)(Acc), HDip (Acc) HKPU, MAcc Glasgow, PhD RMIT, FCPA, FCCA, CA, MIIA

Term of office

1 January 2008 – 31 December 2009

Years on Council 2

Chair in Accounting at Deakin University from March 2004. Previously auditor with Peat, Marwick, Mitchell (KPMG) and held academic positions at the Hong Kong Polytechnic University, Victoria University of Technology and RMIT.



The members of the Deakin University Council present their report on the consolidated entity consisting of Deakin University and the entities it controlled at the end of, or during, the year ended 31 December 2009.

MEMBERS APPOINTED BY THE GOVERNOR IN COUNCIL



Mrs H.F. Bender OAM

BCom Melbourne, DipTravel & Tourism RMIT

Term of office

21 May 2008 – 31 December 2010

Years on Council 1.5

Director and Proprietor, Pendent Pty Ltd, trading as Allabout Tours and Travel; Chair, Barwon Health Foundation; Deputy Chair, Committee for Geelong; member, Geelong Grammar School Council; member, Geelong Major Events Committee.



Ms H.E. Buckingham BA, DipEd La

Trobe, DipAICD UNSW, GradDip Careers Deakin

Term of office

1 January 2009 – 31 December 2011

Years on Council 1

Retired teacher, Careers Counsellor, Local Councillor and Member of Parliament in Victoria. Member of the Legislative Council of Victoria (2006) and served on Parliamentary Standing Committee for Education and Training. Was an elected Councillor in the City of Whitehorse (Riversdale Ward) 1997-2002, serving as Mayor 1998-1999. A Board member of Box Hill Hospital 1991-1995. Currently a Board Member of Box Hill Institute of TAFE. Serves on the Board of the Family Access Network and the Myeloma Foundation Australia.



Ms J.M. Lightowlers BA DipEd UWA, LLB(Hons), LLM Melbourne

Term of office

1 January 2007 – 31 December 2009

Years on Council 6

Solicitor; partner, Francis Abourizk Lightowlers; admitted to practice in Queensland, New South Wales, Tasmania and Victoria; qualified mediator. Specialises in intellectual property, corporate governance and fiduciary obligations, among other areas. Director, International Network for Acid Prevention (INAP) Limited; Director – Adventus Technology Inc.



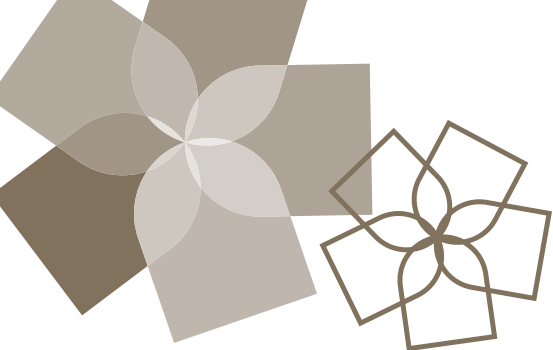
Mr P.D. Niblett BCom Deakin, CA, FCPA, CISA, CISM

Term of office

1 January 2009 – 31 December 2011

Years on Council 1

Chartered Accountant. Executive Director in Advisory Services, Ernst & Young (Melb). Client Service Partner responsible for the Victorian Emergency Services Cluster of accounts and Tasmanian Government. Prior to joining Ernst & Young in Melbourne was in London where he co-ordinated the technology activities in the UK Government Sector delivering large scale projects on Procurement and Shared Services across Government Agencies. Previously Director – Technology, Risk & Business Advisory Services WHK Day Neilson for 20 years.



Mr J.G. Nicol LLB Melbourne

Term of office

1 January 2007 – 31 December 2009

Years on Council 4.5

Retired solicitor. Partner in Warrnambool legal firm 1975-2009. Notary Public 1985-2009. President, Western District Law Association 2005-2008; Councillor, City of Warrnambool 1988-1992; Councillor, Warrnambool City Council 1996-2004; Mayor, 2001-2003; Board Member, Lyndoch Warrnambool Inc. since 1996, Chairman 2003-2006; Board Member, Southern Way Direct Care Inc. since 2004. Currently Vice Chairman; Board Member, Western Region Alcohol & Drug Centre Inc. since 1983.



Ms K. Grigg BEc, DipEd Adelaide, FCPA, FAICD

Term of office

8 September 2009 – 31 December 2010

Years on Council 0.3

Currently Chair of CoINVEST Ltd, Director of Navy Health Ltd, Director of Australian Pork Limited, member of Dept of Primary Industries – Audit and Risk Management Standing Committee and lay member on the Melbourne Health – Human Research Ethics Committee. Formerly Deputy Chair of the Grape and Wine Research & Development Corporation and Director of Southern Health. Former executive role as Director Finance and Administration for The Woolmark Company/ Australian Wool Research and Promotion Corporation/Australian Wool Corporation.

MEMBER APPOINTED BY THE MINISTER



Mr G.C. Hywood BEc Monash

Term of office

17 April 2008 – 31 December 2010

Years on Council 1.5

Chief Executive, Tourism Victoria and Deputy Secretary (Brand, Communications and Tourism), Department of Innovation, Industry and Regional Development. Previously Executive Director Policy and Cabinet, Department of Premier and Cabinet; extensive communications background as editor-in-chief of the *Australian Financial Review*, the *Sydney Morning Herald*, the *Sun Herald* and *The Age*.

MEMBERS APPOINTED BY COUNCIL



Mr M.J. Dowling BEc Monash, FCA, KSJ

Term of office

1 January 2009 – 31 December 2011

Years on Council 6.5

Chartered accountant. Senior partner in large accounting firm for 20 years. Corporate consulting business since 1996. Chair, GMHBA Limited; former Chair, Victorian Regional Channels Authority. Extensive involvement with Geelong business and community. Past president, Geelong Chamber of Commerce. Mr Dowling resigned from the Council with effect from 31 December 2009.



Ms M.L. Edmond BArch Melbourne, LFRAIA

Term of office

1 January 2008 – 31 December 2010

Years on Council 11

Architect specialising in institutional architecture, urban design, dispute resolution and design teaching. Member of various associations, including Australian Institute of Architects, the National Trust of Victoria and the National Gallery of Victoria.



Mr A.J. Kloeden BSc (For) Hons ANU, MSc(BusStud) Lond, FAICD

Term of office

1 January 2009 – 31 December 2011

Years on Council 13

Currently Chair of Serco Group Pty Ltd; formerly Chief Executive Officer of Serco Asia Pacific, Managing Director of the Woolmark Company and Chief Executive Officer of Melbourne IT. Leadership and change management roles with leading Australian companies in retail, wholesale and services industries.



Mr R.M. Kus BCom Deakin, GradCertFraudInvest La Trobe, ICAA, IPA, GAICD.

Term of office

17 January 2008 – 31 December 2009

Years on Council 2

Chartered accountant, with experience in forensic accounting, financial investigation, insolvency/corporate restructuring and expert witness engagements. Currently Consulting Director at LECG Limited, a global expert services firm. Former partner within the Forensic Services Group at PricewaterhouseCoopers. Board member and Treasurer, Australian Centre for International Commercial Arbitration (ACICA).



Mr P.J. Meehan BBus RMIT, FCA, FCPA

Term of office

20 February 2007 – 31 December 2009

Years on Council 3

Chief Financial Officer, Australia Post; Board member and trustee of the Australia Post Superannuation Scheme. Formerly Group Finance Manager, National Mutual Holdings (now AXA). Extensive experience in senior finance and administration roles.



Dr P.C. Turner BA(Hons) UWA, LITTM Paris, PhD Sydney, AMusA, MACE

Term of office

1 January 2008 – 31 December 2010

Years on Council 14

Principal, Geelong College. Senior teaching and administrative experience in independent schools in Sydney and Adelaide. Tutor and research scholar in French studies, universities of Western Australia, Paris and Sydney. Previously served on and chaired a number of committees for the New South Wales Board of Studies and the Association of Independent Schools. Previously, Council member, Marcus Oldham College; Trustee, Geelong Performing Arts Centre.

A MEMBER ELECTED BY AND FROM THE PROFESSORS



Professor G.M. Stokes BA(Hons), DipEd Adelaide, PhD Flinders

Term of office

1 January 2008 – 31 December 2009

Years on Council 4

Associate Dean (Research) in the Faculty of Arts and Education and Professor of Politics in the School of International and Political Studies. Research interests include democratic theory and practice, cosmopolitanism, and Australian political thought. Convenor of the Institute for Citizenship and Globalisation in the Faculty of Arts, 2001-2004. Member, Academic Board; member University Research Management Subcommittee. Previously government advisor and public servant.

A MEMBER ELECTED BY AND FROM THE ACADEMIC STAFF



Mr N.T. Millen BA(Hons) La Trobe, MSocSci UQ., TPTC Coburg

Term of office

6 February 2008 – 31 December 2009

Years on Council 4

Senior Lecturer, School of History, Heritage and Society in the Faculty of Arts and Education. Research interests: sociology of health and illness, with emphasis on the politicisation of illness in public health policy and chronic illness and stigma. Has served on many Deakin Faculty and University committees, including the Academic Board, the Faculty of Arts Faculty Board, Vice-Chancellor's Staff Consultative Committee and 2003–2008 Enterprise Bargaining Implementation Committee.

MEMBERS ELECTED BY AND FROM THE STUDENTS



Mr J.G. Jose BE VIT Bangalore

Term of office

1 January 2009 – 31 December 2009

Years on Council 1

International student from India undertaking Deakin's MBA. Membership of the following professional associations: Project Management Institute, Australian Institute of Project Management, Institute of Electrical and Electronic Engineers and Institution of Engineers in India. Positions at Deakin include President of Deakin Business School Society (DBSS), President of Deakin Toastmasters International Club, International Student representative on Deakin Student Experience Subcommittee, Postgraduate mentor and DUSA member.

A MEMBER ELECTED BY AND FROM THE GENERAL STAFF



Ms H.M. Keogh BEc Monash

Term of office

1 January 2009 – 31 December 2010

Years on Council 1

Executive Officer for the School of Management and Marketing in the Faculty of Business and Law. Deakin staff member since 1998; held positions in the Division of Student Administration and in the Faculty of Health, Medicine, Nursing and Behavioural Sciences. Member of the Association for Tertiary Education Management (ATEM).



Mr Z.A. Smith

Term of office

1 January 2008 – 31 December 2009

Years on Council 2

Law student at Deakin University. Research Officer with the Forestry and Furnishing Products Division of the Construction, Forestry, Mining and Energy Union. In 2008, Vice President Undergraduate of the Deakin University Student Association and a member of the University's Transition Planning Group.

SENIOR OFFICERS MEETINGS OF MEMBERS

The number of meetings of the Deakin University Council and of each standing committee of Council held during the year ending 31 December 2009, and the number of meetings attended by each member, were as follows:

| | Council | | Standing Committees of Council | | | | | | | | | | | |
|--|---------|---|--------------------------------|---|-----------------|---|-----------------------|---|------------------------------|---|-------------|---|---------------------------------|---|
| | A | B | Audit and Risk ¹ | | Campus Planning | | Chancellor's Advisory | | Finance and Business Affairs | | Legislation | | University Appeals ² | |
| Number of meetings held during the year | 8 | | 4 | | 6 | | 6 | | 7 | | 4 | | – | |
| | A | B | A | B | A | B | A | B | A | B | A | B | A | B |
| Mr D.M. Morgan | 8 | 7 | | | | | 6 | 6 | | | | | | |
| Mrs H.F. Bender | 8 | 6 | | | | | | | 7 | 4 | | | | |
| Ms H.E. Buckingham | 8 | 7 | | | 6 | 3 | | | | | | | | |
| Mr M.J. Dowling | 8 | 7 | | | | | 6 | 5 | 7 | 5 | | | | |
| Ms M.L. Edmond | 8 | 7 | | | 6 | 6 | | | | | | | | |
| Ms K. Grigg | 2 | 2 | | | | | | | | | | | | |
| Mr G.C Hywood | 8 | 2 | | | | | | | | | 4 | 2 | | |
| Mr J.G. Jose | 8 | 5 | | | 6 | 4 | | | | | | | | |
| Ms H.M. Keogh | 8 | 7 | | | | | | | 7 | 5 | | | | |
| Mr A.J. Kloeden | 8 | 5 | | | | | | | 7 | 5 | | | | |
| Mr R.M. Kus | 8 | 8 | 4 | 4 | | | | | | | | | | |
| Professor P.W. Leung | 8 | 7 | | | | | 6 | 5 | 7 | 4 | | | | |
| Ms J.M. Lightowlers | 8 | 7 | | | | | 6 | 4 | | | 4 | 4 | | |
| Mr P.J. Meehan | 8 | 5 | 4 | 4 | | | | | | | | | | |
| Mr N.T. Millen | 8 | 4 | | | | | | | 1 | 0 | | | | |
| Mr P.D. Niblett | 8 | 8 | 4 | 4 | | | | | 7 | 4 | | | | |
| Mr J.G. Nicol | 8 | 8 | 4 | 4 | | | 6 | 6 | 7 | 7 | | | | |
| Mr Z.A. Smith | 8 | 6 | | | | | | | 7 | 1 | 4 | 0 | | |
| Professor G.M. Stokes | 8 | 8 | | | 6 | 3 | | | | | | | | |
| Dr P.C. Turner | 8 | 5 | | | 6 | 5 | | | | | | | | |
| Professor S.A. Walker | 8 | 8 | | | | | 6 | 5 | 7 | 4 | | | | |
| Mr G. Dennehy | | | | | 6 | 6 | | | | | 4 | 4 | | |
| Professor J. Rosenberg | | | | | 4 | 4 | | | | | | | | |
| Professor P.H. Clarke | | | | | 2 | 2 | | | 2 | 2 | | | | |
| Professor D. Smith | | | | | 6 | 5 | | | | | | | | |
| Ms L.M. Martin | | | | | | | 2 | 1 | | | 1 | 1 | | |
| Dr T. Mordini | | | | | | | 1 | 1 | | | 2 | 0 | | |
| Mr A. Walters | | | | | | | | | 7 | 7 | | | | |
| Assoc. Professor B. Marshall | | | | | | | | | | | 4 | 3 | | |
| Professor A. Rees | | | | | | | | | | | 4 | 3 | | |
| Ms H. Sloane | | | | | | | | | | | 3 | 3 | | |

A Meetings eligible to attend as a member

B Meetings attended as a member

1. The Vice-Chancellor does not exercise her right to membership of this Committee, but attends meetings at the request of the Chair. In 2009 she attended one of four meetings.

2. The University Appeals Committee was not required to meet during 2009.

PRINCIPAL ACTIVITIES

During the year the principal continuing activities of Deakin University consisted of providing academic and professional studies at undergraduate and postgraduate level in award and non-award courses to suitably qualified entrants; undertaking research; and providing academic and other expertise to industry, the professions and government through professional development and continuing education programs, teaching, research and consultancies. During the 2009 reporting period no significant changes occurred in the nature of the continuing principal activities of Deakin University.

Review of Operations

A review of operations for the year 2009, of which this report forms a part, is set out on pages 13-65.

Significant changes in the state of affairs

No major changes or factors occurred during 2009 which have affected the University's operational objectives for the year. No events occurred subsequent to balance date which may have a significant effect on the operations in subsequent years.

Significant changes in financial position for the year ended 31 December 2009

The University's reported consolidated operating surplus, after tax, was \$71.5m in 2009, compared with \$81.6m in 2008.

Total revenue for 2009 was \$611.4m, \$54.2m above 2008, including:

- an increase of \$11.7m for fee-paying students
- an increase of \$15.2m for Commonwealth Supported Places – Commonwealth Grant Scheme (CGS) and Higher Education Loan Programme scheme (HELP)
- an increase of \$8.5m for capital grants
- an increase of \$22.7m in income from the Australian Government under its obligations to finance unfunded liabilities of the State Superannuation Fund

Total expenses were \$540.2m, \$64.8m higher than 2008, including:

- an increase of \$34.1m in staff costs, mainly due to the impact of scheduled salary increases and on-costs associated with the growth in enrolments and the one-off impacts of the new enterprise bargaining agreement.
- an increase of \$2.9m in buildings and grounds maintenance
- an increase of \$2.2m in marketing costs to enhance enrolments
- an increase of \$3.8m in student expenses to provide post-graduate awards to enhance research
- a net increase of \$22.7m in deferred employee benefits for superannuation.

When adjusted for major one-off items, the normal operating profit is \$49.2m, comparable to the figure of \$48.2m in 2008.

Balance Sheet

Total assets have increased by \$174.0m from 2008. Reflecting the solid surplus performance in 2009 and an improvement in the market value of investments, cash and other financial assets were \$75.3m higher than 2008. A combination of \$64.0m in capital expenditure and \$60.1m in asset revaluations, less depreciation and disposals totalling \$37.4m contributed to an increase of \$86.7m in capital assets, including property, plant and equipment.

Total liabilities increased by \$29.7m, reflecting an increase of \$19.7m in deferred superannuation benefits, \$6.3m for annual leave and long service entitlements and \$6.3m for increased enrolment fees received in advance. The University's current ratio has increased slightly from 1.32 in 2008 to 1.39 in 2009.

Environmental regulation

Deakin University is subject to the following environmental legislation:

- *Environment Protection and Biodiversity Conservation Act 1999* (Cth)
- *National Greenhouse and Energy Reporting Act 2007* (Cth)
- *Planning and Environment Act 1987* (Vic)
- *Environment Protection Act 1970* (Vic)
- *Water Act 1989* (Vic)
- *Water Industry Act 1994* (Vic)

The University has a number of measures in place to ensure compliance with this legislation, including an Environmental Sustainability Policy and an Environmental Management Plan.

Insurance of officers

The University maintains a comprehensive insurance program which is renewed annually. The insurance program includes a suite of directors' and officers' liability insurances for members of Council and directors and officers of the University, including all controlled entities of the University and the Deakin Foundation. For the 2009 year, the premium for this insurance was \$25,216.

Proceedings on behalf of Deakin University

As at 31 December 2009, Deakin University was involved in the following litigation:

- *Gaye Alexandra Luck v Deakin University*, proceedings in the Federal Court instituted by a student seeking relief under the *Trade Practices Act 1974* (Cth)
- Ms Luck has also initiated an application to the High Court in respect of the proceedings.

This report is made in accordance with a resolution of the members of the Deakin University Council.



Mr David M. Morgan
Chancellor

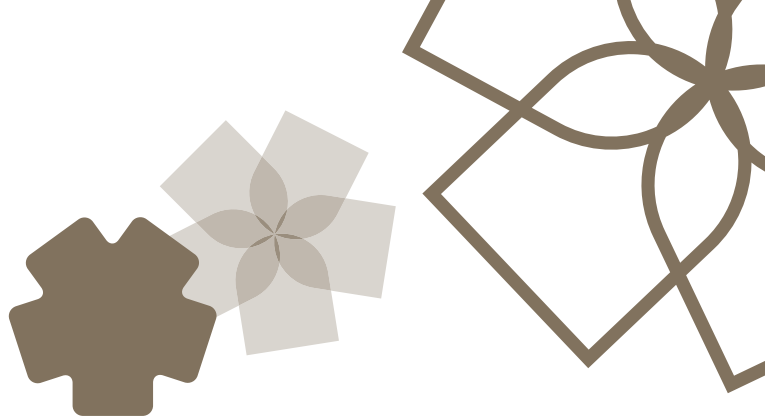
18 March, 2010



FIVE-YEAR FINANCIAL SUMMARY (CONSOLIDATED)

| | 2009 \$000 | 2008 \$000 | 2007 \$000 | 2006 \$000 | 2005 \$000 |
|---|----------------|----------------|----------------|----------------|----------------|
| Operating income | | | | | |
| Commonwealth Government grants | 209,668 | 187,270 | 170,227 | 166,137 | 140,396 |
| HECS-HELP | 102,473 | 99,185 | 80,601 | 76,101 | 70,965 |
| State Government grants | 12,328 | 11,042 | 1,323 | 5,310 | 4,924 |
| Other | 286,903 | 259,713 | 208,639 | 200,864 | 220,111 |
| Total operating income | 611,372 | 557,210 | 460,790 | 448,412 | 436,396 |
| Operating expenses | 540,192 | 475,378 | 411,716 | 390,608 | 408,174 |
| Operating result before income tax | 71,180 | 81,832 | 49,074 | 57,804 | 28,222 |
| BALANCE SHEET INFORMATION | | | | | |
| Current assets | | | | | |
| Cash assets | 156,516 | 115,693 | 44,472 | 28,956 | 15,858 |
| Receivables | 53,408 | 61,231 | 31,624 | 31,408 | 18,591 |
| Other financial assets | 57,059 | 44,098 | 75,060 | 50,224 | 43,660 |
| Deferred government contribution for superannuation | 12,601 | 13,734 | 13,617 | 12,276 | 12,275 |
| Non-current assets classified as held for sale | - | - | 27,730 | 27,730 | - |
| Other | 353 | 416 | 1,479 | 815 | 879 |
| | 279,937 | 235,172 | 193,982 | 151,409 | 91,263 |
| Non-current assets | | | | | |
| Other financial assets | 72,376 | 50,860 | 2,299 | 1,683 | 1,074 |
| Property, plant and equipment | 837,009 | 750,265 | 709,563 | 642,082 | 630,966 |
| Deferred government contribution for superannuation | 151,529 | 130,724 | 133,832 | 147,931 | 156,274 |
| Other | 3,526 | 3,333 | 2,000 | 1,000 | 944 |
| | 1,064,440 | 935,182 | 847,694 | 792,696 | 789,258 |
| Liabilities | | | | | |
| Payables | 135,699 | 128,337 | 88,949 | 67,324 | 44,976 |
| Borrowings | 11,027 | 14,587 | 17,286 | 19,794 | 22,082 |
| Provision for employee entitlements | 51,124 | 44,841 | 40,435 | 38,465 | 39,609 |
| Deferred employee benefits for superannuation | 164,130 | 144,458 | 147,449 | 160,207 | 168,549 |
| Other | 0 | 70 | 56 | 21 | 1 |
| | 361,980 | 332,293 | 294,175 | 285,811 | 275,217 |
| Net assets | 982,397 | 838,061 | 747,501 | 658,294 | 605,304 |
| Total equity | 982,397 | 838,061 | 747,501 | 658,294 | 605,304 |

UNIVERSITY GOVERNANCE



The *Deakin University Act 1974* (Vic) (the Act), provides the legislative basis for the University and its operations.

DEAKIN UNIVERSITY COUNCIL

www.deakin.edu.au/council/

Under the Act, Council is the governing authority of the University and as such is responsible for the 'entire direction and superintendence of the University'. Council has determined the following as being its primary functions:

- strategic direction of the University
- appointment of the Vice-Chancellor and review of his or her performance
- overseeing key policies, legislation and compliance
- risk management
- control and accountability
- oversight of commercial activities and controlled entities
- academic standards
- University culture
- Council's own affairs.

COMPOSITION, MEMBERSHIP AND TERMS OF OFFICE

www.deakin.edu.au/council/members/main.php

The Act states that Deakin University Council shall consist of 21 members. At 31 December 2009, the Council had 21 members.

