

*DEAKIN
UNIVERSITY
ANNUAL
REPORT*



2005

**Report of operations and audited financial statements
for the year ended 31 December 2005**

23 March 2006

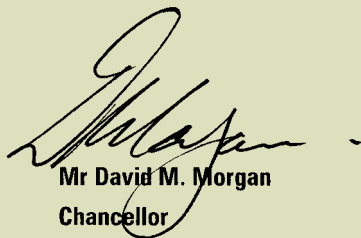
The Honourable Lynne Kosky MP
Minister for Education and Training

Dear Minister,

I have pleasure in presenting to you, on behalf of the Deakin University Council, the Deakin University Annual Report 2005.

This Annual Report was approved at a Council meeting held on 23 March 2006.

Yours sincerely,



Mr David M. Morgan
Chancellor

Mission

Deakin University's teaching and learning, its research, its partnerships and its international programs will be:

- > Relevant,
- > Innovative, and
- > Responsive.

Deakin will be recognised as Australia's most progressive University.

Core commitments

Deakin University has three core commitments that shape its distinctive position in higher education in Australia. In pursuing its mission and goals, Deakin takes account of its core commitments to:

- > Rural and regional engagement,
- > Continuing education and life-long learning, and
- > Equity and access for individuals and groups who might not otherwise enjoy the benefits that flow from participation in higher education.

Contents

Report of operations	1
The year in review	2
Establishment of the University	4
Deakin University at a glance	5
Teaching and learning	8
Research and research training	13
Internationalisation	15
Recruiting and retaining staff	17
Community responsibilities; rural and regional engagement	20
Communication, marketing and 'positioning'	22
Resources, infrastructure and services	24
Corporate governance	30
Procedural and legislative compliance matters	50
Audited financial statements	55
Compliance index	104

Report of operations

The year in review

Deakin commenced 2005 with considerable pride arising from a very positive report from the Australian Universities Quality Agency (AUQA).

An AUQA audit is a significant event in the life of a university; it is an external, high level audit of the quality of an institution and a major aim is to consider and review the procedures an organisation has in place to monitor and achieve its objectives. Deakin was audited in the second half of 2004 and adopted a constructive approach to the audit, viewing it as an opportunity to provide sustained benefits for Deakin and its communities.

Against this background, it was gratifying to receive an AUQA report that gave Deakin, its staff and supporters, so much in which to take pride. Deakin received a number of commendations in areas that are fundamentally important to the University's operations, including: its planning and continuous quality improvement framework; its significant improvement in research performance; its manifest commitment to access and equity; its strategy to link with and serve the needs of its rural and regional communities; its approach to Indigenous education that is successfully providing Indigenous students with access to higher education; and for its approach to staff performance management and career planning.

Characteristically, as a University that seeks to be known for its responsiveness, Deakin quickly developed a strategy for implementing, not only the recommendations and affirmations from the report, but also the lessons learned from preparing for and participating in the audit. Consideration of progress against the AUQA Implementation Strategy is now a regular part of the University's planning framework.

Implementing major structural change was a feature of Deakin's operations in 2005. A new Vice-President's position was established following a review of the structure of the University's administrative and academic support divisions. Deakin was delighted to recruit Ms Lin Martin to the position of Vice-President (Academic and Information Services). Ms Martin has assumed responsibility for the University Library, student administration, student services and support, the Planning Unit, and the newly established areas of

Knowledge Media and student equity. The executive attention directed to these areas contributed to significant achievements in 2005 in enrolment planning and monitoring, a major overhaul of the University's student selection and admission processes, the introduction of a comprehensive scholarship program and the development of a sound foundation from which to advance Deakin's access and equity agenda.

Professor Andy Flitman was appointed as the Dean of the Faculty of Science and Technology. He is successfully leading the Faculty through a consultative process to achieve structural and cultural change.

In a year characterised by major change, new organisational structures were established within the faculties of Science and Technology, Education, and Arts to better position these faculties to make a stronger contribution to advancing the mission, core commitments and goals of the University. Deakin also established an Institute of Teaching and Learning to provide intellectual leadership in teaching practice, including online teaching, and to enhance the teaching and learning reputation of the University. Deakin's disappointing rankings on the measures used to distribute national Learning and Teaching Performance funding in 2005 makes the work of the Institute all the more critical.

Deakin was delighted to be recognised for its contribution to Indigenous education and for its outstanding provision of student support services. Deakin's Institute of Koorie Education not only received a commendation from AUQA for the community-based learning model of educational delivery that it so successfully champions, it was described in the AUQA Report as an 'exemplar for Australia'. Later in 2005, the Institute of Koorie Education was presented with the Wurreker Award by the Victorian Aboriginal Education Association and the Victorian Office of Training and Tertiary Education. The Wurreker Award recognised the Institute's outstanding contribution to improving pathways and outcomes for Koorie students.

In December Deakin received an Australian Award for University Teaching in the category of provision of support services that assist student learning. The Award recognises Deakin's excellence as a leading provider of off campus library services.

Significant aspects of the federal government's reform of higher education continued to be implemented in 2005. Deakin contributed to policy debates on the Research Quality Framework which is being developed for introduction in 2007; the legislative responsibilities for universities; and options for building university diversity within the Australian higher education sector. Additional funding in 2006 is contingent on the Minister's assessment of whether an institution complies with the newly introduced Higher Education Workplace Relations Requirements and National Governance Protocols. Deakin has been advised that it has complied with the requirements.

To conclude the 'year of change', Deakin farewelled a number of key staff. Deakin's long standing Vice-President (Administration) Mr Russell Elliott announced his resignation from Deakin and Mr Eric Meadows resigned from his position as Pro Vice-Chancellor (International). The University owes a great debt to Mr Elliott and Mr Meadows for their significant contributions to Deakin.

Dr Richard Searby QC completed his third and final term as Chancellor of the University on 31 December 2005. The loss of the exemplary skill and expertise with which Dr Searby has guided the Council, together with his kindness and good humour, will be keenly felt.

Dr Searby presided over the Council during a period of significant reform to higher education and to university governance. Through the application of his legal and corporate governance knowledge and experience, Dr Searby established a model for university governance which is now adopted by others. Those responsible for the management of the University have also benefited greatly from his financial and legal expertise.

Deakin seeks to be recognised as Australia's most progressive university. Deakin is poised to confidently embrace the next stages of its



Professor Sally Walker, Vice-Chancellor, at the Geelong Waterfront campus

development. It does so having implemented significant change in 2005 and having received external recognition for its achievements. The following sections of this Annual Report document Deakin's performance against its seven strategic planning goals, provide the necessary legislative and compliance information and contain the audited financial statements as at 31 December 2005.

A handwritten signature in black ink that reads "Sally Walker". The signature is written in a cursive, flowing style.

Professor Sally Walker
Vice-Chancellor

Establishment of the University

Deakin University was established under the *Deakin University Act 1974*. The responsible Minister is the State Minister for Education and Training.

For funding purposes and some aspects of the University's operations, the relevant Minister is the Commonwealth Minister for Education, Science and Training.

Objectives

The objectives of Deakin University are set out in Section 5 of the *Deakin University Act 1974* 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 the 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 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, and
- (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.

Deakin University at a glance

Deakin University is a large, multi-campus university with approximately 35,000 students and more than 2,500 staff. Deakin conducts its activities from the following five campuses:

- > Melbourne campus at Burwood (~ 14,000 students; > 1,000 staff)
- > Melbourne campus at Toorak (~1,500 students; ~ 100 staff)
- > Geelong campus at Waurin Ponds (~ 4,500 students; > 800 staff)
- > Geelong Waterfront campus (~1,500 students; > 400 staff) and
- > Warrnambool campus (~1,200 students; ~ 160 staff).

In addition, approximately 13,000 of Deakin's students study in 'off campus' mode that does not require attendance at campus. This flexible method of study is supported by high quality distance education and online materials.

Deakin University was established in 1974 as a 'university in the Geelong area'; its Act includes reference to providing 'the opportunity for tertiary education at the university level to all qualified persons whether within or outside Victoria by means of external studies programmes'. Thus Deakin began as a regional university focused on broadening access to education. Deakin has a distinctive mission and three core commitments which are, in part, attributable to the University's history and origins.

Deakin's mission is **to be recognised as Australia's most progressive university**. To achieve this, Deakin's teaching and learning, research, partnerships and international programs will be **relevant, innovative and responsive**.

Deakin's core commitments are to: **rural and regional engagement; continuing education and life-long learning; and equity and access** for individuals and groups who might not otherwise enjoy the benefits that flow from participation in higher education. These core commitments reflect the unique contribution Deakin seeks to

make to Australia's higher education sector. In pursuing its mission, Deakin takes account of its core commitments.

The University's operating budget in 2005 was more than \$430 million.

The Council is the governing authority of the University. Membership of Council is stipulated in the University's Act. Dr Richard Searby QC was the Chancellor of Deakin University and Chair of the Council from 1997 until his retirement from the position at the end of 2005. Mr David Morgan was installed as Deakin's fifth Chancellor by the Governor, Mr John Landy AC, MBE on 14 February 2006.

Professor Sally Walker is the Vice-Chancellor and President of Deakin University.

Professor Walker is responsible for the stewardship of the University, acting as its chief executive officer. She develops and implements Deakin's strategic and operational plans which guide the University's teaching and research programs and its community engagement. Professor Walker is responsible for the management of the University, including its human resources, financial and asset management.

Academic activities are coordinated through five faculties: Arts; Business and Law; Education; Health and Behavioural Sciences; and Science and Technology. The Institute of Koorie Education offers courses for Indigenous students in partnership with the faculties through a unique community-based delivery method. An Institute of Teaching and Learning was established in 2005 to provide leadership in teaching practice, including online teaching.

Deakin's acknowledged strengths in teaching and learning are in the following areas:

- > nursing
- > education
- > Indigenous education
- > law, business and management
- > creative arts involving the use of technology
- > sport and well-being.

Deakin is the largest teacher training provider in Victoria. It has the largest number of Indigenous students of any Victorian university. Deakin and La Trobe provide the greatest number of nursing places in the State. Deakin's Master of Business Administration (MBA) attracts the greatest number of enrolments nationally and includes a program developed in partnership with CPA Australia.

Although in its early years there was less emphasis on research, Deakin has significantly improved its research performance over the past five years. External research income in 2004 was over \$22 million.

Today, Deakin is one of Australia's fastest growing research institutions. Deakin's research efforts are focused on developing programs that are relevant to the needs of partners and the community. The major research activities are in the areas of:

- > advanced materials
- > biotechnology
- > citizenship and globalisation
- > public health
- > sustainability
- > learning
- > the built environment
- > organisational management.

In 2004 Deakin's most prominent researcher, Professor Peter Hodgson, became the University's first Federation Fellow. A Federation Fellowship is the most prestigious award offered by the Australian Research Council and is designed to attract and keep the world's best researchers in Australia. Professor Hodgson leads Deakin's Advanced Materials and Performance Research Area which works in nanotechnology, particularly in partnership with the automotive industry to find ways to use carbon fibre in cars to make them both lighter and safer.

Deakin is actively engaged in the communities that surround its campuses. By strengthening links with secondary schools and TAFEs, particularly in South Central and South Western Victoria, Deakin is seeking to make university study a real possibility for students from backgrounds with historically low participation rates in higher education.

Community reference groups comprising leaders from the Geelong and Warrnambool areas advise the Vice-Chancellor on the University's engagement activities. This includes working with the cities of Geelong and Warrnambool on strategies to encourage more international students to study at these locations; the University has funded international student scholarships as part of its endeavours to this end.

Planning and continuous quality improvement

Deakin's planning framework provides an integrated cycle of planning, resourcing, accountability and evaluation that drives continuous quality improvement. At the highest level, the Strategic Plan sets out Deakin's long-term goals and strategies.

Taking Deakin University Forward, the University's current Strategic Plan, was first approved by Council in April 2003. It covers the five-year period from 2003 until 2007. *Taking Deakin University Forward* contains seven goals and related strategies designed to advance the University's mission.

Prioritisation to meet goals occurs through operational planning. A University Operational Plan is developed annually; it sets out the immediate priorities, in the form of measurable targets for the year, to advance the goals contained in the Strategic Plan. The annual Operational Plan is finalised over a period of months during which targets are refined and adjusted in light of the University's current performance, external developments, and as part of a process of aligning plans with available resources.

Planning is integrated throughout the University by the development of annual operational plans for each faculty, the Institute of Koorie Education and the major administrative areas. These second-order

operational plans include targets that are developed to contribute to the achievement of the University's Operational Plan and to advance the longer-term goals of the University.

A distinctive feature of Deakin's planning cycle is its transparent approach to driving improvements. The Vice-Chancellor, the members of the Senior Executive, and the Deans are accountable for achieving the targets set out in the annual operational plans; the Vice-Chancellor is responsible for the University's progress against its Strategic Plan. Each February the Vice-Chancellor hosts a planning conference involving the members of the Senior Executive, Deans, Heads of Schools and other senior managers to assess performance against the operational plans of the University and its faculties, the Institute of Koorie Education, and major administrative areas. This process of performance review and evaluation leads to the identification of improvement actions which are added, in the form of an addendum, to the current year's Operational Plan of the University, and to the second-order operational plans.

This cyclical process of planning, performance review and re-planning is a hallmark of Deakin's commitment to continuous quality improvement at every level of the University.

Risk and controls

A range of other accountability mechanisms are in place for overseeing the sound management of the University. Each faculty is thoroughly reviewed every five years by panels with significant external membership to provide advice to the Vice-Chancellor on performance, effectiveness and capacity to meet emerging needs. In 2005 this process was extended to major administrative areas. Council's Audit and Risk Committee approves an annual internal audit plan that governs the operations of Internal Audit in delivering a process of systematic, independent audits to evaluate the effectiveness of the University's systems of internal control.

Each faculty and all other major areas of the University must maintain up-to-date risk registers and, from these and other considerations, a University Risk Register is developed annually for consideration by Council. These registers set out the risks facing the University and the controls in place to manage those risks. An extensive compliance program operates throughout the University to enable members of the Senior Executive, Deans and other senior managers to demonstrate that appropriate measures are in place and operating to ensure that the University complies with relevant external legislation and regulations and internal policies and procedures.

In addition, the University submits reports and documentation to the Commonwealth Department of Education, Science and Training to satisfy various accountability requirements and for the Department to complete its annual assessment of the University's performance.

Note: the data throughout this Report of Operations relates to the 2005 DEST and Graduate Careers Australia statistical collections.

Teaching and learning

Deakin's goal is:

To provide excellent teaching in relation to undergraduate, postgraduate and professional development programs of contemporary relevance that are available to students wherever they are located and developed in consultation with potential employers, industry, government and professional bodies.

Deakin's priorities for 2005 in teaching and learning continued to focus on fostering student and graduate success, including advancing the University's commitment to equity and access; sustaining excellence through quality assurance and continuous quality improvement processes; recognising excellence and innovation; and promoting innovation through online teaching and learning. Good progress was made in all areas and most targets in the 2005 Operational Plan were achieved. In particular:

- > A Course Review Working Party was established to drive new course developments strategically, to accelerate course renewals and, where necessary, to recommend course discontinuation. In 2005, eleven new undergraduate and fifteen postgraduate courses were developed and promoted for the 2006 student intake.
- > Considerable funding was provided to encourage and reward innovation and excellence in teaching and learning. Eight projects received funding totalling more than \$300,000 from the competitive strategic teaching and learning grant scheme. For example, funding was granted for a project to design and build interactive performance, animation and games systems as a model for interdisciplinary, collaborative and experiential learning. Three awards were presented in recognition of outstanding achievements in teaching and learning and a further eleven teaching excellence awards were presented.
- > Deakin won an Australian Award for University Teaching in the category of the provision of support services that assist student learning. The award recognised the excellence of Deakin's off campus library services. Many of Deakin's Library services have been developed with off campus students in mind, although the services that work for remote students also contribute to the development of highly valued services for on campus students. Deakin was also short-listed for an Australian teaching award in the physical sciences and related studies category.
- > Deakin's Institute of Koorie Education received considerable and much deserved recognition. It was described by the Australian University's Quality Agency as an 'exemplar for Australia' and received a commendation for 'the community-based learning model that is successfully providing Indigenous students with access to higher education'. In addition, the Institute of Koorie Education won a Wurreker Award in recognition of the Institute's outstanding contribution to improving pathways and outcomes for Koorie students. Wurreker Awards are presented by the Victorian Aboriginal Education Association and the Victorian Office of Training and Tertiary Education.
- > A survey of employers of Deakin graduates was undertaken to ascertain whether Deakin's graduates were seen by employers as possessing the skills expected by those employers and the graduate attributes identified by the University. The results were very positive and provided evidence that Deakin's graduates are well equipped with the skills identified as important by employers.



Presentation of the Wurreker Award to Deakin's Deputy Vice-Chancellor (Academic), Professor John Rosenberg and the Director of the Institute of Koorie Education, Ms Wendy Brabham (far right). Also pictured: Chairperson of the Wathaurong Co-op, Lyn McInnes (far left) and student Ms Julie Jose (centre left)

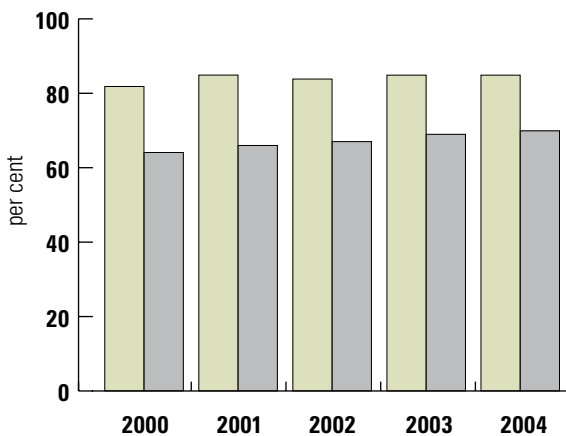
- > Each semester all units offered are surveyed using the University's Student Evaluation of Teaching and Units instrument. Results are used to improve teaching performance and are reported in various forums including to the Academic Board and Council. General improvements in ratings were achieved in 2005 including to key questions: 'this unit was well taught', 'I would recommend this unit to other students' and 'the use of on-line technologies in this unit enhanced my learning experience'.
- > A student survey is administered annually to obtain student opinion on the quality of student support services and facilities. In 2005 extremely high levels of satisfaction were recorded for all services and facilities with the Library, academic support services and the University's physical environment recording the most favourable outcomes.
- > Despite the positive results from internal measures of teaching performance and student satisfaction, regrettably, Deakin did not perform well in the ratings used to determine the competitive allocation of funds from the federal government's Learning and Teaching Performance Fund that was established in 2005. This is a matter of significant concern for the University and plans have been developed to improve performance in teaching and learning measures.
- > In late 2005 Deakin established an Institute of Teaching and Learning which will play a critical role in working with faculties on strategies to improve Deakin's performance and enhance its reputation in teaching and learning.

- > To improve students' understanding of plagiarism, considerable resources were developed in relation to 'academic honesty', including web-based training and information on plagiarism and collusion, and the publication of a guide to assignment writing and referencing.
- > A comprehensive review of the University's policies, processes and practices governing undergraduate student selection and admission was completed, with the new

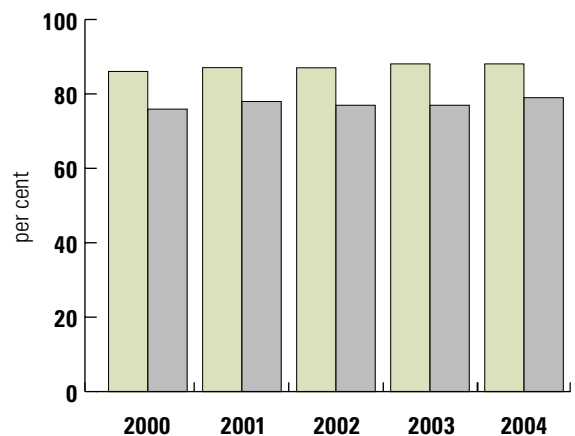
policies and procedures applied for the first time to the 2006 student intakes. The revised policies include greater emphasis on student equity to ensure that Deakin's approach to selecting students advances its core commitment to improve the participation of students from recognised equity groups and those with other forms of social or educational disadvantage.

Details of Deakin's enrolment profile and performance measures in teaching and learning are provided in the graphs and tables that follow.

Undergraduate on and off campus student retention rates, 2000–2004



Undergraduate on and off campus student progress rates, 2000–2004



Legend: on campus off campus

Course completions, 2001–2004

	2001	2002	2003	2004
Total	7113	6553	7045	7224
By course type				
Higher degree by research	109	123	115	111
Higher degree by coursework	657	895	1094	1196
Other postgraduate	1849	1394	1154	1229
Bachelor	3923	3863	4335	4485
Other undergraduate	575	278	347	203
By faculty				
Arts	1113	1066	1191	1249
Business and Law	3027	2667	2763	2666
Education	892	880	885	1042
Health and Behavioural Sciences	1017	1050	1171	1065
Science and Technology	1064	891	1036	1203
By gender				
Female	3669	3716	4002	4171
Male	3444	2837	3043	3053

Student enrolments (persons) as at 31 August 2002–2005

	2002	2003	2004	2005
Total	31755	33749	34197	34646
By faculty				
Arts	6535	6767	6586	6767
Business and Law	11803	12848	13005	12839
Education	4104	4216	4172	4533
Health and Behavioural Sciences	3989	3939	4467	4870
Science and Technology	4987	5487	5474	5138
Cross-institutional	338	493	494	500
By course type				
Higher degree by research	946	967	955	963
Postgraduate coursework	7158	8508	8701	8635
Undergraduate	22907	23307	23435	23945
Non-award, cross-institutional	744	967	1106	1103
By campus				
Melbourne campus at Burwood	11945	11960	12308	13584
Melbourne campus at Toorak		912	1429	1435
Geelong campus at Waurn Ponds	4108	4350	4462	4441
Geelong Waterfront campus	1005	1071	1171	1467
Warrnambool campus	1037	1112	1175	1201
Off campus	12453	12801	12185	11248
Offshore	1207	1543	1467	1270

Student Load (EFTSL) by course type as at 31 August 2002–2005

	2002	2003	2004	2005
Total	19906	20598	21110	21691
Course Type				
Higher degree by research	616	646	640	641
Postgraduate coursework	3081	3024	3320	3248
Undergraduate	16045	16678	16870	17528
Non-award, cross-institutional	165	250	280	274

Student Load (EFTSL) by funding source as at 31 August 2002–2005

Funding source	2002	2003	2004	2005
Commonwealth supported	14517	14314	13937	14559
Domestic fee paying (including fee waived)	1729	2116	2252	2278
International fee paying (including offshore)	2698	3785	4601	4605
Other fee paying	963	383	320	248
Total	19906	20598	21110	21691

Graduate satisfaction with teaching, 2001–2004 (Course Experience Questionnaire results)

	2001	2002	2003	2004
	%	%	%	%
Good teaching	77	77	80	81
Generic skills	85	86	88	88
Overall satisfaction	91	91	90	89

Graduates in full time work, 2001–2004 (Graduate Destination Survey results)

	2001	2002	2003	2004
	%	%	%	%
Deakin	84.4	78.3	79.5	76.9
All Victorian universities	83.1	79.9	80.4	80.6
All Australian universities	83.1	81.3	80.1	79.7

Note: Represents the number of Australian resident bachelor degree graduates who are in full time work as a proportion of those available for full time work.

Research and research training

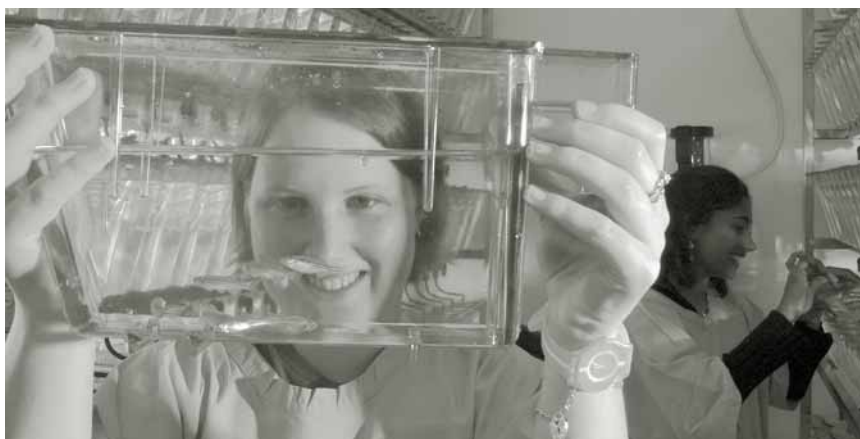
Deakin's goal is:

To have a vibrant culture of research with a critical mass of researchers associated with each major discipline providing every student with the experience of being taught by leading researchers, and to foster internationally competitive research groups in areas of strategic importance.

Deakin University is one of Australia's fastest growing universities in terms of research performance. Since 1997, Deakin has focused research activity into a limited number of areas of strategic importance and this has significantly improved the University's performance in all major research measures. Deakin received commendations from AUQA for 'the establishment of Research Priority Areas which are successfully providing a stimulus for the development of research networks across the University and partnerships with external organisations' and for 'the significant improvements of a number of research performance measures in recent years'. A further commendation was received in relation to the intensive workshops Deakin provides for its early career researchers which, it was noted, were highly valued by staff.

AUQA also made recommendations in relation to the implementation of an ongoing training program for higher degree by research supervisors and the extension of the range of skills development workshops available to higher degree by research students. Deakin responded promptly to these recommendations in 2005, revising its set of training programs and workshops for implementation in 2006.

Much attention was focused in 2005 on understanding and preparing for the introduction of a new framework for assessing the quality and impact of publicly funded research in Australia. The federal government's Research Quality Framework (RQF) will be finalised during 2006 and implemented in 2007. A feature which distinguishes the Australian model from those implemented overseas is the inclusion of a measure of research impact in addition to research quality. Deakin's Deputy Vice-Chancellor (Research),



Research at Deakin: the Zebra Fish Research and Development Facility at the Centre for Cellular and Molecular Biology

Professor Pip Hamilton, was invited to join the working party that considered the assessment of research impact in the framework.