The names, qualifications and experience of the people who held office as members of the Deakin University Council in 2009, the method of their appointment, term of office, years served on Council and attendance at meetings are set out as part of the Council Members' Report on pages 43-49.

In accordance with the Act, external members of Council are appointed for a three-year term, members of University staff who are elected members of Council are elected for a two-year term and students are elected for one-year. The Chancellor, the Vice-Chancellor and the Chair of the Academic Board are members, *ex-officio*.

No elected or appointed member of Council may hold office for a period of more than 12 years (whether consecutive or not) unless Council specifically resolves 'that the person may continue to be a member beyond that period'. The Council also appoints Deputy

Chancellors. Deputy Chancellors are appointed for a period of one year and, in this capacity, they are members of the Chancellor's Advisory, Human Resources Advisory, Honorary Degrees, Nominations and Senior Salaries committees.

Appointments to membership of Council are made in accordance with processes established by Council. Elections to membership of Council are conducted in accordance with University legislation, policies and procedures as approved by Council.

A comprehensive induction program, encompassing an induction kit, information sessions and mentor support is provided to all new members of Council in accordance with a Council-approved process.

CHANCELLOR AND DEPUTY CHANCELLORS

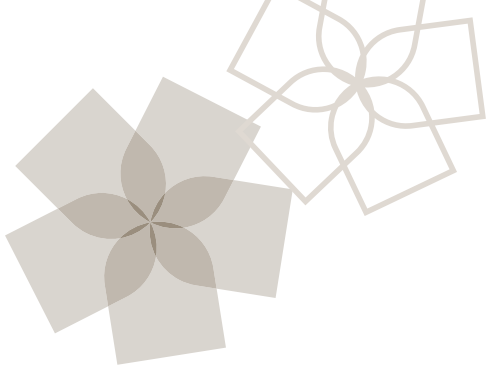
In accordance with section 16 of the Act, the Council elects or appoints the Chancellor of the University; section 17 provides for the election of Deputy Chancellors. Under Regulation 3.1(1) – The Chancellor and Deputy Chancellors, the Chancellor holds office for an initial term of not more than three years and shall be eligible for re-election for not more than two further successive three-year terms. Under the same Regulation, Deputy Chancellors hold office for a term of one year and are eligible for re-election for not more than three further successive terms, provided that any person holding such office for four successive terms shall not be eligible for re-election for a period of two years after ceasing to hold the office.

The Chancellor or, in the absence of the Chancellor, a Deputy Chancellor elected by the members present at the meeting, presides at meetings of Council.

The Chancellor and Deputy Chancellors are members, *ex-officio*, of every University Faculty, board and committee established or constituted under the Act, or any Statute or Regulation or by resolution of the Council, except that the Chancellor is not a member of a committee established to search for a Chancellor. The Chancellor may preside at any meeting of these bodies.

The Chancellor is responsible for conducting the annual review of the Vice-Chancellor's performance (taking into account advice from the relevant committee) and for reporting to Council that the review has been undertaken.

The Chancellor confers degrees of the University on Council's behalf and has authority to act on behalf of Council in relation to matters that the Chancellor's



Advisory Committee (a standing committee of Council) determines cannot wait until the next meeting of Council.

THE ROLES AND RESPONSIBILITIES OF COUNCIL MEMBERS

The roles and responsibilities of Council members are established by Council in accordance with the Act. Roles and responsibilities are set out in guidelines, which include information about the legal responsibilities of Council members, their liability and indemnity, the duties of Council members as determined by Council and the responsibilities of the University with respect to Council members. These responsibilities include providing members with any legal and financial advice that may be necessary to enable them to discharge their fiduciary duties.

CONFLICTS OF INTEREST

In accordance with the Act, a member of Council must take reasonable steps to avoid all conflicts of interest. Any conflicts of interest are to be disclosed in accordance with the relevant section of the Act.

It is the responsibility of all members of Council to ensure that they comply with the Act. Guidelines are available to assist members of Council on the disclosure of potential conflicts of interest; these are approved and periodically reviewed by Council. A member of Council is obliged to declare a potential conflict of interest either before the commencement of a meeting at which a matter that the member considers may be in conflict with his or her own interests is due to be discussed or voted upon, or during the meeting, at the point at which the potential conflict of interest becomes known to the member. If the chairperson perceives a potential conflict of interest of which a member may be unaware, the chairperson raises the matter with that person.

Any declarations of conflicts of interest are recorded in the minutes of the meeting at which they arise.

Once a declaration has been made, unless Council otherwise directs, the member must not be present during any deliberation on that matter and must not vote on the matter.

All decisions made by Council regarding conflicts of interest and any actions taken as a result are fully minuted.

In addition, members are required annually to complete a written declaration of interests.

A similar system is in place for committees of Council.

COUNCIL PERFORMANCE REVIEW

Council undertakes a formal biennial review of its performance against its agreed functions and a range of other priorities and operational matters. Outcomes of the review are documented in an action plan for the forthcoming year, which is approved by Council. Council periodically receives a report of progress until all actions have been implemented.

A review commenced in December 2009 with a report to be brought to Council in February 2010.

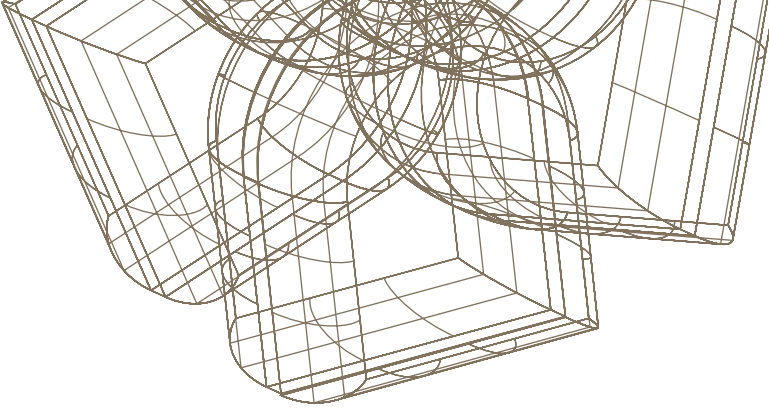
COMMITTEES OF COUNCIL

Council is assisted in the discharge of its duties by a number of standing committees and ad hoc committees. Council establishes the composition and terms of reference of each standing committee of Council, and each committee operates in accordance with a set of common operating provisions for standing committees of Council.

Each committee conducts a formal, biennial performance review against its terms of reference and other specified performance indicators, including a review of its composition and terms of reference to identify potential areas of change, with a report of the findings and recommendations submitted to Council via the Chancellor's Advisory Committee. As part of this biennial review process, the Vice-Chancellor is invited to assess the adequacy and effectiveness of the system of standing committees of Council and to report this to the Chancellor's Advisory Committee. Advice and any recommendations to Council arising from the Vice-Chancellor's assessment are then determined by that Committee.

An additional annual review is undertaken by the chairperson of each standing committee to assess the extent to which the committee has worked effectively during that year. The outcome of that review is reported to Council via the Chancellor's Advisory Committee.

The obligations of each standing committee of Council (except the University Appeals Committee, which meets only as required) are set out in an annual schedule of business, in accordance with the powers and responsibilities detailed in its terms of reference. Schedules of business for standing committees of Council are established at the end of a year for the following year and reported to the last meeting of Council in each year by the Chancellor's Advisory Committee. At its last meeting in each year, each standing committee of Council (with the exception of the University Appeals Committee)



reviews the extent to which it has fulfilled the obligations set out in its schedule of business for that year. Each committee reports to Council, via the Chancellor's Advisory Committee, on the outcome of that review and on any action that arises from it as appropriate.

Items of business to be considered at any scheduled special meeting of any standing committee of Council must be listed on that committee's schedule of business for that meeting. However, additional items of business can be considered at any ordinary meeting of any standing committee of Council.

Audit and Risk Committee

The Audit and Risk Committee comprises: the Chancellor or nominee and a minimum of three and up to four members (not being staff or students of the University) appointed by Council, at least one of whom must be a person who is or has been in public accounting practice and who is a member of a professional accounting association, as well as one person who is a member of the Finance and Business Affairs Committee.

Responsibilities of the Audit and Risk Committee include providing advice to Council on the University's accounting, control and reporting practices and the management of corporate assets and risks. The Committee also considers external and internal audit reports and reviews internal audit policy.

The Director, Internal Audit and the external co-sourcing partner both report to the Chair of the Audit and Risk Committee (for administrative purposes, they report to the Vice-Chancellor).

Members of the Audit and Risk Committee at 31 December 2009 were: Mr P.J. Meehan (Chair), Mr R.M. Kus, Mr J.G. Nicol and Mr P.D. Niblett.

The Committee met four times in 2009.

Campus Planning Committee

The Campus Planning Committee has eight members: the Chancellor or nominee; three members of Council (two of whom are external members and one member of Council elected by the staff); the Vice-Chancellor or nominee; the Chief Operating Officer or nominee; the Chair of the Academic Board or nominee; and one elected student member of Council.

The Committee considers and makes recommendations to Council on:

- masterplans for the physical development of the University's Campuses

- whether proposed campus developments are in accordance with approved masterplans
- significant changes to the University's landholdings
- proposals for the naming of University buildings and facilities.

It also:

- advises the Vice-Chancellor on the campus planning aspects of proposals for the University's capital priorities and on proposals for the design of major new buildings
- establishes processes for the selection of architects for significant projects and, in certain cases, considers and approves recommendations for the appointment of architects or receives reports on the selection of architects.

Members of the Campus Planning Committee at 31 December 2009 were: Ms M.L. Edmond (Chair), Ms H.E. Buckingham (Deputy Chair), Professor P.H. Clarke, Mr G. Dennehy, Mr J.G. Jose, Professor D. Smith, Professor G.M. Stokes and Dr P.C. Turner.

The Committee met six times in 2009.

Chancellor's Advisory Committee

The Chancellor's Advisory Committee has seven members: the Chancellor; the three Deputy Chancellors; the Vice-Chancellor; the Chair of the Academic Board; and the Council Secretary.

When acting as the Nominations Committee, the Committee's membership remains the same. When acting as the Honorary Degrees Committee, its membership is augmented by the Deputy Chair of the Academic Board, another academic nominated by the Board and the Professor elected to Council. When acting as the Senior Salaries Committee, membership is restricted to the Chancellor, the Deputy Chancellors and the Vice-Chancellor; when acting as the Senior Salaries Subcommittee, the composition is limited to the Chancellor and the Deputy Chancellors. When acting as the Human Resources Advisory Committee, its membership comprises the Chancellor, the Vice-Chancellor, the Deputy Chancellors, the Chair of the Academic Board and the Director of the Human Resources Services Division.

The responsibilities of the Chancellor's Advisory Committee include:

- considering matters that the Committee considers need to be dealt with before the next scheduled meeting of Council

- advising Council on proposed appointments to Council membership
- making recommendations to Council in respect of honorary awards of the University
- giving advice to Council on the maintenance and orderly review of Council operations
- advising Council on corporate governance matters
- advising Council on certain human resources matters.

Members of the Chancellor's Advisory Committee at 31 December 2009 were: Mr D.M. Morgan (Chair), Mr M.J. Dowling, Professor P.W. Leung, Ms J.M. Lightowlers, Dr T. Mordini, Mr J.G. Nicol and Professor S.A. Walker.

The Committee met six times in 2009.

Finance and Business Affairs Committee

The Finance and Business Affairs Committee has 11 members: the Chancellor or nominee; five members appointed by Council (three being external members of Council and of whom one at least must have financial expertise; one a member of Council elected by staff; one a member of Council elected by the students); two members appointed by Council who are not required to be members of Council, but one of whom at least must have substantial private sector financial management experience; the Vice-Chancellor or nominee; the Chief Financial Officer or nominee; and the Chair of the Academic Board or nominee. The Council Secretary and the Chief Operating Officer may attend meetings of the Finance and Business Affairs Committee with rights of audience and debate.

On 8 October 2009, Council amended the membership of the Finance and Business Affairs Committee to include an additional member, being a member of Council with financial expertise, appointed by Council.

The responsibilities of the Finance and Business Affairs Committee include:

- advising and making recommendations to Council on matters concerning the University's consolidated finances, investments, borrowings and fixed assets, including annual consideration of the University's audited financial statements and its Business Plan and Capital Expenditure Plan and other associated plans
- reviewing, approving and reporting to Council on relevant policies
- reviewing the financial performance of University companies and major commercial activities

- advising Council on the University's proposed business ventures.

Members of the Committee at 31 December 2009 were: Mr M.J. Dowling (Chair), Mrs H.F. Bender, Ms H.M. Keogh, Mr A.J. Kloeden (Deputy Chair), Professor P.W. Leung, Mr P.D. Niblett, Mr J.G. Nicol, Mr Z.A. Smith, Professor S.A. Walker and Mr A. Walters, with one vacancy.

The Committee met seven times in 2009.

The Finance and Business Affairs Committee has the following subcommittees:

- the Investment Advisory Committee, which is responsible for providing advice to the Finance and Business Affairs Committee on investment policy and strategy
- the Student Loan Fund Committee, established pursuant to Regulation 10.1(1), which is responsible for developing policy and administering the Student Loan Fund, and reporting to the Finance and Business Affairs Committee on its administration, including the status of outstanding loans.

Legislation Committee

The Legislation Committee has eight members: the Chancellor or nominee; one external member of Council appointed by Council; the Vice-Chancellor or nominee; the Chief Operating Officer or nominee; the Chair of Academic Board or nominee; one elected student member of Council; and two additional members appointed by Council.

The Committee is responsible for advising and making recommendations to Council on any matter pertaining to the *Deakin University Act 1974* (Vic) and University statutes and regulations.

Members of the Committee at 31 December 2009 were: Ms J.M. Lightowlers (Chair), Mr G. Dennehy, Mr G.C. Hywood, Associate Professor B. Marshall, Dr T. Mordini, Professor A. Rees, Ms H. Sloane and Mr Z.A. Smith.

The Committee met four times in 2009.

University Appeals Committee

The University Appeals Committee comprises two external members of Council (one of whom is the Chair); one elected student member of Council; and one other member of Council.

The Committee hears and determines appeals against findings of the University Discipline Committee in relation to matters of general misconduct by students and against decisions of the Vice-Chancellor with regard to the exclusion of students for health reasons, those decisions having been made pursuant to Statute *5.6 Exclusion for Health Reasons*. Each decision is reported in writing to the Academic Board. A summary report of decisions is provided annually to Council at its final meeting in each calendar year.

Members of the Committee at 31 December 2009 were: Ms J.M. Lightowlers (Chair), Mr G.C. Hywood and Mr J.G. Jose, with one vacancy.

The Committee was not required to meet in 2009.

DEAKIN FOUNDATION

The Deakin Foundation was established in August 2008 to assist and support the achievement of the strategic goals of Deakin University through philanthropic fundraising. Deakin Foundation Limited, a company limited by guarantee, was incorporated on 21 July 2008. The primary purpose of the company is to act as trustee of the Deakin Foundation. Deakin University is the sole member of the company and the beneficiary under the Trust Deed.

The Board of the Deakin Foundation consists of a majority of independent Directors who are philanthropists with relevant skills and experience. The Board also includes members of senior staff of the University as Directors. The Chairperson is an independent Director.

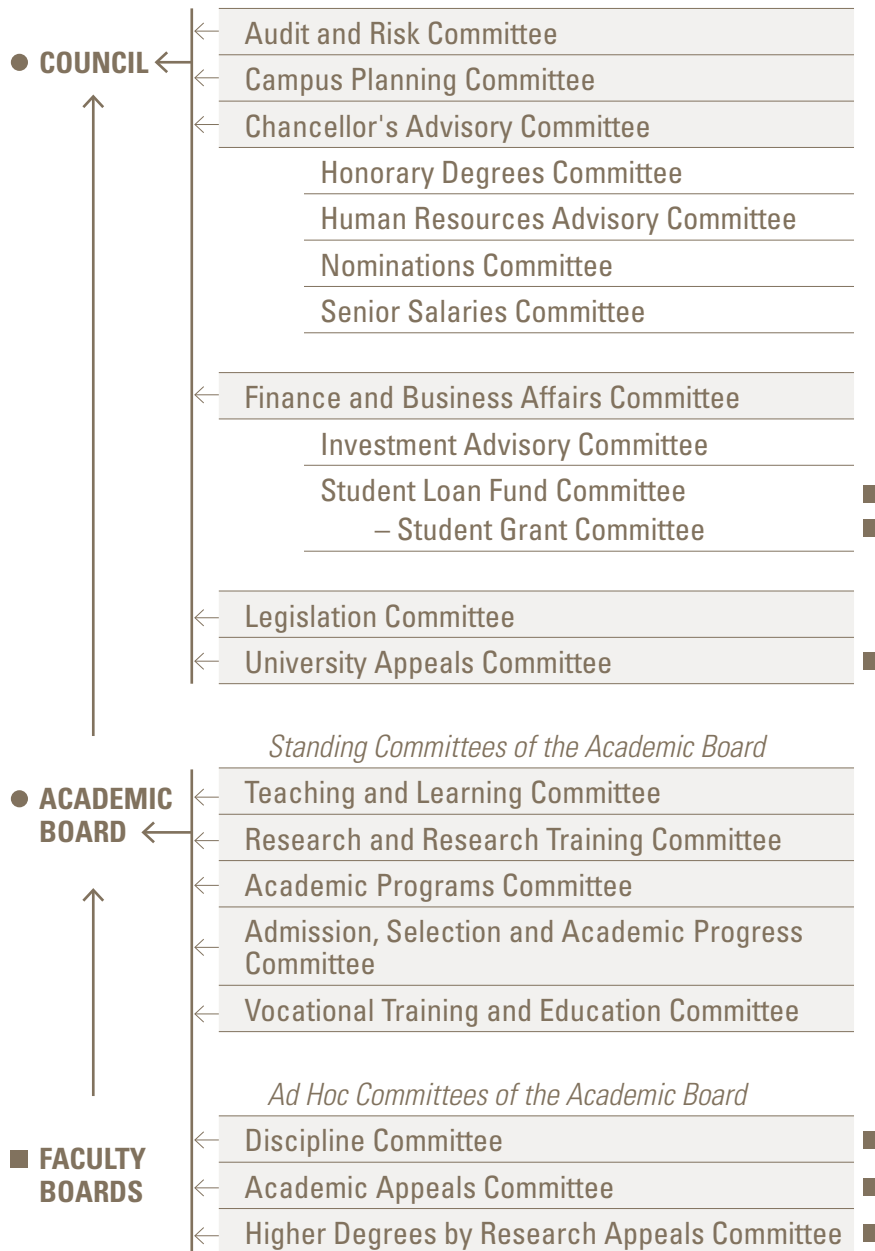
The Directors are appointed by the member or members of the company to represent the interests of the members.

Directors of the Deakin Foundation Board at 31 December 2009 were: The Hon. S. Bracks (Chair), Mr A. Brookes, Ms R. Buckham, Dr F. Costa OAM, Mr A. Fairley, Mr P. Handbury, Dr H. Mitchell AO, Mr D.M. Morgan, Ms K. Plant, Mr D. Somers OAM and Professor S.A. Walker.

The Board met four times in 2009.

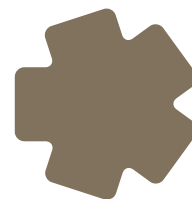


**UNIVERSITY COMMITTEE STRUCTURE
COMMITTEES REPORTING TO COUNCIL AND THE
ACADEMIC BOARD**



■ Established as required by internal legislation

● Established as required by external legislation



RISK MANAGEMENT

Deakin University is committed to effectively managing risk. It uses methods that will enable the University to minimise losses and maximise opportunities in line with best practice and the Australian/New Zealand/ISO Standard on Risk Management as AS/NZS/ISO 31000. The risk management program utilises a systematic method of establishing the context of risks and identifying, analysing, evaluating, optimising, treating, monitoring and communicating risks associated with each activity, function or process.

Council, through its Audit and Risk Committee, ensures that an appropriate framework of University-wide risk management is effectively maintained in accordance with the University's risk management policies, procedures and associated internal controls, and oversees the controls associated with the more critical risks facing the University. The Vice-Chancellor takes advice on risk management from the Planning and Resources Committee through its Risk and Compliance Management Subcommittee.

The risk management program is applied by all Faculties, Institutes and Other Areas including controlled entities. The program requires the University and each Faculty, Institute and Other Area to document and continually review a listing of all risks pertaining to its specific strategic and operational activities, including current controls and proposed risk treatment plans. These risk registers are subjected to an annual review by members of the Risk and Compliance Management Subcommittee and the Internal Audit Unit to ensure that risks are identified and assessed appropriately, controls are maintained and managed effectively, and that where warranted, further risk treatments are adopted.

The risk registers inform the placement of the University's insurance program—through the development of an annual insurable risk profile—and are considered during the development of the Annual Internal Audit plan. Where required, items identified during internal or external audits and reviews are included in the University's risk registers.

During 2009 the key outcomes of the risk management program included:

- establishment of a Risk Management Network to facilitate networking between Deakin's risk management "champions"
- inclusion of the Business Continuity Management program under the auspices of the University's Risk Management Unit to avoid duplication of administrative effort across Faculties, Institutes and Other Areas
- embedding of assurance activities for Business Continuity Management into the University's Risk Register Review cycle
- ongoing development of Business Continuity Plans for the University, Faculties, Institutes and Other Areas
- development of a University Pandemic Plan
- increased focus on the review of University contracts, agreements and grants from a risk management perspective
- 2009 iteration of the University Risk Register was approved by the Audit and Risk Committee in July
- an upgrade to the Risk Manager database, which includes all risk registers and compliance registers
- development of Fraud and Corruption awareness scenarios and training programs which strengthen Deakin's commitment to the prevention of Fraud and Corruption across the University.

Deakin University requires all commercial ventures to manage risk appropriately. Through the Audit and Risk Committee, the University completes an assessment of risk arising from its controlled and associated entities. The 2009 risk assessment is detailed on pages 59-61.

**ATTESTATION ON COMPLIANCE WITH THE AUSTRALIAN/NEW ZEALAND
RISK MANAGEMENT STANDARD**

I, the Chief Financial Officer certify that Deakin University has risk management processes in place consistent with the Australian/New Zealand Risk Management Standard (or equivalent designated standard) and an internal control system is in place that enables the executive to understand, manage and satisfactorily control risk exposures. The Audit and Risk Committee verifies this assurance and that the risk profile of Deakin University has been critically reviewed within the last 12 months.



Mr A. Walters
Chief Financial Officer
Deakin University

2 March, 2010

UNIVERSITY WHOLLY-OWNED CONTROLLED ENTITIES

In July 2009 the Audit and Risk Committee made the following assessments of the level of risk associated with the University's associated entities:

| Entity name | Principal objects | Level of risk (very high, high, medium, low, very low) |
|---|---|--|
| Callista Software Services Pty Ltd | Development, maintenance and support of the Callista student administration and management system to Australian universities and TAFEs. | Medium |
| Deakin Foundation Ltd and Deakin Foundation Trust | Provision of a focus for philanthropic giving to Deakin University. | Very Low |
| Canopi Network Pty Ltd | Arrangement of the licensing and development of Callista student administration and management system. | Very Low |
| Deakin Nominees Pty Ltd | Holding company for non-core assets (as trustee for Deakin University). | Low |
| Unilink Limited | Provision of staffing services to Deakin University. | Very Low |

**UNIVERSITY 'ASSOCIATED ENTITIES'
PART OWNERSHIPS, PARTNERSHIPS OR JOINT VENTURES**

In July 2009 the Audit and Risk Committee made the following assessments of the level of risk associated with the University's associated entities:

| Entity name | Principal objects | Level of risk (very high, high, medium, low, very low) |
|---|---|---|
| AARNet Pty Ltd (Australia's Research and Education Network) | Provision of high-capacity, cost-effective internet services (through fibre optics) to education and research communities and their partners. [Deakin University interest – shareholder] | Very Low |
| Cooperative Research Centre for Advanced Automotive Technology (Auto CRC) | Provision of new design, engineering and manufacturing methodologies to improve manufacturing flexibility and efficiency and development of new material systems and improved vehicle safety. [Deakin University interest – member] | Very Low |
| Education Australia Ltd | Investment in IDP Education Pty Ltd, which focuses on recruitment of overseas students for Australian universities. [Deakin University interest–shareholder] | Very Low |
| PowerDX Australia Pty Ltd | Commercial development of research that enables remote monitoring of electricity distribution insulators. [Deakin University interest – shareholder] | Very Low |
| Victorian Aboriginal Education Association Incorporated (VAEAI) | To develop processes for the involvement of Victorian Koorie community members in decision making regarding education and training provision for Koorie students. [Deakin University interest – member] | Very Low |
| Victorian Centre for Advanced Materials Manufacturing (V-CAMM) Limited | Administration of a Victorian Government STI grant jointly awarded to Deakin University, Monash University and CSIRO in 2002. Research focuses on forming and pressing technologies of light metal alloys, materials characterisation and advance materials including environmentally friendly plastics and composites. [Deakin University interest – member] | Very Low |

| Entity name | Principal objects | Level of risk (very high, high, medium, low, very low) |
|---|--|--|
| Victorian Education Research Network (VERNet) Pty Ltd | Design, deployment and management of an advanced optic fibre network to meet the bandwidth needs of the Victorian research and education sectors. A company limited by shares with 10 shareholders: the nine Victorian universities and the CSIRO. [Deakin University interest – shareholder] | Very Low |
| Victorian Partnership of Advanced Computing (VPAC) | Facilitation of access to high performance computing facilities provided by national and state funding through a consortium of all Victorian universities. [Deakin University interest – member] | Low |
| WaterEd Australia Pty Ltd | Establishment of an international centre of excellence in water resources management, training, education, research and consulting through a Commonwealth grant funded company, comprising Deakin University, University of Adelaide, Flinders University, University of South Australia, Newcastle University and Central Queensland University. [Deakin University interest – shareholder] | Low |

LEGISLATIVE AND PROCEDURAL COMPLIANCE MATTERS

STATUTES

Statutes revoked, made or amended by Council and approved by the Minister during 2009.

| | | |
|--------------|--|--------------------|
| Statute 1.2 | Meetings | Revoked |
| Statute 2.1 | Council | Revoked and Remade |
| Statute 2.2 | The Academic Board | Revoked and Remade |
| Statute 2.3 | The Faculties | Revoked and Remade |
| Statute 2.4 | University Institutes | Made |
| Statute 2.7 | Referenda and Opinion Polls | Revoked |
| Statute 2.9 | University Institutes | Revoked |
| Statute 2.10 | Staff of the University | Revoked |
| Statute 2.11 | DeakinPrime | Revoked |
| Statute 2.5 | DeakinPrime | Made |
| Statute 2.6 | University Administration | Made |
| Statute 3.1 | The Chancellor and the Deputy Chancellor | Revoked |
| Statute 3.1 | Officers and Staff of the University | Made |
| Statute 3.2 | The Vice-Chancellor | Revoked |
| Statute 3.4 | The Deputy Vice-Chancellor | Revoked |
| Statute 3.8 | The Vice Presidents | Revoked |
| Statute 3.11 | Supernumerary Academic Staff | Revoked |
| Statute 3.12 | Emeritus Professors | Revoked |
| Statute 3.13 | The Deans and Heads of School | Revoked |
| Statute 3.14 | The Pro Vice-Chancellors | Revoked |
| Statute 5.4 | Academic Dress | Made |
| Statute 7.1 | Academic Dress | Revoked |
| Statute 7.1 | Elections and Meetings | Made |
| Statute 9.1 | Elections | Revoked |
| Statute 11.1 | Affiliations | Revoked |

Current legislation can be viewed on the University's electronic information portal The Guide: <http://theguide.deakin.edu.au/>.
Revoked legislation is held in the University safe.

COMPLIANCE

Through the Vice-Chancellor, Council is responsible for ensuring that Deakin University complies with external and internal legislative requirements and with the University's own policies and procedures. The University has a compliance program that provides a compliance framework for all areas of the University and advice across the University.

Council is assisted in its compliance responsibilities by the Audit and Risk Committee, which reviews advice and recommendations on matters relating to the compliance program and relevant policy and procedure. An annual report on the compliance program is presented to the Committee.

From a management perspective, the Risk and Compliance Management Subcommittee of the Planning and Resources Committee reviews the effectiveness of the compliance program. The Subcommittee also makes recommendations to the Planning and Resources Committee on the continuous improvement of the program and its implementation, and in relation to the repository on the University's website for University policy, procedures, legislation and other information, and it makes recommendations in relation to the University's compliance policy.

COMPLIANCE WITH THE EDUCATION SERVICES FOR OVERSEAS STUDENTS ACT 2000 (CTH)

As far as Education Services for Overseas Students (ESOS) are concerned, the University has in place relevant policies, procedures and work practices to ensure that it complies with the *Education Services for Overseas Students Act 2000* (Cth) (ESOS Act) and with the National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students (National Code).

The University's obligations under the ESOS Act and the National Code are included in the University's compliance program. An ESOS Consultative Group, comprising staff from all Faculties and key Divisions, meets quarterly and serves as the cross-University vehicle for continuous improvement in this area. An ESOS Reference Manual is also provided for staff. A project has been undertaken to redesign this Manual and make it available as a web resource and this is scheduled to 'go live' in February 2010. An ESOS compliance module is being developed for inclusion in the staff Online Induction Program.

These resources ensure that all Faculties, Divisions and Other Areas are aware of their responsibilities under the ESOS Act and the National Code.

COMPLIANCE WITH THE FREEDOM OF INFORMATION ACT 1982 (VIC)

Requests for access to documents are made to the Manager, Freedom of Information, Mr. G. Dennehy. In 2009 the University received nine requests for access to documents under the *Freedom of Information Act 1982*. Of these, five were requests for personal documents and four were requests for non-personal documents. Details of the University's responses to each application are as follows.

- 1 Full access was provided to 169 documents. Access to additional documents was denied pursuant to sections 30 (internal working documents) and 34 (documents relating to business, commercial or financial matters of a third party).
- 2 Partial access was provided to four documents, with information about the personal affairs of individuals deleted pursuant to section 33 (personal privacy).
- 3 The application was discontinued as the applicant did not provide the required access fee.
- 4 Full access was provided to four documents.

- 5 The applicant withdrew the application before it was finalised.
- 6 Full access will be provided to two documents. Access is being withheld under section 33 (3) pending notification to the individuals named in the documents.
- 7 Full access will be provided to one document. Access is being withheld under section 33 (3) pending expiry of the period for notification of the individual named in the document.
- 8 Partial access was provided to eight documents. Access to additional documents was denied pursuant to section 35 (documents obtained in confidence).
- 9 Access was denied to the document requested pursuant to section 30 (internal working documents) and section 33 (personal privacy).

COMPLIANCE WITH NATIONAL COMPETITION POLICY AND COMPETITIVE NEUTRALITY

Deakin University has applied competitive neutrality principles in relation to relevant significant business activities, including the establishment of separate legal entities, and in relation to its commercial arm, DeakinPrime. Competitive neutrality principles are applied to the pricing of tender bids where applicable.

Advice to staff in relation to trade practices legislation and issues is available on The Guide <http://theguide.deakin.edu.au/>, the repository on the University's website for University policy, procedures, legislation and other information, and also through the University's compliance program and from the University Solicitor's Office.

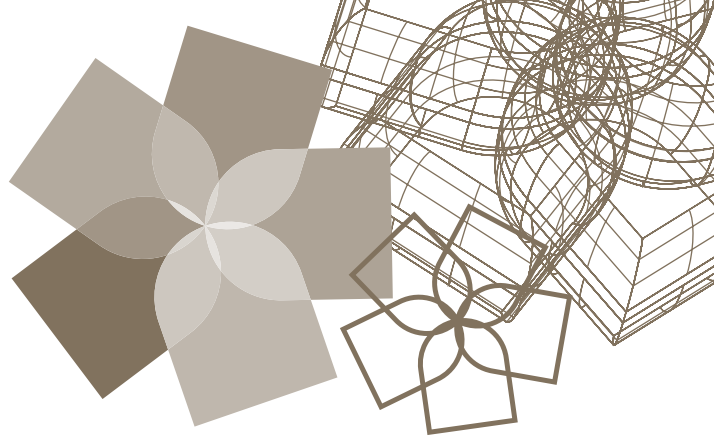
The University provides staff training in trade practices and competitive neutrality.

COMPLIANCE WITH THE WHISTLEBLOWERS PROTECTION ACT 2001 (VIC)

The University's procedure for reporting disclosures under the Whistleblowers Protection Act is available on The Guide <http://theguide.deakin.edu.au/>.

No disclosures under the Act were made, or referred by the Ombudsman, to the University in 2009.

The Ombudsman's jurisdiction under the Act is distinct from the Ombudsman's general jurisdiction under the *Ombudsman Act 1973* (Vic) (see page 64, 'Complaints to the Ombudsman').



INTERNAL GRIEVANCE AND COMPLAINT PROCEDURES

The University aims to ensure that all student and staff complaints are handled in a fair, prompt and efficient manner and that the process for so doing is based on the principles of natural justice.

Where possible, complaints are initially handled within the local area responsible for the service or process in question; students and staff are informed of their right to refer their complaint to relevant external bodies when they have exhausted internal procedures.

In 2009 Deakin codified and published the University's internal complaints procedures, along with information regarding the procedure for submitting complaints to the Victorian Ombudsman or agency. The University's Complaints Handling enabling policy was approved in August 2004. The operational policies and procedures relating to student and staff complaints are established under this policy.

The Staff Complaints, Disputes and Grievances procedure, the Discrimination and Sexual Harassment Complaints procedure and the Bullying in the Workplace procedure, provide avenues for staff grievances and complaints. There is also a mechanism to lodge a protected disclosure under *The Whistleblowers Protection Act 2001* (Vic). Staff can seek a review in relation to decisions regarding probation, job evaluation, academic staff redundancy and incremental progression. Academic staff can also request that an academic promotion outcome be reconsidered on the grounds of procedural irregularity.

The Student Complaints operational policy sets out the key principles underpinning the University's student complaints handling processes, that is, that they:

- be accessible, fair and equitable
- be carried out with transparency and consistency
- encourage informal resolution of complaints in the first instance
- allow complaints to be handled in a timely and responsive manner
- observe the principles of natural justice
- be conducted without reprisals or disadvantage as a result of a student making a complaint in good faith
- respect privacy and confidentiality for all parties, unless the use of the information is authorised by law
- allow for review from an internal higher body, or an appropriate external agency, when the student is not satisfied with the proposed outcome.

The Student Complaints procedure outlines the types of grounds for complaint and sets out the complaint resolution process in terms of three stages - from early conciliation and informal resolution, through to formal resolution and then appeal. Timelines, sources of advice and support and other action that may be taken, record keeping requirements and avenues for appeal (including to the Ombudsman) are also set out. The Student Complaints operational policy and procedure are supported by a central student complaints register and a student complaints website that is maintained by the Office of the Director of the Division of Student Administration.

COMPLAINTS TO THE OMBUDSMAN

The *Ombudsman Act 1973* (Vic) provides that the Victorian Ombudsman may conduct an investigation as a consequence of a complaint made to him about the administrative action of a public statutory body (this includes universities).

In 2009 there were four complaints that were referred to Deakin informally. These complaints were resolved informally through discussion and exchange of information. The Ombudsman was satisfied that the University had correctly adhered to policies and procedures.

No complaints were formally referred to Deakin by the Victorian Ombudsman.

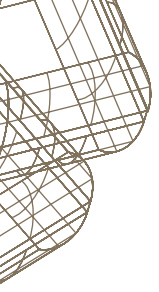
COMPLIANCE WITH THE BUILDING ACT 1993 (VIC)

All major building works are designed to comply with the *Building Act 1993* (Vic). To ensure that new buildings, and works relating to existing buildings, comply with current building standards and codes, the projects are referred to an independent Building Surveyor for certification where required.

Where required, Building Surveyors issue a Certificate of Occupancy or a Certificate of Final Inspection on completion of works.

To ensure that only registered building practitioners are engaged to carry out works for the University, Deakin checks currency of registration before engagement. Registration is maintained during the engagement and there have been no cases of building practitioners being deregistered while engaged by the University.

Works performed wholly by University staff are covered by the University's professional indemnity insurance, up to a limit of \$20 million in respect of any one claim.



ADDITIONAL INFORMATION AVAILABLE ON REQUEST

Consistent with the requirements of the *Financial Management Act 1994* (Vic), the following additional information is available on request, subject to the provisions of the *Freedom of Information Act 1982* (Vic):

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary or in a company with which Deakin University has significant commercial dealings
- details of publications produced by Deakin University about itself, including Annual Reports, and how these can be obtained
- details of changes in prices, fees, charges, rates and levies charged by Deakin University
- details of any major external reviews carried out on Deakin University
- details of any major research and development activities undertaken by Deakin University
- details of overseas visits undertaken, including a summary of the objectives and outcomes of each visit
- details of major promotional, public relations and marketing activities undertaken by Deakin University to develop community awareness of the University and its services
- details of assessments and measures undertaken to improve the occupational health and safety of employees
- a general statement on industrial relations within Deakin University and details of time lost through industrial accidents and disputes
- a list of major committees sponsored by Deakin University, the purposes of each committee and the extent to which the purposes have been achieved.

Enquiries regarding any of the above should be addressed to:

The Vice-Chancellor
Deakin University
Geelong Waterfront Campus
1 Gheringhap Street
Geelong Vic 3217

DETAILS AVAILABLE TO THE PUBLIC ON THE UNIVERSITY'S WEBSITE

Deakin University's website provides information about:

- The University
- Courses
- Research
- Teaching and learning
- Campuses
- Online and off-campus learning
- Faculties, Schools, Institutes and Research Centres
- Administrative Divisions and Units
- Employment
- Legislation; policies, procedures and rules; information on University committees; plans, guidelines and other information; and University forms
- University publications.

The website can be accessed at: www.deakin.edu.au

Deakin University's Annual Reports can be accessed at: <http://www.deakin.edu.au/annual-report/>

**AUDITED FINANCIAL
STATEMENTS**
AS AT 31 DECEMBER 2009



STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2009

| | NOTE | CONSOLIDATED | | UNIVERSITY | |
|--|------|-----------------|-----------------|-----------------|-----------------|
| | | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| Income from continuing operations | 2 | 611,372 | 557,210 | 603,400 | 548,904 |
| Expenses from continuing operations | | | | | |
| Employee benefits expense | 2 | (314,824) | (280,720) | (304,293) | (271,409) |
| Depreciation and amortisation expense | 2 | (36,525) | (36,208) | (36,290) | (36,122) |
| Other expenses from continuing operations | 2 | (185,401) | (156,627) | (184,669) | (156,159) |
| Finance costs | 2 | (3,442) | (1,823) | (3,442) | (1,823) |
| Operating result from continuing operations before income tax | | 71,180 | 81,832 | 74,706 | 83,391 |
| Income tax benefit/(expense) | | 346 | (222) | - | - |
| Net operating result after income tax for the year | | 71,526 | 81,610 | 74,706 | 83,391 |
| Impairment on building charged against asset revaluation surplus | 14 | - | 20,153 | - | 20,153 |
| Gain on revaluation of land and buildings | 14 | 58,878 | - | 58,878 | - |
| Gain on revaluation of library holdings | 14 | 710 | - | 710 | - |
| Gain on revaluation of art collection | 14 | 917 | - | 917 | - |
| Increase / (Decrease) on revaluation of investments | 14 | 12,305 | (11,203) | 12,305 | (11,203) |
| Total comprehensive income | | 144,336 | 90,560 | 147,516 | 92,341 |

The above statements of comprehensive income should be read in conjunction with the accompanying notes.

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

| | NOTE | CONSOLIDATED | | UNIVERSITY | |
|--------------------------------------|------|------------------|------------------|------------------|------------------|
| | | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| CURRENT ASSETS | | | | | |
| Cash and cash equivalents | 3 | 156,516 | 115,693 | 156,514 | 115,692 |
| Receivables | 4 | 66,009 | 74,965 | 65,295 | 73,778 |
| Inventories | 5 | 353 | 416 | 353 | 416 |
| Other financial assets | 6 | 57,059 | 44,098 | 54,559 | 41,598 |
| TOTAL CURRENT ASSETS | | 279,937 | 235,172 | 276,721 | 231,484 |
| NON-CURRENT ASSETS | | | | | |
| Receivables | 4 | 151,529 | 130,724 | 151,529 | 130,724 |
| Other financial assets | 6 | 72,376 | 50,860 | 75,376 | 53,860 |
| Property, plant and equipment | 7 | 837,009 | 750,265 | 836,075 | 749,428 |
| Deferred tax assets | 8 | 346 | - | - | - |
| Intangible assets | 9 | 3,180 | 3,333 | 3,180 | 3,333 |
| TOTAL NON-CURRENT ASSETS | | 1,064,440 | 935,182 | 1,066,160 | 937,345 |
| TOTAL ASSETS | | 1,344,377 | 1,170,354 | 1,342,881 | 1,168,829 |
| CURRENT LIABILITIES | | | | | |
| Trade and other payables | 10 | 134,499 | 126,737 | 136,449 | 131,748 |
| Borrowings | 11 | 10,984 | 2,159 | 10,977 | 2,158 |
| Provisions - employee benefits | 12 | 55,755 | 48,703 | 53,582 | 46,726 |
| Current tax liabilities | 13 | - | 70 | - | - |
| TOTAL CURRENT LIABILITIES | | 201,238 | 177,669 | 201,008 | 180,632 |
| NON-CURRENT LIABILITIES | | | | | |
| Trade and other payables | 10 | 1,200 | 1,600 | 1,200 | 1,600 |
| Borrowings | 11 | 43 | 12,428 | 43 | 12,428 |
| Provisions - employee benefits | 12 | 159,499 | 140,596 | 159,096 | 140,151 |
| TOTAL NON-CURRENT LIABILITIES | | 160,742 | 154,624 | 160,339 | 154,179 |
| TOTAL LIABILITIES | | 361,980 | 332,293 | 361,347 | 334,811 |
| NET ASSETS | | 982,397 | 838,061 | 981,534 | 834,018 |
| EQUITY | | | | | |
| Reserves | 14 | 210,031 | 137,017 | 210,031 | 137,017 |
| Retained surplus | 15 | 772,366 | 701,044 | 771,503 | 697,001 |
| TOTAL EQUITY | | 982,397 | 838,061 | 981,534 | 834,018 |

The above statements of financial position should be read in conjunction with the accompanying notes.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2009

| Inflows/(outflows) | NOTE | CONSOLIDATED | | UNIVERSITY | |
|---|------|-----------------|-----------------|-----------------|-----------------|
| | | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | |
| Australian Government grants | 2.1 | 350,357 | 294,741 | 350,357 | 294,741 |
| State Government grants | | 12,468 | 9,083 | 12,468 | 9,083 |
| HECS-HELP - student payments | | 12,641 | 13,088 | 12,641 | 13,088 |
| Other research grants and contracts | | 14,427 | 14,850 | 13,057 | 14,242 |
| Fees and charges | | 182,624 | 180,957 | 183,401 | 179,018 |
| Dividends received | | 2,076 | 1,244 | 6,023 | 1,356 |
| Interest received | | 9,305 | 11,848 | 9,102 | 11,727 |
| Other income | | 35,043 | 41,144 | 23,575 | 31,095 |
| Payments to employees | | (304,374) | (278,110) | (293,668) | (269,382) |
| Payments to supplier (inclusive of goods & services tax) | | (188,626) | (161,113) | (191,625) | (161,522) |
| Interest paid | | (3,498) | (1,880) | (3,498) | (1,880) |
| Income tax paid | | (70) | (208) | - | - |
| Goods and services tax recovered | | 9,845 | 5,787 | 10,057 | 6,692 |
| Net cash provided by operating activities | 16 | 132,218 | 131,431 | 131,890 | 128,258 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | |
| Proceeds from sale of property, plant and equipment | | 1,366 | 1,614 | 1,366 | 1,614 |
| Proceeds from sale of non-current asset held for sale | | - | 32,200 | - | 32,200 |
| Proceeds from sale of financial assets | | - | 71,393 | - | 73,393 |
| Payments for property, plant & equipment | | (63,649) | (57,886) | (63,316) | (57,014) |
| Payments for intangible assets | | (940) | - | (940) | - |
| Payments for financial assets | | (24,612) | (104,832) | (24,612) | (102,281) |
| Net cash outflow from investing activities | | (87,835) | (57,511) | (87,502) | (52,088) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | | | |
| Repayment of borrowings | | (3,566) | (2,700) | (3,566) | (2,700) |
| Net cash outflow from financing activities | | (3,566) | (2,700) | (3,566) | (2,700) |
| Net increase in cash and cash equivalents | | 40,817 | 71,220 | 40,822 | 73,470 |
| Cash and cash equivalents at the beginning of the financial year | | 115,692 | 44,472 | 115,692 | 42,222 |
| Cash and cash equivalents at the end of the financial year | 16 | 156,509 | 115,692 | 156,514 | 115,692 |

The above statement of cash flows should be read in conjunction with the accompanying notes.

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2009

| | NOTE | 2009 | | | 2008 | | |
|--|------|---------------------|--------------------------------|------------------|---------------------|--------------------------------|------------------|
| | | Reserves \$000's | Retained Surplus \$000's | Total \$000's | Reserves \$000's | Retained Surplus \$000's | Total \$000's |
| CONSOLIDATED | | | | | | | |
| Total equity at the beginning of the financial year | | 137,017 | 701,044 | 838,061 | 127,413 | 620,088 | 747,501 |
| Net operating result after income tax for the year | 15 | - | 71,526 | 71,526 | - | 81,610 | 81,610 |
| Transfers | 15 | 204 | (204) | - | 654 | (654) | - |
| Increase (Decrease) in Reserves | 14 | 72,810 | - | 72,810 | 8,950 | - | 8,950 |
| Total equity at the end of the financial year | | 210,031 | 772,366 | 982,397 | 137,017 | 701,044 | 838,061 |
| UNIVERSITY | | | | | | | |
| Total equity at the beginning of the financial year | | 137,017 | 697,001 | 834,018 | 127,413 | 614,264 | 741,677 |
| Net operating result after income tax for the year | 15 | - | 74,706 | 74,706 | - | 83,391 | 83,391 |
| Transfers | 15 | 204 | (204) | - | 654 | (654) | - |
| Increase (Decrease) in Reserves | 14 | 72,810 | - | 72,810 | 8,950 | - | 8,950 |
| Total equity at the end of the financial year | | 210,031 | 771,503 | 981,534 | 137,017 | 697,001 | 834,018 |

The above statements of changes in equity should be read in conjunction with the accompanying notes.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements and accompanying notes constitute a general purpose financial report which has been prepared on an accrual basis in accordance with the *Victorian Financial Management Act 1994*, Australian Accounting Standards, AASB Interpretations and the requirements of the Department of Education, Employment and Workplace Relations (DEEWR).