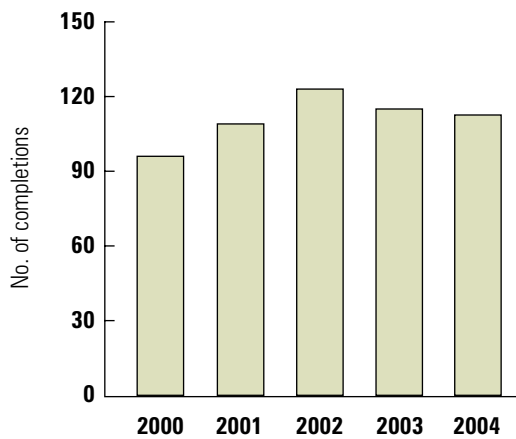
The introduction of the RQF is important as it will shift the emphasis from research quantity to research quality. During 2005 Deakin commenced adapting its planning and practices in preparation for the introduction of the RQF. A new plan for research management was developed which places greater emphasis on shaping a research culture where the effort and activities of researchers are focused on research of high quality and high impact.

Highlights from 2005 in research and research training included:

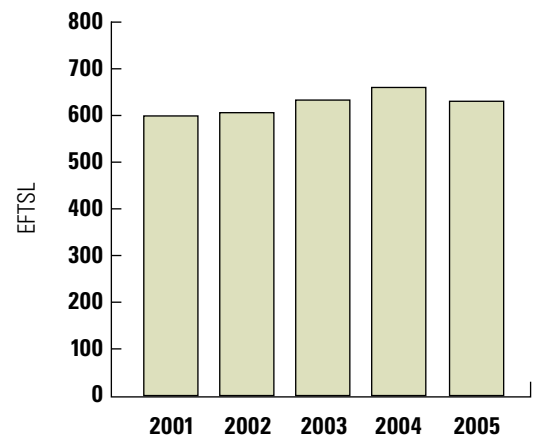
- > The Victorian Centre for Advanced Materials Manufacturing (VCAMM) which is located at Deakin's Geelong Technology Precinct secured further funding from Round 3 of the Victorian Government's Science, Technology and Innovation Initiative. The funding is to engineer materials to produce lightweight cars and planes that save on fuel costs. Deakin is the main research provider of VCAMM whose membership includes the CSIRO and La Trobe, Swinburne and Monash universities and a number of companies.

- > Deakin and Monash were the lead universities in a successful bid for an Australian Research Council Centre of Excellence. Professor Peter Hodgson and Dr Matthew Barnett from Deakin's School of Engineering and Technology were instrumental to the success of the proposal leading to the establishment of a Centre of Excellence in Design in Light Metals.
- > Deakin's Professor Bharat Hazari and Professor Malcolm Macmillian were elected as fellows of the Academy of Social Sciences of Australia in recognition of their distinguished contribution to the social sciences. Professor David Walker, who is also a fellow of the Academy of Social Sciences of Australia, was elected as a fellow of the Humanities Academy.
- > Professor Greg Collier and his research team at ChemGenex achieved an exciting breakthrough in identifying a gene that regulates inflammation. The discovery has profound ramifications for the treatment of a wide range of diseases including cardiovascular conditions, diabetes and obesity.
- > Deakin improved its research performance in all major research measures, increasing its research income, its publications output, the percentage of academic staff that are research active, and maintaining high levels of research student satisfaction.

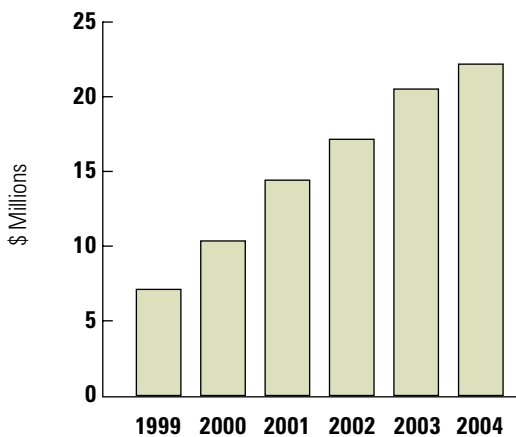
Higher degree by research completions, 2000–2004



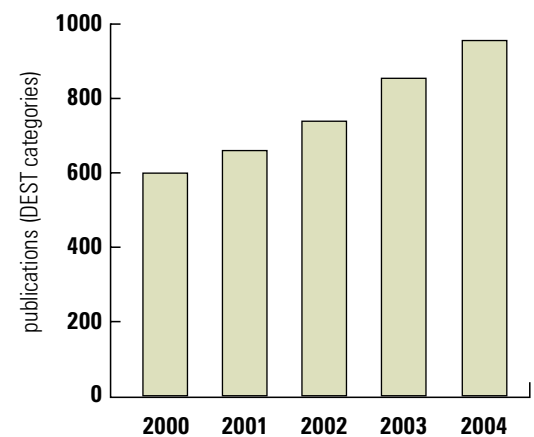
Higher degree by research student load, 2001–2005



Total research income, 1999–2004



**Research publications, 2000–2004
(books weighted by authorship)**



Internationalisation

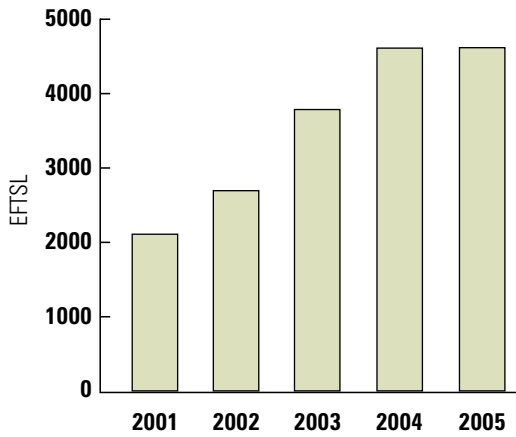
Deakin's goal is:

To promote internationalisation throughout the University in a way that is valued by staff and students.

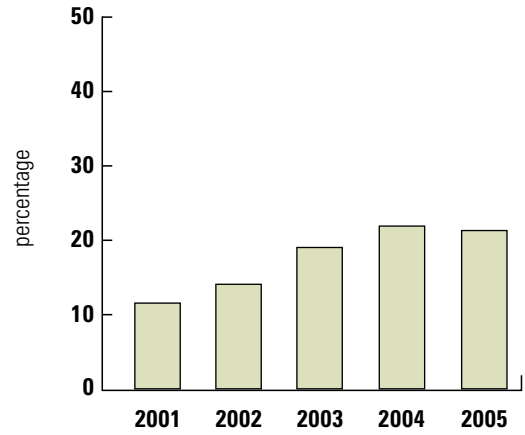
2005 was a challenging year for Deakin in relation to international student recruitment. The rapid growth in international student load that had been experienced between 2001 and 2004 was not sustained in 2005, although Deakin did maintain its 2004 position. A number of actions were pursued in 2005 to improve international undergraduate and postgraduate student enrolments, including:

- > As a leading distance education provider, Deakin successfully sought accreditation from the US-based Distance Education and Training Council (DETC). Accreditation was granted in January 2005 for an initial period of five years, providing additional external recognition of both Deakin's academic and administrative quality and its ongoing quality assurance processes. External educational accreditation in this context is a third party guarantee that Deakin will provide the quality of education it claims to offer, that it operates on a sound financial basis, offers approved programs of study, follows recruitment and admissions policies that meet set standards and has qualified academic staff, as well as adequate facilities and equipment. Following receipt of DETC accreditation, a number of staff delegations were made to major US distance education recruitment agents to promote Deakin's distance education expertise and offerings.
- > Deakin's Faculty of Education secured important agreements in the United Arab Emirates and in Malaysia to provide its programs to students in those countries. Through an agreement with the Higher Colleges of Technology in the United Arab Emirates, Deakin will offer its Master of Education degree, providing postgraduate opportunities to graduates who will play a significant part in educational development in their country.
- > Deakin is one of four foreign universities to have been selected by the Malaysian Ministry of Education to offer a Bachelor of Education (Primary Mathematics) and a Bachelor of Education (Primary Science) through Teachers Colleges in Malaysia. This initiative is part of the Malaysian Government's reform agenda to upgrade the qualifications of primary teachers and to teach mathematics and science in English.
- > Deakin has been working in partnership with the City of Warrnambool and the City of Greater Geelong to actively promote the benefits of studying in rural and regional Victoria. As an incentive, Deakin has introduced new scholarships for international students as part of a strategy to encourage enrolments at Deakin's Geelong and Warrnambool campuses.
- > Significant effort was invested in promoting new course offerings to appeal to international students and an expanded range of pathways programs for preparing prospective international students for study at Deakin.
- > As part of the University's continuous quality improvement processes, the Deakin University English Language Institute was reviewed by a panel that included a number of external experts. The panel's report reflected very favourably on the Institute and its plans for the future.
- > Deakin's new International Centre began to emerge from the building site on the Elgar Road side of the Melbourne campus at Burwood. This new building, due for occupancy in 2007, together with other significant capital developments at the Melbourne campus, will provide state-of-the-art facilities and greatly improved amenities for all students at this campus.

International student load as at 31 August 2001–2005



International student load (EFTSL) as a percentage of total load as at 31 August 2001–2005



Members of the Deakin University peer support network for international students



Victorian Minister for Education and Training Lynne Kosky, and Dean of the Faculty of Education Professor Shirley Grundy, sign an agreement between Deakin University and Higher Colleges of Technology in the United Arab Emirates

Recruiting and retaining staff

Deakin's goal is:

To attract, retain and develop outstanding staff who are committed to the mission and goals of the University and to increase staff numbers in areas of strategic need by the responsible use of revenue growth.

Since late 2003 Deakin has actively sought to increase the number of academic staff employed in areas of strategic importance. New staff appointments made in 2005 contributed to the continuing improvement in Deakin's staff student ratio. Deakin has also successfully recruited more professorial staff as part of its plans to develop a more balanced academic staff profile.

Deakin has a much more balanced academic staff profile in terms of gender equity than other universities; the representation of women in senior academic positions at Deakin is well above the average for the Australian sector. Thirty-five per cent of Deakin's academic staff at levels of appointment above senior lecturer are female, compared with a sector average of twenty per cent. Two-thirds of Deakin's general staff are women. In 2005 Deakin successfully applied for accreditation with the Equal Opportunity for Women in the Workplace Agency as an Employer of Choice for Women and the Vice-Chancellor, Professor Sally Walker, received the Australian Government's Equal Opportunity for Women in the Workplace Agency Award for the most promising person or organisation for the advancement of women.

In terms of human resources policy direction, it was necessary to devote considerable resources in 2005 to position the University to satisfy new workplace requirements. On 29 April, 2005 the federal government released new Higher Education Workplace Relations Requirements (HEWRRs) and announced that they were effective immediately. To be eligible for increased funding under the Commonwealth Grant Scheme of five per cent in 2006 and seven and a half per cent in later years, universities must meet the HEWRRs to the

satisfaction of the Minister for Education, Science and Training. The requirements to be eligible for the increased funding in 2006 vary depending on the status of an institution's enterprise agreement.

Prior to the government's announcement, Deakin had reached the final stages of its new Enterprise Bargaining Agreement (EBA) negotiations. The HEWRRs announcement affected the University's ability to conclude these negotiations. Negotiations re-commenced on a revised EBA which was ultimately certified by the Australian Industrial Relations Commission on 16 November, 2005.

In addition to settling a new EBA, more than 90 human resources policies and procedures were revised and other changes were put into effect to ensure that Deakin complied with the HEWRRs.

Other initiatives included the introduction of new staff development programs for academic and general staff in 2005 to enhance leadership and management capabilities and, following the success of the online induction system for continuing staff in 2004, the introduction of an online induction system for casual staff.

Staff satisfaction survey results, 1998, 2000, 2002 and 2004

1998 %	2000 %	2002 %	2004 %
63	63	67	70

Workforce data

Staff numbers (persons) as at 31 December, 2004 and 2005

	Academic	General	Male	Female	Total 2005	Total 2004
Geelong campus at Waurn Ponds	292	542	359	475	834	858
Geelong Waterfront campus	76	339	186	229	415	397
Melbourne campus at Burwood	484	606	400	690	1090	1029
Melbourne campus at Toorak	27	81	35	73	108	99
Warrnambool campus	66	96	69	93	162	167
Total*	945	1664	1049	1560	2609	2550
Australian Human Resources Institute		28	5	23	23	24
Callista Software Services		102	71	31	102	109

*Includes DeakinPrime employee numbers

Equity and equal opportunity

Staff are appointed on the basis of merit in accordance with the University's appointment policies and are required to conduct themselves in accordance with the Deakin University Code of Conduct.

Staff equity and diversity strategies continue to be implemented via an Access, Equity and Equal Opportunity Functional Area Plan 2005–2007.

The University takes all reasonable steps to prevent harassment and discrimination by having in place policies and procedures on these matters, requiring all staff to undertake training in the prevention of harassment and discrimination, providing managers and supervisors with specific briefings and assistance and having trained staff to deal with any claims that may be made.

Occupational health and safety

Deakin University has a commitment to providing a safe and healthy working environment for all staff, students, contractors and visitors. This commitment is enabled through the University's Occupational Health and Safety (OHS) Management System.

The OHS Management System refers to the structures, planning, procedures, activities and resources the University applies to the improvement and maintenance of occupational health and safety performance and standards across the University.

The objective of the system is to create a positive culture within the University in relation to health and safety issues, promoting them as standard components of the University's management systems.

Deakin's health and safety performance compares favourably with the thirteen universities against which it benchmarks. Deakin has one of the lowest lost time injury rates of these universities.

OHS performance indicators (1997–2005)

	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
1997	7.26	16.54	14.3	17.2	\$44.60	\$190	0.38%
1998	5.20	14.79	12.9	11.2	\$33.19	\$328	0.58%
1999	5.07	12.56	17.9	15.3	\$43.54	\$409	0.75%
2000	5.89	12.95	30.5	30.2	\$81.78	\$593	0.92%
2001	4.09	10.50	45.5	31.4	\$83.98	\$403	0.64%
2002	4.03	10.00	63.7	42.8	\$127.03	\$457	0.70%
2003	4.00	7.55	52.0	35.4	\$80.91	\$503	0.72%
2004	2.41	6.11	32.8	18.1	\$64.24	\$480	0.70%
2005	2.53	3.69	65.5	26.8	\$83.16	\$417	0.59%



Victorian Coastal Awards for Excellence lifetime achievement award winner Deakin University Associate Professor John Sherwood with Minister for the Environment John Thwaites

Community responsibilities; rural and regional engagement

Deakin's goal is:

To work in partnership with local communities in Burwood, Geelong and Warrnambool, and with governments, industry, business and the professions, to advance the interests of Victoria and Australia; to champion equity and access; and to be committed to providing: flexible teaching programs; distance and online education; workplace-based learning and continuing education; and research and teaching programs that advance the needs of South Central and South Western Victoria.

Performance in this area seeks to advance the goals for community responsibilities and rural and regional engagement as well as Deakin's commitment to equity and access to higher education for individuals and groups who might not otherwise enjoy the benefits that flow from such participation. Highlights in 2005 included:

- > DeakinPrime, the University's commercial arm that provides education and development programs tailored to the needs of commercial organisations, was successful in securing the Defence Materiel Organisation Strategic Partnership tender. DeakinPrime is Australia's leader in Corporate Institutes. It held a highly successful Corporate Institute Discovery Summit in 2005 involving senior executives from a number of leading corporations.
- > Deakin was delighted to have its commitment to rural and regional engagement recognised through a commendation from AUQA for its strategy to link with, and serve, the needs of its rural and regional communities. Deakin's leadership role in university community engagement was consolidated with the election of its Pro Vice-Chancellor (Rural and Regional), Professor Rob Wallis, as the inaugural president of the Australian Universities Community Engagement Alliance.
- > Deakin continues to actively pursue a range of actions aimed at addressing disadvantage and improving the participation of under-represented groups in education. During 2005 Deakin developed a publication called 'Can My Wallet Afford It? A Guide to the cost of studying at university 2006'. This was distributed to more than 200 schools within Victoria and special 'Can My Wallet Afford It?' workshops were hosted in regional and rural centres targeting those with low rates of participation in higher education.
- > An expanded scholarships program and revised admission and selection processes that provided a greater focus on student equity were among other initiatives introduced in 2005 to increase the likelihood of students from rural and regional areas and other designated equity groups applying to enrol in higher education courses. Deakin was successful in more than doubling the proportion of offers made to access and equity students.
- > In a first for the higher education and community sectors in Victoria, Deakin established a partnership with The Smith Family's Learning for Life program to ensure more students from disadvantaged backgrounds have the opportunity to pursue a tertiary education.
- > Each year a dedicated group of more than 100 staff from Deakin's Property Services Division join together to make a real and sustainable difference to members of a community whose circumstances are less fortunate than their own. In 2005 staff from the Division were instrumental in transforming the MacKillop Family Services' St Vincent's Camp at Shoreham. This camp had become run down. A team of architects, engineers, electricians, builders and other staff donated their time and in one day transformed the campsite so that it is again a valuable resource.

- > Opportunities are provided for staff and students to contribute to their communities. In 2005 Relay for Life events held on Deakin's Geelong and Warrnambool campuses raised more than \$450,000 towards cancer research on behalf of the Cancer Council Victoria.
- > Deakin was part of a team which included the Victorian Aboriginal Education Association that successfully bid to host the 2008 World Indigenous Peoples' Education Conference in Melbourne.



Deakin's Property Services Division staff at work at the MacKillop Family Services' St Vincent's Camp at Shoreham

Equity group students as a proportion of domestic student enrolments, 2000–2004

Equity group	2000 %	2001 %	2002 %	2003 %	2004 %
Aboriginal and Torres Strait Islander—Deakin	1.1	1.2	1.2	1.5	1.3
Aboriginal and Torres Strait Islander—all Victorian universities	0.5	0.5	0.5	0.5	0.5
Non-English speaking background—Deakin	1.6	1.9	1.7	1.7	1.7
Non-English speaking background—all Victorian universities	4.1	3.8	3.3	3.4	3.7
Low socioeconomic status—Deakin	12.2	14.5	13.9	12.8	12.2
Low socioeconomic status—all Victorian universities	11.5	13.9	13.3	13.0	12.7
Disability—Deakin	1.7	1.7	2.8	2.7	2.2
Disability—all Victorian universities	2.8	2.7	2.9	3.0	3.0
Rural or isolated—Deakin	21.7	23.4	22.9	20.6	20.5
Rural or isolated—all Victorian universities	17.2	17.8	17.4	17.1	16.5

Communication, marketing and 'positioning'

Deakin's goal is:

To ensure that Deakin University's distinctive contribution to higher education is recognised in a way that facilitates long-term sustainable growth.

Deakin's distinctive contribution to higher education is conveyed through its relevant, innovative and responsive teaching and learning programs, its research, its partnerships and its international activities. In 2005:

- > Deakin released its proposal to establish a rural and regional medical education program in western Victoria. The proposal, which has received very strong and enthusiastic support, will differ from other medical programs as it will be the first rural and regional medical school in southern Australia. It will have a major focus on rural and regional medical practice and will address the significant health needs of people living in non-metropolitan areas. A decision on the proposal is expected to be announced in 2006.
- > Deakin Week was introduced in 2005 to celebrate and promote the vast range of activities and research occurring at Deakin's five campuses. Selected feature events available to members of the public were complemented by approximately 100 events for students, staff and alumni.
- > More than twenty new or revised undergraduate and postgraduate courses were introduced in 2005 as part of a formalised and concerted approach to renew and refresh course offerings. This was underpinned by a more targeted approach to marketing, including refinements to Open Days, increased promotion to schools and work undertaken to ensure that Deakin's brochures and web pages are informative.
- > Deakin significantly improved its performance in attracting student preferences for university admission in 2006. First preference applications for Deakin increased by five per

cent at a time when overall applications for admission to Victorian universities declined by three per cent. Deakin, the University of Melbourne and Monash University were the only universities in Victoria to improve their first preference market share. For Deakin this result was achieved by a strong growth in preferences from school leavers.

- > Primary teaching and nursing at Deakin are among the most popular courses offered by Victorian universities, with both courses appearing in the list of top ten courses based on Victorian Tertiary Admission Centre first preferences.
- > To further its commitment to continuing education and life-long learning, Deakin took action in 2005 to facilitate and publicise articulation pathways and advanced standing arrangements for TAFE students. Deakin has an excellent record of attracting students from TAFE and it is strengthening its alliances with selected TAFE Institutes. A new Memorandum of Understanding (MOU) was signed with the Box Hill Institute establishing a strategic alliance between Deakin and Box Hill and providing the opportunity for new pathways for the Institutes' students into Deakin degrees. The MOU also provides for collaborative marketing to local and international students and advice and academic oversight by Deakin in relation to the development of Box Hill Institute programs.

In 2005 the contributions of a number of Deakin's staff and students were recognised through a range of awards:

- > The 2005 President of the Deakin University Student Association, Ms Joleen Ryan, was the joint winner of the inaugural Ricci Marks Aboriginal Young Achiever Award, which recognises the contribution and achievements made by Victorian Indigenous people aged between 15 and 25.



- > Ms Lisa Castle, a Bachelor of Engineering/ Bachelor of Computing student, was named the 2005 Young Victorian of the Year. Ms Castle also won an ABC Women in Engineering Scholarship in recognition of her outstanding tertiary achievements and enthusiasm for the broadcasting industry.
- > Associate Professor John Sherwood from Deakin's School of Ecology and Environment was presented with a lifetime achievement award as part of the Victorian Coastal Awards for Excellence in recognition of his long-standing, significant contribution to the conservation of estuarine and marine communities through his paid and voluntary work with scientific, professional and lay communities.
- > A team from Deakin lead by Professor Xungai Wang won the Industrial Nanotechnology Award in the 2005 NanoVic Prizes for Innovation in Nanotechnology. The team's work in electrospun nanofibres, colour removal with nano-titanium dioxide, conducting polymer nanoparticles and other nano-related research was described as providing leading-edge technologies for some of Australia's most important industries.
- > Dr Paul Francis won a prestigious international award for young analytical scientists, receiving the British Spectroscopist's Kirkbright Bursary Award for 2005. Dr Francis is only the second Australian to receive the prize.

Student enrolments (persons) by mode and type of attendance, 2002–2005

	2002		2003		2004		2005	
	No.	%	No.	%	No.	%	No.	%
Full time (on campus)	14517	49	15385	50	16226	51	17291	53
Part time (on campus)	2532	9	2715	9	2877	9	3649	11
Full time (off campus)	2150	7	2435	8	2461	8	1800	6
Part time (off campus)	10313	35	10217	33	10077	32	9614	30
Total	29512	100	30752	100	31641	100	32354	100

Commencing undergraduate Australian resident students by basis for admission, 2002–2005

Basis for admission	2002		2003		2004		2005	
	No.	%	No.	%	No.	%	No.	%
Complete secondary school	2892	64	2796	60	2740	61	3189	58
Complete/incomplete tertiary/TAFE	1486	33	1737	37	1706	38	2137	39
Mature age/prof. qual./employment experience	70	2	88	2	54	1		
Other basis	54	1	30	1	17	0	188	3
Total	4502	100	4651	100	4517	100	5514	100

Resources, infrastructure and services

Deakin's goal is:

To ensure that the human, financial and capital resources of the University are managed efficiently and effectively; that infrastructure and services are provided to meet the University's needs; and that profitable revenue is increased to strengthen Deakin's immediate and longer term capacity to fulfil its mission, core commitments and goals.

Deakin achieved its profit target for 2005, it has a good net asset base and has been successful in diversifying its funding sources. Deakin's proportion of funding derived from government sources has consistently been lower than the sector average. Revenue from fee-paying domestic and international student enrolments grew by more than eleven per cent in 2005.

Increased emphasis has been placed on fundraising and securing donations, particularly as a means of establishing a significant scholarship program. Deakin is especially grateful to the Pratt Foundation for the generous funding it has provided to improve the long term opportunities for Koorie students. The funding will provide financial support for final year students enrolled through the Institute of Koorie Education to assist in improving retention rates at this critical stage in a student's studies.

Major capital works activity continued at the Melbourne campus at Burwood as Deakin seeks to complete much-needed improvements to the built environment of its busiest campus. The \$45 million Central Precinct development was largely completed in 2005; it provides a new 650 seat lecture theatre, flexible classroom spaces, a gym and multipurpose hall and various retail facilities which will greatly add to the educational, social and recreational amenities available. Work progressed on the development of the \$65 million International Centre and Business Building on the Elgar Road side of the Melbourne campus at Burwood, which should result in these new buildings being available for occupancy in 2007.

An exciting masterplan for the University's Geelong Waterfront campus was approved, setting guidelines for any future development of this campus and maximising the potential of the prime location at the waterfront with its close proximity to Geelong's central activities area and transport hub.

With campuses located in Warrnambool, Geelong and Melbourne, it is critical that the University take action to reduce the amount of intercampus travel undertaken by staff. An astonishing 4.9 million kilometres were travelled by staff in University vehicles in 2005. During the year work commenced on enhancing video-conferencing facilities at each campus to reduce the need for staff to travel between campuses.



Deakin University Central Precinct, Melbourne campus at Burwood

Resources

Compulsory non-academic fees

Statement of fees and charges

Fees and charges for 2005	\$5,790,407
Fees collected as at 31 December 2005	\$5,741,867
Fees and charges outstanding as at 31 December 2005	\$48,540

Distribution of fees and charges for 2005

Fees collected as at 31 December 2005	\$5,741,867
Distribution to Deakin University Student Association Inc. (DUSA)—General Service Fees	\$5,025,984
Applied by Deakin University for student services and facilities	\$730,770
Distribution in excess of fees collected	(\$14,877)

DUSA

Funds received by DUSA, 2005

General service fees (from Deakin University)	\$5,025,984
Other income	\$1,820,522
Total	\$6,846,506

Expenditure associated with services funded by DUSA

Student representation	\$755,184
Administration and finance	\$872,402
Communication and marketing	\$675,754
DUSA Assist	\$877,608
Student rights	\$1,046,222
Leisure services	\$2,032,742
Total	\$6,259,913
Surplus	\$586,593

Significant changes in financial position for the year ended 31 December 2005

The University's reported consolidated operating profit for 2005 is \$28.4 million, compared to \$11.0 million for 2004. Total revenue for the year was \$436.4 million, \$40.6 million or 10.3 % above 2004.

- > Australian Government financial assistance and student contributions were \$32.2 million above 2004, \$13.5 million of which was due to the timing of grant payments in 2004
- > fees and charges income increased by \$7.2 million
- > proceeds arising from the sale of land amounted to \$4.2 million
- > investment income of \$9.5 million showed an increase of \$1.8 million over 2004 due to higher levels of invested funds and improved performance of equity markets
- > the introduction of the International Financial Reporting Standards resulted in Deakin University's share of the unfunded liabilities of the State Superannuation Fund, amounting to \$16.317 million in 2005, being recorded as revenue for the first time in 2005. In addition, a corresponding expense has been taken up and, therefore, the operating profit for 2005 has not been affected
- > new reporting requirements regarding disclosure of reimbursements from the Commonwealth Government in respect of emerging costs for unfunded State Superannuation Fund liabilities resulted in \$11.9 million of revenue also being disclosed for the first time
- > consultancy and contract research decreased by \$5.4 million compared to 2004, \$2.2 million of which is due the recognition of research income in advance for the first time in 2005
- > donations were \$3.4 million below the 2004 level as fewer donations of library books were received.

Total expenses were \$408.2 million, \$23.4 million greater than last year mainly due to additional employee benefits of \$19.4 million; depreciation and amortisation expense of \$1.4 million; repairs, maintenance and minor refurbishments of \$1.1 million; and an increase in the provision for doubtful debts and write-off of bad debts of \$1.8 million. The increase in employee benefits was due mainly to salary increases made to all staff during the year.

Total assets have increased by \$28.4 million from 2004. Cash and other financial assets were \$9.1 million lower than last year, predominately due to increased expenditure on capital works, totalling \$73.4 million.

Total liabilities increased by \$14.4 million from last year, primarily due to the increase in unfunded superannuation liabilities. No new borrowings were undertaken in 2005. The University's current ratio, a measure of its capacity to apply current assets to meet current liabilities, has declined from 1.36 to 1 to 1.22 to 1. The decrease was mainly due to higher capital expenditure being funded from cash reserves.

Proper use of funds

Public funds allocated to the University have been allocated through its budgetary process for the purposes specified by the government or other public funding body. The University has no evidence that public funds have been used other than for the purposes specified.

Payments to consultants 2005

During the year the University engaged no consultancy costing in excess of \$100,000.

Consultancies costing less than \$100,000 engaged during the year totalled nine. The total cost of these engagements was \$279,451.

Five-year financial summary (consolidated)

	2005 \$000	2004 \$000	2003 \$000	2002 \$000	2001 \$000
Operating income					
Commonwealth Government grants	140,396	116,007	120,448	119,184	112,693
Higher Education Contribution Scheme	70,965	61,977	64,979	61,867	58,730
Victorian State Government grants	4,924	6,798	3,735	1,858	884
Other	220,111	211,040	153,683	142,093	128,825
Total operating income	436,396	395,822	342,845	325,002	301,132
Operating expenses	408,174	384,775	321,408	314,316	288,162
Operating result before income tax	28,222	11,047	21,437	10,686	12,970

Balance sheet information

Current assets

Cash assets	15,858	34,332	54,571	30,672	26,689
Receivables	18,591	20,824	20,595	29,408	31,705
Other financial assets	43,660	34,266	32,501	24,813	13,549
Deferred income—Government contribution for superannuation	12,275	12,610	12,241	12,956	11,621
Other	879	1,420	1,518	523	5,236
	91,263	103,452	121,426	98,372	88,800

Non-current assets

Other financial assets	1,074	6,017	5,185	9,824	10,440
Property, plant and equipment	630,966	600,449	532,702	514,108	468,976
Deferred income—Government contribution for superannuation	156,274	139,622	144,971	132,104	133,840
Other	944	2,598	7,674	11,448	16,844
	789,258	748,686	690,532	667,484	630,100

Liabilities

Payables	44,976	44,233	49,417	34,311	20,284
Interest bearing liabilities	22,082	27,889	29,969	31,819	36,641
Provision for employee entitlements	39,609	36,356	32,539	31,518	29,217
Deferred employee benefits for superannuation	168,549	152,232	157,212	145,060	145,461
Other	1	142	142	0	0
	275,217	260,852	269,279	242,708	231,603

Net assets	605,304	591,286	542,679	523,148	487,297
Total equity	605,304	591,286	542,679	523,148	487,297

Infrastructure

Environmental initiatives and performance

Deakin University is committed to Environmentally Sustainable Design (ESD) in the design and construction of its buildings, that commitment being articulated in University policies and procedures relating to the management of physical facilities. Deakin University has documented a set of 'Design Standards for Facilities' which specifies design and construction elements to the finest level of detail. ESD is a core objective of the Design Standards which include the following goals:

- > energy minimisation
- > optimal use of natural light
- > minimal chemical usage for cleaning and maintenance
- > minimise water use
- > space use optimisation.

A strong partnership continues between Deakin's Property Services Division and the School of Architecture and Building. The School's Built Environment Research Group (BERG) has been involved in the ESD of all major projects for over five years. The Mobile Architecture and Building Environment Laboratory (MABEL) is also involved in the ongoing operation, testing and improvement of the performance of buildings.

Major projects underway in 2005 that embody the principles of ESD are:

- > Central Precinct, International Centre and Business Building (ICBB) including a multi-level car park under construction at the Melbourne campus at Burwood
- > Geelong Science Building refurbishment, under construction at the Geelong campus at Waurin Ponds
- > Dennys Lascelles refurbishment, Geelong Waterfront campus—concept design in 2005.

Campus masterplans also embody ESD principles as a core objective, specifying that a campus will provide a sustainable and healthy environment for students, staff and visitors through innovative design solutions.

In-house construction management of large projects has provided an opportunity to develop environmentally sensitive construction practices.

The following initiatives were implemented on all major construction sites in 2005:

- > utilisation of recycled material
- > restricted use of polystyrene foam
- > waste separation management
- > site run-off management
- > site environmental plans
- > water sensitive urban design plan (ICBB and Elgar Road car park sites only)
- > design incorporating construction noise minimisation features.

The current water sensitive urban design plan for the ICBB and Elgar Road car park sites will be reviewed as a case study and is expected to be applied to all sites in 2006.

An extensive environmental management system is also under development and will be implemented across all sites in 2006.

Deakin's Campus Maintenance and Operations Group continue to investigate and implement new environmental initiatives. Environmental improvement opportunities developed in 2004 were continued in 2005 to the stage of implementation, including:

- > mechanical plant upgrades to more efficient systems
- > planned replacement of large hot water units with small local instantaneous systems
- > fitting of water restrictors to Geelong student residences for improved water consumption
- > fitting of auto lighting controls to the Library at the Geelong campus at Waurin Ponds to minimise energy usage
- > additional service use metering to enable consumption data to be critically analysed
- > revegetation of significant areas with native and indigenous plants.

Services

Nature and range of services

The University provides higher education programs for qualified students through on campus and off campus learning modes in which the place, time and mode of study are flexible.

The University operated across five campuses in 2005: the Geelong campus at Waurin Ponds, the Geelong Waterfront campus, the Melbourne campus at Burwood, the Melbourne campus at Toorak, and the Warrnambool campus. Academic studies were coordinated through the faculties of:

- > Arts
- > Business and Law
- > Education
- > Health and Behavioural Sciences, and
- > Science and Technology.

Programs are available at undergraduate and postgraduate levels covering the disciplines in these faculties and including professional courses, mid-career professional development courses and postgraduate studies by coursework and research.

DeakinPrime provides, or promotes, education and development programs that are tailored to the needs of commercial organisations, government bodies, professional associations and industry groups. Award courses promoted by DeakinPrime are awards of the University.

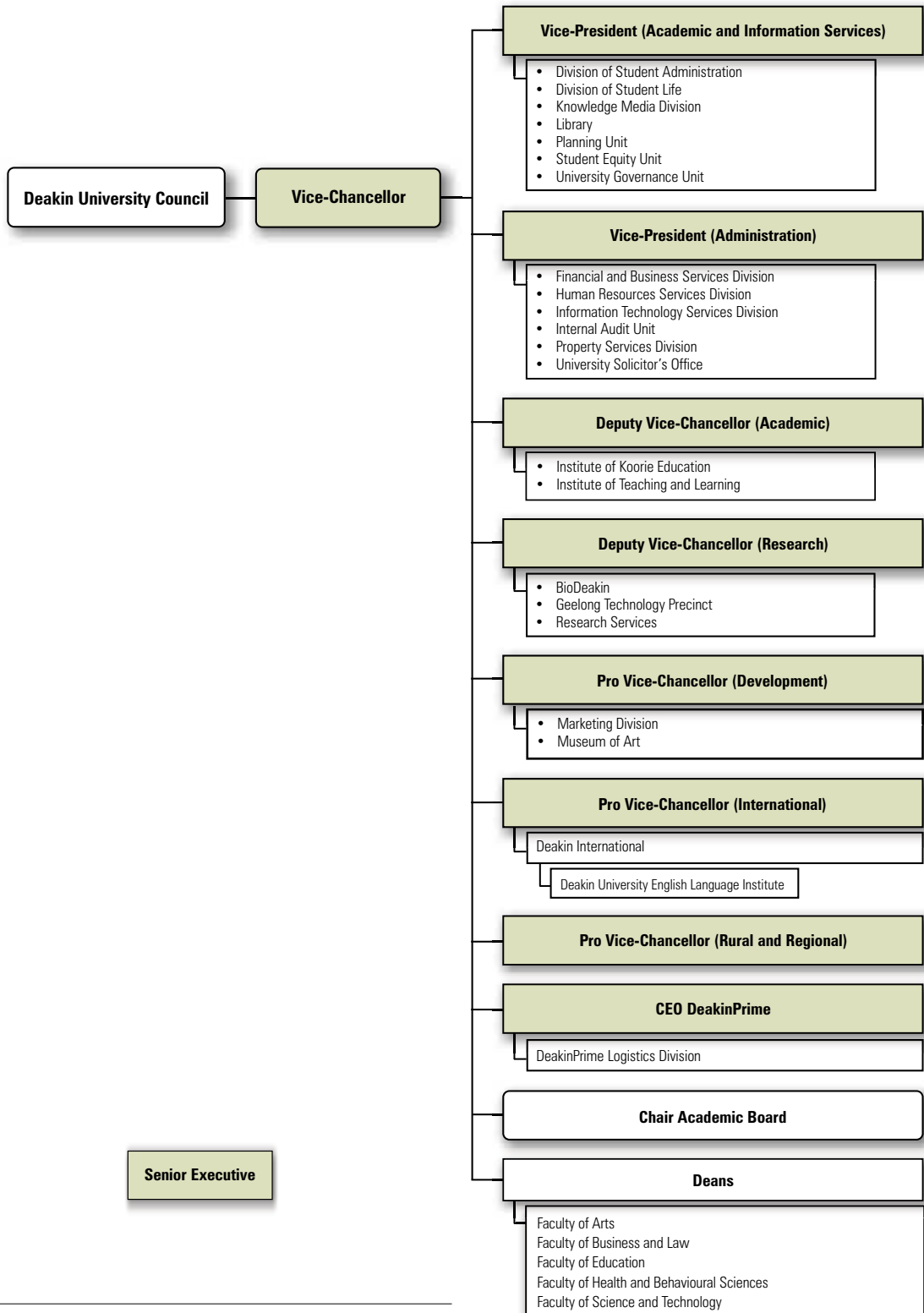
In summary, Deakin University provides services to undergraduate and postgraduate students in award and non-award courses. The professions, industry and government utilise the University's academic and other expertise through its professional development and continuing education programs, its teaching and its research and consultancies.



Adrian Mauriks
Compilation 2003
fiberglass resin and paint
380cm (height only)
on loan to the Deakin University Art Collection
Melbourne campus at Burwood

Corporate governance

Organisational structure



Details of the members of the Deakin University Council, the Audit and Risk Committee, the Vice-Chancellor, senior officers and their responsibilities are set out on the following pages.

Senior Officers

Chancellor

Dr R.H. Searby QC
MA *Oxf.*, LLD (honoris causa) *Deakin*

The Chancellor is the titular and ceremonial head of the University and the chair of the University's governing body, the Council.

Vice-Chancellor

Professor S.A. Walker
LLB(Hons) LLM *Melb.*

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 Chair of Academic Board

Professor C.N. Gray
BA(Hons) *Lanc.*, MSc *Leeds*. PhD *Brad.*, C.I.H.

The Chair of 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 (Academic and Information Services)

Ms L.M. Martin
BSc(Hons) MSc DipCompSc *Adel.*

The Vice-President (Academic and Information Services) is responsible to the Vice-Chancellor for the development of the academic support and information services of the University.

Acting Vice-President (Administration)

Mr K.J. Selway (from 14 November 2005)
BBus(Mktg) *Chisholm*, GDipMgt *Victoria UT*, FAICD

Vice-President (Administration)

Mr R.H. Elliott
BSc MEd *Melb.*

The Vice-President (Administration) is responsible to the Vice-Chancellor for the provision of administrative and support services, and financial and business services across the University.

Deputy Vice-Chancellor (Academic)

Professor J. Rosenberg
BSc (CompSc) PhD *Monash*

The Deputy Vice-Chancellor (Academic) is responsible to the Vice-Chancellor for the general superintendence and good governance of the principal academic activities of the University.

Deputy Vice-Chancellor (Research)

Professor P.A. Hamilton
BSc PhD DSc *Tas.*

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

Pro Vice-Chancellor (Development)

Dr I. Irvine
BSc *Glas.*, GDipAdmin *Canberra*, DipEd PhD *Melb.*

The Pro Vice-Chancellor (Development) is responsible to the Vice-Chancellor for marketing and development activities including the enhancement of government, alumni and community relations.

Pro Vice-Chancellor (International)

Mr E.J.M. Meadows
BA(Hons) *Syd.*, AMP *Wharton*

The Pro Vice-Chancellor (International) is responsible to the Vice-Chancellor for the international relations of the University, the development of international programs and international marketing and recruitment.

Pro Vice-Chancellor (Rural and Regional)

Professor R.L. Wallis
BSc DipEd MSc *Monash*, GDipEdStud *C.Sturt*,
GCertMgt *S.Qld.*, PhD *PWU*

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

Acting Chief Executive Officer, DeakinPrime

Mr J.H. Cauberg (from 14 November 2005)
BCom(Hons) *Deakin*, DipBusStud *Gordon IT*,
DipEd *Rusden*

Chief Executive Officer, DeakinPrime

Mr K.J. Selway (to 13 November 2005)
BBus(Mktg) *Chisholm*, GDipMgt *Victoria UT*, FAICD

The Chief Executive Officer of DeakinPrime is responsible for the University's educational and commercial services to the professions, industry and government.

Dean of Arts

Professor J.E. Beaumont
BA(Hons) *Adel.*, PhD *Lond.*

Dean of Business and Law

Professor P.H. Clarke
LLB *W.Aust.*, LLM *Auck.*

Dean of Education

Professor S.J. Grundy
BA(Hons) *Qld.*, MA *W.Aust.*, PhD *Murd.*

Dean of Health and Behavioural Sciences

Professor J.C. Catford
MA *Camb.*, MSc *Lond.*, MBB Chir *Camb.*, DM *S'ton.*

Dean of Science and Technology

Professor A.M. Flitman (from 27 January 2005)
BSc(Hons) *York(UK)*, PhD *Warw.*

Dean of Science and Technology

Professor R.A. Russell (to 28 January 2005)
BSc(Hons) *Tas.*, PhD ANU, DSc *Tas.*

Deans of faculties, subject to the general superintendence of the Vice-Chancellor, are responsible to the Council for the general administration of their faculties.

University Librarian

Ms A.H. Horn (from 24 October 2005)
BA MBA *Qld.*, GDipLibSci *QIT*, DipTertEd *NE*

Acting University Librarian

Ms J.A. Addie (28 February 2005–21 October 2005)
AssocDipLib *RMIT*, BSc *Monash*

The University Librarian is responsible to the Vice-President (Academic and Information Services) for the management of the University Library and the provision of library services to the University.

Director, Division of Student Administration

Ms F. Hronopoulos (from 1 August 2005)
A.Cert.Mgt *Footscray TAFE*

The Director of the Division of Student Administration is responsible to the Vice-President (Academic and Information Services) for student administration matters within the University, including course enquiries, admission, enrolments and re-enrolments, administration of the Deakin scholarships program, the maintenance of student records.

Ms Hronopoulos was acting Director, Division of Student Administration from 20 September 2004 to 31 July 2005.

Director, Division of Student Life

Mr J.G. Devereaux
DipAppSci(Env. Health) *Swinburne UT*,
AssocDipSci *Victoria UT*

The Director of the Division of Student Life is responsible to the Vice-President (Academic and Information Services) for the provision of services and facilities that contribute towards the academic progress and well-being of Deakin's students.

Director, Financial and Business Services Division

Mr P.J. Enlund
CA *CPA Australia*

The Director of the Financial and Business Services Division is responsible to the Vice-President (Administration) for the provision of financial, business and supply services.

Director, Human Resources Services Division

Mr R.K. Watts
BBus *WAIT*, MCom *Melb.*, GDipMgt *Monash*,
GCertHRMgt *AQC*

The Director of the Human Resources Services Division is responsible to the Vice-President (Administration) for the management and provision of human resources services to the University.

Director, Information Technology Services Division

Mr R.H. Tan
BSc *Deakin*, DipAppSc *Gordon IT*

The Director of the Information Technology Services Division is responsible to the Vice-President (Administration) for the provision of an IT infrastructure including voice and data networks, general purpose computing laboratories, development and maintenance of corporate application systems, desktop management and the Deakin University Workstation Scheme (DUWS).

Director, Knowledge Media Division

Ms A.L. Silvas (from 21 November 2005)
BSc MSc *Stanford*

Acting Director, Knowledge Media Division

Mr I.R. Smissen (from 28 February–
30 November 2005)
BSc(Hons) *Melb.*, DipEd GDipHumRelEd
Melbourne CAE

The Director of the Knowledge Media Division is responsible to the Vice-President (Academic and Information Services) for the provision of a wide range of support services to assist academic staff and students with their teaching and learning.

Director, Logistics Division

Mr C.M. Jones (from November 2005)
BEng *Melb.*

The Director of the Logistics Division is responsible to the Chief Executive Officer, DeakinPrime for the printing, packaging, storage and delivery of a wide range of materials and learning resources and the management of the University's printeries, warehousing, inward goods deployment and mail systems.

Director, Property Services Division

Mr D.R. Spedding
BEng *Tas.*, MBA *Monash*

The Director of the Property Services Division is responsible to the Vice-President (Administration) for the provision of services in the areas of space management, building maintenance, building operations and campus development.

Director, Institute of Koorie Education

Ms W.J. Brabham
DipT (Primary) *SCV*

The Director of the Institute of Koorie Education is responsible to the Deputy Vice-Chancellor (Academic) for the development of the Institute and its programs and for the day-to-day management of the Institute and its resources.

Director, Institute of Teaching and Learning

Professor A.A. Farley (from 10 October 2005)
BEc(Hons) MEd PhD *Monash*

The Director of the Institute of Teaching and Learning is responsible to the Deputy Vice-Chancellor (Academic) for the provision of intellectual leadership in teaching practice, conducting research into new approaches to teaching and learning, and promoting the Institute within academic and professional communities in Australia and internationally.

Director, Research Services

Ms A. Hadfield
BA *Macq.*, MSc *Syd.*

The Director of Research Services is responsible for support services to the Deputy Vice-Chancellor (Research) including advice on policy relating to all aspects of research and research training; developing opportunities for external research funding; and increasing the competitiveness of researchers obtaining external funds.

Executive Director, Deakin International

Ms B.J. Hudson
BEd *W.Aust.*, GDipLangStud *WACAE*, MEd *E.Cowan*

The Executive Director of Deakin International is responsible to the Pro Vice-Chancellor (International) for the management of Deakin's international program, international student support, Education Abroad and manages the Deakin University English Language Institute (DUELI).

Details of indemnity for members of Council and senior officers

The University maintains a comprehensive insurance cover, reviewed annually, including Directors' and Officers' Liability Insurance policies for members of Council, members of committees of Council and directors and officers of the University and certain entities affiliated with the University.

Governance Statement

This statement summarises governance practices that were in effect in 2005, including those introduced during that year.

The University is established under the *Deakin University Act 1974* with Council as its governing authority. The Act provides that Council is responsible for the 'entire direction and superintendence of the University', including conferring degrees and granting diplomas of the University; the appointment of the Vice-Chancellor and staff of the University; making, amending or revoking University legislation; ensuring that all University funds are used solely for University purposes; entering into and performing financial arrangements; dealing with property and forming and participating in certain business entities.

Functions of the University Council

Council has determined the following as being its primary functions

1 The strategic direction

- > shaping, approving and reviewing the University's mission and strategic and operational plans
- > monitoring University progress generally against performance indicators and, more specifically, against targets
- > determining the future development of the University's campuses

2 The Vice-Chancellor

- > appointing the Vice-Chancellor as the chief executive officer of the University
- > overseeing the review of the Vice-Chancellor's performance and remuneration

3 Key policies, legislation and compliance

- > overseeing the establishment of key University policies
- > defining University policies and procedures consistent with community expectations where those expectations are relevant and can be identified
- > establishing University legislation
- > overseeing University compliance, including with obligations set out in the *Deakin University Act 1974*

4 Risk management

- > overseeing University risk management
- > overseeing the protection and enhancement of the University's reputation

5 Control and accountability

- > approving the University's budget and business and financial plans
- > monitoring University performance against the budget and plans
- > overseeing University asset management
- > overseeing the sound management of the University

6 Commercial activities and controlled entities

- > approving major University commercial ventures
- > overseeing the effective operation and performance of significant commercial activities, including those conducted through University controlled incorporated entities

7 Academic standards

- > ensuring adequate procedures for the maintenance and monitoring of University academic standards in teaching, assessment and research

8 University culture

- > satisfying itself that the University is fulfilling its obligations to its students both as regards its academic programs and the general University experience
- > satisfying itself that the University is fulfilling its obligations to staff both as regards its employment practices and their general development
- > satisfying itself that the University culture:
 - > is consistent with the mission and core commitments
 - > facilitates upholding the academic freedom of staff
 - > encourages links with the wider community

9 Council's own affairs

- > establishing procedures to meet Council's responsibilities
- > ensuring clear delegations to the Vice-Chancellor, to Academic Board, to committees of Council and as otherwise required
- > managing Council's own performance

Composition, membership and terms of office

The names, qualifications and experience of the members of Council who held office at the date of this report, the method of their appointment, their term of office, years served on Council, and attendance of meetings is set out below.

Members ex-officio

The Chancellor

Dr R.H. Searby QC

MA Oxf., LL.D (honoris causa) Deakin

Term of office:

1 January 2003–31 December 2005

Years on Council: 9

Council Committees Membership:

Chair of Chancellor's Advisory, Nominations, Honorary Degrees and Senior Salaries committees. Ex-officio member of any committee and/or board established by Council, with the exception of one established to search for a chancellor.

Currently a non-executive director of Times Newspapers Holdings Ltd (UK). Past directorships include BRL Hardy Ltd; The News Corporation Ltd (chair); Equity Trustees Ltd (chair); Rio Tinto Ltd and Rio Tinto PLC; Shell Australia Ltd and Woodside Petroleum Ltd. Previously a Reuters trustee; former member of the Council of the National Library of Australia; and the Council of the Melbourne Museum; former chair of the Geelong Grammar School Council. As a QC of 30 years standing has practised principally in the fields of commercial and company law, intellectual property law, constitutional law and banking law.

The Vice-Chancellor

Professor S.A. Walker

LLB(Hons) LLM Melb.

Term of office:

3 January 2003–31 December 2007

Years on Council: 3

Council Committees Membership:

Ex-officio member of each of Council's standing committees.

Vice-Chancellor and President of Deakin University since 3 January 2003. Previously (at the University of Melbourne): senior deputy vice-chancellor; Hearn professor of law; president of the Academic Board; and pro-vice chancellor. Associate to Justice Aickin of the High Court of Australia (1978–March 1979); solicitor (1979); associate partner with Gillotts Solicitors (1980). Extensive teaching experience in public law and media law. Published widely in the field of media law.

The Chair of the Academic Board

Professor C.N. Gray

BA(Hons) Lanc., MSc Leeds, PhD Brad., C.I.H.

Term of office:

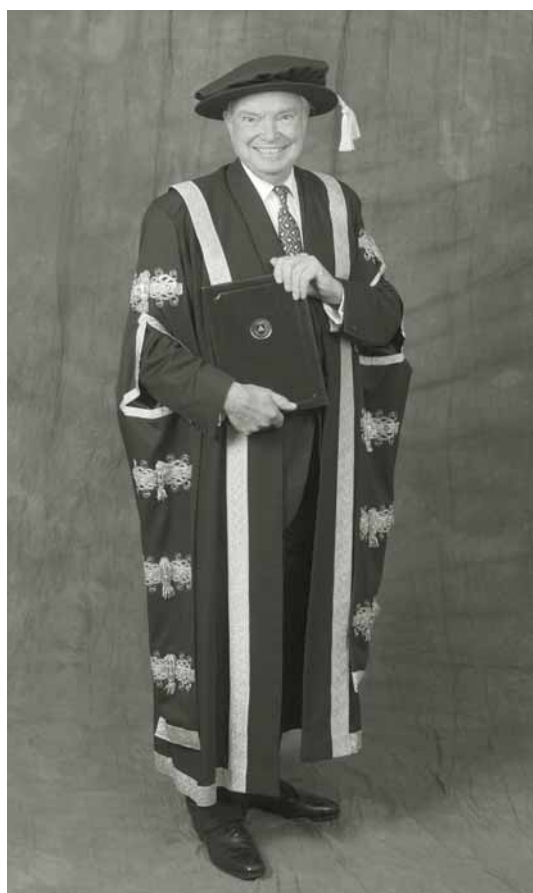
1 January 2005–31 December 2006

Years on Council: 1

Council Committees Membership:

Chancellor's Advisory Committee, Finance and Business Affairs Committee.

Professor of Occupational Hygiene and Industrial Toxicology. Twenty-five years experience in higher education, particularly postgraduate and distance education. Head of the School of Biological and Chemical Sciences between 2002 and 2005. Member of the Academic Board for eight years, incorporating a three-year term as member of the Academic Board Executive. Until recently Chair of the Teaching and Learning Committee.



At a ceremony at the Geelong Waterfront campus in October 2005, Deakin University's Chancellor Dr Richard Searby QC was awarded the honorary degree of Doctor of Laws in recognition of both his outstanding contribution to Deakin University as Chancellor from 1997 to his retirement from that role at the end of 2005 and his contribution to the fields of education, the law, the arts and to business.

Members appointed by the Governor in Council

Dr P.C. Turner*

BA(Hons) W.Aust., LITTM France, PhD Syd., AMusA, MACE

Term of office:

20 May 2003–31 December 2005

Years on Council: 10

Council Committees Membership:

Legislation Committee, Campus Planning Committee. Deputy chancellor 1999 to 2002 and 2005. In that capacity, member of Council's Chancellor's Advisory, Honorary Degrees, Nominations and Senior Salaries committees.