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards (AIFRS). The financial statements and notes of Deakin University comply with Australian Accounting Standards, some of which contain requirements specific to not-for-profit entities that are inconsistent with International Financial Reporting Standard (IFRS) requirements.

Historical cost convention

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of available-for-sale financial assets, financial assets and liabilities at fair value through profit or loss, and certain classes of property, plant and equipment.

New Accounting Standards and Interpretations

AASB 101 Presentation of Financial Statements has been revised, amending the name and disclosure requirements of the three primary statements to Statement of Comprehensive Income (previously Income Statement), Statement of Financial Position (previously Balance Sheet) and Statement of Cash Flows (previously Cash Flow Statement). These changes do not affect any of the amounts recognised in the financial statements. The revised standard is effective for annual reporting periods beginning on or after 1 January 2009.

All amounts in the financial statements are in Australian currency and have been rounded to the nearest thousand dollars.

Unless otherwise stated, the accounting policies are consistent with those of the prior year.

(a) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Deakin University as at 31 December 2009 and the results of all subsidiaries for the year then ended. A list of the subsidiaries is included in note 22. Deakin University and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

Intercompany transactions, balances and unrealised gains on transactions between Group companies are eliminated. Unrealised losses are also eliminated unless the transaction provides evidence of impairment of the assets transferred. The accounts of the subsidiaries are prepared for the same reporting period as the University, using consistent accounting policies.

(b) REVENUE RECOGNITION

The University recognises research income on the basis of its contractual obligations, viz; if the contract has outstanding performance obligations or the unspent funding is to be repaid at the conclusion of the contract, then the income is recognised in accordance with *AASB118 Revenue* with reference to the percentage of completion method. The stage of completion is measured by reference to total expenditure incurred to date compared with the funding provided. The University regards the receipt of such income as a reciprocal transfer as the University is required to provide the necessary services in return for research funding. A liability is recognised in the statement of financial position in respect of research income which is unearned at the balance date. *AASB118 Revenue* requires revenue to be recognised in the reporting periods in which the services are rendered.

Non-reciprocal research income, that is where approximate equal value is not directly returned to the provider of the income, is recognised when the University gains control of the income, or right to receive the income, in accordance with *AASB1004 Contributions*.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONT]

Revenue from fees and charges is recognised when earned. Revenue from the sale of goods is recognised upon the delivery of goods to customers. Revenue from the rendering of a service is recognised upon the delivery of the service to customers (stage of completion method) or in accordance with governing contracts. Interest revenue is recognised on an accrual basis. Dividend revenue is recognised when received. Donations and bequests are recognised when received by the University.

(c) FINANCE COSTS

Finance costs are recognised as expenses in the period in which they are incurred. Finance costs include interest on bank overdraft and short-term and long-term borrowings, amortisation of ancillary costs incurred in connection with the arrangement of borrowings and finance lease charges.

(d) LEASES

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of incentives received from the lessor) are charged to the statement of comprehensive income on a straight line basis over the period of the lease, in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

(e) INCOME TAX

Deakin University is exempt from income tax pursuant to Division 50 of the *Income Tax Assessment Act 1997*. Deakin University subsidiaries are not exempt from income tax. Income tax expense or benefit for the period is calculated as the tax payable on the current period's taxable income based on the income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements, and to unused tax losses. Deferred tax assets and liabilities are recognised for temporary differences at the tax rates expected to apply when the assets are recovered or liabilities are settled, based on those tax rates which are enacted.

The relevant tax rates are applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability. An exception is made for certain temporary differences arising from the initial recognition of an asset or a liability. No deferred tax asset or liability is recognised in relation to these temporary differences if they arose in a transaction, other than a business combination, that at the time of the transaction did not affect either accounting profit or taxable profit or loss.

Deferred tax assets are recognised for deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax liabilities and assets are not recognised for temporary differences between the carrying amount and tax bases of investments in controlled entities, where the parent entity is able to control the timing of the reversal of the temporary differences, and it is probable that the differences will not reverse in the foreseeable future.

Current and deferred tax balances attributable to amounts recognised directly in equity are also recognised directly in equity. Deakin University and its wholly-owned Australian subsidiaries have not implemented the tax consolidation legislation.

(f) FOREIGN CURRENCY TRANSACTIONS

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, Deakin University's functional and presentation currency.

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of comprehensive income.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONT]

(g) CASH AND CASH EQUIVALENTS

For cash flow statement presentation purposes, cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the statement of financial position.

(h) TRADE RECEIVABLES

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost, less provision for impairment. Trade receivables and other debtors are due for settlement no more than 30 days from end of month and 60 days for land development.

Collectability of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for impairment is established when there is objective evidence that the Group will not be able to collect all amounts due according to the original terms of receivables. The amount of the provision is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted at the effective interest rate. The movements of the provision is recognised in the statement of comprehensive income.

(i) INVENTORIES

Inventories include goods and other property held for sale. Inventories are measured at the lower of cost and net realisable value.

(j) NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

Non-current assets are classified as held for sale and stated at the lower of their carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the sale is expected to be completed within one year from date of classification.

(k) INVESTMENTS AND OTHER FINANCIAL ASSETS

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, available-for-sale financial assets, loans and receivables, and held-to-maturity investments. The classification depends on the purpose for which the investments were acquired. Management determines the classification of its investments at initial recognition and re-evaluates this designation at each reporting date.

(i) Financial assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss on initial recognition. A financial asset is classified in this category if acquired principally for the purpose of selling in the short term or if so designated by management. The policy of management is to designate a financial asset if there exists the possibility it will be sold in the short-term and the asset is subject to frequent changes in fair value. Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the statement of financial position date.

(ii) Available-for-sale financial assets

Available-for-sale financial assets, including unlisted equity securities, are non-derivatives that are either designated in this category or not classified in any other category. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the statement of financial position date. Unlisted equity securities are carried at cost. If the market is not active for unlisted securities, the Group establishes fair value by providing for the temporary diminution in the value of the investment based on the underlying net asset base of the security from the latest available accounts. All changes in provisions for diminution in value are taken through the statement of comprehensive income.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONT]

(iii) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise when the Group provides money, goods or services directly to a debtor with no intention of selling the receivable. They are included in current assets, except those with maturities greater than 12 months after the statement of financial position date which are classified as non-current assets. Loans and receivables are included in receivables in the statement of financial position.

(iv) Held-to-maturity investments

Held-to-maturity investments are non-derivative financial assets with fixed or determinable payments and fixed maturities that the Group's management has the positive intention and ability to hold to maturity.

Purchases and sales of investments are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. Investments are initially recognised at fair value plus transaction costs for all financial assets not carried at fair value through profit or loss. Financial assets carried at fair value through profit or loss are initially recognised at fair value and transaction costs are expensed in the statement of comprehensive income. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred, and the Group has transferred substantially all the risks and rewards of ownership.

Available-for-sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables and held-to-maturity investments are carried at amortised cost using the effective interest rate method. Realised and unrealised gains and losses arising from changes in the fair value of the 'financial assets at fair value through profit or loss' category are included in the statement of comprehensive income in the period in which they arise. Unrealised gains or losses arising from changes in the fair value of non-monetary securities classified as available-for-sale are recognised in equity in the available-for-sale investments revaluation reserve. When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments are included in the statement of comprehensive income as gains or losses from investment securities. The fair values of quoted investments are based on current bid prices. If the market for a financial asset or unlisted security is not active, the Group establishes fair value by using valuation techniques. These include reference to the fair values of recent arm's length transactions involving the same instruments or other instruments that are substantially the same, discounted cash flow analysis, and option pricing models refined to reflect the issuer's specific circumstances.

The Group assesses at each balance date whether there is objective evidence that a financial asset or group of financial assets is impaired. In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of a security below its cost is considered in determining whether the security is impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss - measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss - is removed from equity and recognised in the statement of comprehensive income. Impairment losses recognised in the statement of comprehensive income on equity instruments are not reversed through the statement of comprehensive income.

(1) PROPERTY, PLANT AND EQUIPMENT

Land, buildings, artworks and library special collections are shown at fair value; based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. All other property, plant and equipment is stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group, and the cost of the item can be measured reliably. All repairs and maintenance are charged to the statement of comprehensive income during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited to the asset revaluation reserve in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit and loss.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONT]

Decreases that reverse previous increases of the same asset are first charged against revaluation reserve directly in equity to the extent of the remaining reserve attributable to the class of asset; all other decreases are charged to the statement of comprehensive income.

Land is not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:

Major depreciation periods are:

| | |
|--------------------------------|-----------------|
| Freehold buildings | 2 to 65 years |
| Leasehold improvements | 3 to 5 years |
| <i>Equipment and Furniture</i> | |
| Computer equipment | 3 to 4 years |
| Plant and equipment - other | 3 to 10 years |
| Motor vehicles | 6.5 to 10 years |
| Library holdings | 10 years |

The depreciation rates applied are consistent with the prior year.

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each statement of financial position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income. When revalued assets are sold, it is Group policy to transfer the amounts included in other reserves (in respect of those assets) to retained earnings.

Impairment of assets

Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(m) INTANGIBLE ASSETS

Intangible assets include Medical School licence fees and electronic subscription of library holdings.

Medical School licence fees are capitalised as an intangible asset and are amortised using the straight line method over six years from 2008.

Electronic publications are split into perpetual access and annual subscription based access to database licences. Perpetual access based publications are capitalised and amortised on a straight line basis over a period of 10 years. Annual subscription based publications are expensed as incurred.

(n) TRADE AND OTHER PAYABLES

These amounts represent liabilities for goods and services provided to the Group prior to the end of financial year which are unpaid. The amounts are unsecured and are usually paid within 30 days of recognition.

(o) BORROWINGS

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in the statement of comprehensive income over the period of the borrowings using the effective interest method.

Borrowings are classified as current liabilities, unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the statement of financial position date.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONT]

(p) PROVISION - EMPLOYEE BENEFITS

Provision is made for benefits accruing to employees in respect of annual leave, and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits are measured based on their expected settlement. Provisions which are expected to be settled within twelve months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

Provisions which are not expected to be settled within twelve months are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date.

Regardless of the expected timing of settlement, provisions made in respect of employee benefits are classified as a current liability unless there is an unconditional right to defer the settlement of the liability for at least 12 months after the reporting date, in which case it would be classified as a non-current liability. Provisions made for annual leave and unconditional long service leave would be classified as a current liability where the employee has a present entitlement to the benefit. A non-current liability would include long service leave entitlements accrued for employees with less than 10 years of continuous service.

(q) DEFERRED EMPLOYEE BENEFITS FOR SUPERANNUATION

AASB119 *Employee Benefits* requires that the estimated present value of superannuation obligations recognised in the financial statements should be determined as at balance date. These financial statements recognise estimated superannuation obligations in respect of the State Superannuation Fund using an actuarial estimate as at 30 June 2009. As there is no net impact on the statement of financial position or statement of comprehensive income from these superannuation obligations (due to recognition of a corresponding receivable), the costs of providing an actuarial assessment at balance date (31 December 2009) outweigh the benefits. The University has therefore elected not to obtain an estimate of its superannuation obligations as at balance date. Consequently superannuation obligations (and corresponding receivable) are stated in the financial statements based on estimates prepared 6 months in arrears.

In accordance with the 1998 instructions issued by the Department of Education, Training and Youth Affairs (DETYA) now known as the Department of Education, Employment and Workplace Relations (DEEWR), the effects of the unfunded superannuation liabilities of Deakin University were recorded in the statement of comprehensive income and the statement of financial position for the first time in 1998. The prior years' practice had been to disclose liabilities by way of a note to the financial statements. The unfunded liabilities recorded in the statement of financial position under provisions have been determined by Dr David Knox, FIAA and relate to the estimates of net liabilities at 30 June 2009. The methodology for measurement of the net liabilities uses the discount rate of 5.7% based on the government bond rate and assumed salary increases of 4%, pension indexation of 2.5%, and an assumed investment return on Fund assets of 8.0% (net of fees). An arrangement exists between the Australian Government and the State Government to meet the unfunded liability for Deakin University's beneficiaries of the State Superannuation Scheme on an emerging cost basis. This arrangement is evidenced by the *State Grants (General Revenue) Amendment Act 1987*, *Higher Education Funding Act 1988* and subsequent amending legislation. Accordingly, the unfunded liabilities have been recognised in the statement of financial position under provisions, with a corresponding asset recognised under receivables. The recognition of both the asset and the liability consequently does not affect the year-end net asset position of Deakin University.

(r) EQUITY

Equity represents the residual interest in the net assets of the University. The State Government holds the equity interest in the University on behalf of the community.

Equity consists of the Asset Revaluation Surplus, Endowment Fund Reserve and Retained Surplus.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES [CONT]

(s) GOODS AND SERVICES TAX (GST)

Revenues, 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 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 statement of financial position.

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.

(t) ROUNDING OF AMOUNTS

Amounts in the financial report have been rounded to the nearest thousand dollars.

(u) COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year.

2 OPERATING RESULT

| | NOTE | CONSOLIDATED | | UNIVERSITY | |
|--|------|-----------------|-----------------|-----------------|-----------------|
| | | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| Income from continuing operations | | | | | |
| Australian Government financial assistance | | | | | |
| – Australian Government grants | 2.1 | 209,668 | 187,270 | 209,668 | 187,270 |
| – HECS-HELP - Australian Government payments | 2.1 | 89,032 | 86,916 | 89,032 | 86,916 |
| State Government financial assistance | 2.2 | 12,328 | 11,042 | 12,328 | 11,042 |
| HECS-HELP - Student payments | | 13,441 | 12,269 | 13,441 | 12,269 |
| Fees and charges | 2.3 | 203,522 | 191,848 | 203,522 | 191,848 |
| Investment revenue | 2.4 | 13,088 | 14,218 | 16,900 | 14,076 |
| Other investment income | 2.4 | - | - | - | 1,900 |
| Royalties | | 11,292 | 7,362 | 11,292 | 7,362 |
| Consultancy and contract research | 2.5 | 13,719 | 14,084 | 12,450 | 13,539 |
| Other revenue | 2.6 | 25,610 | 35,192 | 15,095 | 25,673 |
| Subtotal | | 591,700 | 560,201 | 583,728 | 551,895 |
| Deferred government superannuation contributions | | 19,672 | (2,991) | 19,672 | (2,991) |
| Total income | | 611,372 | 557,210 | 603,400 | 548,904 |
| Expenses from continuing operations | | | | | |
| Employee benefits and oncosts | 2.7 | 314,824 | 280,720 | 304,293 | 271,409 |
| Depreciation and amortisation | 2.8 | 36,525 | 36,208 | 36,290 | 36,122 |
| Finance costs | | 3,442 | 1,823 | 3,442 | 1,823 |
| Repairs and maintenance | 2.9 | 26,031 | 23,168 | 25,955 | 23,114 |
| Impairment of assets | 2.10 | 651 | 627 | 651 | 627 |
| Investment losses | 2.4 | 3,045 | 4,637 | 3,045 | 4,586 |
| Other expenses | 2.11 | 136,002 | 131,186 | 135,346 | 130,823 |
| Subtotal | | 520,520 | 478,369 | 509,022 | 468,504 |
| Deferred employee benefits for superannuation | | 19,672 | (2,991) | 19,672 | (2,991) |
| Total expenses | | 540,192 | 475,378 | 528,694 | 465,513 |
| Operating result before income tax | | 71,180 | 81,832 | 74,706 | 83,391 |
| Income tax benefit/(expense) | | 346 | (222) | - | - |
| Operating result from continuing operations | | 71,526 | 81,610 | 74,706 | 83,391 |

2.1 AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE INCLUDING HECS-HELP AND FEE-HELP

| | NOTE | CONSOLIDATED | | UNIVERSITY | |
|--|------|-----------------|-----------------|-----------------|-----------------|
| | | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| Commonwealth Grants Scheme and Other Grants | | | | | |
| Commonwealth Grants Scheme | | 139,372 | 126,317 | 139,372 | 126,317 |
| Indigenous Support Program | | 1,341 | 1,173 | 1,341 | 1,173 |
| Equity Support Program | | 317 | 361 | 317 | 361 |
| Disability Support Program | | 26 | 29 | 26 | 29 |
| Additional Support for Students with Disabilities | | 230 | 188 | 230 | 188 |
| Workplace Reform Program | | 1,713 | 1,619 | 1,713 | 1,619 |
| Workplace Productivity Program | | 844 | 1,674 | 844 | 1,674 |
| Learning and Teaching Performance Fund | | 2,592 | 1,717 | 2,592 | 1,717 |
| Capital Development Pool | | 2,246 | 1,300 | 2,246 | 1,300 |
| Transitional Cost Program | | 1,100 | 1,623 | 1,100 | 1,623 |
| Improving the Practical Component of Teacher Education Program | | 841 | 803 | 841 | 803 |
| Diversity and Structural Adjustment Fund | | 1,866 | 2,583 | 1,866 | 2,583 |
| Superannuation Program | | 12,327 | 13,450 | 12,327 | 13,450 |
| | 24.1 | 164,815 | 152,837 | 164,815 | 152,837 |
| Higher Education Loan Programs | | | | | |
| HECS - HELP | | 89,032 | 86,916 | 89,032 | 86,916 |
| FEE - HELP | | 38,877 | 21,278 | 38,877 | 21,278 |
| | 24.2 | 127,909 | 108,194 | 127,909 | 108,194 |
| Scholarships | | | | | |
| Australian Postgraduate Awards | | 1,935 | 1,620 | 1,935 | 1,620 |
| Commonwealth Education Cost Scholarships | | 1,757 | 1,503 | 1,757 | 1,503 |
| Commonwealth Accommodation Scholarships | | 1,408 | 1,336 | 1,408 | 1,336 |
| Indigenous Access Scholarships | | 125 | 139 | 125 | 139 |
| International Postgraduate Research Scholarship | | 280 | 288 | 280 | 288 |
| National Priority Scholarships | | 205 | - | 205 | - |
| National Accommodation Scholarships | | 146 | - | 146 | - |
| | 24.3 | 5,856 | 4,886 | 5,856 | 4,886 |
| DIISR - Research | | | | | |
| Institutional Grants Scheme | | 4,145 | 4,273 | 4,145 | 4,273 |
| Research Infrastructure Block Grants | | 2,248 | 2,194 | 2,248 | 2,194 |
| Research Training Scheme | | 9,574 | 9,454 | 9,574 | 9,454 |
| Commercialisation Training Scheme | | 85 | 85 | 85 | 85 |
| Australian Scheme for Higher Education Repositories | | 233 | 315 | 233 | 315 |
| Implementation Assistance Programme | | 126 | 135 | 126 | 135 |
| | 24.4 | 16,411 | 16,456 | 16,411 | 16,456 |
| Better Universities Renewal Funding | 24.7 | - | 13,782 | - | 13,782 |
| Total DEEWR | | 314,991 | 296,155 | 314,991 | 296,155 |

2.1 AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE INCLUDING HECS-HELP AND FEE-HELP [CONT]

| | NOTE | CONSOLIDATED | | UNIVERSITY | |
|---|------|-----------------|-----------------|-----------------|-----------------|
| | | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| Australian Research Council Discovery | | | | | |
| Projects | | 1,950 | 2,256 | 1,950 | 2,256 |
| Fellowships | | 385 | 329 | 385 | 329 |
| | 24.5 | 2,335 | 2,585 | 2,335 | 2,585 |
| Linkages | | | | | |
| International Researcher Exchange | | 30 | 24 | 30 | 24 |
| Infrastructure | | - | 1,025 | - | 1,025 |
| Projects | | 1,727 | 1,747 | 1,727 | 1,747 |
| | 24.6 | 1,757 | 2,796 | 1,757 | 2,796 |
| Other Australian Government financial assistance | | | | | |
| Other | | 18,494 | 7,710 | 18,494 | 7,710 |
| | | 18,494 | 7,710 | 18,494 | 7,710 |
| Total Australian Government financial assistance | | | | | |
| | | 337,577 | 309,246 | 337,577 | 309,246 |
| Reconciliation | | | | | |
| Australian Government grants | 2 | 209,668 | 187,270 | 209,668 | 187,270 |
| HECS-HELP - Australian Government payments | 2 | 89,032 | 86,916 | 89,032 | 86,916 |
| | | 298,700 | 274,186 | 298,700 | 274,186 |
| Other Australian Government loan programs (FEE - HELP) | 4 | 38,877 | 21,278 | 38,877 | 21,278 |
| Better Universities Renewal Funding | 10 | - | 13,782 | - | 13,782 |
| | | 337,577 | 309,246 | 337,577 | 309,246 |
| Australian Government grants received - cash basis | | | | | |
| Commonwealth Grants Scheme and other DEEWR grants | 24.1 | 165,969 | 147,144 | 165,969 | 147,144 |
| Higher Education Loan Programs | 24.2 | 131,960 | 99,417 | 131,960 | 99,417 |
| Scholarships | 24.3 | 5,856 | 4,886 | 5,856 | 4,886 |
| DIISR research | 24.4 | 16,411 | 16,456 | 16,411 | 16,456 |
| Better Universities Renewal Funding | 24.7 | - | 13,782 | - | 13,782 |
| ARC grants - Discovery | 24.5 | 2,335 | 2,585 | 2,335 | 2,585 |
| ARC grants - Linkages | 24.6 | 1,757 | 2,796 | 1,757 | 2,796 |
| Other Australian Government grants | | 26,149 | 7,693 | 26,149 | 7,693 |
| | | 350,437 | 294,759 | 350,437 | 294,759 |
| OS-HELP (net) | | (80) | (18) | (80) | (18) |
| | | 350,357 | 294,741 | 350,357 | 294,741 |
| Total Australia Government funding received - cash basis | | | | | |