Principal of The Geelong College. Senior teaching and administrative experience in independent schools in Sydney and Adelaide. Formerly tutor and research scholar in French studies at the universities of Western Australia, Paris and Sydney. Seminal involvement in fostering professional development of language teachers, serving on and chairing a number of committees for the NSW Board of Studies and the Association of Independent Schools. Council member of Marcus Oldham College. Trustee of the Geelong Performing Arts Centre until 1999.

Mrs S. De Gilio

MSc Brist., NZROT, CHSM, AFCHSE, FAICD

Term of office:

20 May 2003–31 December 2005

Years on Council: 2.5

Council Committees Membership:

Finance and Business Affairs Committee.

Chief Executive Officer of Barwon Health. Clinical rehabilitation and health management background. Leadership in health services in the United Kingdom, New Zealand and Australia over the past 20 years.

Ms J.M. Lightowlers

BA DipEd W.Aust., LLB LLM Melb.

Term of office:

16 March 2004–31 December 2006

Years on Council: 2

Council Committees Membership:

Legislation Committee (Chair).

Practising solicitor; partner in the law firm Francis Abourizk Lightowlers; admitted to practice in Queensland, New South Wales, Tasmania and Victoria; qualified mediator. Specialises in the areas of corporate governance, fiduciary obligations, space law, alternative dispute resolution, intellectual property generally, mining law, establishment of international consortia, corporate restructuring, labelling laws and comparative advertising, patent and trade mark portfolio management and agreements and assignments of intellectual and industrial property. Board member of International Network for Acid Prevention (INAP) Limited. Prior to practising law, English teacher at secondary school level in WA, SA and Victoria.

Mr J.D. Maddock

GDipBus RMIT, GDipEd HIAE

Term of office:

1 January 2005–31 December 2007

Years on Council: 3.5

Council Committees Membership:

Finance and Business Affairs Committee.

Chief Executive Officer, Box Hill Institute of TAFE. Extensive experience in vocational education and training (VET). Significant involvement in government agencies and industry organisations including the Victorian Curriculum and Assessment Authority. Formerly chair of the VECCI Regional Development Committee for Geelong and South-West Region. Involvement in various sports-related organisations and ventures.

Mr A.E. Fairley

LLB Melb.

Term of office:

1 January 2005–31 December 2007

Years on Council: 3

Council Committees Membership:

University Appeals Committee (Chair); Finance and Business Affairs Committee; former Legislation Committee member.

Company director and solicitor; practising as a solicitor in Melbourne since 1974 specialising in equity and superannuation law. Considerable involvement with superannuation industry bodies and the hospitality and tourism sector. Currently a board member of Ecotourism Australia, and the International Ecotourism Society (Washington, DC); a director of Small Luxury Hotels of the World, and of the Fijian luxury resort Turtle Island; chair of the Alpine Resorts Coordinating Council, Victoria, and of the Sundowner Motels Inn Group in Australia.

Mr J.G. Nicol

LLB Melb.

Term of office:

20 September 2005–31 December 2006

Years on Council: 0.5

Council Committees Membership: —

Since 1974 partner in Warrnambool firm of solicitors, practising in the areas of commercial law, succession planning and estate administration. Appointed a Notary Public in 1985. Currently President of the Western District Law Association. Councillor of the City of Warrnambool 1988 to 1992 and 1996 to 2005; Mayor from 2001 to 2003. Member of the Vice-Chancellor's Warrnambool Community Reference Group since 2001. In recognition of his extensive involvement in the Warrnambool community, award of a Centenary Medal by the Federal Government for 'service to the Warrnambool community through local government' in 2003. Recent and current board roles include Warrnambool Racing Club Inc., Deakin University Football Netball Club Inc., the Port Fairy Spring Music Festival Committee, the Warrnambool Performing Arts Advisory Board, the Warrnambool Youth Advisory Board, Warrnambool Work Skills Inc., Lyndoch Warrnambool Inc., the Western Region Alcohol and Drug Dependence Centre, Brophy Family and Youth Services Inc.

* Deputy Chancellor

A member appointed by the Minister

Dr D.J. Gunning

BSc(Hons) MSc(ChemEd) *Glas.*, PhD(Ed) *Strath.*,
SecTeachingCert. *Jordan Hill College of Education,*
Glasgow

Term of office:

1 January 2004–31 December 2006

Years on Council: 5

Council Committees Membership:

Legislation Committee.

Director of the Victorian Qualifications Authority. Thirty years experience in public education service in teaching and various management positions in local government and qualification bodies. Former senior manager in the Scottish Vocational Education Council and its successor body, the Scottish Qualifications Authority.

Members appointed by Council

Ms M.L. Edmond*

BArch *Melb.*, LFRAIA

Term of office:

1 January 2005–31 December 2007

Years on Council: 7

Council Committees Membership:

Campus Planning Committee (Chair); deputy chancellor and member of Chancellor's Advisory, Honorary Degrees, Nominations and Senior Salaries committees.

Architect specialising in institutional architecture, urban design, dispute resolution and design teaching. Member of various associations including the Royal Australian Institute of Architects; the National Trust of Australia; the National Gallery; and the Building Disputes Practitioners' Association.

Mr D.M. Morgan

BCom *Melb.*

Term of office:

1 January 2005–31 December 2007

Years on Council: 7

Council Committees Membership:

Finance and Business Affairs Committee (Chair); Audit and Risk Committee; former deputy chancellor and member of Chancellor's Advisory, Honorary Degrees, Nominations and Senior Salaries committees (2000–2003). Chair of the advisory board of DeakinPrime.

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

Involvement in a variety of sports-related organisations and ventures. Former president of the Ford Motor Company of Australia and the Federal Chamber of Automotive Industries.

Mr A.J. Kloeden*

BSc(For)(Hons) MSc(BusStud) *Lond.*

Term of office:

1 January 2003–31 December 2005

Years on Council: 9

Council Committees Membership:

Deputy chancellor and member of Chancellor's Advisory, Honorary Degrees, Nominations and Senior Salaries committees; former member of Finance and Business Affairs Committee (1999–2003). Former member of the advisory board, DeakinPrime.

Currently Chief Executive Officer of Serco Group Pty Ltd. Formerly managing director of the Woolmark Company and CEO of Melbourne IT. Leadership and change management roles with leading Australian companies in retail and wholesale industries.

Mr M.J. Dowling

BEC *Monash*, FCA, KSJ

Term of office:

12 June 2003–31 December 2005

Years on Council: 2.5

Council Committees Membership:

Audit and Risk Committee (chair); Finance and Business Affairs Committee; former chair of Investment Advisory Committee, a subcommittee of Finance and Business Affairs Committee.

Chartered accountant. Senior partner in large accounting firm for 20 years. Corporate consulting business since 1996. Director of several enterprises. Extensive involvement with Geelong business and community. Past president of the Geelong Chamber of Commerce.

Ms M.T. Prendergast

Term of office:

1 January 2004–31 December 2006

Years on Council: 8

Council Committees Membership:

Campus Planning Committee. Chair of the Museum of Art Committee, an advisory committee to the Vice-Chancellor.

Writer and art administrator; director of Prendergast Publishing; art advisor to the Hotel Sofitel; contributor to newspapers and magazines including *The Age*. Formerly journalist for *The Times*, London, and feature writer for Australian Consolidated Press. Member of a number of boards and committees, including the Treasury Building Committee; the National Gallery Women's Committee; and the Brotherhood of St Laurence's Promotions and Marketing Committee.

* Deputy Chancellor

Ms J.A. WardBCom *Melb.*, ACA, FTIA, AICD*Term of office:*

9 June 2005–31 December 2006

Years on Council: 0.5*Council Committees Membership:**Audit and Risk Committee.*

Partner at PriceWaterhouseCoopers between 1982 and 2001, including global leadership of major clients, firm management and leadership roles; senior partner and Executive Director of the Price Waterhouse tax practice in Australia, Indonesia and New Zealand. Since retiring from professional practice, company director in both the not-for-profit and corporate sectors. Board roles, recent and current, include VicForests, The Transport Accident Commission, Melbourne Girls Grammar School, DOXA Youth Foundation, Australian Community Support Organisation and chairing Falls Creek Alpine Resort board. Adviser to State and Federal governments as well as Government departments and committees.

A member elected by and from the professors**Professor P.M. Nugent**RN, BAppSci *La Trobe*, MEdSt *Monash**Term of office:*

1 January 2005–31 December 2005

Years on Council: 1*Council Committees Membership:* —

Head of School of Nursing at Deakin University since 1998. Appointed Chair in Nursing Development in 2003. Member of the Academic Board, and, since 2004, Deputy Chair. Immediate past president of the Australian Council of Deans of Nursing & Midwifery (Aust & NZ). Member of the Australian Health Workforce Advisory Committee and one of the nine members of the National Nursing and Nurse Education Taskforce. Formerly a Ministerial appointment to the State Nursing Recruitment Committee and the State Nursing Practitioner Taskforce. Chair of the board of Southern Health, and of the Quality Committee of that organisation. Inaugural chair of Southern Health's Primary Care and Population Health Committee.

A member elected by and from the academic staff**Ms L. Forsyth**BA DipEd *Melb.*, MA *LaTrobe**Term of office:*

1 January 2004–31 December 2005

Years on Council: 4*Council Committees Membership:**Finance and Business Affairs Committee.*

Lecturer in the School of Literary and Communication Studies, Faculty of Arts, Deakin University. Member of various faculty committees. Previously President of the Deakin branch of the National Tertiary Education Union (NTEU). Research interests include Christina Stead and multicultural writing.

A member elected by and from the general staff**Ms P.H. Reid**BA DipEd GradDip(IndRel) *Monash*, BEd *LaTrobe**Term of office:*

1 January 2003–31 December 2006

Years on Council: 3*Council Committees Membership:**Campus Planning Committee.*

Coordinator of School Experience, Faculty of Education, Deakin University. National training coordinator with Finance Sector Union (1994–1997). Industrial organiser with Australian Education Union. Principal of Ardoch Windsor English Language Centre (1987–1990).

Members elected by and from the students**Mr A. Butterworth***Term of office:*

1 January 2005–31 December 2005

Years on Council: 1*Council Committees Membership:**Finance and Business Affairs Committee; Legislation Committee.*

Undergraduate student (Bachelor of Arts, Professional Writing). Currently member of the Information Technology Strategies and Standards Subcommittee of the Planning and Resources Committee and Information Services Subcommittee of the Teaching and Learning Committee (a committee of the Academic Board). Involvement in the Deakin University Student Association (DUSA): Environment Representative (2003); Council executive (2004); Council member, and chair, Environment Committee, (2005). IT Administrator.

Mr D.A. LyellBA *Deakin**Term of office:*

25 May 2005–31 December 2005

Years on Council: 2.5*Council Committees Membership:**Campus Planning Committee; Nominations Committee; University Appeals Committee; former member of Finance and Business Affairs Committee (2003).*

Postgraduate student (MBA). Former vice-president (postgraduate students) of DUSA. Former member of the DUSA Council and the Council of Australian Postgraduate Association's Strategic Planning Committee. Managing Director of Future Echoes Business Solutions.

As at 31 December 2005 a full complement of 21 members of Council was in place.

The terms of office of members of Council are specified in the Act. External members are appointed for a three-year term, members of University staff are elected for a two-year term and University students are elected for a one-year term. The Chancellor, Vice-Chancellor and the Chair of Academic Board are ex-officio members. An elected or appointed member of Council may not hold office for a period in excess of 12 years (whether consecutive or not) unless Council specifically resolves 'that the person may continue to be a member beyond that period'.

Appointments to membership of Council are made in accordance with the relevant procedure, approved and periodically reviewed by Council. When considering potential candidates for Council membership, the Nominations Committee of Council considers the balance of skills and experience across the membership of Council and, in particular, takes into consideration whether a candidate has: the knowledge, skills and experience required for the effective working of the Council; an appreciation of the values of the University relating to teaching, research, independence and academic freedom; the capacity to recognise the needs of the external communities served by the University. The Committee also considers experience relevant to the University's strategic priorities and Council's identified functions; sampling of University

community stakeholder groups not already represented by ex-officio or elected members of Council; geographic spread of membership; gender; business experience; financial qualifications and experience; previous board or like experience; senior management experience; in respect of current members of council seeking reappointment, frequency of attendance at Council and committee meetings; and any other consideration which the Committee may regard as material.

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

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

Chancellor and Deputy Chancellor

Council elects the Chancellor of the University for a term of three years or less. Council also elects a number of deputy chancellors from among its external members for a term of one year or less.

The Chancellor, or a deputy chancellor in the absence of the Chancellor, presides at meetings of Council.



The Deakin University Council 2005 and key University Council support staff, pictured in the James Leslie Council Chamber at the Geelong Waterfront campus

Back (left to right): Ms J. Rowlands (Head, University Governance Unit), Dr D.J. Gunning, Mrs S. De Gilio, Mr J.G. Nicol, Ms J.A. Ward, Mr D.A. Lyell, Mr A. Butterworth, Professor P.M. Nugent, Mr R.H. Elliott (Council Secretary), Ms L. Forsyth, Professor C.N. Gray

Front (left to right): Dr P.C. Turner, Mr D.M. Morgan, Professor S.A. Walker (Vice-Chancellor), Dr R.H. Searby QC (Chancellor), Ms M.L. Edmond, Mr M.J. Dowling

Absent: Mr A.E. Fairley, Mr A.J. Kloeden, Ms J.M. Lightowlers, Ms M.T. Prendergast, Mr J.D. Maddock, Ms P.H. Reid

The Chancellor is an ex-officio member of every University faculty, board and committee established by resolution of Council, excepting that established to search for a chancellor. The Chancellor may also preside at any of these meetings.

The Chancellor is responsible for conducting the annual review of the Vice-Chancellor's performance (taking into account advice from the Senior Salaries Subcommittee of Chancellor's Advisory Committee), primarily relating to outcomes in respect of the University's strategic objectives, and for reporting to Council that the review has been undertaken.

The Chancellor also receives lists of graduands and confers degrees of the University on Council's behalf, and has the authority to act on behalf of Council in regard to matters determined by Chancellor's Advisory Committee, a standing committee of Council, as being required to be dealt with prior to the next meeting of Council and referred to the Chancellor by that Committee.

The role and responsibilities of Council members

Guidelines, approved and periodically reviewed by Council, set out the roles and responsibilities of Council members including 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 in respect of Council members. These responsibilities include providing members with such legal and financial advice as may be necessary to enable them to discharge their fiduciary duties.

Conflicts of interest

The procedure for disclosure by Council members of potential conflicts of interest and for disclosure of recent transactions with the University is approved and periodically reviewed by Council. It is the responsibility of all members to ensure that they comply with this procedure. Members of Council and members of committees of Council are required to declare a potential conflict of interest either before the commencement of a meeting at which matters that a member considers may be in conflict with their own interests are due to be discussed or voted upon; or, during a meeting, at the point at which the potential conflict of interest becomes known to the member. In the event that the chairperson perceives there to be a potential conflict of interest of which a member may be unaware, the chairperson shall raise the matter with that individual.

Where a declaration of interests has been made, except in instances of pecuniary interest, consideration is given to the nature and extent of the conflict and the appropriate action to be taken is considered by Council or the relevant committee. Such action may include: withdrawal of the member from the meeting for the discussion and decision upon the item relevant to their conflict of interest; enabling participation of the member during discussion but requiring withdrawal before any decision is made on the item of business relevant to the conflict of interest; enabling the member to remain present during discussion and decision on the item of business relevant to the conflict of interest with no participation in the discussion and decision process; or enabling the member to remain present and participate in the discussion and to vote.

In instances of pecuniary interest, unless Council or the relevant committee otherwise directs, the member must not be present during any discussion of the matter and must not vote on the matter. If the member does vote, the vote is to be disallowed.

All decisions made by Council or the relevant committee in respect of conflicts of interest and any actions taken as a result are fully minuted in a resolution, identifying the member, the nature and extent of their interest in the matter and its relation to the affairs of the University. The resolution specifies the action determined by Council or the respective committee as appropriate and, where the member is permitted to be present during discussion or permitted to be present during discussion and to vote, confirms that Council or the relevant committee is satisfied that the member's interest should not disqualify them from voting or being present during consideration of the matter.

In the case of a conflict of interest, the Chancellor or chairperson determines whether future agenda papers regarding this matter should be withheld from the member concerned.

All declarations of conflicts of interest are recorded in the minutes of the meeting at which they are declared and, in the event that a member is required to leave the meeting for the duration of an item in which they have a potential conflict of interest, the time of their departure and of their return is also recorded in the minutes.

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

Council operations

Meetings

University Council—meeting attendance 2005

	A*	B*	C*
Dr R.H. Searby QC (Chair)	8	8	—
Mr A. Butterworth	8	8	—
Mrs S. De Gilio	8	6	2
Mr M.J. Dowling	8	7	1
Ms M.L. Edmond	8	7	1
Mr A.E. Fairley	8	4	4
Ms L. Forsyth	8	7	1
Professor C.N. Gray	8	6 ¹	2
Dr D.J. Gunning	8	6	2
Mr A.J. Kloeden	8	3	5
Ms J.M. Lightowlers	8	6	2
Mr D.A. Lyell ²	5	5	—
Mr J.D. Maddock	8	7	1
Mr D.M. Morgan	8	8	—
Mr J.G. Nicol ³	3	3	—
Professor P.M. Nugent	8	6	2
Ms M.T. Prendergast	8	1	7
Ms P.H. Reid	8	7	1
Dr P.C. Turner	8	6	2
Professor S.A. Walker	8	8	—
Ms J.A. Ward ⁴	4	4	—

Council met eight times during 2005. Council meetings are attended by members of the University's Senior Executive to provide a timely response to questions raised by Council members. The Council agenda for each meeting is structured in accordance with the requirements of a schedule of business approved by Council on an annual basis. During 2005 all matters listed in the schedule of business were addressed by Council.

In February 2005 Council members attended the annual Council Planning Conference with the Senior Executive at which amendments to the University's 2006 Operational Plan were considered and a minor change was made to the Strategic Plan.

A* Number of meetings held during member's term

B* Number of meetings attended by each member

C* Number of meetings for which Leave of Absence was granted to each member/Apology was received for each member

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 the form of an action plan for the forthcoming year which is approved by Council. Subsequently, Council periodically receives a report of progress until all actions have been implemented. The latest performance review was conducted in December 2005.

Committees of Council

Council is assisted in the discharge of its duties by a number of standing and ad hoc committees. A diagrammatic representation of these, as a component of the University committee system, is set out on page 42.

Terms of reference for each standing committee of Council set out the composition and responsibilities of the respective committee, 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 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 report to Chancellor's Advisory Committee. Advice and any recommendations to Council arising from the Vice-Chancellor's assessment is then determined by that committee.

An additional review is undertaken on an annual basis by the chairperson of each standing committee, those reviews assessing the extent to which the committees have worked effectively during that year. The outcome of that review is reported to Council via Chancellor's Advisory Committee.

1 Professor L.M. Batten attended the sixth meeting of Council on 13 October as acting Chair, Academic Board, for Professor C.N. Gray.

2 Mr D.A. Lyell was elected to fill a casual vacancy in the membership of Council in the category of members elected by and from the postgraduate students of the University on 25 May 2005, succeeding Mr G. Al Shatter who vacated this office on 6 April 2005.

3 Mr J.G. Nicol was appointed to membership of Council in the category of members appointed by the Governor in Council on 20 September 2005, succeeding Mr D.F. Jones who vacated this office on 24 February 2005.

4 Ms J.A. Ward was appointed membership of Council in the category of members appointed by Council on 9 June 2005, succeeding Mr B.R. Jamison who vacated this office on 26 May 2005.

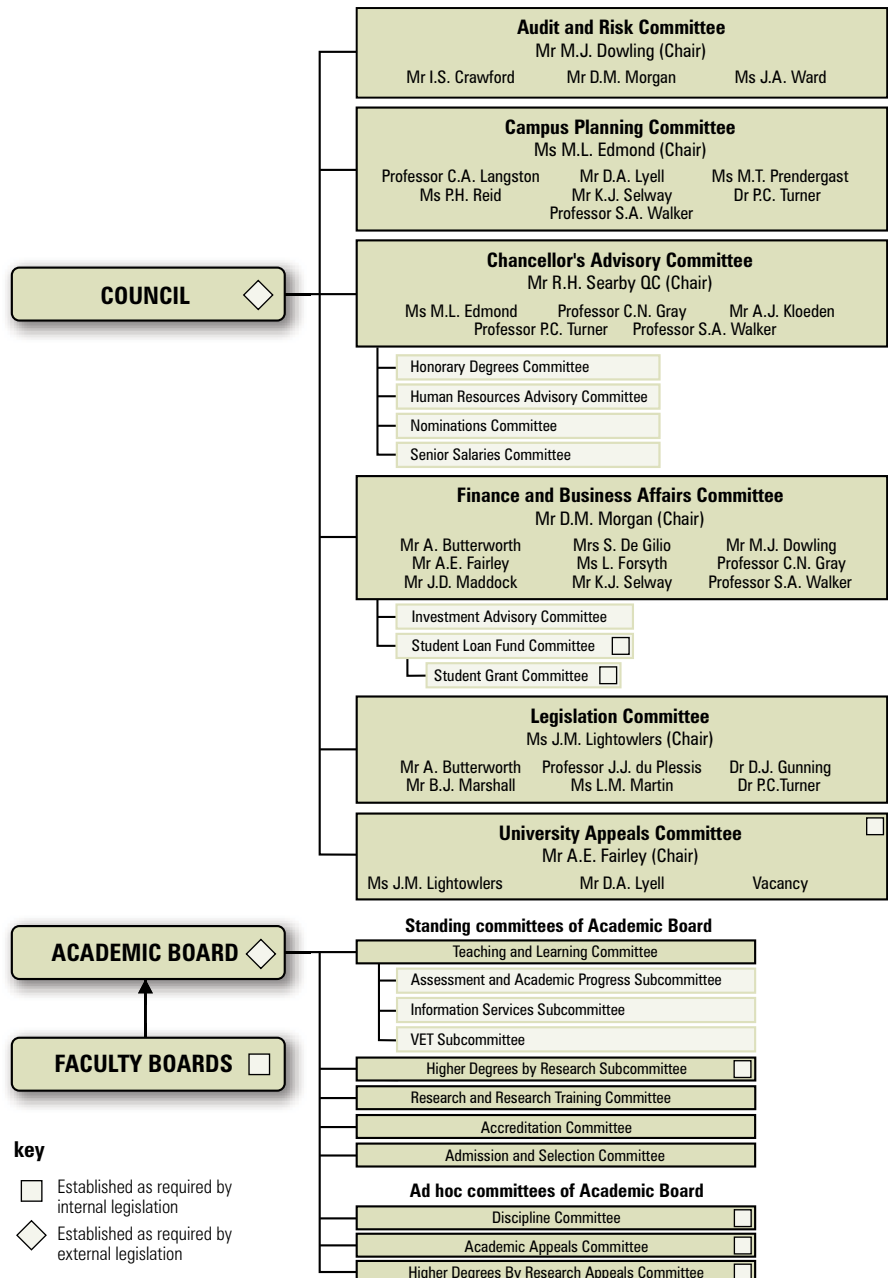
The obligations of each standing committee of Council (with the exception of the University Appeals Committee which meets only as required) are set out in an annual schedule of business, in accordance with the powers and responsibilities set out in the committee's terms of reference. Schedules of business 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 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 Chancellor's Advisory Committee, on the outcome of that review and on any action which has been deemed appropriate arising from it.

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.

University committee structure

Committees reporting to Council and the Academic Board



Audit and Risk Committee

Audit and Risk Committee comprises 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, and one of whom is a member of the Finance and Business Affairs Committee, and the Chancellor or nominee.

The responsibilities of Audit and Risk Committee include:

- > To advise Council whether the accounting, control and reporting practices of the University comply with prescribed standards.
- > To report to Council on the assets of the University, and their management, in respect of risk.
- > To ensure an effective control framework by keeping accounting policies under review for compliance; by reviewing the internal audit charter; and by considering or instigating reports on the effectiveness of management information systems.
- > To consider annually the external audit plan, and to consider external audit reports and matters related to reports and responses; to review compliance with any recommendations; and to report to Council accordingly.
- > To consider the University's audited financial statements and accounts for subsequent inclusion in the University's Annual Report, subject to their compliance with statutory responsibilities and prescribed accounting standards.
- > To approve an Internal Audit Plan, consider the University's internal audit coverage, and to report annually to Council on those matters.
- > To consider annual internal audit reports, to review compliance with recommendations contained in those reports and to report to Council accordingly.
- > To liaise with the Vice-Chancellor regarding the performance of internal audit and the adequacy of resources allocated to internal audit.
- > To consider reports on risk assessment and control, ensuring maintenance of an appropriate framework of risk management; and the twice-yearly risk assessments associated with the University's commercial

ventures, recommending their approval to Council for subsequent inclusion in the University's Annual Report and in the University's submission regarding compliance with the National Governance Protocols.

- > To advise and to report to Council on matters pertaining to the adequacy of University compliance management.
- > To advise Council on any matters referred to the Committee by Council.
- > To make such recommendations to Council as the Committee considers appropriate in respect of the matters referred to in the foregoing paragraphs.

Audit and Risk Committee—meeting attendance 2005

	A*	B*	C*
Mr M.J. Dowling (Chair) ⁵	2	2	—
Mr I.S. Crawford	4	2	2
Mr D.M. Morgan	4	3	1
Ms J.A. Ward	4	4	—

A* Number of meetings held during member's term

B* Number of meetings attended by each member

C* Number of meetings for which Leave of Absence was granted to each member/Apology was received for each member

Members of Audit and Risk Committee at 31 December 2005 were Mr M.J. Dowling (Chair), Mr I.S. Crawford, Mr D.M. Morgan and Ms J. A. Ward.

Meetings may be attended by the Vice-Chancellor, the Vice-President (Administration), the Director, Financial and Business Services Division and the Manager of the Internal Audit Unit who have the rights of audience and debate. External auditors and other senior staff as required attend meetings by invitation.

The Committee met four times during the year.

Campus Planning Committee

Campus Planning Committee comprises eight members: the Chancellor or nominee; three members of Council, two of whom are external members and one a member of Council elected by the staff; the Vice-Chancellor or nominee; the Vice-President (Administration) or nominee; the Chair of Academic Board or nominee; and one elected student member of Council.