2.2 STATE GOVERNMENT FINANCIAL ASSISTANCE

| | NOTE | CONSOLIDATED | | UNIVERSITY | |
|---|----------|-----------------|-----------------|-----------------|-----------------|
| | | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| State Government grants were received from the following agencies during the reporting period: | | | | | |
| Catchment Management Authority | | 139 | 339 | 139 | 339 |
| Department of Education and Early Childhood Development | | 1,078 | 1,247 | 1,078 | 1,247 |
| Department of Innovation, Industry & Regional Development | | 6,749 | 5,952 | 6,749 | 5,952 |
| Department of Justice | | 35 | 126 | 35 | 126 |
| Department of Primary Industries | | 228 | 234 | 228 | 234 |
| Department of Human Services | | 1,004 | 1,041 | 1,004 | 1,041 |
| Department of Police and Emergency - Tasmania | | 95 | - | 95 | - |
| Department of Sustainability and Environment | | 210 | 897 | 210 | 897 |
| Department of Health - Western Australia | | 117 | - | 117 | - |
| Beyond Blue | | 355 | 368 | 355 | 368 |
| Country Fire Authority | | 174 | 142 | 174 | 142 |
| Barwon Health | | 267 | 9 | 267 | 9 |
| Multimedia Victoria | | - | 50 | - | 50 |
| Parks Victoria | | 99 | 46 | 99 | 46 |
| South East Water | | 169 | 235 | 169 | 235 |
| South Health | | 69 | - | 69 | - |
| Vic Health | | 1,349 | 669 | 1,349 | 669 |
| Victoria Police | | 133 | 114 | 133 | 114 |
| Other | | 198 | 185 | 198 | 185 |
| Income in advance | | (140) | (612) | (140) | (612) |
| Total State Government financial assistance | 2 | 12,328 | 11,042 | 12,328 | 11,042 |

2.3 FEES AND CHARGES

| | NOTE | CONSOLIDATED | | UNIVERSITY | |
|--|------|-----------------|-----------------|-----------------|-----------------|
| | | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| Course fees and charges | | | | | |
| Fee-paying overseas students | | 110,597 | 97,543 | 110,597 | 97,543 |
| Fee-paying domestic undergraduate students | | 12,167 | 20,764 | 12,167 | 20,764 |
| Fee-paying domestic postgraduate students | | 33,988 | 29,664 | 33,988 | 29,664 |
| Fee-paying domestic non-award students | | 9,957 | 7,010 | 9,957 | 7,010 |
| | | 166,709 | 154,981 | 166,709 | 154,981 |
| Other non-course fees and charges | | | | | |
| Student accommodation fees | | 6,906 | 6,333 | 6,906 | 6,333 |
| Rental income | | 1,768 | 1,820 | 1,768 | 1,820 |
| Educational materials fees | | 6,393 | 8,810 | 6,393 | 8,810 |
| Examination fees | | 8,082 | 6,441 | 8,082 | 6,441 |
| Course delivery fees | | 5,641 | 7,636 | 5,641 | 7,636 |
| Parking fees | | 2,737 | 2,295 | 2,737 | 2,295 |
| Other fees | | 5,286 | 3,532 | 5,286 | 3,532 |
| | | 36,813 | 36,867 | 36,813 | 36,867 |
| Total fees and charges | 2 | 203,522 | 191,848 | 203,522 | 191,848 |

2.4 INVESTMENT REVENUE AND INCOME

| | | | | | |
|---|---|---------------|---------------|---------------|---------------|
| Interest and distributions from managed funds | | 10,407 | 12,974 | 10,272 | 12,720 |
| Dividends | | 2,076 | 1,244 | 6,023 | 1,356 |
| Unrealised gains on other financial assets | 6 | 605 | - | 605 | - |
| Investment revenue | 2 | 13,088 | 14,218 | 16,900 | 14,076 |
| Profit on sale of financial assets available for sale | 2 | - | - | - | 1,900 |
| Other investment income | | - | - | - | 1,900 |
| Provision for diminution in value of financial assets available for sale - unlisted equity securities | 6 | 114 | 80 | 114 | 80 |
| Loss on sale of financial assets at fair value through profit and loss | | 2,931 | 3,466 | 2,931 | 3,466 |
| Change in fair value of financial assets at fair value through profit and loss | 6 | - | 1,091 | - | 1,040 |
| Other investment losses | 2 | 3,045 | 4,637 | 3,045 | 4,586 |
| Net investment income | | 10,043 | 9,581 | 13,855 | 11,390 |

2.5 CONSULTANCY AND CONTRACT RESEARCH

| | | | | | |
|--|---|---------------|---------------|---------------|---------------|
| Consultancy | | 2,369 | 3,057 | 1,100 | 2,512 |
| Research | | 11,350 | 11,027 | 11,350 | 11,027 |
| Total consultancy and contract research | 2 | 13,719 | 14,084 | 12,450 | 13,539 |

2.6 OTHER REVENUE

| | NOTE | CONSOLIDATED | | UNIVERSITY | |
|---|------|-----------------|-----------------|-----------------|-----------------|
| | | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| Sales and commercial income | | 18,175 | 21,670 | 7,684 | 12,150 |
| Donations and bequests | | 860 | 1,085 | 860 | 1,084 |
| Scholarship and prizes | | 391 | 421 | 391 | 421 |
| Subscriptions | | 38 | 53 | 38 | 53 |
| Training and conference income | | 759 | 3,367 | 752 | 3,367 |
| Profit on sale of non-current asset held for sale | | - | 4,015 | - | 4,015 |
| Other | | 5,387 | 4,581 | 5,370 | 4,583 |
| Total other revenue | 2 | 25,610 | 35,192 | 15,095 | 25,673 |

2.7 EMPLOYEE BENEFITS AND ON-COSTS

| | | | | | |
|---|---|----------------|----------------|----------------|----------------|
| Academic | | | | | |
| Salaries | | 117,145 | 99,865 | 117,145 | 99,865 |
| Contributions to superannuation and pension schemes: | | | | | |
| - Emerging cost | | 6,332 | 6,695 | 6,332 | 6,695 |
| - Funded | | 16,841 | 14,804 | 16,841 | 14,804 |
| - Non-funded | | 11 | (19) | 11 | (19) |
| Payroll tax | | 6,168 | 6,269 | 6,168 | 6,269 |
| Workers compensation | | 768 | 571 | 768 | 571 |
| Long service leave | | 3,784 | 2,295 | 3,784 | 2,295 |
| Annual leave | | 935 | (217) | 935 | (217) |
| Other | | 1,943 | 2,814 | 1,943 | 2,814 |
| | | 153,927 | 133,077 | 153,927 | 133,077 |
| Non-academic | | | | | |
| Salaries | | 118,717 | 107,679 | 109,727 | 99,873 |
| Contributions to superannuation and pension schemes: | | | | | |
| - Emerging cost | | 5,932 | 6,695 | 5,932 | 6,695 |
| - Funded | | 17,170 | 15,224 | 16,391 | 14,524 |
| - Non-funded | | 10 | (19) | 10 | (19) |
| Payroll tax | | 6,533 | 6,799 | 6,084 | 6,404 |
| Workers compensation | | 629 | 534 | 602 | 508 |
| Long service leave | | 3,645 | 2,441 | 3,506 | 2,295 |
| Annual leave | | 943 | (78) | 876 | (218) |
| Other | | 7,318 | 8,368 | 7,238 | 8,270 |
| | | 160,897 | 147,643 | 150,366 | 138,332 |
| Total academic and non-academic employee benefits and on-costs | 2 | 314,824 | 280,720 | 304,293 | 271,409 |
| Deferred government employee benefits for superannuation | | 19,672 | (2,991) | 19,672 | (2,991) |
| Total employee benefits and on-costs | | 334,496 | 277,729 | 323,965 | 268,418 |

2.8 DEPRECIATION AND AMORTISATION

| | NOTE | CONSOLIDATED | | UNIVERSITY | |
|--|------|-----------------|-----------------|-----------------|-----------------|
| | | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| Depreciation | | | | | |
| Buildings | | 13,815 | 12,501 | 13,815 | 12,501 |
| Leasehold improvements | | 79 | 202 | - | 181 |
| Equipment and furniture | | 13,575 | 14,576 | 13,419 | 14,511 |
| Motor vehicles | | 1,354 | 1,255 | 1,354 | 1,255 |
| Library holdings | | 7,008 | 7,007 | 7,008 | 7,007 |
| | | 35,831 | 35,541 | 35,596 | 35,455 |
| Amortisation | | | | | |
| Amortisation - intangible assets | | 694 | 667 | 694 | 667 |
| | | 694 | 667 | 694 | 667 |
| Total depreciation and amortisation | 2 | 36,525 | 36,208 | 36,290 | 36,122 |

2.9 REPAIRS AND MAINTENANCE

| | | | | | |
|---|---|---------------|---------------|---------------|---------------|
| Buildings and grounds - maintenance and repairs | | 8,095 | 9,215 | 8,095 | 9,215 |
| Buildings and grounds - refurbishment and alterations | | 15,139 | 11,168 | 15,070 | 11,120 |
| Equipment - maintenance and repairs | | 2,556 | 2,562 | 2,550 | 2,559 |
| Motor vehicles - maintenance and repairs | | 241 | 223 | 240 | 220 |
| Total repairs and maintenance | 2 | 26,031 | 23,168 | 25,955 | 23,114 |

2.10 IMPAIRMENT OF ASSETS

| | | | | | |
|--|---|------------|------------|------------|------------|
| Movement in provision for impaired receivables | | 651 | 627 | 651 | 627 |
| Total impairment of assets | 2 | 651 | 627 | 651 | 627 |

2.11 OTHER EXPENSES

| | NOTE | CONSOLIDATED | | UNIVERSITY | |
|---|----------|-----------------|-----------------|-----------------|-----------------|
| | | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| Advertising, marketing and promotional expenses | | 15,615 | 13,444 | 15,546 | 13,333 |
| Communication costs | | 4,822 | 5,552 | 4,631 | 5,303 |
| Consultants and contractors | | 5,494 | 4,728 | 5,183 | 4,555 |
| Contributions to learning institutions | | 2,596 | 3,892 | 2,596 | 3,892 |
| Copying, printing, stationery and consumables | | 7,554 | 7,513 | 7,522 | 7,494 |
| Course materials | | 470 | 539 | 470 | 539 |
| Direct project costs | | 7,352 | 9,708 | 7,352 | 9,708 |
| Equipment costs | | 6,904 | 5,875 | 6,599 | 5,798 |
| Library expenses | | 6,728 | 5,912 | 6,725 | 5,911 |
| Loss on disposed property, plant and equipment | | 233 | 344 | 232 | 344 |
| Non-capitalised equipment | | 4,404 | 5,781 | 4,389 | 5,758 |
| Operating lease rentals | | 7,425 | 7,405 | 6,997 | 6,982 |
| Rates and energy costs | | 4,602 | 4,159 | 4,571 | 4,135 |
| Scholarships, grants and prizes | | 16,519 | 13,135 | 16,519 | 13,135 |
| Staffing and related costs | | 17,571 | 17,371 | 16,939 | 16,808 |
| Student expenses | | 17,154 | 13,818 | 17,154 | 13,818 |
| Other | | 10,559 | 12,010 | 11,921 | 13,310 |
| Total other expenses | 2 | 136,002 | 131,186 | 135,346 | 130,823 |

3 CASH AND CASH EQUIVALENTS

| | | | | | |
|-------------------------|-----------|----------------|----------------|----------------|----------------|
| Cash at bank | | 7,421 | 7,162 | 7,420 | 7,161 |
| Cash on hand | | 51 | 50 | 50 | 50 |
| Bank deposits - on call | | 44 | 5,481 | 44 | 5,481 |
| Bank term deposits | | 149,000 | 103,000 | 149,000 | 103,000 |
| | 23 | 156,516 | 115,693 | 156,514 | 115,692 |

4 RECEIVABLES

| | NOTE | CONSOLIDATED | | UNIVERSITY | |
|---|------|-----------------|-----------------|-----------------|-----------------|
| | | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| CURRENT | | | | | |
| Student fees | | 9,827 | 7,608 | 9,827 | 7,608 |
| Provision for impaired receivables | | (635) | (635) | (635) | (635) |
| | | 9,192 | 6,973 | 9,192 | 6,973 |
| Trade debtors - other | | 9,997 | 8,267 | 9,150 | 7,093 |
| Provision for impaired receivables | | (188) | (161) | (188) | (161) |
| | | 9,809 | 8,106 | 8,962 | 6,932 |
| | | 19,001 | 15,079 | 18,154 | 13,905 |
| Government grants receivable | 2.1 | 19,718 | 31,622 | 19,718 | 31,622 |
| Deferred government contribution for superannuation | 17 | 12,601 | 13,734 | 12,601 | 13,734 |
| Accrued income | | 2,866 | 1,258 | 2,801 | 1,125 |
| Prepayments | | 8,151 | 9,896 | 8,325 | 9,944 |
| GST recoverable | | 3,672 | 3,376 | 3,696 | 3,448 |
| | | 66,009 | 74,965 | 65,295 | 73,778 |
| NON-CURRENT | | | | | |
| Deferred government contribution for superannuation | 17 | 151,529 | 130,724 | 151,529 | 130,724 |
| | | 151,529 | 130,724 | 151,529 | 130,724 |
| | | 217,538 | 205,689 | 216,824 | 204,502 |

IMPAIRED RECEIVABLES

As at 31 December 2009, current receivables of the group with a nominal value of \$823k (2008: \$796k) were impaired. The amount of the provision was \$823k (2008: \$796k). The individually impaired receivables relate to students and trade debtors who are in unexpectedly difficult economic situations. It was assessed that a portion of the receivables is expected to be recovered. The ageing of these receivables is as follows:

| | CONSOLIDATED | |
|---------------|-----------------|-----------------|
| | 2009 \$000's | 2008 \$000's |
| 2 to 6 months | 64 | 136 |
| Over 6 months | 759 | 660 |
| | 823 | 796 |

As at 31 December 2009, trade receivables of \$986k (2008: \$1,200k) were past due but not impaired. These relate to a number of trade debtors for whom there is no recent history of default. The ageing analysis of these receivables is as follows:

| | CONSOLIDATED | |
|---------------|-----------------|-----------------|
| | 2009 \$000's | 2008 \$000's |
| 1 to 3 months | 844 | 1,127 |
| 3 to 6 months | 142 | 73 |
| | 986 | 1,200 |

4 RECEIVABLES [CONT]

MOVEMENTS IN THE PROVISION FOR IMPAIRED RECEIVABLES

| | CONSOLIDATED | |
|--|-----------------|-----------------|
| | 2009 \$000's | 2008 \$000's |
| At 1 January | 796 | 792 |
| Provision for impairment recognised during the year | 652 | 609 |
| Receivables written off during the year as uncollectible | (625) | (605) |
| At 31 December | 823 | 796 |

The creation and release of the provision for impaired receivables has been included in 'Impairment of Assets' in the statement of comprehensive income. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash. The other amounts within receivables do not contain impaired assets and are not past due. Based on credit history, it is expected that these amounts will be received when due.

FAIR VALUES AND CREDIT RISK

Due to the short-term nature of the current receivables, their carrying value is assumed to approximate their fair value. The fair values and carrying values of non-current receivables of Deakin University and its subsidiaries are as follows:

| | CARRYING AMOUNT | | FAIR VALUE | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| Deferred government contribution for superannuation | 151,529 | 130,724 | 151,529 | 130,724 |

Deferred government contribution for superannuation is offset by a liability to the Victorian Government of equal value. Refer Note 17.

The maximum exposure to credit risk at the reporting date is the higher of the carrying value and fair value of each class of receivables mentioned above. The Group does not hold any collateral as security. Refer to Note 23 for more information on the Financial Risk Management approach of the University.

5 INVENTORIES

| | CONSOLIDATED | | UNIVERSITY | |
|-----------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| Stock on hand at cost | 178 | 225 | 178 | 225 |
| Land held for resale | 161 | 160 | 161 | 160 |
| Work in progress - projects | 14 | 31 | 14 | 31 |
| | 353 | 416 | 353 | 416 |

6 OTHER FINANCIAL ASSETS

| | NOTE | CONSOLIDATED | | UNIVERSITY | |
|---|------|-----------------|-----------------|-----------------|-----------------|
| | | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| CURRENT | | | | | |
| <i>Financial assets at fair value through profit or loss</i> | | | | | |
| Managed funds - fixed interest, Australian listed and global equities | | 42,739 | 41,118 | 42,739 | 41,118 |
| Australian listed equities | | 820 | 480 | 820 | 480 |
| <i>Financial assets held-to-maturity</i> | | | | | |
| Term deposit | | 13,500 | 2,500 | 11,000 | - |
| | 23 | 57,059 | 44,098 | 54,559 | 41,598 |
| Changes in fair values of current other financial assets at market value are taken through the statement of comprehensive income and are recorded in unrealised gain or loss on other financial assets in the statement of comprehensive income (refer Note 2.4). | | | | | |
| NON-CURRENT | | | | | |
| <i>Financial assets available for sale</i> | | | | | |
| Managed funds - fixed interest, Australian listed and global equities | | 70,078 | 48,561 | 70,078 | 48,561 |
| Shares in subsidiaries - at cost | 22 | - | - | 11,000 | 11,000 |
| Provision for diminution in value of investments in subsidiaries | | - | - | (8,000) | (8,000) |
| Unlisted equity securities - at cost | | 3,002 | 2,889 | 3,002 | 2,889 |
| Provision for diminution in value of unlisted equity securities | | (704) | (590) | (704) | (590) |
| | | 72,376 | 50,860 | 75,376 | 53,860 |
| | | 129,435 | 94,958 | 129,935 | 95,458 |

Shares in subsidiaries are valued at their current net worth by providing for the temporary diminution in the value of the investment. Unlisted equity securities are carried at cost. Where there has been a temporary diminution in the value of the investment, a provision for diminution is made based on the underlying net asset base of the security from the latest available accounts. All changes in provisions for diminution in value are taken through the statement of comprehensive income (refer Note 2.4).

7 PROPERTY, PLANT AND EQUIPMENT

| | NOTE | CONSOLIDATED | | UNIVERSITY | |
|---------------------------------|----------|-----------------|-----------------|-----------------|-----------------|
| | | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| LAND | | | | | |
| At independent valuation 2009 | 7(a) | 120,175 | - | 120,175 | - |
| At independent valuation 2007 | | - | 104,519 | - | 104,519 |
| At cost | | 15 | 333 | 15 | 333 |
| | | 120,190 | 104,852 | 120,190 | 104,852 |
| BUILDINGS | | | | | |
| At independent valuation 2009 | 7(a)/(d) | 567,158 | - | 567,158 | - |
| At independent valuation 2007 | | - | 464,379 | - | 464,379 |
| At cost | | 4,505 | 92,157 | 4,505 | 92,157 |
| Accumulated depreciation | | (1,632) | (13,378) | (1,632) | (13,378) |
| | | 570,031 | 543,158 | 570,031 | 543,158 |
| CONSTRUCTION IN PROGRESS | | | | | |
| Construction in progress | | 34,414 | 8,572 | 34,414 | 8,572 |
| LEASEHOLD IMPROVEMENTS | | | | | |
| At cost | | 3,340 | 3,331 | 2,951 | 2,951 |
| Accumulated amortisation | | (3,051) | (2,972) | (2,951) | (2,951) |
| | | 289 | 359 | - | - |
| EQUIPMENT AND FURNITURE | | | | | |
| At cost | | 146,237 | 115,182 | 145,319 | 114,472 |
| Accumulated depreciation | | (73,128) | (63,557) | (72,855) | (63,325) |
| | | 73,109 | 51,625 | 72,464 | 51,147 |
| MOTOR VEHICLES | | | | | |
| At cost | | 9,117 | 8,705 | 9,117 | 8,705 |
| Accumulated depreciation | | (2,690) | (2,328) | (2,690) | (2,328) |
| | | 6,427 | 6,377 | 6,427 | 6,377 |
| LIBRARY HOLDINGS | | | | | |
| At cost | | 69,851 | 67,493 | 69,851 | 67,493 |
| At independent valuation 2009 | 7(b) | 5,715 | - | 5,715 | - |
| At independent valuation 2006 | | - | 5,004 | - | 5,004 |
| Accumulated depreciation | | (50,613) | (43,734) | (50,613) | (43,734) |
| | | 24,953 | 28,763 | 24,953 | 28,763 |
| ART COLLECTION | | | | | |
| At independent valuation 2009 | 7(c) | 7,483 | - | 7,483 | - |
| At independent valuation 2007 | | - | 5,917 | - | 5,917 |
| At cost | | 113 | 642 | 113 | 642 |
| | | 7,596 | 6,559 | 7,596 | 6,559 |
| | | 837,009 | 750,265 | 836,075 | 749,428 |

7 PROPERTY, PLANT AND EQUIPMENT [CONT]

(a) The land and buildings were valued by Cunningham Property Consultants (Property Consultants and Valuers) at 31 December 2009. In completing the valuation of property and assets of Deakin University, the following valuation model has been adopted:

(i) Core Assets - specialised assets comprising purpose built educational buildings have an estimated fair value derived from the depreciated replaced cost approach.

(ii) Non-Core Assets - comprising non-purpose built buildings have an estimated fair value derived from market based evidence.

(b) The special collections of the Library holdings were valued by John Sainsbury and Michael Stone, members of the antiquarian book trade and accredited valuers, and were assessed as at 20 November 2009 based on the guidelines set out in the Department of Treasury and Finance document *Victorian Government Policy: Revaluation of Non-Current Physical Assets (March 2009)*.

The Library's special collections are classified as a cultural asset and have been assessed on the fair value basis, as reflected by market evidence. This can be determined using on the current market buying price.

These valuations are made in accordance with the University's policy of obtaining an independent valuation of non-current assets every three years or if there is a material movement in their values.

(c) The art collection was valued by McWilliam & Associates Pty Ltd as at 30 June 2009. The valuation was carried out on the basis of replacement value.

(d) A building (under Certificate of Title Volume 9145 Folio 537) with a carrying amount of \$99,279, is pledged to secure mortgage monies advanced by the Australian Government for the childcare centre at Warrnambool Campus.

MOVEMENTS IN CARRYING AMOUNTS

| | Balance at beginning of year \$000's | Additions \$000's | Disposals \$000's | Depreciation expense \$000's | Revaluation/transfers & impairment \$000's | Carrying amount at end of year \$000's |
|--------------------------|---|----------------------|----------------------|---------------------------------|---|---|
| 2009 | | | | | | |
| Consolidated | | | | | | |
| Land | 104,852 | 15 | - | - | 15,323 | 120,190 |
| Buildings | 543,158 | 15 | 46 | 13,815 | 40,719 | 570,031 |
| Construction in progress | 8,572 | 43,729 | - | - | (17,887) | 34,414 |
| Leasehold improvements | 359 | 9 | - | 79 | - | 289 |
| Equipment and furniture | 51,625 | 14,940 | 258 | 13,575 | 20,377 | 73,109 |
| Motor vehicles | 6,377 | 2,664 | 1,260 | 1,354 | - | 6,427 |
| Library holdings | 28,763 | 2,523 | 35 | 7,008 | 710 | 24,953 |
| Artworks | 6,559 | 121 | 1 | - | 917 | 7,596 |
| | 750,265 | 64,016 | 1,600 | 35,831 | 60,159 | 837,009 |
| University | | | | | | |
| Land | 104,852 | 15 | - | - | 15,323 | 120,190 |
| Buildings | 543,158 | 15 | 46 | 13,815 | 40,719 | 570,031 |
| Construction in progress | 8,572 | 43,729 | - | - | (17,887) | 34,414 |
| Equipment and furniture | 51,147 | 14,616 | 257 | 13,419 | 20,377 | 72,464 |
| Motor vehicles | 6,377 | 2,664 | 1,260 | 1,354 | - | 6,427 |
| Library holdings | 28,763 | 2,523 | 35 | 7,008 | 710 | 24,953 |
| Artworks | 6,559 | 121 | 1 | - | 917 | 7,596 |
| | 749,428 | 63,683 | 1,599 | 35,596 | 60,159 | 836,075 |

8 DEFERRED TAX ASSETS

| | CONSOLIDATED | | UNIVERSITY | |
|--------------------|-----------------|-----------------|-----------------|-----------------|
| | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| Deferred tax asset | 346 | - | - | - |

Deferred tax asset has been recognised for the first time in 2009.