⁵ Mr M.J. Dowling commenced his term of office as member and Chair of Audit and Risk Committee on 9 June 2005, succeeding Mr B.R. Jamison who vacated this office on 26 May 2005.

The responsibilities of Campus Planning Committee include:

- > Considering proposed masterplans for the physical development of each of the University's campuses and making recommendations to Council regarding approval and/or amendments as required.
- > Ensuring that proposed developments are in accordance with approved masterplans or, in the case of a project not being in accordance, determining whether a recommendation for approval should be made to Council.
- > Establishing enabling policy regarding the management of the University's physical facilities and making recommendations to Council in regards to other enabling policy as required to meet the Committee's responsibilities.
- > Establishing the process for selection of architects for major capital works and considering and approving recommendations for the appointment of architects.
- > Considering and approving recommendations regarding design and construction guidelines.
- > Providing advice to the Vice-Chancellor on campus planning aspects of proposals for the University's capital priorities and on proposals for the design of major new University buildings.
- > Considering reports on the progress of major capital works.
- > Making recommendations to Council on significant changes to University landholdings and considering proposals for major new commercial leases of significant landholdings, buildings or facilities.
- > Receiving annual reports on utilisation of University buildings and on the status of leases by other parties of significant University landholdings, buildings or facilities.
- > Considering proposals for the naming of University buildings and facilities in accordance with appropriate policy and making recommendations to Council as required.

Campus Planning Committee—meeting attendance 2005

	A*	B*	C*
Ms M.L. Edmond (Chair)	5	5	—
Professor C.A. Langston	5	3	2
Mr D.A. Lyell ⁶	3	3	—
Ms M.T. Prendergast	5	—	5
Ms. P.H. Reid	4	4 ⁷	—
Mr K.J. Selway ⁸	1	1	—
Dr P.C. Turner	5	3	2
Professor S.A. Walker	5	1	4

Members of Campus Planning Committee at 31 December 2005 were Ms M.L. Edmond (Chair), Professor C.A. Langston, Mr D.A. Lyell, Ms M., T Prendergast, Ms P.H. Reid, Mr K.J. Selway, Dr P. C. Turner, and Professor S.A. Walker.

The Committee met five times during the year.

A* Number of meetings held during member's term

B* Number of meetings attended by each member

C* Number of meetings for which Leave of Absence was granted to each member/Apology was received for each member

Chancellor's Advisory Committee

The Committee comprises seven members: the Chancellor; the deputy chancellors; the Vice-Chancellor; the Chair of the Academic Board; and the Vice-President (Academic and Information Services).

When acting as Nominations Committee, the Committee's membership is augmented by a student member of Council. When acting as Honorary Degrees Committee, membership is augmented by the Deputy Chair of Academic Board and together with 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, membership comprises the Chancellor, the Vice-Chancellor, the deputy chancellors, the Chair of the Academic Board, and the Vice-President (Administration).

6 Upon his election to fill a casual vacancy in Council membership in the category of a 'member elected by and from the postgraduate students of the University' in May 2005, Mr D.A. Lyell took over membership of Campus Planning Committee from Mr A. Butterworth, who attended the first two meetings of that Committee for 2005.

7 Ms P.H. Reid also attended the first meeting of Campus Planning Committee on 8 February 2005 as a visitor pending re-appointment to membership of Campus Planning Committee by Council.

8 Mr K.J. Selway took up membership of Campus Planning Committee in the capacity of Acting Vice-President (Administration) on 14 November 2005 and, in this capacity, attended the final meeting of the Committee for 2005. Mr R.H. Elliott, Vice-President (Administration) until 14 November 2005, or his nominee, attended the first four meetings of the Committee for the year 2005.

The responsibilities of Chancellor's Advisory Committee include:

- > Advising the Chancellor on matters the Committee considers need to be dealt with before the next scheduled meeting of Council.
- > Making recommendations to the Minister regarding proposed appointments to membership of Council by the Governor in Council and making recommendations to Council regarding proposed appointments by Council (when undertaking this role the Committee is known as Nominations Committee).
- > Undertaking such corporate governance responsibilities as Council may determine from time to time including making recommendations on the appointment of chairpersons and members of Council committees; advising Council on the conduct, maintenance and orderly review of Council operations; and advising Council on the conduct and outcome of periodic reviews of performance by Council and its committees.
- > Advising the Chancellor in confidence on the annual performance of the Vice-Chancellor and determining the conditions of employment and remuneration of the Vice-Chancellor and of senior officers of the University (when undertaking this role the Committee is known as the Senior Salaries Committee).
- > Providing advice and making recommendations to Council in respect of high level human resources policy and matters in accordance with advice received from the Vice-Chancellor upon such matters.
- > Advising the Vice-Chancellor on recommendations for honorary awards of the University (when undertaking this role the Committee is known as Honorary Degrees Committee).
- > Advising Council on matters referred to it by Council and, if requested by Council, acting on Council's behalf.

Chancellor's Advisory Committee—meeting attendance 2005

	A*	B*	C*
Dr R.H. Searby QC (Chair)	6	6	—
Ms M.L. Edmond	6	4	2
Professor C.N. Gray	6	5	1
Mr A.J. Kloeden	6	5	1
Professor P.C. Turner	5	4	1
Professor S.A. Walker	6	6	—

Members of Chancellor's Advisory Committee at 31 December 2005 were Dr R.H. Searby (chair), Ms M.L. Edmond, Professor C.N. Gray, Mr A.J. Kloeden, Ms L.M. Martin⁹, Professor P.C. Turner, Professor S.A. Walker.

The Committee met six times during the year.

A* Number of meetings held during member's term

B* Number of meetings attended by each member

C* Number of meetings for which Leave of Absence was granted to each member/Apology was received for each member

Finance and Business Affairs Committee

The Committee comprises ten members: the Chancellor or nominee; four members appointed by Council, two of whom are external members of Council, one is a member of Council elected by the staff and one is 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 Vice-President (Administration) or nominee; and the Chair of Academic Board or nominee. The Vice-President (Academic and Information Services) may attend meetings of Finance and Business Affairs Committee with rights of audience and debate.

The responsibilities of Finance and Business Affairs Committee include:

- > Advising Council on matters concerning financial and investment matters including the University's long-term financial plans.
- > Reviewing and approving relevant policies, including those related to the fees and charges levied by the University pursuant to Statute 6.1—*Fees and Charges*.
- > Considering and approving financial statements for the University with regard to content, substance, impact and consistency with the University's strategic objectives.

⁹ As a result of certain amendments to the terms of reference, composition and rules of operation of Chancellor's Advisory Committee, approved by Council at its meeting on 8 December 2005, Ms L.M. Martin, in her capacity of Vice-President (Academic and Information Services), took up membership of Chancellor's Advisory Committee after the final meeting for the year 2005 of that Committee. Consequently, her name is not included in the table of meeting attendance for Chancellor's Advisory Committee for the year 2005. In accordance with the terms of reference, composition and rules of operation of the Committee prior to 8 December 2005, all meetings of the Committee until 14 November 2005 had been attended by Mr Russell Elliott in his capacity as Vice-President (Administration).

- > Reviewing the financial performance of University companies and other major commercial activities.
- > Considering the budgets and financial accounts of student associations and other incorporated associations required to operate in accordance with the Tertiary Education Act (if relevant) and approving any agreements with the University.
- > Approving material variations to approved University expenditure programs.
- > Advising Council on proposed University business ventures as a means of increasing non-government income, addressing the relative merits and risks of these ventures, including the potential impact of a venture on the University's reputation.

Finance and Business Affairs Committee—meeting attendance 2005

	A*	B*	C*
Mr D.M. Morgan (Chair)	7	7	—
Mr A. Butterworth	7	5	2
Mrs S. De Gilio	7	4	3
Mr M.J. Dowling	7	7	—
Mr A.E. Fairley	7	1	6
Ms L. Forsyth	7	5	2
Professor C.N. Gray	7	6	1
Mr J.D. Maddock	7	4	3
Mr K.J. Selway ¹⁰	1	1	—
Professor S.A. Walker	7	6	1

Members of the Committee at 31 December 2005 were Mr D.M. Morgan (Chair), Mr A. Butterworth, Ms S. De Gilio, Mr M.J. Dowling, Mr A.E. Fairley, Ms L. Forsyth, Professor C.N. Gray, Mr J.D. Maddock, Mr K.J. Selway, Professor S.A. Walker.

The Committee met seven times during the year.

A* Number of meetings held during member's term

B* Number of meetings attended by each member

C* Number of meetings for which Leave of Absence was granted to each member/Apology was received for each member

Legislation Committee

Legislation Committee comprises eight members: the Chancellor or nominee; one external member of Council appointed by Council; Vice-President (Academic and Information Services) or nominee; the Vice-President (Administration) 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 recommending to Council on any matter pertaining to the *Deakin University Act 1974* and University Statutes and regulations.

Legislation Committee—meeting attendance 2005

	A*	B*	C*
Ms J.M. Lightowlers (Chair)	4	4	—
Mr A. Butterworth ¹¹	3	2	1
Professor J.J. Du Plessis	4	4	—
Dr D.J. Gunning	4	2	2
Mr B.J. Marshall	4	3	1
Ms L.M. Martin	4	2	2
Dr P.C. Turner	4	4	—

Members of the Committee at 31 December 2005 were Ms J.M. Lightowlers (Chair), Mr A. Butterworth, Professor J.J. Du Plessis, Dr D.J. Gunning, Mr B.J. Marshall, Ms L.M. Martin and Dr P.C. Turner.

The Committee met four times during the year.

A* Number of meetings held during member's term

B* Number of meetings attended by each member

C* Number of meetings for which Leave of Absence was granted to each member/Apology was received for each member

University Appeals Committee

University Appeals Committee comprises four members of Council, two of whom are external members and one of whom is an elected student member. The Committee hears and determines appeals against findings of the University Discipline Committee in respect of matters of general misconduct by students and against decisions of the Vice-Chancellor with regard to 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 2005 were Mr A.E. Fairley (Chair), Ms J.M. Lightowlers, and Mr D.A. Lyell, with one vacancy in the category of member of Council. The Committee was not required to meet in 2005.

¹⁰ Mr K.J. Selway took up membership of Finance and Business Affairs Committee in the capacity of Acting Vice-President (Administration) on 14 November 2005 and, in this capacity, attended the final meeting of the Committee for 2005. Mr R.H. Elliott, Vice-President (Administration) until 14 November 2005, or his nominee, attended the first six meetings of the Committee for the year 2005.

¹¹ Mr A. Butterworth took up membership of Legislation Committee on 25 May 2005, succeeding Mr G. Al Shatter who vacated this office on 6 April 2005.

Risk management

The University's approach to risk management follows the Australian Standard AS/NZS 4360:2004 *Risk Management*.

Within the University, the Vice-Chancellor is responsible to Council for identifying risks and for ensuring the adequacy and effectiveness of the associated treatment or control processes. Council oversees University risk management via its Audit and Risk Committee. A register of University-level risks sets out the highest-level risks facing the University, and the controls in place to manage them. This register is approved annually by the Vice-Chancellor and is reported to Council via Audit and Risk Committee. Each organisational area of the University is also required to establish, monitor and revise a register of risks pertaining to their area, with specialist risk management software being used by each area for this purpose.

During 2004, the Planning and Resources Committee (the key advisory body to the Vice-Chancellor on matters linking planning and resourcing decisions and policy) established a Risk and Compliance Management Subcommittee to review organisational area risk registers using a peer review process. Findings are reported regularly to PRC, with findings being reported to Council via Audit and Risk Committee as appropriate.

As part of the risk management system, the University's Internal Audit Unit reviews the adequacy and effectiveness of the processes in place to manage risks.

The University continues to review and maintain a comprehensive insurance cover for insurable risks.

Deakin University requires all commercial ventures to manage risk appropriately. A summary of the extent and nature of financial and reputational risk is assessed by the Finance and Business Affairs and Audit and Risk committees twice a year, and follows:

University wholly-owned controlled entities	Principal objects	Level of financial risk	Level of reputational risk
Australian Human Resources Institute Pty Ltd	Professional association for human resources managers	Low	Low
Callista Software Services Pty Ltd	Development, maintenance and support of the 'Callista' student administration and management system to Australian universities and TAFE	High	High
Canopi Network Pty Ltd (previously known as Deakin Networks Pty Ltd)	Arrangement of the licensing and development of the 'Callista' student administration and management system	Low	Low
DeakinPrime (a division of Deakin University)	Provision of training and education services to a range of corporate and government clients	Low	Low
DeakinPrime USA	Company deregistered October 2005	None (prior October 2005)	None (prior October 2005)
Unilink Limited	Provision of staffing services to Deakin University	Low	Low

Part ownerships, partnerships or joint ventures

Australia's Research and Education Network Pty Ltd (AARNet)	Provision of high capacity, cost-effective internet services to education and research communities and their partners	Low	Low
Australian National Business School Limited	Provision of postgraduate award programs in business or public sector management and non-award management and executive development programs on behalf of members	Low	Low
Australian Technology Fund Pty Ltd	Commercialisation of technology developed by universities and other research institutions	Low	Low

Part ownerships, partnerships or joint ventures	Principal objects	Level of financial risk	Level of reputational risk
Chirogen Pty Ltd	Research into chiral and molecular technology	Low	Medium
Cooperative Action by Victorian Academic Libraries Limited (CAVAL)	Facilitation of innovative information services by a consortium of the Victorian university libraries and the State Library of Victoria, acting as an agent in library resource sharing, fostering library cooperation and representing libraries' interests as appropriate	Low	Low
IDP Education Australia Ltd	Recruitment of overseas students for Australian universities	Medium	Medium
IELTS Australia Pty Ltd	Administration, marketing and delivery of the International English Language Tests (IELTS), an internationally recognised test of English language proficiency	Low	Low
SciVentures Investments Pty Ltd	Provision of funding to commercially promising Research and Development (R&D) opportunities within universities and Commonwealth owned research agencies by approved Pre-seed Fund	Low	Medium
Simile Systems Pty Ltd	Design and manufacture of metals fabrication software by a collaborative research venture between Deakin University, Australian National University, Ford, Castrol Australia, Bluescope Steel (and others)	Low	Low
The Mobile Architecture and Built Environment Laboratory (MABEL)	Promotion of research, education, training and technology diffusion pertaining to the indoor environment by an STI grant-funded unincorporated joint venture. Deakin University appoints a Consortium Director	Low	Low
The Sustainable Aquaculture Systems Consortium (SASC)	Provision of education, training and technology diffusion in freshwater and saline aquaculture by an STI grant-funded unincorporated joint venture. Deakin University appoints a Venture Manager.	Low	Low
V-CAMM Limited	Administration of a Victorian Government STI grant jointly awarded to Deakin University, Monash University and CSIRO in 2002	Low	Low
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 ten shareholders: the nine Victorian universities and the CSIRO	Low	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	Low	Low
Victorian Public Health Research and Education Council (VPHREC)	Cooperation between research organisations, industry, organisations, industry, educational, government and non-government institutions in the public health and education area	Low	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 of Deakin University, University of Adelaide, Flinders University, University of SA, Newcastle University, Central Queensland University (and others)	Low	Low

Compliance

Through the Vice-Chancellor, Council is responsible for ensuring that the University complies with external and internal statutory requirements, including government reporting requirements. Council also ensures that the University maintains and complies with University policies. Council receives reports of the University's compliance with these obligations on an annual basis.

Council is assisted in meeting its compliance obligations by Audit and Risk Committee, which reviews advice and recommendations on matters relating to the compliance program and relevant policy.

The Risk and Compliance Management Subcommittee of the Planning and Resources Committee reviews the effectiveness of the program. It does this by, among other things, considering the appropriateness of the tools

used by the program, receiving reports from the Compliance Manager, evaluating developments in compliance program practice and their application to the University's program, and considering proposed communication and awareness proposals to promote the program. The Subcommittee also makes recommendations for the continuous improvement of the compliance program and reviews and makes recommendations on the adequacy of the University's compliance policy.

The Internal Audit Unit conducts a three-year cyclical review of organisational areas' compliance registers which have been established in accordance with the compliance program. The current review cycle commenced in 2004 and focuses on auditing the controls in place to manage the meeting of compliance obligations.



Council members Mr David Morgan, Dr Richard Searby QC (Chancellor) and Dr Pauline Turner in the Wilfred Brookes Room at the Geelong Waterfront campus

Procedural and legislative compliance matters

Statutes

Statutes revoked, made or amended by Council and approved by the Minister during 2005

Statute 1.1	<i>Interpretation</i>	amended
Statute 1.3	<i>Membership of the University</i>	amended
Statute 2.1	<i>The Council</i>	revoked and remade
Statute 2.10	<i>Staff of the University - Conditions of Appointment and Employment</i>	revoked and remade as <i>Staff of the University</i>
Statute 3.3	<i>Academic Staff</i>	revoked
Statute 3.11	<i>Supernumerary Academic Staff</i>	revoked and remade
Statute 5.6	<i>Exclusion for Health Reasons</i>	amended
Statute 8.1	<i>The Seal of the University</i>	amended

New or amended statutes approved by the Minister during 2005 (made or amended by Council during 2004)

Statute 2.2	<i>The Academic Board</i>	amended
Statute 2.9	<i>Deakin University Centres</i>	revoked and remade as <i>University Institutes</i>
Statute 3.2	<i>The Vice-Chancellor</i>	amended
Statute 3.4	<i>Deputy Vice-Chancellors</i>	amended
Statute 3.8	<i>The Vice-President (Administration)</i>	amended
Statute 3.14	<i>Pro Vice-Chancellors</i>	amended
Statute 14.1	<i>Control of University Buildings, Grounds and Other Property</i>	amended

Current legislation can be viewed on the University's electronic information portal 'The Guide'.

Revoked legislation is held in the University safe.

Compliance with the *Public Sector Management and Employment Act 1998*

Until 31 March 2005 Deakin University was required to comply, and did comply, with the *Public Sector Management and Employment Act 1998* so as to achieve the outcomes in section 7 of the Act, and ensure observance of the public sector conduct principles in section 8 of the Act. The Act has been repealed and replaced by the *Public Administration Act 2004* as from 1 April 2005. The new Act excludes universities from its scope.

Compliance with the *Education Services for Overseas Students Act 2000 (Cth)(ESOS)*

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 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-wide compliance program. Further, during 2005 detailed web-based information in relation to the ESOS Act and the National Code has been prepared for staff in order to consolidate compliance activity.

Compliance with the *Freedom of Information Act 1982*

Requests for access to documents are made to the Freedom of Information Manager, Mr Keân Selway, Acting Vice-President (Administration). The University received four requests for access to documents under the *Freedom of Information Act 1982* during 2005. Details of the University's response to each application follow:

- 1 Access was provided to all relevant documents. With the applicant's consent, references to the personal affairs of third parties were obscured.
- 2 Access was provided to all relevant documents. With the applicant's consent, references to the personal affairs of third parties were obscured.
- 3 Two documents were relevant to the request. Both documents were exempt from disclosure as they contained information relating to the personal affairs of a third party.
- 4 The request for access, received 14 days before the end of the calendar year, could not be completed during 2005.

Compliance with National Competition policy and competitive neutrality

Deakin University practises competitive neutrality in relation to relevant significant business activities.

Advice to staff in relation to trade practices legislation and issues is available on 'The Guide'; the repository on the University's website for University policy, procedures, legislation and other information, and also through the University's compliance program.

Significant business activities are conducted through separate legal entities and the commercial arm of the University, DeakinPrime. Further information for staff concerning competitive neutrality principles is currently being developed. This will also be made available on 'The Guide'.

Compliance with the *Whistleblowers Protection Act 2001*

In accordance with the requirements of section 104 of the *Whistleblowers Protection Act 2001*:

- a Deakin University has developed a policy and procedures for reporting disclosures under the Act ('disclosures') which may be viewed at <http://theguide.deakin.edu.au/TheDeakinGuide.nsf>
- b no disclosures were made to the University during 2005
- c as no disclosures were made to the University, none were referred in 2005 by the University to the Ombudsman for determination as to whether they were public interest disclosures
- d no disclosed matters were referred during 2005 to the University by the Ombudsman
- e as no disclosures were made to the University, no disclosed matters were referred during 2005 by the University to the Ombudsman to investigate
- f as no disclosures were made to the University, no investigations of disclosed matters were taken over during 2005 by the Ombudsman from the University
- g as no disclosures were made to the University, no requests were made during 2005 to the Ombudsman under section 74 of the Act to investigate disclosed matters
- h as no disclosures were made to the University, there were no disclosed matters which the University declined to investigate during 2005
- i as no disclosures were made to the University, there were no disclosed matters which were substantiated on investigation
- j no recommendations of the Ombudsman relating to the University were made under the Act.

The Ombudsman's jurisdiction under the *Whistleblowers Protection Act 2001* is distinct from his general jurisdiction under the *Ombudsman Act 1973*, as to which see page 52, 'Complaints made to and investigated by 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 the process for doing so is based on the principles of natural justice.

Complaints are initially handled within the local area responsible for the service or process in question, and students and staff are informed of their right to refer complaints to the relevant external bodies once they have exhausted internal grievance procedures. Deakin University complies with Protocol 7 of the National Governance Protocols and has codified and published the University's internal complaints procedures, along with information regarding the procedure for submitting complaints to the Victorian Ombudsman or equivalent 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 derived from this policy and are currently being reviewed due to recent structural changes and the redesignation of responsibilities for hearing complaints.

The Staff Complaints procedure details the appropriate steps to be taken in specific cases of dispute resolution, staff grievances, equal opportunity, prevention of workplace bullying, and privacy. In addition to these procedures, information on handling staff complaints is provided for issues of probation, promotion, job evaluation, and reporting disclosures under the *Whistleblowers Protection Act 2001*. Each procedure contains definitions, steps to resolution of the complaint, timelines applying at each step in the process, sources of advice and support, the responsible officer for handling the complaint, record-keeping requirements, and avenues for appeal.

The Student Complaints operational policy articulates the principles the University follows in handling student complaints, which include a fair and just working and learning environment; resolution of complaints in a timely manner; confidentiality; adherence to the principles of natural justice; and encouraging the resolution of student complaints within the University.

The policy recognises a student's right to use external mechanisms for the resolution of a complaint or grievance.

The Student Complaints procedure outlines the types of grounds for complaint and specifies the separate policies applicable to academic and administrative or equity-related (harassment or discrimination) complaints. The procedure details the complaint resolution process of three stages, from early conciliation and informal resolution through to the third stage of a formal investigation. Timelines, sources of advice and support and other action that may be taken, record-keeping requirements, and avenues for appeal (including the Ombudsman) are also detailed.

The University's student complaints handling system was reviewed during 2005 and, as a result, minor revisions to the operational policy and procedure are planned to simplify and clarify the principles and processes involved, without changing the complaints handling framework. One proposed change, consistent with the review of University complaints handling processes undertaken by the State Ombudsman in 2004, is the inclusion of a definition of a complaint.

Complaints made to and investigated by the Ombudsman

The *Ombudsman Act 1973* provides that the Victorian Ombudsman may conduct an investigation as a consequence of a complaint made to him about an administrative action of a public statutory body such as the University.

One student lodged a complaint with the Office of the Victorian Ombudsman in 2005, which was referred back to the University and dealt with to the satisfaction of the Ombudsman. One student contacted the Ombudsman's office regarding a matter initiated in a prior year, which was also referred to the University, and the Ombudsman now considers this case resolved. No further action was taken in either case.

On 23 December 2005 the University received advice from the Ombudsman of another complaint; a response was prepared, and the outcome will be known in 2006.

Compliance with the *Building Act 1993*

All building works are designed to comply with the *Building Act 1993*. To ensure that all new buildings and works relating to existing buildings comply with current building standards and codes, where required the projects are referred to an independent building surveyor for certification. When certified, the plans are lodged with the local municipal council for information.

When required, building surveyors issue a Certificate of Occupancy or a Certificate of Final Inspection upon completion of works.

When building practitioners are engaged to carry out works for the University, only registered building practitioners are used and registration is confirmed prior to the engagement. Registration is maintained during the engagement and there have been no cases of building practitioners becoming deregistered whilst engaged by the University.

Works carried out by external consultants or contractors are not exempt from the ten-year liability cap. Works performed wholly by University staff are covered by the University's professional indemnity insurance, up to a limit of \$15 million per any one claim.

Additional information available on request

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

- > 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
- > details of publications produced by Deakin University about itself, 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 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 entity and its services
- > 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 details of the above should be addressed to:

Office of the Vice-President (Academic and Information Services)

Melbourne campus at Burwood
221 Burwood Highway
Burwood Victoria 3125
Australia

Details of information available to the public on the University's website

Deakin University's website provides information about

- > the University
- > courses
- > research
- > campuses
- > online and off campus learning
- > faculties, schools and divisions
- > employment
- > legislation; policies, procedures and rules; information on University committees; plans, guidelines and other information; and University forms.

Deakin University's annual reports can be accessed at:

<http://theguide.deakin.edu.au/TheDeakinGuide.nsf>

utilising first the Visitor link and then the Publications, Guidelines and other Information link.

Declaration

No major changes or factors occurred during 2005 which have affected the achievement of the University's operational objectives for the year.

No events occurred subsequent to balance date which may have a significant effect on operations in subsequent years.

Council approved the Annual Report 2005 at its meeting held on 23 March 2006.