9 INTANGIBLE ASSETS

| | CONSOLIDATED | | UNIVERSITY | |
|--------------------------|--------------|--------------|--------------|--------------|
| Licence fees | 4,000 | 4,000 | 4,000 | 4,000 |
| Accumulated amortisation | (1,333) | (667) | (1,333) | (667) |
| | 2,667 | 3,333 | 2,667 | 3,333 |
| Electronic publications | 540 | - | 540 | - |
| Accumulated amortisation | (27) | - | (27) | - |
| | 513 | - | 513 | - |
| | 3,180 | 3,333 | 3,180 | 3,333 |

MOVEMENTS IN CARRYING AMOUNTS

| 2009 | Balance at beginning of year \$000's | Additions \$000's | Amortisation expense \$000's | Carrying amount at end of year \$000's |
|-------------------------|---|----------------------|---------------------------------|---|
| Consolidated | | | | |
| Licence fees | 3,333 | - | 666 | 2,667 |
| Electronic publications | - | 540 | 27 | 513 |
| | 3,333 | 540 | 693 | 3,180 |
| University | | | | |
| Licence fees | 3,333 | - | 666 | 2,667 |
| Electronic publications | - | 540 | 27 | 513 |
| | 3,333 | 540 | 693 | 3,180 |

10 TRADE AND OTHER PAYABLES

| | NOTE | CONSOLIDATED | | UNIVERSITY | |
|--|------|-----------------|-----------------|-----------------|-----------------|
| | | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| CURRENT | | | | | |
| Creditors and accrued expenses | | 57,471 | 59,807 | 57,012 | 59,064 |
| Australian Government unspent financial assistance | 2.1 | 29,730 | 29,736 | 29,730 | 29,736 |
| OS-HELP liability to Australian Government | | 22 | 102 | 22 | 102 |
| Income received in advance | | 47,276 | 37,092 | 44,606 | 33,202 |
| Owing to subsidiaries | | - | - | 5,079 | 9,644 |
| | | 134,499 | 126,737 | 136,449 | 131,748 |
| NON-CURRENT | | | | | |
| Creditors and accrued expenses | | 1,200 | 1,600 | 1,200 | 1,600 |
| | 23 | 135,699 | 128,337 | 137,649 | 133,348 |

11 BORROWINGS

| | NOTE | CONSOLIDATED | | UNIVERSITY | |
|-------------------------------|------|-----------------|-----------------|-----------------|-----------------|
| | | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| CURRENT | | | | | |
| Unsecured borrowings | | | | | |
| - Bank overdraft | 23 | 7 | 1 | - | - |
| - Bank loans | 23 | 10,968 | 2,149 | 10,968 | 2,149 |
| Secured by mortgage | | | | | |
| - Other | 23 | 9 | 9 | 9 | 9 |
| | | 10,984 | 2,159 | 10,977 | 2,158 |
| NON-CURRENT | | | | | |
| Unsecured borrowings | | | | | |
| - Bank loans | 23 | - | 12,376 | - | 12,376 |
| Secured by mortgage | | | | | |
| - Other | 23 | 43 | 52 | 43 | 52 |
| | | 43 | 12,428 | 43 | 12,428 |
| | | 11,027 | 14,587 | 11,020 | 14,586 |
| Maturity analysis | | | | | |
| 6 months or less | | 10,980 | 1,056 | 10,973 | 1,055 |
| 6 - 12 months | | 4 | 1,103 | 4 | 1,103 |
| 2 - 5 years | | 34 | 9,998 | 34 | 9,998 |
| over 5 years | | 9 | 2,430 | 9 | 2,430 |
| | | 11,027 | 14,587 | 11,020 | 14,586 |
| Financing arrangements | | | | | |
| Bank loan facilities | | | | | |
| Total facilities | | 10,968 | 74,525 | 10,968 | 74,525 |
| Used at balance date | | 10,968 | 14,525 | 10,968 | 14,525 |
| Unused at balance date | | - | 60,000 | - | 60,000 |

Assets pledged as security

A building (under Certificate of Title Volume 9145 Folio 537) is pledged to secure mortgage monies of \$52,000 (2008: \$61,000) advanced by the Australian Government for the childcare centre at Warrnambool campus.

12 PROVISIONS - EMPLOYEE BENEFITS

| | NOTE | CONSOLIDATED | | UNIVERSITY | |
|---|------|-----------------|-----------------|-----------------|-----------------|
| | | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| CURRENT | | | | | |
| Current provisions expected to be settled within 12 months | | | | | |
| - Annual leave | | 18,497 | 16,619 | 17,340 | 15,529 |
| - Long service leave | | 10,151 | 9,106 | 9,485 | 8,680 |
| - Deferred employee benefits for superannuation | 17 | 12,601 | 13,734 | 12,601 | 13,734 |
| | | 41,249 | 39,459 | 39,426 | 37,943 |
| Current provisions expected to be settled after more than 12 months | | | | | |
| Long service leave | | 14,506 | 9,244 | 14,156 | 8,783 |
| | | 14,506 | 9,244 | 14,156 | 8,783 |
| | | 55,755 | 48,703 | 53,582 | 46,726 |
| NON-CURRENT | | | | | |
| - Long service leave | | 7,713 | 9,622 | 7,310 | 9,177 |
| - Deferred employee benefits for superannuation | 17 | 151,529 | 130,724 | 151,529 | 130,724 |
| - Unfunded superannuation liability - State Employees Retirement Benefit (SERB) | | 257 | 250 | 257 | 250 |
| | | 159,499 | 140,596 | 159,096 | 140,151 |
| | | 215,254 | 189,299 | 212,678 | 186,877 |

| Movements in provisions - consolidated | ANNUAL LEAVE | | LONG SERVICE LEAVE | |
|---|--------------------|-----------------------------|--------------------|-----------------------------|
| | Current \$000's | Non - Current \$000's | Current \$000's | Non - Current \$000's |
| Carrying amount at start of year | 16,619 | - | 18,350 | 9,622 |
| Additional provisions recognised / (amounts used) | 1,878 | - | 6,307 | (1,909) |
| Carrying amount at end of year | 18,497 | - | 24,657 | 7,713 |

| | DEFERRED EMPLOYEE BENEFITS FOR SUPERANNUATION | | UNFUNDED SUPER - SERB |
|---|---|-----------------------------|-----------------------------|
| | Current \$000's | Non - Current \$000's | Non - Current \$000's |
| Carrying amount at start of year | 13,734 | 130,724 | 250 |
| Additional provisions recognised / (amounts used) | (1,133) | 20,805 | 7 |
| Carrying amount at end of year | 12,601 | 151,529 | 257 |

12 PROVISIONS - EMPLOYEE BENEFITS [CONT]

Annual Leave and Long Service Leave

All annual leave and unconditional vested long service leave (representing 7+ years of continuous service) is:

- (i) disclosed in accordance with *AASB101* as a current liability even where Deakin University is not expected to settle the liability within 12 months as it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months;
- (ii) measured at:
 - nominal value under *AASB119* where a component of this current liability is expected to fall due within 12 months after the end of the period; and
 - present value under *AASB119* where Deakin University and its subsidiaries do not expect to settle a component of this current liability within 12 months.

Long service leave representing less than 7 years of continuous service is:

- (i) disclosed in accordance with *AASB101* as a non-current liability; and
- (ii) measured at present value under *AASB119* as the entity does not expect to settle this non-current liability within 12 months.

The following rates per note 1(p) have been used to discount long service leave entitlements:

| | Service Year | 2009 % | 2008 % |
|---------------------|-----------------|-----------|-----------|
| Wage inflation rate | | 4.45 | 5.00 |
| Discount rates | 17+ | - | - |
| | 16 | 4.22 | 2.88 |
| | 15 | 4.41 | 2.72 |
| | 14 | 4.67 | 3.06 |
| | 13 | 5.00 | 3.29 |
| | 12 | 5.17 | 3.42 |
| | 11 | 5.29 | 3.57 |
| | 10 | 5.52 | 3.62 |
| | 9 | 5.52 | 3.62 |
| | 8 | 5.65 | 3.87 |
| | 7 | 5.65 | 3.87 |
| | 6 | 5.73 | 3.99 |
| | 0-5 | 5.78 | 3.99 |

13 CURRENT TAX LIABILITIES

| | CONSOLIDATED | | UNIVERSITY | |
|--------------------------|-----------------|-----------------|-----------------|-----------------|
| | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| Provision for income tax | - | 70 | - | - |

14 RESERVES

| | | | | |
|---|----------------|----------------|----------------|----------------|
| Balance at beginning of year | 137,017 | 127,413 | 137,017 | 127,413 |
| Asset revaluation surplus | | | | |
| - Impairment charged to asset revaluation surplus | - | 20,153 | - | 20,153 |
| - Increase/(decrease) in asset valuation of non-current assets are: | | | | |
| - Land | 15,323 | - | 15,323 | - |
| - Buildings | 43,555 | - | 43,555 | - |
| - Library holdings | 710 | - | 710 | - |
| - Art collection | 917 | - | 917 | - |
| Investments - available for sale financial assets | 12,305 | (11,203) | 12,305 | (11,203) |
| Endowment fund reserve | 204 | 654 | 204 | 654 |
| Balance at end of year | 210,031 | 137,017 | 210,031 | 137,017 |

The endowment fund reserve is funded by donations from external organisations. The purpose of the reserve is to provide awards, research and course scholarships, bursaries and prizes to students.

14 RESERVES [CONT]

MOVEMENTS IN CARRYING AMOUNTS

| | Balance at beginning of year | Transfer from Retained Surplus | Increase/ (decrease) on revaluation | Carrying amount at end of year |
|---|------------------------------------|--------------------------------------|---|--------------------------------------|
| | \$000's | \$000's | \$000's | \$000's |
| Consolidated | | | | |
| Asset Revaluation Surplus | | | | |
| - Land | 57,878 | - | 15,323 | 73,201 |
| - Buildings | 83,620 | - | 43,555 | 127,175 |
| - Library holdings | - | - | 710 | 710 |
| - Artworks | 494 | - | 917 | 1,411 |
| Investments - available for sale financial assets | (11,203) | | 12,305 | 1,102 |
| Endowment Fund Reserve | 6,228 | 204 | - | 6,432 |
| | 137,017 | 204 | 72,810 | 210,031 |
| University | | | | |
| Asset Revaluation Surplus | | | | |
| - Land | 57,878 | - | 15,323 | 73,201 |
| - Buildings | 83,620 | - | 43,555 | 127,175 |
| - Library holdings | - | - | 710 | 710 |
| - Artworks | 494 | - | 917 | 1,411 |
| Investments - available for sale financial assets | (11,203) | | 12,305 | 1,102 |
| Endowment Fund Reserve | 6,228 | 204 | - | 6,432 |
| | 137,017 | 204 | 72,810 | 210,031 |

15 RETAINED SURPLUS

| | CONSOLIDATED | | UNIVERSITY | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| Retained surplus at beginning of year | 701,044 | 628,394 | 697,001 | 1,166,159 |
| Net operating result after income tax for the year | 63,554 | 73,304 | (509,022) | (468,504) |
| Transfer to Reserves | (204) | (654) | (204) | (654) |
| Retained surplus at end of year | 764,394 | 701,044 | 187,775 | 697,001 |

16 CASH FLOW STATEMENT

| | CONSOLIDATED | | UNIVERSITY | |
|--|-----------------|-----------------|-----------------|-----------------|
| | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| RECONCILIATION OF CASH | | | | |
| Cash at bank and on hand | 7,472 | 7,212 | 7,470 | 7,211 |
| Bank deposits - on call | 44 | 5,481 | 44 | 5,481 |
| Bank term deposits | 149,000 | 103,000 | 149,000 | 103,000 |
| Bank overdraft | (7) | (1) | - | - |
| | 156,509 | 115,692 | 156,514 | 115,692 |
| RECONCILIATION OF OPERATING RESULT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES | | | | |
| Net operating result after income tax for the year | 71,526 | 81,610 | 74,706 | 83,391 |
| Add non-cash items | | | | |
| Depreciation and amortisation | 36,525 | 36,208 | 36,290 | 36,122 |
| Donations for art works | (21) | (160) | (21) | (160) |
| Fair value loss/(gains) on other financial assets | (605) | 1,091 | (605) | 1,040 |
| <i>Less items classified as investing activities</i> | | | | |
| Loss/(profit) on disposal of property, plant and equipment | 233 | 344 | 232 | 344 |
| Loss/(profit) on sale of non-current asset held for sale | - | (4,015) | - | (4,015) |
| Provision for diminution of other financial assets | 114 | 80 | 114 | 80 |
| Loss/(profit) on sale of other financial assets | 2,931 | 3,466 | 2,931 | 1,566 |
| Decrease/(increase) in: | | | | |
| Current assets | | | | |
| Trade debtors | (3,922) | 1,412 | (4,249) | 1,469 |
| Government grants receivable | 11,904 | (24,873) | 11,904 | (24,873) |
| Accrued income | (1,608) | (1,232) | (1,676) | (1,099) |
| Prepayments | 1,745 | (3,869) | 1,619 | (3,731) |
| GST recoverable | (296) | (1,045) | (248) | (1,099) |
| Inventories | 63 | 608 | 63 | 608 |
| Non-current assets | | | | |
| Deferred tax assets | (346) | - | - | - |
| Deferred government contribution for superannuation | (19,672) | 2,991 | (19,672) | 2,991 |
| Increase/(decrease) in: | | | | |
| Current liabilities | | | | |
| Creditors and accrued expenses | (2,022) | 33,060 | (1,738) | 32,860 |
| Income received in advance | 10,184 | 2,946 | 11,404 | 1,504 |
| Owing to subsidiaries | - | - | (4,565) | (1,053) |
| Current tax payable | (70) | 14 | - | - |
| Employee benefits | 7,052 | 1,499 | 6,856 | 1,208 |
| Non-current liabilities | | | | |
| Creditors and accrued expenses | (400) | 1,380 | (400) | 1,380 |
| Employee benefits | (776) | 2,958 | (734) | 2,767 |
| Deferred employee benefits for superannuation | 19,672 | (2,991) | 19,672 | (2,991) |
| Unfunded superannuation liability - SERB | 7 | (51) | 7 | (51) |
| Net cash provided by operating activities | 132,218 | 131,431 | 131,890 | 128,258 |
| NON-CASH INVESTING ACTIVITIES | | | | |
| During the year the University received donations for art works amounting to: | | | | |
| - Art works | 21 | 160 | 21 | 160 |
| | 21 | 160 | 21 | 160 |

17 SUPERANNUATION

UniSuper Defined Benefit Plan

Deakin University has a number of present staff members who are members of The UniSuper Defined Benefit Plan (DBP) and in respect of whom defined benefits are payable on termination of employment. The UniSuper Trust Deed was amended in December 2006 to classify the plan as a defined contribution plan under *Australian Accounting Standard AASB119 Employee Benefits*. The plan receives fixed contributions from the University, whereby the University's legal or constructive obligation is limited to these contributions.

As at 30 June 2009 the assets of the DBP in aggregate were estimated to be \$1,396 million in deficiency of vested benefits. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of CPI indexed pensions being provided by the DBP.

As at 30 June 2009 the assets of the DBP in aggregate were estimated to be \$39 million in deficiency of accrued benefits. The accrued benefits have been calculated as the present value of expected future benefit payments to members and CPI indexed pensioners which arise from membership of UniSuper up to the reporting date.

The vested benefit and accrued benefit liabilities were determined by the Fund's actuary, Russell Employee Benefits, using the actuarial demographic assumptions outlined in their report dated 12 June 2009, on the actuarial investigation of the DBP as at 31 December 2008. The financial assumptions used were:

| | Vested benefits | Accrued benefits |
|---|-----------------|------------------|
| Gross of tax investment return | 7.25% p.a. | 8.50% p.a. |
| Net of tax investment return | 6.75% p.a. | 8.00% p.a. |
| Consumer Price Index | 2.75% p.a. | 2.75% p.a. |
| Inflationary salary increases long-term | 3.75% p.a. | 3.75% p.a. |

Assets have been included at their net market value, i.e. allowing for realisation costs.

The Defined Benefit Division as at 30 June 2009 is therefore in an "unsatisfactory financial position" as defined by SIS Regulation 9.04. An "unsatisfactory financial position" for a defined benefit fund is defined as when 'the value of the assets of the Fund is inadequate to cover the value of the liabilities of the Fund in respect of benefits vested in the members of the Fund'. The Actuary and the Trustee have followed the procedure required by Section 130 of the SIS Act when funds are found to be in an unsatisfactory financial position.

The actuary currently believes, in respect of the long-term financial condition of the Fund, that assets as at 30 June 2009, together with current contribution rates, are expected to be sufficient to provide for the current benefit levels for both existing members and anticipated new members if experience follows the "best estimate" assumptions.

Victorian State Superannuation Fund (Refer Note 1(q))

Deakin University has a number of present and former staff who are members of the Victorian State Superannuation Fund and in respect of whom defined benefits are payable on termination of employment. As at 30 June 2009, the Victorian State Superannuation Fund was carrying total liabilities for member benefits in excess of the value of the fund's assets. Hence, unfunded superannuation liabilities exist which are recognised in the financial statements of the fund. The notional share of this public sector employee superannuation fund's unfunded liabilities attributable to Deakin University, as assessed by the fund as at 30 June 2009, amounted to \$164,130,000 (2008: \$144,458,000). Unfunded liabilities are met by the Australian Government.

| | CONSOLIDATED | | UNIVERSITY | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| Amounts receivable from Australian Government | | | | |
| Receivable within 12 months | 12,601 | 13,734 | 12,601 | 13,734 |
| Receivable later than 12 months | 151,529 | 130,724 | 151,529 | 130,724 |
| Total | 164,130 | 144,458 | 164,130 | 144,458 |
| Unfunded superannuation liability | | | | |
| Payable within 12 months | 12,601 | 13,734 | 12,601 | 13,734 |
| Payable later than 12 months | 151,529 | 130,724 | 151,529 | 130,724 |
| Total | 164,130 | 144,458 | 164,130 | 144,458 |

18 COMMITMENTS

| | CONSOLIDATED | | UNIVERSITY | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| Capital commitments | | | | |
| At the reporting date the following contracts for capital expenditure had been entered into: | | | | |
| Within one year | 7,339 | 18,181 | 7,339 | 18,181 |
| Later than one year and not later than five years | 134 | 136 | 134 | 136 |
| | 7,473 | 18,317 | 7,473 | 18,317 |
| Operating leases | | | | |
| At the reporting date the following obligations under operating leases, which are not shown as liabilities, were in effect: | | | | |
| Within one year | 6,379 | 5,558 | 6,085 | 5,259 |
| Later than one year and not later than five years | 9,086 | 5,156 | 8,506 | 4,340 |
| Later than five years | 106 | - | 106 | - |
| | 15,571 | 10,714 | 14,697 | 9,599 |

19 CONTINGENCIES

There are no contingent liabilities and contingent assets at balance date (2008: nil).

20 KEY MANAGEMENT PERSONNEL DISCLOSURES

NAME OF RESPONSIBLE PERSONS

University

For the purposes of the *Financial Management Act 1994* (Vic), the Victorian Minister of Skills and Workforce Participation, The Hon Bronwyn Pike MLA and members of the University Council are the responsible persons of the University. The relevant remuneration of the Minister is included in the financial statements of the Victorian Department of Premier and Cabinet. Members of the University Council received no remuneration for services rendered as members of Council. Council members during 2009 were Mr D.M. Morgan (Chancellor), Professor S.A. Walker (Vice-Chancellor and President), Mr A.J. Kloeden, Ms M.L. Edmond, Professor P.W. Leung, Mr M.J. Dowling, Ms J.M. Lightowlers, Mr J.G. Nicol, Ms H.F. Bender, Mr G. Hywood, Mr R.M. Kus, Ms H. Buckingham, Ms H. Keogh, Mr G. Jose, Mr Z.A. Smith, Professor G.M. Stokes, Mr N.T. Millen, Ms K. Grigg, Dr P.C. Turner, Mr P.J. Meehan and Mr P. Niblett.

Subsidiaries

Mr N.A. Osborne, Mr D.N. Edwards AM, Mr L.D. Mackay, Dr M.D. Stokie, Mr J.H. Cauberg, Hon S.P. Bracks, Mr A.D. Brookes, Dr F.A. Costa, Mr A.E.J. Fairley, Mr P.G. Handbury, Dr H.C. Mitchell, Ms K.M. Plant, Mr D.P. Somers and Mr N. Carr.

NAMES OF EXECUTIVE OFFICERS

University

Professor J.C. Catford, Professor P.H. Clarke, Professor L. Astheimer, Mr G.A. Dennehy, Ms L.M. Martin, Professor J. Rosenberg, Professor B.A. McGaw, Professor G. McDonald, Professor D.M. Stokes, Professor S. Kilpatrick, Mr K.J. Selway, Ms RE Buckham and Mr A. Walters.

Subsidiaries

Ms T.M. Price, Ms J.E. Scott, Mr M. Estcourt, Mr F.D. Shrimpton and Mr P. Langkamp.