Mr David M. Morgan
Chancellor

Audited financial statements

As at 31 December 2005

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2005

	Note	Consolidated		University	
		2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's
Revenue from continuing operations	2	436,396	395,822	417,935	378,858
Expenses from continuing operations					
Employee benefits expense	2	(227,509)	(208,029)	(217,607)	(198,157)
Depreciation and amortisation expense	2	(27,853)	(26,446)	(27,782)	(26,018)
Other expenses from continuing operations	2	(151,060)	(148,377)	(143,222)	(142,339)
Borrowing costs	2	(1,752)	(1,923)	(1,752)	(1,923)
Operating profit before income tax		28,222	11,047	27,572	10,421
Income tax benefit/(expense)		141	-	-	-
Net operating profit for the year		28,363	11,047	27,572	10,421

The above income statement should be read in conjunction with the accompanying notes

STATEMENT OF CHANGES IN EQUITY FOR THE THE YEAR ENDED 31 DECEMBER 2005

	Note	Consolidated		University	
		2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's
Total equity at the beginning of the financial year		591,286	542,679	591,214	543,233
Impairment on building charged against asset revaluation reserve	13	(12,166)	-	(12,166)	-
Gain/(loss) on revaluation of land and buildings	13	-	36,944	-	36,944
Increase/(decrease) on revaluation of investments	13	(2,179)	616	(2,179)	616
Net income/(expense) recognised directly in equity		(14,345)	37,560	(14,345)	37,560
Net operating profit for the year		28,363	11,047	27,572	10,421
Total recognised income and expense for the year		14,018	48,607	13,227	47,981
Total equity at the end of the financial year		605,304	591,286	604,441	591,214

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

BALANCE SHEET AS AT 31 DECEMBER 2005

	Note	Consolidated		University	
		2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's
CURRENT ASSETS					
Cash and cash equivalents	3	15,858	34,332	13,763	31,469
Receivables	4	30,866	33,434	29,551	32,205
Inventories	5	879	1,420	879	1,420
Other financial assets	6	43,660	34,266	43,660	34,266
TOTAL CURRENT ASSETS		91,263	103,452	87,853	99,360
NON-CURRENT ASSETS					
Receivables	4	156,524	139,702	156,524	140,683
Other financial assets	6	1,074	6,017	5,757	6,887
Property, plant and equipment	7	630,966	600,449	630,821	600,325
Intangible assets	8	694	2,518	694	2,518
TOTAL NON-CURRENT ASSETS		789,258	748,686	793,796	750,413
TOTAL ASSETS		880,521	852,138	881,649	849,773
CURRENT LIABILITIES					
Payables	9	44,976	44,126	48,273	43,228
Interest bearing liabilities	10	2,300	5,811	2,296	5,811
Provisions - employee benefits	11	27,103	26,087	26,710	25,729
Current tax liabilities	12	1	142	-	-
TOTAL CURRENT LIABILITIES		74,380	76,166	77,279	74,768
NON-CURRENT LIABILITIES					
Payables	9	-	107	-	-
Interest bearing liabilities	10	19,782	22,078	19,782	22,078
Provisions - employee benefits	11	181,055	162,501	180,147	161,713
TOTAL NON-CURRENT LIABILITIES		200,837	184,686	199,929	183,791
TOTAL LIABILITIES		275,217	260,852	277,208	258,559
NET ASSETS		605,304	591,286	604,441	591,214
EQUITY					
Asset revaluation reserve	13	81,841	96,186	81,841	96,186
Retained surplus	14	523,463	495,100	522,600	495,028
TOTAL EQUITY		605,304	591,286	604,441	591,214

The above balance sheet should be read in conjunction with the accompanying notes

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2005

Inflows/(outflows)	Note	Consolidated		University	
		2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's
CASH FLOWS FROM OPERATING ACTIVITIES					
Australian government grants					
Commonwealth Grants Scheme and other DEST grants		116,437	92,815	116,437	92,815
Higher Education Loan Programmes		67,774	56,672	67,774	56,672
Scholarships		3,032	2,189	3,032	2,189
DEST research		14,293	11,768	14,293	11,768
ARC grants - Discovery		2,154	2,162	2,154	2,162
ARC grants - Linkages		3,100	2,074	3,100	2,074
Other Australian government grants		4,690	5,221	4,690	5,221
State government grants		4,924	6,798	4,924	6,798
HECS-HELP - student payments		12,384	10,076	12,384	10,076
OS-HELP (net)		307	-	307	-
Other research grants and contracts		10,338	16,493	10,051	12,471
Fees and charges		133,833	120,238	132,423	120,162
Dividends received		401	365	401	365
Interest received		9,156	7,347	9,138	7,392
Other income received		48,263	45,762	30,142	31,074
Payments to employees		(223,567)	(203,632)	(213,820)	(193,977)
Payments to suppliers		(155,118)	(143,968)	(143,560)	(136,561)
Interest paid		(1,798)	(1,965)	(1,798)	(1,965)
Goods and services tax recovered/(paid)		6,742	5,768	7,945	6,622
Net cash provided by operating activities	15	57,345	36,183	60,017	35,358
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		2,976	4,496	2,971	4,496
Proceeds from sale of other financial assets		5,359	-	5,359	-
Addition to land		-	(1,138)	-	(1,138)
Addition to buildings		(4,021)	(1,623)	(4,021)	(1,623)
Addition to construction in progress		(48,888)	(32,168)	(48,888)	(32,168)
Addition to leasehold improvements		(56)	(143)	(56)	(144)
Purchase of equipment and furniture		(11,606)	(11,266)	(11,501)	(11,188)
Purchase of motor vehicles		(3,806)	(6,074)	(3,806)	(6,074)
Purchase of library holdings		(2,791)	(3,867)	(2,791)	(3,867)
Purchase of art works		(64)	(113)	(64)	(113)
Receivables - sale of property		2,750	-	2,750	-
Purchase of other financial assets		(9,865)	(2,446)	(11,865)	(4,446)
Net cash used in investing activities		(70,012)	(54,342)	(71,912)	(56,265)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of borrowings		(5,811)	(2,020)	(5,811)	(2,020)
Net cash used in financing activities		(5,811)	(2,020)	(5,811)	(2,020)
Net increase in cash and cash equivalents		(18,478)	(20,179)	(17,706)	(22,927)
Cash and cash equivalents at the beginning of the financial year		34,332	54,511	31,469	54,396
Cash and cash equivalent at the end of the financial year	15	15,854	34,332	13,763	31,469

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements and accompanying notes constitute a general purpose financial report which have been prepared in accordance with the *Victorian Financial Management Act 1994*, Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views and the requirements of the Department of Education, Science and Training.

Compliance with IFRS

Australian Accounting Standards include Australian equivalents to International Financial Reporting Standards. Compliance with AIFRS ensures that the consolidated financial statements and notes to the accounts comply with International Financial Reporting Standards (IFRS). Deakin University financial statements and notes also comply with IFRS except that it has elected to apply the relief provided to parent entities in respect of certain disclosure requirements contained in in AASB 132 Financial Instruments: Presentation and Disclosure and AASB 124 Related Party Disclosures.

Application of AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards

These financial statements are the first financial statements to be prepared in accordance with AIFRS. AASB 1 First time Adoption of Australian Equivalents to International Financial Reporting Standards has been applied in preparing these financial statements.

Financial statements until 31 December 2004 had been prepared in accordance with previous Australian Generally Accepted Accounting Principles (AGAAP). AGAAP differs in certain respects from AIFRS. When preparing 2005 financial statements, management has amended certain accounting, valuation and consolidation methods applied in the AGAAP financial statements to comply with AIFRS. With the exception of financial instruments, the comparative figures in respect of 2004 were restated to reflect these adjustments. Deakin University has taken the exemption available under AASB 1 to only apply AASB 132 and AASB 139 from 1 January 2005.

Reconciliations and descriptions of the effect of transition from previous AGAAP to AIFRSs on the Deakin University's equity, net income and statement of cash flows are given in note 25.

Deakin University has elected to use a 31 December 2004 revaluation of land and buildings as its deemed cost. This valuation was at fair value. The deemed cost for Artworks was based on the fair value valuation at 31 December 2003

Historical cost convention

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

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) FINANCIAL EFFECT OF CHANGES TO AUSTRALIAN GOVERNMENT PAYMENT ARRANGEMENTS FOR 2005 GRANT YEAR

Background

Department of Education Science and Training (DEST) made changes to payment arrangements in late 2004 so that all recurrent payments in respect of a grant year will be made in that year. The past practice of making the first payment in respect of a grant year at the end of December of the previous year was discontinued. For the 2005 grant year, the first payment was made in January 2005 instead of December 2004.

Financial Effects for 2004

Changes to payment arrangements meant that those Higher Education Providers (HEP) that reported the whole or part of the 8% first payment in respect of the 2004 grant year as revenue in 2003 will have the effect of understating the Australian Government funding for the 2004 grant year in the group's 2004 Income Statement. Deakin University is required to identify in their 2004 financial statements, the impact of the changed treatment on their operating result by restating the Australian Government financial assistance for 2004 (by incorporating the amount received in December 2003 as revenue for the 2004 reporting period) and the total revenue from operating activities. The restated amounts for 2004 are not reported in the income statement, then that information is provided below:

	<i>University</i> \$'000
2004 Revenue from Continuing Operations (per Income Statement)	378,858
Add Grants Received in 2003 for 2004 Activities:	
Australian Government financial assistance	8,903
HECS – Australian Government payments	4,578
Total Restated 2004 Revenue from Continuing Operations	<u>392,339</u>
Restated 2004 Operating Result	23,902
Reported 2004 Operating Result	<u>10,421</u>
Reduction in 2004 Operating Profit	<u>13,481</u>

The Australian Government has restated figures in all DEST publications, including the Finance 2004 publication, to ensure consistent treatment across all HEP's.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Deakin University as at 31 December 2005 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.

(c) REVENUE

Revenue from grants is recognised when the University gains control of the contribution or the right to receive the contributions. Revenue from fees and charges are 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.

(d) INCOME TAX

Deakin University and Australian Human Resources Institute Pty. Ltd. are exempt from income tax pursuant to Division 50 of the Income Tax Assessment Act 1997. Those subsidiaries not exempt from income tax calculate income tax expense or revenue for the period 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 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.

(e) 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, which is 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 income statement.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(f) CASH AND CASH EQUIVALENTS

Cash and cash equivalents includes 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 changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities on the balance sheet.

(g) RECEIVABLES

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

Collectibility of trade receivables is reviewed on an ongoing basis. Debts which are known to be uncollectible are written off. A provision for doubtful receivables 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 income statement.

(h) INVENTORIES

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

(i) INVESTMENTS AND OTHER FINANCIAL ASSETS

From 1 January 2004 to 31 December 2004

The Group has taken the exemption available under AASB 1 to apply AASB 132 and AASB 139 only from 1 January 2005. The Group has applied previous AGAAP to the comparative information on financial instruments within the scope of AASB 132 and AASB 139.

Under previous AGAAP, interests in listed and unlisted securities, other than subsidiaries and associates, are brought to account at cost and subsequently adjusted to market value at the end of the financial year. Dividend income is recognised in the income statement when received. Transaction costs are excluded from the carrying amounts.

Adjustments on transition date: 1 January 2005

The nature of the main adjustments to make this information comply with AASB 132 and AASB 139 are that, with the exception of held to maturity investments and loans and receivables which are measured at amortised cost (refer below), fair value is the measurement basis. Fair value is inclusive of transaction costs. Changes in fair value are either taken to the income statement or an equity reserve (refer below). At the date of transition (1 January 2005) changes to carrying amounts are taken to retained earnings or reserves.

For further information concerning the adjustments on transition date refer to Note 25.

From 1 January 2005

The Group classifies its investments in the following categories: financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, and available-for-sale financial assets. 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 balance sheet date.

(ii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable 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 balance sheet date.

(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 for those with maturities greater than 12 months after the balance sheet date which are classified as non-current assets. Loans and receivables are included in receivables in the balance sheet.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) INVESTMENTS AND OTHER FINANCIAL ASSETS (continued)

(iv) Unlisted equity securities

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 profit and loss.

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 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 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 income statement 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 income statement 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 is not active (and for unlisted securities), 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 income statement. Impairment losses recognised in the income statement on equity instruments are not reversed through the income statement.

(j) PROPERTY, PLANT AND EQUIPMENT

Land, buildings and artworks 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 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 income statement during the financial period in which they are incurred.

Increases in the carrying amounts arising on revaluation of land and buildings are credited to asset revaluation reserves 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. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class of asset; all other decreases are charged to the income statement.

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
Equipment and Furniture	
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 balance sheet 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.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) PROPERTY, PLANT AND EQUIPMENT (continued)

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the income statement. 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 purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash generating units).

(k) INTANGIBLE ASSETS

Deferred development and implementation costs

Development costs are expensed as incurred or deferred where it is expected beyond any reasonable doubt that sufficient additional future benefits will be derived so as to recover those capitalised costs. Software developed for licensing to external parties is amortised over five years (2004 - 5 years).

Implementation costs are capitalised and upon completion are amortised over a life of seven years (2004 - 7 years) for systems used in the administration of the University.

(l) 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.

(m) 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 income statement 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 balance sheet date.

(n) EMPLOYEE BENEFITS

Liabilities have been recognised for recreation, accumulating sick, paternity and long service leave entitlements expected to be settled within 12 months of the reporting date. Those liabilities are expected to be settled within twelve months have been accrued at their nominal amount calculated on the basis of wages and salary rates and on-costs expected to apply on settlement.

Leave entitlements expected to be settled later than twelve months have been measured at the present value of expected future payments, including on-costs, to be made in respect of services provided by employees up to the reporting date.

Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) DEFERRED EMPLOYEE BENEFITS FOR SUPERANNUATION

AASB 119 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 2005. As there is no net impact on the balance sheet or income statement from these superannuation obligations (due to recognition of a corresponding receivable), the costs of providing an actuarial assessment at balance date (31 December 2005) 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, Science and Training (DEST) the effects of the unfunded superannuation liabilities of Deakin University were recorded in the Income statement and the Balance sheet 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 Balance Sheet under Provisions have been determined by Carl Stevenson FIA, FIAA, BSc Actuary and relate to the estimates of net liabilities at 30 June 2005. The methodology for measurement of the net liabilities using discount rates based on the bond rate and assumed salary increases of 4%, pension indexation at 2.5%, with an assumed investment return on Fund assets of 7.5% (net of fees). An Arrangement exists between the Australian Government and the State Government to meet the unfunded liability for the 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 Balance Sheet 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 the Deakin University.

(p) 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 Reserve and Retained Surplus.

(q) COMPARATIVE FIGURES

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

(r) CHANGES IN ACCOUNTING POLICIES

Research Grants and Contract Research

The University previously recognised research income when the University gained control of the income.

The University effective from 1 January 2004 recognises research income on the basis of its contractual obligations, viz; if the contract has an obligation to deliver a service or the unspent funding is to be repaid, at the conclusion of the contract, and it is reciprocal, then the income is recognised in the income statement equal to the current level of expenditure to date. This policy conforms with the requirements of AASB 118 (20) - Revenue in respect to rendering of services.

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.

It is impracticable to determine the cumulative effect, of applying the new accounting policy to all prior periods. The University has adjusted the opening balance as at 1 January 2004 by increasing Unearned Income by \$2,582,000 and reducing Retained Surplus by the same amount with no effect on the Income Statement for 2004.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Note	Consolidated		University	
		2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's
2. OPERATING RESULT					
Revenue from continuing operations					
Australian government financial assistance					
Australian Government grants	2.1	140,396	116,007	140,396	116,007
HECS-HELP - Australian government payments	2.1	59,606	51,803	59,606	51,803
State Government financial assistance	2.2	4,924	6,798	4,924	6,798
HECS-HELP - Student payments		11,359	10,174	11,359	10,174
Fees and charges	2.3	133,383	126,196	133,657	126,525
Investment income	2.4	9,506	7,718	9,488	7,763
Royalties		5,498	5,067	5,498	5,067
Consultancy and contract research	2.5	10,338	15,759	10,051	11,974
Other revenue	2.6	45,069	39,914	26,639	26,361
Sub-total		420,079	379,436	401,618	362,472
Deferred government superannuation contributions		16,317	16,386	16,317	16,386
Total revenue		436,396	395,822	417,935	378,858
Expenses from continuing operations					
Employee benefits and on costs	2.7	227,509	208,029	217,607	198,157
Depreciation and amortisation	2.8	27,853	26,446	27,782	26,018
Borrowing costs		1,752	1,923	1,752	1,923
Repairs and maintenance	2.9	21,045	19,402	20,785	19,074
Bad and doubtful debts	2.10	1,781	(153)	1,776	(133)
Bad and doubtful debts - subsidiaries (movement in provision)		-	-	-	14
Other expenses	2.11	111,917	112,742	104,344	106,998
Sub-total		391,857	368,389	374,046	352,051
Deferred employee benefits for superannuation		16,317	16,386	16,317	16,386
Total expenses		408,174	384,775	390,363	368,437
Operating profit before income tax		28,222	11,047	27,572	10,421

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Note	Consolidated		University	
		2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's
2.1 AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE					
Commonwealth Grants Scheme and Other Grants					
Commonwealth Grants Scheme		97,464	76,932	97,464	76,932
Indigenous Support Fund		870	873	870	873
Equity programmes		481	278	481	278
Workplace reform Programme		1,449	2,435	1,449	2,435
Capital Development Pool		1,047	1,049	1,047	1,049
Superannuation Programme		11,867	11,066	11,867	11,066
	26.1	113,178	92,633	113,178	92,633
Higher Education Loan Programmes					
HECS - HELP		59,606	51,803	59,606	51,803
FEE - HELP		12,307	-	12,307	-
PELS		385	6,687	385	6,687
BOTPLS		61	60	61	60
	26.2	72,359	58,550	72,359	58,550
Scholarships					
Australian Postgraduate Awards		1,607	1,456	1,607	1,456
International Postgraduate Research Scholarship		277	247	277	247
Commonwealth Education Costs Scholarships		484	170	484	170
Commonwealth Accommodation Scholarships		613	316	613	316
	26.3	2,981	2,189	2,981	2,189
DEST - Research					
Institutional Grants Scheme		3,828	2,901	3,828	2,901
Research Training Scheme		8,525	7,404	8,525	7,404
Research Infrastructure Block Grants		1,940	1,463	1,940	1,463
	26.4	14,293	11,768	14,293	11,768
Total DEST		202,811	165,140	202,811	165,140
Australian Research Council					
Discovery					
Project (Large grants)		1,844	2,006	1,844	2,006
Fellowships		310	156	310	156
	26.5	2,154	2,162	2,154	2,162
Linkages					
Infrastructure		825	-	825	-
Special Research Initiatives		(6)	-	(6)	-
International Researcher Exchange		25	41	25	41
Projects (SPIRT)		2,256	1,993	2,256	1,993
	26.6	3,100	2,034	3,100	2,034
Other Australian Government financial assistance		4,690	5,221	4,690	5,221
Total Australian Government financial assistance		212,755	174,557	212,755	174,557
Reconciliation					
Australian Government grants	2	140,396	116,007	140,396	116,007
HECS - HELP	2	59,606	51,803	59,606	51,803
FEE - HELP, PELS, BOTPLS		12,753	6,747	12,753	6,747
Total Australian Government financial assistance		212,755	174,557	212,755	174,557

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Note	Consolidated		University	
		2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's
2.2 STATE GOVERNMENT FINANCIAL ASSISTANCE					
Victorian government grants from the following agencies were received during the reporting period:					
VicHealth		665	676	665	676
Department of Education and Training		332	119	332	119
Department of Innovation, Industry & Regional Development		602	3,856	602	3,856
Department of Human Services		1,281	613	1,281	613
Parks Victoria		28	189	28	189
Department of Sustainability & Environment		241	28	241	28
Department of Infrastructure Multimedia		10	49	10	49
Department of Primary Industries, Water & Environment		146	202	146	202
Department of Justice		75	165	75	165
Department of Victorian Communities		228	116	228	116
Beyond Blue		187	267	187	267
Victoria Police		96	14	96	14
Catchment Management Authority		973	428	973	428
Other		60	76	60	76
		4,924	6,798	4,924	6,798
2.3 FEES AND CHARGES					
Course fees and charges					
Fee-paying overseas students		64,578	58,899	64,578	58,899
Fee-paying domestic undergraduate students		6,144	5,106	6,144	5,106
Fee-paying domestic postgraduate students		19,794	17,974	19,794	17,974
Fee-paying domestic non-award students		6,324	5,773	6,324	5,773
		96,840	87,752	96,840	87,752
Other fees and charges					
Student accommodation fees		6,288	5,975	6,288	5,975
Rental income		1,690	2,071	1,690	2,071
Educational materials fees		9,045	9,410	9,045	9,410
Examination fees		3,526	2,416	3,526	2,416
General service fees		5,742	5,683	5,742	5,683
Course delivery fees		5,130	6,977	5,130	6,977
Parking fees		1,731	1,752	1,731	1,752
Other fees		3,391	4,160	3,665	4,489
		36,543	38,444	36,817	38,773
Total fees and charges		133,383	126,196	133,657	126,525
2.4 INVESTMENT INCOME					
Interest and distribution from managed trust		6,431	4,461	6,381	4,428
Interest received from subsidiaries		-	-	32	78
Dividends		401	365	401	365
Unrealised gains on other financial assets	6	2,674	2,892	2,674	2,892
		9,506	7,718	9,488	7,763

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	<i>Consolidated</i>		<i>University</i>	
	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
2.5 CONSULTANCY AND CONTRACT RESEARCH				
Consultancy	3,507	6,856	3,220	3,071
Research	6,831	8,903	6,831	8,903
	10,338	15,759	10,051	11,974
2.6 OTHER REVENUE				
Sales and commercial income	25,390	19,513	15,115	14,045
Donations and bequests	1,898	5,257	1,898	5,257
Scholarship and prizes	304	24	304	24
Advertising income	974	871	-	-
Subscriptions	2,745	2,595	118	96
Convention income	2,935	2,952	-	-
Conference facility hiring	491	762	481	762
Commercial grants	640	489	640	489
Training	1,332	1,364	-	-
Profit on sale of other financial assets	2,194	-	2,194	-
Contributions from learning institutions	676	312	676	312
Other	5,490	5,775	5,213	5,376
	45,069	39,914	26,639	26,361
2.7 EMPLOYEE BENEFITS				
Academic				
Salaries	78,008	71,269	78,008	71,269
Contributions to superannuation and pension schemes:				
Emerging cost - excess over 14%	5,563	5,487	5,563	5,797
Funded	11,016	9,882	11,016	9,882
Non-funded	9	-	9	-
Payroll tax	4,967	4,502	4,967	4,502
WorkCover	610	624	610	624
Long service leave	1,100	1,064	1,100	1,064
Annual leave	203	660	203	660
Sick leave	(3)	24	(3)	24
Paternity leave	174	-	174	-
	101,647	93,512	101,647	93,822
Non-academic				
Salaries	95,467	85,478	87,065	77,109
Contributions to superannuation and pension schemes:				
Emerging cost - excess over 14%	6,209	6,582	6,209	6,272
Funded	11,921	10,575	11,796	10,467
Non-funded	9	(1)	9	(1)
Payroll tax	5,879	5,340	5,382	4,872
WorkCover	424	648	386	605
Long service leave	1,394	1,266	1,227	1,152
Annual leave	214	821	226	714
Sick leave	-	27	-	27
Paternity leave	197	-	197	-
Other	4,148	3,781	3,463	3,118
	125,862	114,517	115,960	104,335
Total academic and non-academic employee benefits	227,509	208,029	217,607	198,157
Deferred employee benefits for superannuation	16,317	16,386	16,317	16,386
Total employee benefits	243,826	224,415	233,924	214,543

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	<i>Consolidated</i>		<i>University</i>	
	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
2.8 DEPRECIATION AND AMORTISATION				
Depreciation				
Buildings	9,350	7,795	9,350	7,795
Leasehold improvements	594	585	594	583
Equipment and furniture	8,477	8,097	8,406	7,803
Motor vehicles	1,435	1,256	1,435	1,256
Library holdings	6,162	6,351	6,162	6,351
Finance leases	12	36	12	36
	26,030	24,120	25,959	23,824
Amortisation				
Amortisation - deferred development and implementation costs	1,823	2,326	1,823	2,194
	1,823	2,326	1,823	2,194
	27,853	26,446	27,782	26,018
2.9 REPAIRS AND MAINTENANCE				
Buildings and grounds - maintenance and repairs	8,073	11,523	8,073	11,523
Buildings and grounds - refurbishment and alterations	7,554	4,080	7,373	3,834
Equipment - maintenance and repairs	5,178	3,643	5,132	3,599
Motor vehicles - maintenance and repairs	240	156	207	118
	21,045	19,402	20,785	19,074
2.10 BAD AND DOUBTFUL DEBTS				
Bad debts written off	1,410	14	1,404	14
Movement in provision for doubtful debts	371	(167)	372	(147)
	1,781	(153)	1,776	(133)
2.11 OTHER EXPENSES				
Advertising, marketing and promotional expenses	7,940	7,048	7,346	6,557
Communication costs	5,426	5,903	5,188	5,671
Consultants and contractors	9,224	10,233	8,459	8,165
Copying, printing, stationery and consumables	7,501	7,277	7,207	7,110
Course Materials	1,021	1,166	1,021	1,166
Direct project costs	14,379	15,961	14,689	16,090
Equipment costs	3,850	4,106	3,531	3,721
Fringe benefits tax	950	1,019	976	901
Library expenses	3,845	2,910	3,844	2,905
Loss on disposed property, plant and equipment	764	1,790	755	1,627
Non-capitalised equipment	2,516	3,081	2,510	3,062
Operating lease rentals	8,383	7,326	7,470	6,546
Provision for diminution in value of investments - subsidiaries	-	-	(1,813)	2,135
Provision for diminution in value of investments - unlisted equity securities	70	465	70	465
Rates and energy costs	3,252	3,634	3,232	3,596
Scholarships, grants and prizes	10,179	9,031	10,179	9,031
Staffing and related costs	11,871	12,961	11,200	11,903
Student expenses	11,562	10,708	11,562	10,708
Unrealised loss on other financial assets	3	-	-	-
Other	9,181	8,123	6,918	5,639
	111,917	112,742	104,344	106,998

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Note	Consolidated		University	
		2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's
3. CASH AND CASH EQUIVALENTS					
Cash at bank		2,387	8,075	2,299	5,213
Cash on hand		60	56	59	55
Managed fund		13,411	26,201	11,405	26,201
		15,858	34,332	13,763	31,469
4. RECEIVABLES					
CURRENT					
Trade Debtors					
Student Fees		3,479	3,892	3,479	3,892
Provision for doubtful debts		(953)	(400)	(953)	(400)
		2,526	3,492	2,526	3,492
Trade debtors -other		8,696	9,363	7,678	8,552
Provision for doubtful debts		(89)	(270)	(59)	(240)
		8,607	9,093	7,619	8,312
		11,133	12,585	10,145	11,804
Government grants receivable		-	-	-	-
Deferred government contribution for superannuation	16	12,275	12,610	12,275	12,610
Accrued income		188	333	184	325
Prepayments		5,404	3,482	5,060	3,021
GST recoverable		1,816	1,631	1,837	1,652
Owing by other entities		50	2,793	50	2,793
		30,866	33,434	29,551	32,205
NON-CURRENT					
Deferred government contribution for superannuation	16	156,274	139,622	156,274	139,622
Loans - other entities		250	80	250	80
Owing by subsidiaries		-	-	-	3,696
Provision doubtful debt - subsidiaries		-	-	-	(2,715)
		156,524	139,702	156,524	140,683
		187,390	173,136	186,075	172,888

FAIR VALUES

The fair values and carrying values of non-current receivables of Deakin University and its subsidiaries are as follows:

		Carrying Amount		Fair Value	
		2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's
Deferred government contribution for superannuation	(a)	156,274	139,622	156,274	139,622
Loans - other entities	(b)	250	80	228	76
		156,524	139,702	156,502	139,698

(a) Deferred government contribution for superannuation is offset by a liability to the Victorian Government of equal value.
Refer Note 16

(b) The fair values are based on cash flows discounted using the government bond rates of 5.24% to 5.42% (2004 - 5.16%).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Note	Consolidated		University	
		2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's
5. INVENTORIES					
Stock on hand at cost		187	161	187	161
Land held for resale		692	1,259	692	1,259
		879	1,420	879	1,420
6. OTHER FINANCIAL ASSETS					
CURRENT					
<i>Financial assets at fair value through profit or loss</i>					
Managed funds - fixed interest, Australian listed & global equities	24(a)	43,300	28,869	43,300	28,869
Australian listed equities & income securities	24(a)	360	5,397	360	5,397
		43,660	34,266	43,660	34,266
Changes in fair values of current other financial assets at market value are taken through the profit and loss and are recorded in unrealised gain or loss on other financial assets in the Income Statement (refer Note 2.4 and 2.11).					
NON-CURRENT					
Australian listed equity securities (at market value)		-	5,335	-	5,335
Shares in subsidiaries - at cost	22	-	-	13,096	11,096
Provision for diminution in value of investments in subsidiaries		-	-	(8,413)	(10,226)
Unlisted equity securities - at cost		1,609	1,147	1,609	1,147
Provision for diminution in value of unlisted equity securities		(535)	(465)	(535)	(465)
		1,074	6,017	5,757	6,887
		44,734	40,283	49,417	41,153

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 profit and loss (refer Note 2.11)

Transition to AASB 132 and AASB 139

Deakin University has taken the exemption available under AASB 1 to apply AASB 132 Financial Instruments: Disclosure and Presentation and AASB 139 Financial Instruments: Recognition and Measurement from 1 January 2005. At the date of transition to these standards at 1 January 2005 income securities and managed funds on fixed interest, Australian listed & global equities with a carrying value of \$32,501,000 that were classified in the balance sheet under previous AGAAP as cash assets were designated and re-classified as other financial assets at fair value through profit or loss. Australian listed equity securities with a carrying value of \$4,713,000 were designated and re-classified as financial assets available-for-sale.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Note	Consolidated		University	
		2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's
7. PROPERTY, PLANT AND EQUIPMENT					
LAND					
At independent valuation 2004	7(a)	104,486	105,235	104,486	105,235
At cost		-	-	-	-
		104,486	105,235	104,486	105,235
BUILDINGS					
At independent valuation 2004	7(a)	371,555	371,555	371,555	371,555
At cost		9,594	-	9,594	-
Accumulated depreciation		(9,332)	-	(9,332)	-
Provision for impairment		(12,166)	-	(12,166)	-
		359,651	371,555	359,651	371,555
CONSTRUCTION IN PROGRESS					
Construction in progress		79,897	36,812	79,897	36,812
LEASEHOLD IMPROVEMENTS					
At cost		2,951	2,936	2,951	2,936
Accumulated amortisation		(1,338)	(785)	(1,338)	(785)
		1,613	2,151	1,613	2,151
EQUIPMENT AND FURNITURE					
At cost		72,468	63,742	70,865	62,196
Accumulated depreciation		(41,637)	(37,341)	(40,179)	(35,919)
		30,831	26,401	30,686	26,277
MOTOR VEHICLES					
At cost		9,169	9,169	9,169	9,169
Accumulated depreciation		(2,165)	(1,465)	(2,165)	(1,465)
		7,004	7,704	7,004	7,704
LIBRARY HOLDINGS					
At cost		67,428	65,170	67,428	65,170
Accumulated depreciation		(25,298)	(19,801)	(25,298)	(19,801)
		42,130	45,369	42,130	45,369
ART COLLECTION					
At fair value	7(b)	5,038	5,038	5,038	5,038
At cost		314	169	314	169
		5,352	5,207	5,352	5,207
FINANCE LEASES - EQUIPMENT					
At cost		19	116	19	116
Accumulated depreciation		(17)	(101)	(17)	(101)
		2	15	2	15
		630,966	600,449	630,821	600,325

7. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) The land and buildings were valued by Craig Cunningham & Co (Real Estate) Pty Ltd at 31 December 2004. The valuation was on the basis of open market value of land and buildings concerned in their existing use.
- (b) The art collection was valued by McWilliam & Associates Pty Ltd at 31 December 2003. The valuation was on the basis of replacement values.

These valuations are 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 carrying amount, \$91,000, of building under Certificate of Title Volume 9145 Folio 537 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	Additions	Disposals	Depreciation expense	Revaluation/ Transfers & Impairment	Carrying amount at end of year
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
2005						
Consolidated						
Land	105,235	-	-	-	(749)	104,486
Buildings	371,555	4,021	212	9,350	(6,363)	359,651
Construction in progress	36,812	48,888	-	-	(5,803)	79,897
Leasehold improvements	2,151	56	-	594	-	1,613
Equipment and furniture	26,401	12,590	432	8,477	749	30,831
Motor vehicles	7,704	3,806	3,071	1,435	-	7,004
Library holdings	45,369	3,930	1,007	6,162	-	42,130
Artworks	5,207	145	-	-	-	5,352
Finance leases - equipment	15	-	-	12	-	2
	600,449	73,436	4,722	26,030	(12,166)	630,966
University						
Land	105,235	-	-	-	(749)	104,486
Buildings	371,555	4,021	212	9,350	(6,363)	359,651
Construction in progress	36,812	48,888	-	-	(5,803)	79,897
Leasehold improvements	2,151	56	-	594	-	1,613
Equipment and furniture	26,277	12,485	419	8,406	749	30,686
Motor vehicles	7,704	3,806	3,071	1,435	-	7,004
Library holdings	45,369	3,930	1,007	6,162	-	42,130
Artworks	5,207	145	-	-	-	5,352
Finance leases - equipment	15	-	-	12	-	2
	600,325	73,331	4,709	25,959	(12,166)	630,821

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	<i>Consolidated</i>		<i>University</i>	
	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
8. INTANGIBLE ASSETS				
DEFERRED DEVELOPMENT COSTS				
Student information system	11,714	11,714	11,714	11,714
Callista research system	-	220	-	-
	11,714	11,934	11,714	11,714
Accumulated amortisation	(11,714)	(11,565)	(11,714)	(11,345)
	-	369	-	369
DEFERRED IMPLEMENTATION COSTS				
Student information system	4,868	4,868	4,868	4,868
Human resources system	405	405	405	405
Oracle financials system	4,923	4,923	4,923	4,923
	10,196	10,196	10,196	10,196
Accumulated amortisation	(9,502)	(8,047)	(9,502)	(8,047)
	694	2,149	694	2,149
	694	2,518	694	2,518

	Balance at beginning of year	Amortisation expense	Carrying amount at end of year
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
2005			
Consolidated			
Deferred development costs	369	369	-
Deferred implementation costs	2,149	1,455	694
	2,518	1,824	694
University			
Deferred development costs	369	369	-
Deferred implementation costs	2,149	1,455	694
	2,518	1,824	694

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Note	Consolidated		University	
		2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's
9. PAYABLES					
CURRENT					
Creditors and accrued expenses		24,106	26,711	24,670	26,601
Australian Government unspent financial assistance		1,404	679	1,404	679
OS-HELP liability to Australian Government		307	-	307	-
Income received in advance		19,159	16,736	17,302	14,604
Owing to subsidiaries		-	-	4,590	1,344
		44,976	44,126	48,273	43,228
NON-CURRENT					
Income received in advance		-	107	-	-
		-	107	-	-
		44,976	44,233	48,273	43,228
10. INTEREST BEARING LIABILITIES					
CURRENT					
Unsecured borrowings					
- Bank overdraft	24(a)	4	-	-	-
- Bank loans	24(a)	2,284	2,109	2,284	2,109
- DEST loan	24(a)	-	3,657	-	3,657
- Finance leases	17	3	36	3	36
Secured by mortgage					
- Other	24(a)	9	9	9	9
		2,300	5,811	2,296	5,811
NON-CURRENT					
Unsecured borrowings					
- Bank loans	24(a)	19,705	21,989	19,705	21,989
- Finance leases	17	-	3	-	3
Secured by mortgage					
- Other	24(a)	77	86	77	86
		19,782	22,078	19,782	22,078
		22,082	27,889	22,078	27,889
Due later than one year and not later than two years		2,496	2,296	2,496	2,296
Due later than two year and not later than three years		2,702	2,496	2,702	2,496
Due later than three year and not later than four years		2,157	2,702	2,157	2,702
Due later than four years and not later than five years		2,334	2,157	2,334	2,157
Due later than five years and not later than ten years		10,093	11,583	10,093	11,583
Due later than ten years		-	844	-	844
		19,782	22,078	19,782	22,078
Financing arrangements					
Bank loan facilities					
Total facilities		61,989	64,098	61,989	64,098
Used at balance date		21,989	24,098	21,989	24,098
Unused at balance date	24(c)	40,000	40,000	40,000	40,000

A building under Certificate of Title Volume 9145 Folio 537 is pledged to secure mortgage monies of \$86,000 (2004: \$95,000) advanced by the Australian Government for the childcare centre at Warrnambool campus.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	<i>Consolidated</i>		<i>University</i>	
	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
11. PROVISIONS - EMPLOYEE BENEFITS				
CURRENT				
Annual leave	11,174	10,438	10,850	10,132
Long service leave	2,466	2,219	2,397	2,167
Paternity and sick leave	1,188	820	1,188	820
Deferred employee benefits for superannuation	12,275	12,610	12,275	12,610
	27,103	26,087	26,710	25,729
NON-CURRENT				
Annual Leave	2,290	2,611	2,009	2,300
Long service leave	22,202	19,979	21,575	19,502
Deferred employee benefits for superannuation	156,274	139,622	156,274	139,622
Unfunded superannuation liability - SERB	289	289	289	289
	181,055	162,501	180,147	161,713
	208,158	188,588	206,857	187,442

Movements in provisions

	Annual Leave		Long Service Leave	
	Current	Non - Current	Current	Non - Current
Carrying amount at start of year	10,438	2,611	2,219	19,979
Additional provisions recognised	736	(321)	247	2,223
Carrying amount at end of year	11,174	2,290	2,466	22,202

	Paternity & Sick Leave	Unfunded Super - SERB	Deferred employee benefits for superannuation	
	Current	Non - Current	Current	Non - Current
Carrying amount at start of year	820	289	12,610	139,622
Additional provisions recognised	368	-	(335)	16,652
Carrying amount at end of year	1,188	289	12,275	156,274

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

	Service Year	2005 %	2004 %
Wage inflation rate		5.00	4.50
Discount rates	17+	-	-
	16	5.42	5.16
	15	5.26	5.07
	14	5.24	5.07
	13	5.25	5.15
	12	5.25	5.20
	11	5.24	5.24
	10	5.23	5.27
	9	5.23	5.29
	8	5.23	5.31
	7	5.23	5.32
	6	5.24	5.34
	0-5	5.24	5.36

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	<i>Consolidated</i>		<i>University</i>	
	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
12. CURRENT TAX LIABILITIES				
Provision for income tax	1	142	-	-
13. ASSET REVALUATION RESERVE				
Balance at beginning of year	96,186	58,626	96,186	58,626
Impairment charged to asset revaluation reserve	(12,166)	-	(12,166)	-
Increase/(decrease) in asset valuation of non-current assets are:				
Land	-	17,282	-	17,282
Buildings	-	19,662	-	19,662
Investments	(2,179)	616	(2,179)	616
Balance at end of year	81,841	96,186	81,841	96,186

Deakin University has elected under AASB 1 *First-Time Adoption of Australian Equivalents To International Financial Reporting Standards* to measure an item of property, plant and equipment and Artworks at the date of transition to Australian equivalents to IFRSs at its fair value and use that fair value as its deemed cost at that date.

The deemed cost in respect to Land and Buildings has been deemed based on fair value at transition using an independent valuation at 31 December 2004. The deemed cost in respect to Artworks has been deemed based on fair value at transition using an independent valuation as at 31 December 2003. Subsequently all revaluation reserves in respect to other assets and land, and buildings disposed have been transferred to Accumulated Funds.

The impairment charged to the Asset Revaluation Reserve relates to the Science and Technology Building at Waurn Ponds campus. This building is undergoing major renovations which commenced in 2004 and is due for completion in 2007. Currently twenty-five percent of the building is not being used at December 2005. The renovation work when completed will result in complete utilisation of the building resulting in the impairment being removed and an anticipated increase in the value of the building.

MOVEMENTS IN CARRYING AMOUNTS - 2005

	Balance at beginning of year	Impairment	Increase/ (Decrease) on Revaluation	Carrying amount at end of year
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
Consolidated				
Land	42,395	-	-	42,395
Buildings	51,612	(12,166)	-	39,446
Investments	2,179	-	(2,179)	-
	96,186	(12,166)	(2,179)	81,841
University				
Land	42,395	-	-	42,395
Buildings	51,612	(12,166)	-	39,446
Investments	2,179	-	(2,179)	-
	96,186	(12,166)	(2,179)	81,841

14. RETAINED SURPLUS

	<i>Consolidated</i>		<i>University</i>	
	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
Balance at beginning of year	495,100	484,053	495,028	484,607
Net operating profit for the year	28,363	11,047	27,572	10,421
Balance at end of year	523,463	495,100	522,600	495,028

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	<i>Consolidated</i>		<i>University</i>	
	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
15. STATEMENT OF CASH FLOWS				
RECONCILIATION OF CASH				
Cash at bank and on hand	2,447	8,131	2,358	5,268
Managed fund	13,411	26,201	11,405	26,201
Bank overdraft	(4)	-	-	-
	15,854	34,332	13,763	31,469
RECONCILIATION OF NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES TO OPERATING RESULT				
Net operating profit for the year	28,363	11,047	27,572	10,421
Add non-cash items				
Depreciation and amortisation	27,853	26,446	27,782	26,018
Donations for library holdings	(1,139)	(4,761)	(1,139)	(4,761)
Donations for art works	(81)	(56)	(81)	(56)
<i>Less items classified as investing activities</i>				
Loss/(profit) on disposal of property, plant and equipment	764	1,790	755	1,627
Provision for diminution of other financial assets	70	465	70	465
Provision for diminution of investments in subsidiaries	-	-	(1,813)	2,135
Loss/(profit) on sale of other financial assets	(2,194)	-	(2,194)	-
Decrease/(increase) in:				
Current assets				
Trade debtors	1,452	1,660	1,659	693
Government grants receivable	-	40	-	40
Accrued income	145	1,582	141	1,587
Prepayments	(1,922)	(175)	(2,039)	46
GST recoverable	(185)	(570)	(185)	(625)
Owing by other entities	(7)	(16)	(7)	(16)
Inventories	541	98	541	98
Non-current assets				
Owing by subsidiaries	-	-	981	(968)
Receivables	(170)	-	(170)	-
Deferred government contribution for superannuation	(16,317)	(16,386)	(16,317)	(16,386)
Increase/(decrease) in:				
Current liabilities				
Creditors and accrued expenses	(1,573)	144	(898)	211
Income received in advance	2,423	(5,006)	2,698	(4,482)
Owing to subsidiaries	-	-	3,246	(674)
Current tax payable	(141)	-	-	-
Employee benefits	1,016	(486)	981	(290)
Non-current liabilities				
Income received in advance	(107)	(322)	-	-
Employee benefits	2,237	4,324	2,117	3,910
Deferred employee benefits for superannuation	16,317	16,386	16,317	16,386
Unfunded superannuation liability - SERB	-	(21)	-	(21)
Net cash provided by operating activities	57,345	36,183	60,017	35,358
NON-CASH INVESTING ACTIVITIES				
During the year the University received donations for library holdings and art works amounting to:				
Library holdings	1,139	4,761	1,139	4,761
Art works	81	56	81	56
	1,220	4,817	1,220	4,817

16. SUPERANNUATION

UniSuper Defined Benefit Plan

The UniSuper Defined Benefit Plan (DBP) is a defined benefit plan.

UniSuper advised that sufficient information is not available to account for the defined benefits provided by the DBP as a defined benefit plan. As set out under Paragraph 32 (b) of AASB 119, the DBP exposes the participating employers to actuarial risks associated with the current and former employees of other participating employers, with the result that there is no consistent and reliable basis available to the Fund for allocating the obligation, plan assets and cost to participating employers. Consequently, the university is prevented from accounting for its proportionate share of the defined benefit obligation, plan assets and costs associated with the plan, as provided for in AASB 119 *Employee Benefits*.

UniSuper advised that as at 30 June 2005 there is no funding surplus or deficit which currently affects, or is expected to affect, the amount of future contributions payable by participating employers to the DBP.

Historically the surplus in the DBP has been used to improve members' benefits and has not affected the amount of participating employers' contributions.

As at 30 June 2005 the assets of the DBP in aggregate were estimated to be \$230 million in excess 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 2005 the assets of the DBP in aggregate were estimated to be \$1,543 million in excess 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 Pty Ltd using the actuarial demographic assumptions outlined in their report dated 16 May 2003 on the actuarial investigation of the DBP as at 31 December 2002. The financial assumptions used were:

	<u>Vested benefits</u>	<u>Accrued benefits</u>
Gross of tax investment return	7.0% p.a.	9.1 % p.a.
Net of tax investment return	6.5% p.a.	8.6% p.a.
Consumer Price Index	2.5% p.a.	2.5% p.a.
Inflationary salary increases	3.5% p.a.	3.5% p.a.

(additional promotional salary increases are assumed to apply based on past experience)

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

Clause 34 of the UniSuper Trust Deed outlines the process UniSuper must undertake (including employer notifications and notice periods) in order to request additional contributions from employers if the UniSuper assets are considered by the Trustee to be insufficient to provide benefits payable under the Deed. At least four years notice that such a request may be made is required. Employers must jointly determine the amount (if any) they are willing to contribute as an additional contribution to UniSuper. If such a request was agreed to by all the employers then members must also contribute additional contributions equal to one-half of the rate at which the employers are jointly prepared to contribute. If all the employers do not agree to increase contributions the Trustee must reduce benefits payable to defined benefit members on a fair and equitable basis. The Trustee notified employers during 2003 that such a request may be made in the future but it considered this was unlikely at that time.

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

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 2005, 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 2005, amounted to \$168,549,000 (2004 - \$152,232,000). Unfunded liabilities are met by the Australian Government.

	<u>Consolidated</u>		<u>University</u>	
	<u>2005</u>	<u>2004</u>	<u>2005</u>	<u>2004</u>
	<u>\$000's</u>	<u>\$000's</u>	<u>\$000's</u>	<u>\$000's</u>
Amounts receivable from Australian government				
Receivable within 12 months	12,275	12,610	12,275	12,610
Receivable later than 12 months	156,274	139,622	156,274	139,622
Total	168,549	152,232	168,549	152,232
Unfunded superannuation liability				
Payable within 12 months	12,275	12,610	12,275	12,610
Payable later than 12 months	156,274	139,622	156,274	139,622
Total	168,549	152,232	168,549	152,232

There was no other unfunded superannuation liability for any other scheme.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2005

	Note	Consolidated		University	
		2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's
17. COMMITMENTS					
Capital expenditure					
At the reporting date the following contracts for capital expenditure had been entered into:					
Within one year		24,570	19,342	24,570	19,342
Later than one year and not later than five years		5,322	1,238	5,322	1,238
Later than five years		74	125	74	125
		29,966	20,705	29,966	20,705
Other expenditure commitments					
At the reporting date the following contracts for other expenditure had been entered into:					
Within one year		1,737	1,729	1,681	1,672
Later than one year and not later than five years		4,913	6,336	4,913	6,284
Later than five years		-	521	-	521
		6,650	8,586	6,594	8,477
Operating leases					
At the reporting date the following obligations under operating leases, which are not shown as liabilities, were in effect:					
Within one year		4,724	4,336	4,392	4,058
Later than one year and not later than five years		3,805	3,805	3,570	3,378
		8,529	8,141	7,962	7,436
Finance leases					
At the reporting date the following obligations under finance leases, and which are shown as liabilities, were in effect:					
Within one year		3	37	3	37
Later than one year and not later than five years		-	3	-	3
Minimum lease payments		3	40	3	40
Less: future finance charges		-	(1)	-	(1)
	10	3	39	3	39

18. CONTINGENT LIABILITIES

On 22 December 2005, La Trobe University served legal proceedings on both Callista Software Services Pty Ltd (CSS) and Deakin University seeking orders, amongst others, that terms of the Software Licence and Installation Agreement dated 11 December 2001 be specifically performed by CSS and Deakin, or alternatively seeking damages. At this stage, La Trobe University has not quantified its claim to damages. Deakin and CSS are defending the proceeding.

19. RESPONSIBLE PERSONS

Name of Responsible Persons

For the purposes of the Victorian Financial Management Act 1994, the Victorian Minister of Education and Training, Hon. Lynne Kosky, MP, 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 2005 were R H Searby (Chancellor), S A Walker (Vice-Chancellor & President), A J Kloeden, D F Jones, M T Prendergast, M L Edmond, D M Morgan, L Forsyth, B R Jamison, J D Maddock, A E Fairley, S De Gilio, M J Dowling, P H Reid, J M Lightowers, D J Gunning, D A Lyell, A Butterworth, C N Gray, J G Nicol, P M Nugent and J A Ward.

	<i>Consolidated</i>		<i>University</i>	
	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
Remuneration received or due and receivable from the University and its subsidiaries by the responsible persons	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
Base remuneration	962	861	955	861
Bonuses	72	60	72	60
Total remuneration	1,034	921	1,027	921

Number of responsible persons whose remuneration from the University and its subsidiaries were within the following bands:

	<i>Consolidated</i>		<i>University</i>	
	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
Nil to \$9,999	17	16	16	16
\$60,000 to \$69,999	1	1	1	1
\$70,000 to \$79,999	-	1	-	1
\$80,000 to \$89,999	1	-	1	-
\$150,000 to \$159,999	-	2	-	2
\$170,000 to \$179,999	1	-	1	-
\$180,000 to \$189,999	1	-	1	-
\$470,000 to \$479,999	-	1	-	1
\$510,000 to \$519,999	1	1	1	1

Includes all non-cash benefits and payments to responsible persons who have terminated employment with the University. There were no other transactions with responsible persons or related parties.

20. EXECUTIVE OFFICERS' REMUNERATION

	<i>Consolidated</i>		<i>University</i>	
	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
Number of executive officers whose remuneration from the University and its subsidiaries were within the following bands				
\$110,000 to \$119,999	2	1	2	1
\$120,000 to \$129,999	-	2	-	1
\$130,000 to \$139,999	-	1	-	-
\$140,000 to \$149,999	1	6	1	5
\$150,000 to \$159,999	2	-	2	-
\$160,000 to \$169,999	4	3	2	1
\$170,000 to \$179,999	4	3	2	3
\$180,000 to \$189,999	1	-	-	-
\$190,000 to \$199,999	-	3	-	3
\$200,000 to \$209,999	4	5	4	5
\$210,000 to \$219,999	2	2	2	2
\$220,000 to \$229,999	4	2	4	2
\$230,000 to \$239,999	1	-	1	-
\$240,000 to \$249,999	-	1	-	1
\$250,000 to \$259,999	1	2	1	2
\$260,000 to \$269,999	2	1	2	1
\$270,000 to \$279,999	1	-	1	-
\$290,000 to \$299,999	1	-	1	-
\$300,000 to \$309,999	-	1	-	1
\$350,000 to \$359,999	1	2	1	1

Includes all non-cash benefits and payments to staff who have terminated employment with the University.