20 KEY MANAGEMENT PERSONNEL DISCLOSURES [CONT]

| | CONSOLIDATED | | UNIVERSITY | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| RESPONSIBLE PERSONS REMUNERATION | | | | |
| Remuneration received or due and receivable from the University and its subsidiaries by the responsible persons | | | | |
| Base remuneration | 1,464 | 1,394 | 1,246 | 1,189 |
| Bonuses | 136 | 126 | 108 | 104 |
| Termination payments | - | 41 | - | - |
| Total remuneration | 1,600 | 1,561 | 1,354 | 1,293 |

| Number of responsible persons whose remuneration from the University and its subsidiaries was within the following bands: | CONSOLIDATED | | UNIVERSITY | |
|---|--------------|------|------------|------|
| | 2009 | 2008 | 2009 | 2008 |
| Nil to \$9,999 | 27 | 26 | 16 | 15 |
| \$10,000 to \$19,999 | 2 | 1 | - | - |
| \$50,000 to \$59,999 | - | 2 | - | 1 |
| \$80,000 to \$89,999 | 1 | - | 1 | - |
| \$110,000 to \$119,999 | 1 | 1 | 1 | 1 |
| \$170,000 to \$179,999 | 1 | 1 | 1 | 1 |
| \$190,000 to \$199,999 | - | 1 | - | - |
| \$200,000 to \$209,999 | 1 | - | 1 | - |
| \$210,000 to \$219,999 | 1 | 1 | - | 1 |
| \$730,000 to \$739,999 | - | 1 | - | 1 |
| \$770,000 to \$779,999 | 1 | - | 1 | - |

20 KEY MANAGEMENT PERSONNEL DISCLOSURES [CONT]

| | CONSOLIDATED | | UNIVERSITY | |
|---|-----------------|-----------------|-----------------|-----------------|
| | 2009 | 2008 | 2009 | 2008 |
| Number of executive officers whose remuneration from the University and its subsidiaries was within the following bands: | | | | |
| \$110,000 to \$119,999 | 1 | - | 1 | - |
| \$130,000 to \$139,999 | 1 | - | 1 | - |
| \$150,000 to \$159,999 | - | 1 | - | 1 |
| \$160,000 to \$169,999 | 1 | 2 | - | 1 |
| \$180,000 to \$189,999 | - | 1 | - | - |
| \$190,000 to \$199,999 | 2 | 2 | 1 | 1 |
| \$200,000 to \$209,999 | 1 | 1 | - | - |
| \$210,000 to \$219,999 | 1 | - | - | - |
| \$240,000 to \$249,999 | - | 1 | - | 1 |
| \$250,000 to \$259,999 | 1 | - | 1 | - |
| \$270,000 to \$279,999 | 1 | 1 | 1 | 1 |
| \$280,000 to \$289,999 | 2 | - | 2 | - |
| \$300,000 to \$309,999 | 1 | 1 | 1 | 1 |
| \$320,000 to \$329,999 | 1 | 2 | 1 | 2 |
| \$330,000 to \$339,999 | 1 | 2 | 1 | 2 |
| \$340,000 to \$349,999 | 1 | - | 1 | - |
| \$350,000 to \$359,999 | 2 | - | 2 | - |
| \$360,000 to \$369,999 | - | 1 | - | 1 |
| \$370,000 to \$379,999 | - | 1 | - | 1 |
| \$440,000 to \$449,999 | 1 | 1 | - | - |
| Includes all non-cash benefits and payments to staff who have terminated employment with the University. | | | | |
| Remuneration received or due and receivable from the University and its controlled entities by executive officers whose remuneration exceeded \$100,000 | | | | |
| | CONSOLIDATED | | UNIVERSITY | |
| | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| Base remuneration | 4,241 | 4,122 | 3,149 | 3,047 |
| Bonuses | 380 | 365 | 254 | 241 |
| Termination payments | 164 | 105 | 164 | 105 |
| Total remuneration | 4,785 | 4,592 | 3,567 | 3,393 |
| Executive Officers' Compensation | | | | |
| Short-term employee benefits | 4,621 | 4,487 | 3,403 | 3,288 |
| Other long-term benefits | - | - | - | - |
| Termination benefits | 164 | 105 | 164 | 105 |
| | 4,785 | 4,592 | 3,567 | 3,393 |

20 KEY MANAGEMENT PERSONNEL DISCLOSURES [CONT]

Other transactions with key management personnel

A member of Council, Ms H.F. Bender OAM, is the Chair of the Barwon Health Foundation Board. Deakin University provided funding for infrastructure developments to Barwon Health.

Ms H.F. Bender OAM was also a Council member of the Geelong Grammar School. Deakin University students participated in the School Experience Program for Teacher Supervision. The fees and charges were based on normal commercial terms and conditions.

Ms H.F. Bender was the Deputy Chair of the Committee for Geelong. Deakin University sponsored the Leaders for Geelong Program 2008-2009.

The Vice-Chancellor's spouse is the CEO of Austin Health. Deakin University students were provided clinical supervision by Austin Health on normal commercial terms and conditions.

The Pro Vice-Chancellor (Enterprise), Mr K. Selway, is a company director of Synergy Hospitality Management Pty Ltd. This company has a management contract for the operation of the Deakin Management Centre on normal commercial terms and conditions.

21 REMUNERATION OF AUDITORS

| | CONSOLIDATED | |
|---|-----------------|-----------------|
| | 2009 \$000's | 2008 \$000's |
| Amounts received, or due and receivable, by the Auditor-General of Victoria for: auditing the financial statements and consolidated financial statements of Deakin University and the financial statements of each of its subsidiaries: | | |
| - Deakin University | 150 | 137 |
| - Subsidiaries | 37 | 40 |

22 SUBSIDIARIES

The *Deakin University Act 1974*, Section 34 permits the University to form limited liability companies. At the reporting date the University controlled the following entities:

| Entity | Country of incorporation | Principal activity | Ownership interest | |
|--|-----------------------------|---|--------------------|------|
| | | | 2009 | 2008 |
| The Australian Professional Associations Service Company Pty Ltd | Australia | Non operating | 100% | 100% |
| Callista Software Services Pty Ltd | Australia | Computer software services | 100% | 100% |
| Canopi Network Pty Ltd | Australia | Non operating | 0% | 0% |
| Unilink Limited | Australia | Provision of human resource services to Deakin University | 100% | 100% |
| Deakin Nominees Pty Ltd | Australia | Holding company | 100% | 100% |
| Deakin Foundation Ltd | Australia | Trustee company | 100% | 100% |
| Deakin Foundation | Australia | Philanthropic trust | 100% | 100% |

The financial statements of the subsidiaries have been audited by the Auditor-General of Victoria.

22 SUBSIDIARIES [CONT]

Statement of Comprehensive Income

| Entity | Total Revenue | | Total Expenditure | | Net Profit/(Loss) after Tax Expense | |
|--|-----------------|-----------------|-------------------|-----------------|-------------------------------------|-----------------|
| | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| The Australian Professional Associations Service Company Pty Ltd | - | 139 | - | 67 | - | (143) |
| Callista Software Services Pty Ltd | 13,571 | 11,818 | 13,170 | 11,502 | 746 | 316 |
| Canopi Network Pty Ltd | - | 2,652 | - | 2,589 | - | 56 |
| Unilink Limited | 9,155 | 8,770 | 9,155 | 8,770 | - | - |
| Deakin Nominees Pty Ltd | - | - | - | - | - | - |
| Deakin Foundation Ltd | - | - | - | - | - | - |
| Deakin Foundation | - | 1 | - | - | - | - |
| | 22,726 | 23,380 | 22,325 | 22,928 | 746 | 229 |

Statement of Financial Position

(A) ASSETS

| Entity | Note | Current Assets | | Non-Current Assets | | Total Assets | |
|--|------|-----------------|-----------------|--------------------|-----------------|-----------------|-----------------|
| | | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| The Australian Professional Associations Service Company Pty Ltd | (a) | - | 3,834 | - | - | - | 3,834 |
| Callista Software Services Pty Ltd | (b) | 7,832 | 8,945 | 1,280 | 838 | 9,112 | 9,783 |
| Canopi Network Pty Ltd | | - | - | - | - | - | - |
| Unilink Limited | (c) | 874 | 955 | - | - | 874 | 955 |
| Deakin Nominees Pty Ltd | | - | - | - | - | - | - |
| Deakin Foundation Ltd | | - | - | - | - | - | - |
| Deakin Foundation | | 1 | 1 | - | - | 1 | 1 |
| | | 8,707 | 13,735 | 1,280 | 838 | 9,987 | 14,573 |

(B) LIABILITIES

| Entity | Current Liabilities | | Non-Current Liabilities | | Total Liabilities | |
|--|---------------------|-----------------|-------------------------|-----------------|-------------------|-----------------|
| | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| The Australian Professional Associations Service Company Pty Ltd | - | 70 | - | - | - | 70 |
| Callista Software Services Pty Ltd | 4,845 | 6,327 | 424 | 359 | 5,269 | 6,686 |
| Canopi Network Pty Ltd | - | - | - | - | - | - |
| Unilink Limited | 841 | 869 | 33 | 86 | 874 | 955 |
| Deakin Nominees Pty Ltd | - | - | - | - | - | - |
| Deakin Foundation Ltd | - | - | - | - | - | - |
| Deakin Foundation | - | - | - | - | - | - |
| | 5,686 | 7,266 | 457 | 445 | 6,143 | 7,711 |

22 SUBSIDIARIES [CONT]

(C) EQUITY AND BORROWINGS

| Entity | Equity | | Internal Borrowings | | External Borrowings | |
|--|-----------------|-----------------|---------------------|-----------------|---------------------|-----------------|
| | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| The Australian Professional Associations Service Company Pty Ltd | - | 3,764 | - | - | - | - |
| Callista Software Services Pty Ltd | 3,843 | 3,097 | - | - | - | - |
| Canopi Network Pty Ltd | - | - | - | - | - | - |
| Unilink Limited | - | - | - | - | - | - |
| Deakin Nominees Pty Ltd | - | - | - | - | - | - |
| Deakin Foundation Ltd | - | - | - | - | - | - |
| Deakin Foundation | 1 | 1 | - | - | - | - |
| | 3,844 | 6,862 | - | - | - | - |

(a) Current assets includes an amount owing by Deakin University of \$1 (2008: \$3,833,825).

(b) Current assets includes an amount owing by Deakin University of \$4,204,565 (2008: \$4,855,036).

(c) Current assets includes an amount owing by Deakin University of \$874,389 (2008: \$955,184).

The Australian Professional Associations Service Company Pty Ltd and Canopi Network Pty Ltd were deregistered on 4 February 2010.

23 FINANCIAL RISK MANAGEMENT

The Group's activities expose it to a variety of financial risks: market risk (including currency risk, interest rate risk and price risk), credit risk and liquidity risk. Financial risk management is overseen by the Audit and Risk Committee under policies approved by the Council. The Audit and Risk Committee provides advice to Council on the Group's accounting, control and reporting practices and the management of corporate assets and risks. The Group uses derivative financial instruments such as foreign exchange contracts and interest rate swaps to hedge certain risk exposures. The Group uses different methods to measure different types of risk to which it is exposed. These methods include sensitivity analysis in the case of interest rate risk and ageing analysis for credit risk.

Foreign exchange risk

The Group's foreign exchange is limited. Sources of potential foreign exchange risk may include occasional transactions such as contracts for the supply of goods and services expressed in foreign currency e.g. library books and journals. The Group ensures that occasional foreign currency commitments are hedged using appropriate hedging instruments.

Interest rate risk

Investment of surplus funds is monitored by the Investment Advisory Committee. The Committee regularly reviews investment performance against established objectives, advises on proposed policy changes and monitors the asset allocation mix of the investment portfolio. The investment portfolio is constructed to diversify interest rate risk through the use of highly rated 'fund of funds' short-term investment products. Borrowings are at fixed interest rates, which eliminate the potential loss resulting from adverse movements in floating market rates.

Price risk

Financial assets at fair value through profit or loss, in particular Australian and offshore equities, are subject to price risk, with frequent changes in share market valuations. Changes in fair value are recorded through the statement of comprehensive income as they occur. These investments are also monitored by the Investment Advisory Committee. The Committee regularly reviews investment performance against established objectives, advises on proposed policy changes and monitors the asset allocation mix of the investment portfolio. The investment portfolio is constructed to diversify price risk across the various asset classes.

23 FINANCIAL RISK MANAGEMENT [CONT]

Credit risk

The Group's maximum exposure to credit risk in relation to each class of financial asset is the carrying amount of those assets as indicated in the statement of financial position.

The Group minimises concentrations of credit risk in relation to trade accounts receivable, by undertaking transactions with a large number of customers within different industries. However, the majority of customers are concentrated in Australia.

Credit risk in trade receivables is managed in the following ways:

- payment terms are 30 days
- debt collection policies and procedures including use of a debt collection agency.

Liquidity risk

The Group's investments are managed to ensure the solvency of the Group, with cash available to meet required outgoings. The Group maintains a minimum cash level to ensure it meets its obligations as they fall due, and provides a reserve for potential capital contributions to partnerships.

Fair value estimation

The aggregate fair values of financial assets and financial liabilities, both recognised and unrecognised, at balance date, are as follows:

| Consolidated | Total carrying amount as per the statement of financial position | | Aggregate fair value | |
|--------------------------------------|--|-----------------|----------------------|-----------------|
| | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| FINANCIAL ASSETS | | | | |
| Cash at bank and on hand | 7,472 | 7,212 | 7,472 | 7,212 |
| Bank deposits - at call | 44 | 5,481 | 44 | 5,481 |
| Bank term deposits | 149,000 | 103,000 | 149,000 | 103,000 |
| Receivables - Trade Debtors | 19,001 | 15,079 | 19,001 | 15,079 |
| Receivables - Other Current | 38,857 | 49,990 | 38,857 | 49,990 |
| Receivables - Other Non-Current | 151,529 | 130,724 | 151,529 | 130,724 |
| Other financial assets - current | 57,059 | 44,098 | 57,059 | 44,098 |
| Other financial assets - non-current | 72,376 | 50,860 | 72,376 | 50,860 |
| Total financial assets | 495,338 | 406,444 | 495,338 | 406,444 |
| FINANCIAL LIABILITIES | | | | |
| Payables | 135,699 | 128,337 | 135,599 | 128,222 |
| Bank overdraft | 7 | 1 | 7 | 1 |
| Bank loans | 10,968 | 14,525 | 10,968 | 16,892 |
| Other | 52 | 61 | 46 | 55 |
| Total financial liabilities | 146,726 | 142,924 | 146,620 | 145,170 |

23 FINANCIAL RISK MANAGEMENT [CONT]

The fair value of financial assets and financial liabilities are estimated for recognition and measurement or for disclosure purposes. The following methods and assumptions are used to determine them.

| | |
|--|--|
| CASH AND CASH EQUIVALENTS | The carrying amount approximates fair value because of their short term to maturity. |
| TRADE RECEIVABLES AND PAYABLES | The carrying value less impairment provision of trade receivables and payables is assumed to approximate their fair values due to their short-term nature. |
| NON-CURRENT RECEIVABLES | <p>The fair value of non-current receivables, except Deferred Government Contribution for Superannuation, is estimated by discounting future receivables to net present value, using discount rates as advised by the Department of Treasury and Finance.</p> <p>Deferred Government Contribution for Superannuation, which is measured at nominal value, is offset by a liability to the Victorian Government of equal value (refer to 1(q)).</p> |
| OTHER FINANCIAL ASSETS - CURRENT AT FAIR VALUE | For financial instruments traded in organised financial markets, fair value is the current quoted market bid price for an asset. |
| OTHER FINANCIAL ASSETS - NON-CURRENT | For unlisted securities where there is no quoted market price; a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same, or is calculated based on the expected cash flows, or the underlying net asset base of the investment/security. |
| SHORT-TERM BORROWINGS | The carrying amount approximates fair value because of their short term to maturity. |
| LONG-TERM BORROWINGS | The fair value of long-term borrowings is estimated by discounting future payments to net present value, using the discount rates as advised by the Department of Treasury and Finance. |

23 FINANCIAL RISK MANAGEMENT [CONT]

Fair value estimation (continued)

Fair value measurements recognised in the balance sheet are categorised into the following levels:

| Consolidated | 31/12/09 \$000's | Level 1 \$000's | Level 3 \$000's |
|--------------------------------------|---------------------|--------------------|--------------------|
| FINANCIAL ASSETS | | | |
| Cash at bank and on hand | 7,472 | 7,472 | |
| Bank deposits - at call | 44 | 44 | |
| Bank term deposits | 149,000 | 149,000 | |
| Receivables - Trade Debtors | 19,001 | 19,001 | |
| Receivables - Other Current | 38,857 | 38,857 | |
| Receivables - Other Non-Current | 151,529 | 151,529 | |
| Other financial assets - current | 57,059 | 57,059 | |
| Other financial assets - non-current | 72,376 | 70,078 | 2,298 |
| Total financial assets | 495,338 | 493,040 | 2,298 |
| FINANCIAL LIABILITIES | | | |
| Payables | 135,599 | 135,599 | |
| Bank overdraft | 7 | 7 | |
| Bank loans | 10,968 | 10,968 | |
| Other | 46 | 46 | |
| Total financial liabilities | 146,620 | 146,620 | - |

The fair value of financial instruments traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices for identical assets or liabilities at the balance date (Level 1). The quoted market price used for financial assets held by the Group is the current bid price.

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each balance date. Quoted market prices or dealer quotes for similar instruments (Level 2) are used for long-term debt instruments held. Other techniques that are not based on observable market data (Level 3), such as estimated discounted cash flows, are used to determine fair value for the remaining financial instruments.

Reconciliation of Financial Assets categorised as Level 3

| | CONSOLIDATED | |
|---------------------------------|-----------------|-----------------|
| | 2009 \$000's | 2008 \$000's |
| Level 3 Financial Assets | | |
| Unlisted equity securities | | |
| Opening balance | 2,299 | 2,299 |
| Purchases | 113 | 80 |
| Provision for impairment | (114) | (80) |
| Closing balance | 2,298 | 2,299 |

23 FINANCIAL RISK MANAGEMENT [CONT]

Summarised sensitivity analysis

The sensitivity analysis below has been determined based on management's assessment of possible changes in price movements, in particular Australia and offshore equity markets, and interest rates.

Management considers an interest rate rise of 2% and fall or rise in equities markets of 5% is possible as at the reporting date.

| Consolidated | CARRYING AMOUNT | INTEREST RATE RISK | | | | | | PRICE RISK | | | | | |
|---|-----------------|--------------------|--------------|--------------|--------------|--------------|--------------|--------------|----------------|----------------|--------------|--------------|--------------|
| | | 2% | | -5% | | 5% | | -5% | | 5% | | | |
| | | Result | Equity | Result | Equity | Result | Equity | Result | Equity | Result | Equity | | |
| | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's | |
| (I) FINANCIAL ASSETS | | | | | | | | | | | | | |
| Cash on hand | 51 | 50 | | | | | | | | | | | |
| Cash at bank | 7,421 | 7,162 | 148 | 143 | 148 | 143 | | | | | | | |
| Bank deposits | 149,044 | 108,481 | 2,981 | 2,170 | 2,981 | 2,170 | | | | | | | |
| Receivables - Trade Debtors | 19,001 | 15,079 | | | | | | | | | | | |
| Receivables - Other Current | 38,857 | 49,990 | | | | | | | | | | | |
| Receivables - Other Non-Current | 151,529 | 130,724 | | | | | | | | | | | |
| Financial assets at fair value through profit or loss | 43,559 | 41,598 | 644 | 622 | 644 | 622 | (568) | (524) | (568) | (524) | 568 | 524 | |
| Financial assets held-to-maturity | 13,500 | 2,500 | 270 | 50 | 270 | 50 | | | | | | | |
| Other financial assets - non-current | 72,376 | 50,860 | | | | | | | (3,504) | (2,428) | 3,504 | 2,428 | |
| Total financial assets | 495,338 | 406,444 | 4,043 | 2,985 | 4,043 | 2,985 | (568) | (524) | (4,072) | (2,952) | 568 | 524 | 2,952 |
| (II) FINANCIAL LIABILITIES | | | | | | | | | | | | | |
| Payables | 135,699 | 128,337 | | | | | | | | | | | |
| Bank overdraft | 7 | 1 | - | - | - | - | | | | | | | |
| Bank loans | 10,968 | 14,525 | | | | | | | | | | | |
| Other | 52 | 61 | | | | | | | | | | | |
| Total financial liabilities | 146,726 | 142,924 | - | - | - | - | - | - | - | - | - | - | - |
| Total Increase (Decrease) | | | 4,043 | 2,985 | 4,043 | 2,985 | (568) | (524) | (4,072) | (2,952) | 568 | 524 | 2,952 |

23 FINANCIAL RISK MANAGEMENT [CONT]

Liquidity risk

The following table summarises the maturity of the Group's financial assets and financial liabilities.

| Consolidated Financial instruments | Floating interest rate | | Fixed interest rate maturing in: | | | | Non-interest bearing | | Total carrying amount as per the statement of financial position | | Weighted average effective interest rate or earnings rate | |
|---|------------------------|-----------------|----------------------------------|-------------------|--------------|-----------------|----------------------|-----------------|--|-----------------|---|--|
| | 2009 \$000's | 2008 \$000's | 1 year or less | over 1 to 5 years | over 5 years | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's | |
| (I) FINANCIAL ASSETS | | | | | | | | | | | | |
| Cash at bank and on hand | 7,421 | 7,162 | | | | 51 | 50 | 7,472 | 7,212 | 3.62% | 4.06% | |
| Bank deposits - at call | 44 | 5,481 | | | | | | 44 | 5,481 | 3.75% | 4.25% | |
| Bank term deposits | | | 149,000 | 103,000 | | | | 149,000 | 103,000 | 4.70% | 5.99% | |
| Receivables-Trade Debtors | | | | | | 19,001 | 15,079 | 19,001 | 15,079 | - | - | |
| Receivables - Other Current | | | | | | 38,857 | 49,990 | 38,857 | 49,990 | - | - | |
| Receivables - Other Non-Current | | | | | | 151,529 | 130,724 | 151,529 | 130,724 | - | - | |
| Financial assets at fair value through profit or loss | 42,739 | 41,118 | | | | 820 | 480 | 43,559 | 41,598 | 3.81% | 2.63% | |
| Financial assets held-to-maturity | | | 13,500 | 2,500 | | | | 13,500 | 2,500 | 5.08% | 7.98% | |
| Other financial assets - non-current | 70,078 | 48,561 | | | | 2,298 | 2,299 | 72,376 | 50,860 | 24.75% | (23.09)% | |
| Total financial assets | 120,282 | 102,322 | 162,500 | 105,500 | - | 212,556 | 198,622 | 495,338 | 406,444 | | | |
| (II) FINANCIAL LIABILITIES | | | | | | | | | | | | |
| Payables | | | | | | 135,699 | 128,337 | 135,699 | 128,337 | - | - | |
| Bank overdraft | 7 | 1 | | | | | | 7 | 1 | 10.05% | 10.35% | |
| Bank loans | | | 10,968 | 2,149 | - | - | 9,963 | 10,968 | 14,525 | 7.53% | 7.41% | |
| Other | | | | | | 52 | 61 | 52 | 61 | - | - | |
| Total financial liabilities | 7 | 1 | 10,968 | 2,149 | - | 135,751 | 128,398 | 146,726 | 142,924 | | | |

24 ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE

| 24.1 DEEWR - CGS and Other DEEWR Grants | UNIVERSITY ONLY | | | | | | | | | |
|---|-------------------------------|-----------------|-------------------------------|-----------------|---------------------------|-----------------|-------------------------------|-----------------|-----------------------------|-----------------|
| | Commonwealth Grants Scheme | | Indigenous Support Program | | Equity Support Program | | Disability Support Program | | Workplace Reform Program | |
| | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programs) | 138,955 | 120,732 | 1,341 | 1,173 | 317 | 361 | 256 | 217 | 1,713 | 1,619 |
| Net accrual adjustments | 417 | 5,585 | - | - | - | - | - | - | - | - |
| Revenue for the period | 139,372 | 126,317 | 1,341 | 1,173 | 317 | 361 | 256 | 217 | 1,713 | 1,619 |
| Surplus / (deficit) from the previous year | - | - | 191 | 285 | - | - | 188 | - | - | - |
| Total revenue including accrual revenue | 139,372 | 126,317 | 1,532 | 1,458 | 317 | 361 | 444 | 217 | 1,713 | 1,619 |
| Less expenses including accrual expenses | (139,372) | (126,317) | (911) | (1,267) | (317) | (361) | (444) | (29) | (1,713) | (1,619) |
| Surplus / (deficit) for reporting period | - | - | 621 | 191 | - | - | - | 188 | - | - |

| 24.1 DEEWR - CGS and Other DEEWR Grants [CONT] | UNIVERSITY ONLY | | | | | | | |
|---|--------------------------------------|-----------------|--|-----------------|-----------------------------|-----------------|------------------------------|-----------------|
| | Workplace Productivity Program | | Learning and Teaching Performance Fund | | Capital Development Pool | | Transitional Cost Program | |
| | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programs) | 844 | 1,674 | 2,592 | 1,717 | 2,246 | 1,300 | 1,048 | 1,623 |
| Net accrual adjustments | - | - | - | - | - | - | 52 | - |
| Revenue for the period | 844 | 1,674 | 2,592 | 1,717 | 2,246 | 1,300 | 1,100 | 1,623 |
| Surplus / (deficit) from the previous year | - | 1,014 | 9 | - | - | - | - | - |
| Total revenue including accrual revenue | 844 | 2,688 | 2,601 | 1,717 | 2,246 | 1,300 | 1,100 | 1,623 |
| Less expenses including accrual expenses | (459) | (2,688) | (2,601) | (1,708) | (2,246) | (1,300) | (1,100) | (1,623) |
| Surplus / (deficit) for reporting period | 385 | - | - | 9 | - | - | - | - |

24 ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE [CONT]

| 24.1 DEEWR - CGS and Other DEEWR Grants [CONT] | UNIVERSITY ONLY | | | | | | | |
|---|--|-----------------|--|-----------------|---------------------------|-----------------|-----------------|-----------------|
| | Improving the Practical Component of Teacher Education Program | | Diversity and Structural Adjustment Fund | | Superannuation Program | | Total | |
| | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programs) | 841 | 803 | 1,866 | 2,583 | 13,950 | 13,342 | 165,969 | 147,144 |
| Net accrual adjustments | - | - | - | - | (1,623) | 108 | (1,154) | 5,693 |
| Revenue for the period | 841 | 803 | 1,866 | 2,583 | 12,327 | 13,450 | 164,815 | 152,837 |
| Surplus / (deficit) from the previous year | - | - | 2,583 | - | - | - | 2,971 | 1,299 |
| Total revenue including accrual revenue | 841 | 803 | 4,449 | 2,583 | 12,327 | 13,450 | 167,786 | 154,136 |
| Less expenses including accrual expenses | (841) | (803) | (1,959) | - | (12,327) | (13,450) | (164,290) | (151,165) |
| Surplus / (deficit) for reporting period | - | - | 2,490 | 2,583 | - | - | 3,496 | 2,971 |

| 24.2 Higher Education Loan Programs | UNIVERSITY ONLY | | | | | | | |
|---|--|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | HECS - HELP (Australian Government payments only) | | FEE - HELP | | Total | | OS-HELP | |
| | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programs) | 93,083 | 78,139 | 38,877 | 21,278 | 131,960 | 99,417 | 639 | 500 |
| Net accrual adjustments | (4,051) | 8,777 | - | - | (4,051) | 8,777 | - | - |
| Revenue for the period | 89,032 | 86,916 | 38,877 | 21,278 | 127,909 | 108,194 | 639 | 500 |
| Surplus / (deficit) from the previous year | - | - | (13,075) | (4,414) | (13,075) | (4,414) | 102 | 120 |
| Total revenue including accrual revenue | 89,032 | 86,916 | 25,802 | 16,864 | 114,834 | 103,780 | 741 | 620 |
| Less expenses including accrual expenses | (89,032) | (86,916) | (30,564) | (29,939) | (119,596) | (116,855) | (719) | (518) |
| Surplus / (deficit) for reporting period | - | - | (4,762) | (13,075) | (4,762) | (13,075) | 22 | 102 |

24 ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE [CONT]

| 24.3 Scholarships | UNIVERSITY ONLY | | | | | | | | | | Total | |
|---|--------------------------------|--|--|---|--------------------------------|--|---------------|---|---------------|--------------------------------|---------------|---------------|
| | Australian Postgraduate Awards | International Postgraduate Research Scholarships | Commonwealth Education Cost Scholarships # | Commonwealth Accommodation Scholarships # | Indigenous Access Scholarships | Commonwealth Education Cost Scholarships # | | Commonwealth Accommodation Scholarships # | | Indigenous Access Scholarships | | |
| | 2009 \$'000's | 2008 \$'000's | 2009 \$'000's | 2008 \$'000's | 2009 \$'000's | 2008 \$'000's | 2009 \$'000's | 2008 \$'000's | 2009 \$'000's | 2008 \$'000's | 2009 \$'000's | 2008 \$'000's |
| Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programs) | 1,935 | 1,620 | 280 | 288 | 1,962 | 1,503 | 1,554 | 1,336 | 125 | 139 | 5,856 | 4,886 |
| Net accrual adjustments | - | - | - | - | - | - | - | - | - | - | - | - |
| Revenue for the period | 1,935 | 1,620 | 280 | 288 | 1,962 | 1,503 | 1,554 | 1,336 | 125 | 139 | 5,856 | 4,886 |
| Surplus / (deficit) from the previous year | 540 | 451 | (19) | 36 | 93 | 17 | 67 | 6 | - | - | 681 | 510 |
| Total revenue including accrual revenue | 2,475 | 2,071 | 261 | 324 | 2,055 | 1,520 | 1,621 | 1,342 | 125 | 139 | 6,537 | 5,396 |
| Less expenses including accrual expenses | (1,822) | (1,531) | (368) | (343) | (1,649) | (1,427) | (1,447) | (1,275) | (125) | (139) | (5,411) | (4,715) |
| Surplus / (deficit) for reporting period | 653 | 540 | (107) | (19) | 406 | 93 | 174 | 67 | - | - | 1,126 | 681 |

includes National Priority and National Accommodation Priority Scholarships respectively.

24 ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE [CONT]

| 24.4 DIISR Research | UNIVERSITY ONLY | | | | | |
|---|-----------------------------|-----------------|--------------------------------------|-----------------|--------------------------|-----------------|
| | Institutional Grants Scheme | | Research Infrastructure Block Grants | | Research Training Scheme | |
| | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programs) | 4,145 | 4,273 | 2,248 | 2,194 | 9,574 | 9,454 |
| Net accrual adjustments | - | - | - | - | - | - |
| Revenue for the period | 4,145 | 4,273 | 2,248 | 2,194 | 9,574 | 9,454 |
| Surplus / (deficit) from the previous year | - | - | - | 214 | - | - |
| Total revenue including accrual revenue | 4,145 | 4,273 | 2,248 | 2,408 | 9,574 | 9,454 |
| Less expenses including accrual expenses | (4,145) | (4,273) | (2,004) | (2,408) | (9,574) | (9,454) |
| Surplus / (deficit) for reporting period | - | - | 244 | - | - | - |

| 24.4 DIISR Research [CONT] | UNIVERSITY ONLY | | | | | | | |
|---|-----------------------------------|-----------------|---|-----------------|-----------------------------------|-----------------|-----------------|-----------------|
| | Implementation Assistance Program | | Australian Scheme for Higher Education Repositories | | Commercialisation Training Scheme | | Total | |
| | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programs) | 126 | 135 | 233 | 315 | 85 | 85 | 16,411 | 16,456 |
| Net accrual adjustments | - | - | - | - | - | - | - | - |
| Revenue for the period | 126 | 135 | 233 | 315 | 85 | 85 | 16,411 | 16,456 |
| Surplus / (deficit) from the previous year | 122 | - | - | 80 | - | 88 | 122 | 382 |
| Total revenue including accrual revenue | 248 | 135 | 233 | 395 | 85 | 173 | 16,533 | 16,838 |
| Less expenses including accrual expenses | (102) | (13) | (233) | (395) | - | (173) | (16,058) | (16,716) |
| Surplus / (deficit) for reporting period | 146 | 122 | - | - | 85 | - | 475 | 122 |

24 ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE [CONT]

| 24.5 Australian Research Council Grants | UNIVERSITY ONLY | | | | | |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Projects | | Fellowships | | Total | |
| | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| (A) DISCOVERY Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programs) | 1,950 | 2,256 | 385 | 329 | 2,335 | 2,585 |
| Net accrual adjustments | - | - | - | - | - | - |
| Revenue for the period | 1,950 | 2,256 | 385 | 329 | 2,335 | 2,585 |
| Surplus / (deficit) from the previous year | 30 | 831 | (70) | - | (40) | 831 |
| Total revenue including accrual revenue | 1,980 | 3,087 | 315 | 329 | 2,295 | 3,416 |
| Less expenses including accrual expenses | (1,573) | (3,057) | (98) | (399) | (1,671) | (3,456) |
| Surplus / (deficit) for reporting period | 407 | 30 | 217 | (70) | 624 | (40) |

| 24.6 Australian Research Council Grants | UNIVERSITY ONLY | | | | | | | |
|--|-----------------|-----------------|---|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Infrastructure | | International Researcher Exchange | | Projects | | Total | |
| | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's | 2009 \$000's | 2008 \$000's |
| (B) LINKAGES Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programs) | - | 1,025 | 30 | 24 | 1,727 | 1,747 | 1,757 | 2,796 |
| Net accrual adjustments | - | - | - | - | - | - | - | - |
| Revenue for the period | - | 1,025 | 30 | 24 | 1,727 | 1,747 | 1,757 | 2,796 |
| Surplus / (deficit) from the previous year | 894 | 862 | 16 | - | 542 | 590 | 1,452 | 1,452 |
| Total revenue including accrual revenue | 894 | 1,887 | 46 | 24 | 2,269 | 2,337 | 3,209 | 4,248 |
| Less expenses including accrual expenses | (674) | (993) | (33) | (8) | (1,386) | (1,795) | (2,093) | (2,796) |
| Surplus / (deficit) for reporting period | 220 | 894 | 13 | 16 | 883 | 542 | 1,116 | 1,452 |

24 ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE [CONT]

| 24.7 | UNIVERSITY ONLY | |
|---|-----------------|----------------|
| | 2009 | 2008 |
| Better Universities Renewal Funding | \$000's | \$000's |
| Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programs) | - | 13,782 |
| Net accrual adjustments | 861 | - |
| Revenue for the period | 861 | 13,782 |
| Surplus / (deficit) from the previous year | 13,782 | - |
| Total revenue including accrual revenue | 14,643 | 13,782 |
| Less expenses including accrual expenses | (6,689) | - |
| Surplus / (deficit) for reporting period | 7,954 | 13,782 |



FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2009

CERTIFICATION

We, a Member of Council, and the Vice-Chancellor and President, on behalf of the Council of Deakin University, and the Chief Financial Officer, state that in our opinion:

- (a) The attached financial statements and notes thereto present fairly the financial position as at 31 December 2009, and the financial performance for the year ended 31 December 2009 of the University and the consolidated group;
- (b) The attached financial statements and notes thereto comply with the *Financial Management Act 1994* and with Australian Accounting Standards, AASB Interpretations, and the requirements of the Department of Education, Employment and Workplace Relations;
- (c) At the date of this certification there are reasonable grounds to believe that the University and the consolidated group will be able to pay its debts as and when they fall due; and
- (d) The amount of Australian Government financial assistance expended during the reporting period was for the purposes for which it was intended and Deakin University has complied with applicable legislation, contracts, agreements and programme guidelines in making expenditure.

In addition, we are not aware at the date of signing these statements of any circumstances which would render any particulars included in the statements to be misleading or inaccurate.

Handwritten signature of Mr David M. Morgan in black ink.

MR DAVID M. MORGAN
Chancellor

Date: 18 March, 2010

Melbourne

Handwritten signature of Professor Sally A. Walker in black ink.

PROFESSOR SALLY A. WALKER
Vice-Chancellor and President

Date: 18 March, 2010

Melbourne

Handwritten signature of Mr Andrew Walters in black ink.

MR ANDREW WALTERS
Chief Financial Officer

Date: 18 March, 2010

Melbourne

INDEPENDENT AUDITOR'S REPORT

To the Council Members, Deakin University

The Financial Report

The accompanying financial report for the year ended 31 December 2009 of Deakin University which comprises the statement of comprehensive income, statement of financial position, statement of cash flows, statement of changes in equity, a summary of significant accounting policies and other explanatory notes to and forming part of the financial report, and the supporting declaration has been audited. The financial report includes the consolidated financial statements of the economic entity, comprising Deakin University and the entities it controlled at the year's end or from time to time during the financial year as disclosed in note 22 to the financial statements.

The Council Members' Responsibility for the Financial Report

The Council Members of Deakin University are responsible for the preparation and the fair presentation of the financial report in accordance with Australian Accounting Standards (including Australian Accounting Interpretations) and the financial reporting requirements of the *Financial Management Act 1994*. This responsibility includes:

- establishing and maintaining internal controls relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error
- selecting and applying appropriate accounting policies
- making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility

As required by the *Audit Act 1994*, my responsibility is to express an opinion on the financial report based on the audit, which has been conducted in accordance with Australian Auditing Standards. These Standards require compliance with relevant ethical requirements relating to audit engagements and that the audit be planned and performed to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The audit procedures selected depend on judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, consideration is given to the internal control relevant to the entity's preparation and fair presentation of the financial report 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 Deakin University and the consolidated entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used, and the reasonableness of accounting estimates made by the Council Members, as well as evaluating the overall presentation of the financial report.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Independent Auditor's Report (continued)

Matters Relating to the Electronic Presentation of the Audited Financial Report

This auditor's report relates to the financial report published in both the annual report and on the website of Deakin University for the year ended 31 December 2009. The Council Members of Deakin University are responsible for the integrity of the website. I have not been engaged to report on the integrity of the website. The auditor's report refers only to the statements named above. An opinion is not provided on any other information which may have been hyperlinked to or from these statements. If users of this report are concerned with the inherent risks arising from electronic data communications, they are advised to refer to the hard copy of the audited financial report to confirm the information included in the audited financial report presented on Deakin University's website.

Independence

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised. In conducting the audit, the Auditor-General, his staff and delegates complied with all applicable independence requirements of the Australian accounting profession.

Qualification

For the year ended 31 December 2009, the University and the economic entity reported government research and capital grants of \$29.73 million as trade and other payables. As the University and the economic entity effectively controlled these grants as at 31 December 2009, this amount should have been recognised as income in accordance with the requirements of AASB 1004 *Contributions*. The University and economic entity also brought to account \$13.3 million as grant revenue which should have been recognised in the year ended 31 December 2008 in accordance with the requirements of AASB 1004. Accordingly, for the year ended 31 December 2009, grant income, total comprehensive income and retained surplus are understated by \$16.43 million for the University and the economic entity, and trade & other payables are overstated by \$29.73 million.

In addition, AASB 108 *Accounting Policies, Changes in Accounting Estimates and Errors* requires the prior period error to be corrected by restating the 2008 comparative figures in the University's 31 December 2009 financial report. The University has failed to make these retrospective adjustments. The impact of this error is that the 31 December 2008 comparative figures for trade and other payables are overstated by \$29.736 million for the University and the economic entity. In addition, grant income, retained surplus and the total comprehensive income are understated by \$25.73 million.

Auditor's Opinion

In my opinion, except for the effect on the financial report of the matter referred to above, the financial report presents fairly, in all material respects, the financial position of Deakin University and the economic entity as at 31 December 2009, its financial performance and cash flows for the year then ended in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, and the financial reporting requirements of the *Financial Management Act 1994*.

MELBOURNE
22 March 2010


Dr Peter Frost
Acting Auditor-General

COMPLIANCE INDEX

The annual report of **Deakin University** is prepared in accordance with:

| | |
|-----------|---|
| FMA | <i>Financial Management Act 1994</i> (Vic) |
| FRD | A-IFRS Financial Reporting Directions |
| SD | Standing Directors of the Minister for Finance issued under the <i>Financial Management Act 1994</i> (Vic) (as part of the financial Management Package) June 2003 (updated August 2007) |
| AAS | Australian Accounting Standards |
| AASB | Australian Accounting Standards Board |
| ETRA 2006 | <i>Education and Training Reform Act 2006</i> |
| PAEC | Decision of Public Accounts and Estimates Committee of Parliament |
| RUG | Victorian Government response to the Review of University Governance |
| ESOS | <i>Education Services for Overseas Students Act 2000</i> (Cth) |
| DEEWR | Commonwealth Government Department of Education, Employment and Workplace Relations (<i>Higher Education Support Act 2003, Higher Education Funding Act 1988, Australian Research Council Act 2001 and all associated guidelines</i>) |

This index was prepared to facilitate identification of compliance with statutory disclosure requirements.

| No. | Clause | Disclosure | Page(s) |
|-----|--------|--------------------|--------------------|
| | | Transmittal letter | Inside front cover |

STANDING DIRECTIONS FOR THE MINISTER FOR FINANCE (SD)

| | | | |
|---|-----------|--|------------------------|
| 1 | SD 4.2(g) | Report of Operations contains general information about the entity and its activities, highlights for reporting period and future initiatives and is prepared on a basis consistent with financial statements pursuant to the <i>Financial Management Act, 1994</i> | 1-118 |
| 2 | SD 4.2(h) | Report of Operations is prepared in accordance with Financial Reporting Directions | 1-65 |
| 3 | SD 4.2(j) | Report of Operations is signed and dated by Chancellor or equivalent and includes date of Council Meeting at which Annual Report was approved | Transmittal letter, 49 |
| 4 | SD 4.2(a) | Financial Statements are prepared in accordance with: <ul style="list-style-type: none"> – Australian Accounting Standards (AAS and AASB standards) and other mandatory professional reporting requirements – Financial Reporting Directions – Business Rules | 71-77 116-118 |
| 5 | SD 4.2(b) | Financial Statements available, including: <ul style="list-style-type: none"> – Income Statement – Balance Sheet – Statement of Recognised Income and Expense – Cash Flows Statement – Notes to the financial statements | 66-116 |
| 6 | SD 4.2(c) | Signed and dated statement by Accountable Officer stating that financial statements: <ul style="list-style-type: none"> – Present fairly the financial transactions during reporting period and the financial position at end of the period – Were prepared in accordance with Standing Direction 4.2 (c) and applicable Financial Reporting Directions – Comply with applicable Australian Accounting Standards (AAS and AASB standards) and other mandatory professional reporting requirements (including Urgent Issues Group consensus Views) | 116 |

| No. | Clause | Disclosure | Page(s) |
|-----|---------------|---|---------|
| 7 | SD 4.2(d) | Financial Statements are expressed in the nearest dollar except where the total assets, or revenue, or expenses of the institution are greater than: – \$10,000,000, the amounts shown in the financial statements may be expressed by reference to the nearest \$1,000 – \$1,000,000,000, the amounts shown in the financial statements may be expressed by reference to the nearest \$100,000 | 71 |
| 8 | SD 4.2(e) | The financial statements were reviewed and recommended by the University's Audit and Risk Committee, Finance and Business Affairs Committee and Council prior to finalisation and submission | 116 |
| 9 | SD 45.5 (New) | Attestation on compliance with the Australian/New Zealand Risk Management Standard | 58 |

A-IFRS FINANCIAL REPORTING DIRECTIONS (FRD)

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| 10 | FRD 10 | Disclosure Index | 119-121 |
| 11 | FRD 11 | Disclosure of ex-gratia Payments | 99-102 |
| 12 | FRD 07A | Early Adoption of Authoritative Accounting Pronouncements | n/a |
| 13 | FRD 17A | Long Service Leave Wage Inflation and Discount Rates | 94 |
| 14 | FRD 19 | Private Provision of Public Infrastructure | n/a |
| 15 | FRD 21A | Responsible Person and Executive Officer Disclosure in the Financial Report | 99 |
| 16 | FRD 22B | Standard Disclosures in the Report of Operations | 3-65 |
| 17 | FRD 25 | Victorian Industry Participation Policy in the Report of Operations | n/a |
| 18 | FRD 26A | Accounting for VicFleet Motor Vehicle Lease Arrangements on or after 1 February 2004 | n/a |
| 19 | FRD 102 | Inventories | 73 |
| 20 | FRD 104 | Foreign currency | 72 |
| 21 | FRD 106 | Impairment of assets | 75 |
| 22 | FRD 107 | Investment properties | n/a |
| 23 | FRD 109 | Intangible assets | 75 |
| 24 | FRD 110 | Cash Flow Statements | 69 |
| 25 | FRD 112A | Defined benefit superannuation obligations | 98 |
| 26 | FRD 113 | Investments in Subsidiaries, Jointly Controlled Associates and Entities | 102-104 |
| 27 | FRD 114 | Financial Investments | 73 |

DEPARTMENT OF EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS (DEEWR)

| | | | |
|----|---------------|---|-------|
| 28 | FRD 22B DEEWR | Within the context of the strategic directions as outlined in the Strategic Plan, the report outlines: – operational and budget objectives of the financial year – performance / objectives including significant activities and achievements during the year such as comparative analysis of indicators such as enrolments, graduations, student performance and satisfaction, graduate outcomes, access and equity, enrolment flexibility, student demand, staff profile, research performance and performance position | 3-37 |
| 29 | DEEWR | Information with respect to the governance and administrative structure of the university, specifically Council members and occupants of senior offices | 38-65 |
| 30 | DEEWR | Outline of student and staff grievance procedures and number of complaints made to and investigated by the Ombudsman | 64 |

| No. | Clause | Disclosure | Page(s) |
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| DEPARTMENT OF EDUCATION, EMPLOYMENT AND WORKPLACE RELATIONS [CONT] | | | |
| 31 | DEEWR | Details of information available on institution's website, including locations of current and previous Annual Reports | 65 |
| 32 | DEEWR | Compliance of financial statements with the Financial Statement Guidelines for Australian Higher Education Providers for 2009 Reporting Period issued by DEEWR | 71-116 |
| FINANCIAL MANAGEMENT ACT 1994 (FMA) | | | |
| | FMA 1994 | Financial Statements: | |
| 33 | 49(a) | – Contain such information as required by the Minister | 66-118 |
| 34 | 49 (b) | – Are prepared in a manner and form approved by the Minister | 66-118 |
| 35 | 49 (c) | – Present fairly the financial transactions of the department or public body during the relevant financial year to which they relate | 66-118 |
| 36 | 49 (d) | – Present fairly the financial position of the department or public body as at the end of that year | 66-118 |
| 37 | 49 (e) | – Are certified by the accountable officer in the manner approved by the Minister | 116 |
| GOVERNMENT RESPONSE TO THE REVIEW OF UNIVERSITY GOVERNANCE (RUG) | | | |
| 38 | RUG | Statement outlining that public funds allocated to the University have been allocated to the purposes specified by the Government or other public funding body. Statement is audited by the Auditor-General. | 36 |
| 39 | RUG | University Council's risk management strategy | 57-61 |
| 40 | RUG | Summary of financial performance of associates and commercial ventures | 102-104 |
| EDUCATIONAL SERVICES FOR OVERSEAS STUDENTS ACT 2000 (ESOS) | | | |
| 41 | ESOS (National Code 2007 – Sections C & D) | Statement indicating compliance with ESOS Act 2000 and the National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students (National Code 2007) | 63 |
| EDUCATION AND TRAINING REFORM ACT 2006 (ETRA) | | | |
| 42 | ETRA 2006, s. 3.2.8 | Statement on compulsory non-academic fees, subscriptions and charges payable in the preceding financial year | n/a |
| DECISION OF PUBLIC ACCOUNTS AND ESTIMATES COMMITTEE OF PARLIAMENT | | | |
| 43 | PAEC (December 1997) | Financial and other information relating to institution's international operations | 23-24, 82 |

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