20. EXECUTIVE OFFICERS' REMUNERATION (CONTINUED)

	<i>Consolidated</i>		<i>University</i>	
	<i>2005</i>	<i>2004</i>	<i>2005</i>	<i>2004</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
Remuneration received or due and receivable from the University and its controlled entities by executive officers whose remuneration exceeded \$100,000				
Base remuneration	5,860	6,177	5,100	5,510
Bonuses	464	468	359	402
Termination payments	17	247	17	247
Total remuneration	6,341	6,892	5,476	6,159

Consolidated remuneration

	Total remuneration		Base remuneration	
	2005	2004	2005	2004
	\$000's	\$000's	\$000's	\$000's
\$110,000 to \$119,999	237	114	207	114
\$120,000 to \$129,999	-	250	-	227
\$130,000 to \$139,999	-	133	-	122
\$140,000 to \$149,999	150	876	144	834
\$150,000 to \$159,999	308	-	297	-
\$160,000 to \$169,999	670	487	619	463
\$170,000 to \$179,999	700	523	648	494
\$180,000 to \$189,999	182	-	156	-
\$190,000 to \$199,999	-	587	-	546
\$200,000 to \$209,999	826	1,017	794	952
\$210,000 to \$219,999	430	423	423	403
\$220,000 to \$229,999	888	449	845	370
\$230,000 to \$239,999	240	-	222	-
\$240,000 to \$249,999	-	249	-	232
\$250,000 to \$259,999	254	507	245	452
\$260,000 to \$269,999	530	270	440	259
\$270,000 to \$279,999	275	-	242	-
\$290,000 to \$299,999	293	-	271	-
\$300,000 to \$309,999	-	300	-	282
\$350,000 to \$359,999	360	707	307	426

University remuneration

	Total remuneration		Base remuneration	
	2005	2004	2005	2004
	\$000's	\$000's	\$000's	\$000's
\$110,000 to \$119,999	237	114	207	114
\$120,000 to \$129,999	-	120	-	110
\$140,000 to \$149,999	150	728	144	706
\$150,000 to \$159,999	308	-	297	-
\$160,000 to \$169,999	335	164	318	164
\$170,000 to \$179,999	350	523	344	494
\$190,000 to \$199,999	-	587	-	546
\$200,000 to \$209,999	826	1,017	794	952
\$210,000 to \$219,999	430	423	423	403
\$220,000 to \$229,999	888	449	845	370
\$230,000 to \$239,999	240	-	222	-
\$240,000 to \$249,999	-	249	-	232
\$250,000 to \$259,999	254	507	245	452
\$260,000 to \$269,999	530	270	440	259
\$270,000 to \$279,999	275	-	242	-
\$290,000 to \$299,999	293	-	271	-
\$300,000 to \$309,999	-	300	-	282
\$350,000 to \$359,999	360	707	307	426

Consolidated
2005 2004
\$000's \$000's

21. REMUNERATION OF AUDITORS

Amounts received, or due and receivable, by the auditors for:
Auditing the accounts and consolidated accounts of Deakin University and the accounts of each of its subsidiaries
Auditor-General of Victoria

- Deakin University	77	73
- Subsidiaries	22	35

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	
			2005	2004
Australian Human Resources Institute Pty Ltd	Australia	Professional association	100%	100%
Callista Software Services Pty Ltd	Australia	Computer software services	100%	100%
Canopi Network Pty Ltd (formerly Deakin Networks Pty. Ltd.)	Australia	Investments	100%	100%
DeakinPrime USA	USA	Deregistered in 2005	-	100%
Unilink Limited	Australia	Consultancy services	100%	100%

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

Income Statement

Entity	Total Revenue		Total Expenditure		Net Profit/(Loss) after Tax Expense	
	2005	2004	2005	2004	2005	2004
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Australian Human Resources Institute Pty Ltd	8,310	8,184	7,649	7,375	804	809
Callista Software Services Pty Ltd	13,807	11,633	11,997	13,768	1,810	(2,135)
Canopi Network Pty Ltd (formerly Deakin Networks Pty. Ltd.)	9	-	4	-	3	-
DeakinPrime USA	-	6	-	20	-	(14)
Unilink Limited	7,783	9,508	7,783	9,508	-	-
	29,909	29,331	27,433	30,671	2,617	(1,340)

Balance Sheet

(a) Assets

Entity	Note	Current Assets		Non-Current Assets		Total Assets	
		2005	2004	2005	2004	2005	2004
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Australian Human Resources Institute Pty Ltd	(a)	3,030	2,540	236	196	3,266	2,736
Callista Software Services Pty Ltd	(b)	4,273	3,524	49	69	4,322	3,593
Canopi Network Pty Ltd (formerly Deakin Networks Pty. Ltd.)		2,006	-	-	-	2,006	-
DeakinPrime USA		-	-	-	-	-	-
Unilink Limited		-	-	-	-	-	-
		9,309	6,064	285	265	9,594	6,329

22. SUBSIDIARIES (CONTINUED)

(b) Liabilities

Entity	Note	Current Liabilities		Non-Current Liabilities		Total Liabilities	
		2005	2004	2005	2004	2005	2004
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Australian Human Resources Institute Pty Ltd		2,146	2,426	64	57	2,210	2,483
Callista Software Services Pty Ltd	(b)	800	1,217	844	1,506	1,644	2,723
Canopi Network Pty Ltd (formerly Deakin Networks Pty. Ltd.)		3	-	-	-	3	-
DeakinPrime USA	(c)	-	2,715	-	-	-	2,715
Unilink Limited		-	-	-	-	-	-
		2,949	6,358	908	1,563	3,857	7,921

(c) Equity and Borrowings

Entity	Note	Equity		Internal Borrowings		External Borrowings	
		2005	2004	2005	2004	2005	2004
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Australian Human Resources Institute Pty Ltd		1,058	253	-	-	-	-
Callista Software Services Pty Ltd		2,680	870	-	981	4	-
Canopi Network Pty Ltd (formerly Deakin Networks Pty. Ltd.)		2,003	-	-	-	-	-
DeakinPrime USA		-	(2,715)	-	2,715	-	-
Unilink Limited		-	-	-	-	-	-
		5,741	(1,592)	-	3,696	4	-

(a) Current assets includes an amount owing by Deakin University of \$2,122,151 (2004 - \$1,344,367).

(b) Current assets includes an amount owing by Deakin University of \$2,467,685 (2004 - Nil).

Current liabilities includes an amount owing to Deakin University in 2004 amounting to \$981,024.

(c) Current liabilities includes an amount owing to Deakin University of \$2,715,027

Australian Human Resources Institute Pty Ltd is expected to continue trading profitably in 2006, building on the results achieved in 2005.

DeakinPrime USA was deregistered during 2005.

Canopi Network Pty Ltd (formerly Deakin Networks Pty Ltd) is an investment company.

Callista Software Services Pty Ltd during 2005 delivered to its clients two major releases of the 'Callista' student management system, for which it received the majority of its revenue for 2005. The Company is close to completing revised contractual arrangements with nine licensees for their continuing use of the 'Callista' system. These arrangements will provide the Company with funding for the continuing development of the system for the next five years (refer note 18).

23. JOINT VENTURE OPERATIONS

Deakin University entered into an agreement with Monash University and the Commonwealth Scientific and Industrial Research Organisation to establish the Victorian Centre for Advanced Material Manufacturing Consortium (VCAMM) for the provision of research, education, training and technology diffusion in materials manufacturing. The parties established and operated the Consortium as an unincorporated collaborative joint venture. Deakin University interest in the joint venture is 55.38%.

The joint venture ceased operations on 31 October 2005.

24. FINANCIAL INSTRUMENTS

(a) Terms, conditions and accounting policies

The University's accounting policies, including the terms and conditions of each class of financial asset and financial liability, both recognised and unrecognised at the balance date, are as follows:

Recognised financial instruments	Note	Accounting policies	Terms and conditions
(i) Financial assets			
Cash at bank and on hand	3	Cash is carried at the principal amount.	Cash at bank is in the interest bearing account. The interest rate as at 31 December 2005 is 4.83% (2004 - 4.73%).
Managed fund	3	Managed funds are stated at market value as at balance date.	The weighted average return is 6.21% p.a. (2004 - 6.15% p.a.).
Receivables - Trade Debtors	4	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.	Credit sales are on 30 day terms.
Financial assets at fair value through profit or loss	6	Managed trust funds, listed equity securities and income securities are stated at market value as at balance date. Distribution from trust funds is recognised as income when the distribution is received. Interest from income securities is recognised on an accrual basis. Dividend income is recognised when the dividends are received. Changes in fair values are recorded in other income or other expenses in the income statement.	The weighted average return is 17.50% p.a. (2004 - 12.26% p.a.).
Financial assets available-for-sale	6	Listed equity securities which were classified in the balance sheet under previous AGAAP as other financial assets were designated and re-classified as other financial assets available-for-sale. Equity securities are stated at market value as at balance date. Dividend income is recognised when the dividends are received. Changes in fair values are recognised in the Income Statement.	Equity securities held were mainly fully paid ordinary shares.
Other unlisted securities	6	Unlisted securities are stated at cost less any provision for diminution in value. A provision for diminution in value is made by considering the underlying net asset base of the security.	Investments in unlisted securities are for long term purpose. They are either in the form of commercial venture or partnership.
(ii) Financial liabilities			
Payables	9	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the University. Income received in advance relates to amounts received or receivable at balance date which relate to future periods.	Trade liabilities are normally settled on 30 day terms.
Bank overdraft	10	Bank overdraft is stated as liability to bank.	The interest rate as at 31 December 2005 is 9.35% (2004 - 9.10%).
Bank loans	10	The bank loans are carried at the principal amount. Interest is charged as an expense as it accrues.	The bank loans are repayable semi-annually with final instalments due on 5 August 2008, 15 November 2012, 1 July 2013, and 7 April 2015 respectively. The weighted average interest rate is 7.26% (2004 - 7.24%).
DEST loan	10	The DEST loan is stated at the principal amount plus accrued interest as at balance date. Interest is charged as an expense as it accrues.	The DEST loan was repayable bi-monthly with final instalment paid on 22 December 2005. The interest rate is related to increases to the "Price Factors" based on December 2001. No interest adjustment was made during 2004 and 2005.
Finance lease	10	The lease liability is accounted for in accordance with AASB 117.	As at balance date, the University has finance leases with an average lease term of 4.0 years (2004 - 3.8 years). The average interest rate implicit in the leases is 6.03% (2004 - 5.96%).
Other	10	Principal amount of loan from the Department of Family and Community Services.	The loan from the Department of Family and Community Services is repayable in instalments on the 1 January and 1 July each year, with the final instalment due on 1 July 2015. The loan is interest free and secured by the mortgage of the University's building under Certificate of Title Volume 145 Folio 537.

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest rate risk

The University's exposure to interest rate risks and the effective weighted average interest rate of financial assets and financial liabilities by maturity periods is set out in the following tables.

Consolidated

Financial instruments	Floating interest rate		Fixed interest rate maturing in:										Non-interest bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate or earnings rate							
			1 year or less		over 1 to 2 years		over 2 to 3 years		over 3 to 4 years		over 4 to 5 years		Over 5 years											
	2005 \$'000's	2004 \$'000's	2005 \$'000's	2004 \$'000's	2005 \$'000's	2004 \$'000's	2005 \$'000's	2004 \$'000's	2005 \$'000's	2004 \$'000's	2005 \$'000's	2004 \$'000's	2005 \$'000's	2004 \$'000's	2005 \$'000's	2004 \$'000's	2005 \$'000's	2004 %	2005 %	2004 %	2005 %			
(i) Financial assets																								
Cash at bank and on hand	2,387	8,075															60	56			8,131	4.83%	4.73%	
Managed fund	13,411	26,201																			13,411	26,201	6.21%	6.15%
Receivables-Trade Debtors																	11,133	12,585			11,133	12,585	-	-
Receivables - Other Current																	19,733	20,849			19,733	20,849		
Receivables - Other Non-Current																	156,524	139,702			156,524	139,702		
Financial assets at fair value through profit or loss	43,660	34,266																			43,660	34,266	17.50%	12.26%
Other financial assets - non-current																	1,074	6,017			1,074	6,017	-	-
Total financial assets	59,458	68,542	-	-	-	-	-	-	-	-	-	-	-	-	-	-	188,524	179,209	-	-	247,982	247,751	-	-
(ii) Financial liabilities																								
Payables																	44,976	44,233			44,976	44,233	-	-
Bank overdraft	4	-																			4	-	9.35%	9.10%
Bank loans	2,284	2,109	2,487	2,488	2,693	2,488	2,693	2,148	2,693	2,148	2,325	2,148	10,052	12,376						21,989	24,098	7.26%	7.24%	
DEST loan	-	3,657																			-	3,657	-	-
Finance leases	3	36	-	3																	3	39	6.03%	5.96%
Other																	86	95			86	95	-	-
Total financial liabilities	4	-	2,287	2,487	2,693	2,488	2,693	2,148	2,693	2,148	2,325	2,148	10,052	12,376	44,328	45,062	67,058	72,122	-	-	67,058	72,122	-	-

24. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair values

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

	Total carrying amount as per the Balance Sheet		Aggregate fair value	
	2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's
<i>Financial assets</i>				
Cash at bank and on hand	2,447	8,131	2,447	8,131
Managed fund	13,411	26,201	13,411	26,201
Receivables - Trade Debtors	11,133	12,585	11,133	12,585
Receivables - Other Current	19,733	20,849	19,733	20,849
Receivables - Other Non-Current	156,524	139,702	156,502	139,698
Other financial assets - current	43,660	34,266	43,660	34,266
Other financial assets - non-current	1,074	6,017	1,074	6,017
Total financial assets	247,982	247,751	247,960	247,747
<i>Financial liabilities</i>				
Payables	44,976	44,233	44,976	44,233
Bank overdraft	4	-	4	-
Bank loans	21,989	24,098	24,906	27,511
DEST loan	-	3,657	-	3,657
Finance leases	3	39	3	39
Other	86	95	69	74
Total financial liabilities	67,058	72,122	69,958	75,514

The following methods and assumptions are used to determine the fair values of financial assets and liabilities

Recognised financial instruments

Cash and cash equivalents

The carrying amount approximates fair value because of their short term to maturity.

Trade receivables and payables:

The carrying amount approximates fair value for current receivables and payables.

Non-current receivables

The fair value of non-current receivables is estimated by discounting future receivables to net present value using discount rates as advised by the Department of Treasury and Finance.

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.

24. FINANCIAL INSTRUMENTS (CONTINUED)

Facilities

Bank Borrowing Facility

Deakin University has available \$40,000,000 of bank borrowing facilities, \$20,000,000 maturing on 2/12/2019 and \$20,000,000 maturing on 1/12/2021. These facilities are at a fixed rate of 6.17% and 6.36% respectively and can be drawn down at any time.

This facility has not been used up to 31 December 2005.

Bank loans of \$21,989,000 are carried at the principal amount. Interest is charged as an expense as it accrues.

(d) Credit risk exposures

The University's maximum exposures to credit risk at balance date in relation to each class of recognised financial asset is the carrying amount of those assets as indicated in the Balance Sheet.

The University 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.

25. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRS

Reconciliation of equity reported under previous Australian Generally Accepted Accounting Principles (AGAAP) to equity under Australian equivalents to IFRS (AIFRS)

(a) At the date of transition to AIFRS : 1 January 2004

	Note	Consolidated			University		
		Previous AGAAP \$000's	Effect of transition to AIFRS \$000's	AIFRS \$000's	Previous AGAAP \$000's	Effect of transition to AIFRS \$000's	AIFRS \$000's
CURRENT ASSETS							
Cash and cash equivalents	2	87,072	(32,501)	54,571	86,897	(32,501)	54,396
Receivables		32,836		32,836	30,811		30,811
Inventories	6	518	1,000	1,518	518	1,000	1,518
Assets held for resale	6	1,000	(1,000)	-	1,000	(1,000)	-
Other financial assets	2	-	32,501	32,501	-	32,501	32,501
TOTAL CURRENT ASSETS		121,426	-	121,426	119,226	-	119,226
NON-CURRENT ASSETS							
Receivables	7	126,435	21,366	147,801	126,448	21,366	147,814
Other financial assets		5,185		5,185	6,190		6,190
Property, plant and equipment		532,702		532,702	532,196		532,196
Intangible assets	3	5,190	(346)	4,844	4,712		4,712
TOTAL NON-CURRENT ASSETS		669,512	21,020	690,532	669,546	21,366	690,912
TOTAL ASSETS		790,938	21,020	811,958	788,772	21,366	810,138
CURRENT LIABILITIES							
Payables		48,988		48,988	48,173		48,173
Interest bearing liabilities		2,371		2,371	2,311		2,311
Employee entitlements	5	23,193	769	23,962	22,950	769	23,719
Current tax liabilities		142		142	-		-
TOTAL CURRENT LIABILITIES		74,694	769	75,463	73,434	769	74,203
NON-CURRENT LIABILITIES							
Payables		429		429	-		-
Interest bearing liabilities		27,598		27,598	27,598		27,598
Employee entitlements	7	144,423	21,366	165,789	143,738	21,366	165,104
TOTAL NON-CURRENT LIABILITIES		172,450	21,366	193,816	171,336	21,366	192,702
TOTAL LIABILITIES		247,144	22,135	269,279	244,770	22,135	266,905
NET ASSETS		543,794	(1,115)	542,679	544,002	(769)	543,233
EQUITY							
Asset revaluation reserve	4	307,316	(250,253)	57,063	307,316	(250,253)	57,063
Accumulated funds	3 to 5	236,478	249,138	485,616	236,686	249,484	486,170
TOTAL EQUITY		543,794	(1,115)	542,679	544,002	(769)	543,233

25. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRS

(b) At the end of the last reporting period under previous AGAAP: 31 December 2004

	Note	Consolidated			University		
		Previous AGAAP	Effect of transition to AIFRS	AIFRS	Previous AGAAP	Effect of transition to AIFRS	AIFRS
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
CURRENT ASSETS							
Cash and cash equivalents	2	68,598	(34,266)	34,332	65,735	(34,266)	31,469
Receivables		33,434		33,434	32,205		32,205
Inventories	6	161	1,259	1,420	161	1,259	1,420
Assets held for resale	6	1,259	(1,259)	-	1,259	(1,259)	-
Other financial assets	2	-	34,266	34,266	-	34,266	34,266
TOTAL CURRENT ASSETS		103,452	-	103,452	99,360	-	99,360
NON-CURRENT ASSETS							
Receivables	7	118,336	21,366	139,702	119,317	21,366	140,683
Other financial assets		6,017		6,017	6,887		6,887
Property, plant and equipment		600,449		600,449	600,325		600,325
Intangible assets		2,518		2,518	2,518		2,518
TOTAL NON-CURRENT ASSETS		727,320	21,366	748,686	729,047	21,366	750,413
TOTAL ASSETS		830,772		852,138	828,407		849,773
CURRENT LIABILITIES							
Payables		44,126		44,126	43,228		43,228
Interest bearing liabilities		5,811		5,811	5,811		5,811
Employee entitlements	5	25,267	820	26,087	24,909	820	25,729
Current tax liabilities		142		142	-		-
TOTAL CURRENT LIABILITIES		75,346	820	76,166	73,948	820	74,768
NON-CURRENT LIABILITIES							
Payables		107		107	-		-
Interest bearing liabilities		22,078		22,078	22,078		22,078
Employee entitlements	7	141,135	21,366	162,501	140,347	21,366	161,713
TOTAL NON-CURRENT LIABILITIES		163,320	21,366	184,686	162,425	21,366	183,791
TOTAL LIABILITIES		238,666	22,186	260,852	236,373	22,186	258,559
NET ASSETS		592,106	(22,186)	591,286	592,034	(22,186)	591,214
EQUITY							
Asset revaluation reserve	4	344,876	(248,690)	96,186	344,876	(248,690)	96,186
Accumulated funds	3 to 5	247,230	247,870	495,100	247,158	247,870	495,028
				-			-
TOTAL EQUITY		592,106	(820)	591,286	592,034	(820)	591,214

25. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRS

(c) Reconciliation of profit for the year ended 31 December 2004

	Note	Consolidated			University		
		Previous AGAAP	Effect of transition to AIFRS	AIFRS	Previous AGAAP	Effect of transition to AIFRS	AIFRS
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Revenue from continuing operations							
Australian government financial assistance				-			-
Australian Government payments		116,007		116,007	116,007		116,007
Higher Education Contribution Scheme		61,977		61,977	61,977		61,977
State government financial assistance		6,798		6,798	6,798		6,798
Superannuation - deferred government contributio	7	(4,980)	21,366	16,386	(4,980)	21,366	16,386
Fees and charges		126,196		126,196	126,525		126,525
Investment income		7,718		7,718	7,763		7,763
Royalties		5,067		5,067	5,067		5,067
Consultancy and contract research		15,759		15,759	11,974		11,974
Other revenue	1	44,410	(4,496)	39,914	30,857	(4,496)	26,361
Total revenue		378,952	16,870	395,822	361,988	16,870	378,858
Expenses from continuing operations							
Employee benefits and on costs	5,7	202,998	21,417	224,415	193,126	21,417	214,543
Depreciation and amortisation	3	26,792	(346)	26,446	26,018		26,018
Borrowing costs		1,923		1,923	1,923		1,923
Repairs and maintenance		19,402		19,402	19,074		19,074
Bad and doubtful debts		(153)		(153)	(133)		(133)
Bad and doubtful debts - controlled entities (movement in		-		-	14		14
Other expenses	1	117,238	(4,496)	112,742	111,494	(4,496)	106,998
Total expenses		368,200	16,575	384,775	351,516	16,921	368,437
Operating result before income tax		10,752	295	11,047	10,472	(51)	10,421

(d) Reconciliation of Statement of Cash Flows for the year ended 31 December 2004

The adoption of AIFRS has not resulted in any material adjustments to the cash flow statements.

25. EXPLANATION OF TRANSITION TO AUSTRALIAN EQUIVALENTS TO IFRS

Adjustments Increase/(decrease)	Consolidated		University	
	31 Dec '04 \$000's	1 Jan '04 \$000's	31 Dec '04 \$000's	1 Jan '04 \$000's
(e) Notes to the reconciliations				
1. Disposal of Property, Plant and Equipment				
Previous AGAAP required disclosure of proceeds as revenue and the written down book value of assets sold as an expense. Current IFRS requires the net result shown as a profit (revenue) or loss (expense).				
Adjustment				
Revenue - Sales Proceeds	(4,496)		(4,496)	
Expenses - Written down book value	(6,286)		(6,123)	
Expenses - Loss on Sale	1,790		1,627	
2. Cash and Cash Equivalents				
Previous AGAAP allowed disclosure of Income Securities and Managed Funds as Cash. IFRS defines Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Income securities and managed funds are short term, highly liquid assets but are subject to significant changes in value.				
Adjustment				
Cash and Cash Equivalents - Managed funds	(28,869)	(25,125)	(28,869)	(25,125)
Cash and Cash Equivalents - Income securities	(5,397)	(7,376)	(5,397)	(7,376)
Other Financial Assets - Current - Managed Funds	28,869	25,125	28,869	25,125
Other Financial Assets - Current - Income Securities	5,397	7,376	5,397	7,376
3. Intangible Assets				
Mastheads and Goodwill on Consolidation previously were recognised under previous AGAAP. Current IFRS prohibits mastheads and goodwill as being recognised as an Intangible Asset.				
Adjustment				
Intangible assets		(346)		
Expenses - Amortisation Intangible Assets	(346)	-		
Accumulated Funds	(346)	(346)		
4. Asset Revaluation Reserve				
Deakin University has elected under AASB 1 <i>First-Time Adoption of Australian Equivalents To International Financial Reporting Standards</i> to measure an item of property, plant and equipment and Artworks at the date of transition to Australian equivalents to IFRSs at its fair value and use that fair value as its deemed cost at that date. The deemed cost in respect to Land and Buildings has been deemed at 31 December 2004. The deemed cost in respect Artworks has been deemed at 31 December 2003.				
Adjustment				
Asset Revaluation Reserve	(248,690)	(250,253)	(248,690)	(250,253)
Accumulated Funds	248,690	250,253	248,690	250,253
5. Employee Benefits				
Deakin University has a sick leave policy that allows sick leave to be accumulated. AASB 119 <i>Employee Entitlements</i> requires entities to measure the expected cost of accumulated compensated absences.				
Adjustment				
Provisions- Current - Paternity and Sick Leave	820	769	820	769
Expenses - Paternity and Sick Leave	51	-	51	-
Accumulated Funds	(820)	(769)	(820)	(769)
6. Assets Held for Resale				
Deakin University has an approved plan of sub-division for a parcel of land. This land was designated under previous AGAAP as Asset held for Resale. Under current IFRSs this is classified as inventory.				
Current Asset - Assets Held for Resale	(1,259)	(1,000)	(1,259)	(1,000)
Current Asset - Inventory	1,259	1,000	1,259	1,000
7. Revaluation of Victorian State Superannuation Fund Liability				
The calculation of superannuation obligations under A-IFRS is different to A-GAAP. Under A-IFRS market yields on government bonds (rather than an internal earning rate) are used to calculate the value of superannuation liabilities and this can result in a different value. As there is no net impact on the balance sheet or income statement from these superannuation obligations (due to recognition of a corresponding receivable), the costs of providing an actuarial assessment for transition date outweigh the benefits. The University/Company has therefore elected not to obtain an estimate of its superannuation obligations for transition date. Consequently, no transitional adjustments are disclosed.				

<i>University only</i>						
	Commonwealth Grants Scheme		Indigenous Support Fund		Equity Programmes	
	2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's
26. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE						
26.1 DEST - CGS and Other DEST Grants						
Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)	100,334	79,926	870	873	481	278
Net accrual adjustments	(2,870)	(2,994)	-	-	-	-
Revenue for the period	97,464	76,932	870	873	481	278
Surplus / (deficit) from the previous year	-	-	-	-	-	-
Total revenue including accrual revenue	97,464	76,932	870	873	481	278
Less expenses including accrual expenses	(97,464)	(76,932)	(870)	(873)	(481)	(278)
Surplus / (deficit) for reporting period	-	-	-	-	-	-

<i>University only</i>									
	Workplace Reform Programme		Capital Development Pool		Superannuation Programme		Total		
	2005	2004	2005	2004	2005	2004	2005	2004	
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
26. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)									
26.1 DEST - CGS and Other DEST Grants									
Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)	1,449	2,435	1,047	1,049	12,256	8,254	116,437	92,815	
Net accrual adjustments	-	-	-	-	(389)	2,812	(3,259)	(182)	
Revenue for the period	1,449	2,435	1,047	1,049	11,867	11,066	113,178	92,633	
Surplus / (deficit) from the previous year	-	-	-	-	-	-	-	-	-
Total revenue including accrual revenue	1,449	2,435	1,047	1,049	11,867	11,066	113,178	92,633	
Less expenses including accrual expenses	(1,449)	(2,435)	(1,047)	(1,049)	(11,867)	(11,066)	(113,178)	(92,633)	
Surplus / (deficit) for reporting period	-	-	-	-	-	-	-	-	-

	<i>University only</i>					
	HECS - HELP (Australian Government payments only)		FEE - HELP		Total	
	2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's
26. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)						
26.2 Higher Education Loan Programmes						
Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)	55,021	49,925	12,753	6,747	67,774	56,672
Net accrual adjustments	4,585	1,878	-	-	4,585	1,878
Revenue for the period	59,606	51,803	12,753	6,747	72,359	58,550
Surplus / (deficit) from the previous year	-	-	(359)	915	(359)	915
Total revenue including accrual revenue	59,606	51,803	12,394	7,662	72,000	59,465
Less expenses including accrual expenses	(59,606)	(51,803)	(10,753)	(8,021)	(70,359)	(59,824)
Surplus / (deficit) for reporting period	-	-	1,641	(359)	1,641	(359)

	Australian Post Graduate Awards		International Postgraduate Research Scholarships		Commonwealth Education Costs Scholarship		Commonwealth Accommodation Scholarship		Total	
	2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's
26. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)										
26.3 SCHOLARSHIPS										
Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)	1,607	1,456	277	247	507	170	641	316	3,032	2,189
Net accrual adjustments	-	-	-	-	(23)	-	(28)	-	(51)	-
Revenue for the period	1,607	1,456	277	247	484	170	613	316	2,981	2,189
Surplus / (deficit) from the previous year	34	21	72	101	-	-	-	-	106	122
Total revenue including accrual revenue	1,641	1,477	349	348	484	170	613	316	3,087	2,311
Less expenses including accrual expenses	(1,473)	(1,443)	(315)	(276)	(484)	(170)	(613)	(316)	(2,885)	(2,205)
Surplus / (deficit) for reporting period	168	34	34	72	-	-	-	-	202	106

<i>University only</i>											
	Institutional Grants Scheme		Research Training Scheme		Systemic Infrastructure Initiative		Research Infrastructure Block Grants		Total		
	2005	2004	2005	2004	2005	2004	2005	2004	2005	2004	
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	
26. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)											
26.4 DEST RESEARCH											
Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)	3,828	2,901	8,525	7,404	-	-	1,940	1,463	14,293	11,768	
Net accrual adjustments	-	-	-	-	-	-	-	-	-	-	
Revenue for the period	3,828	2,901	8,525	7,404	-	-	1,940	1,463	14,293	11,768	
Surplus / (deficit) from the previous year	-	-	-	-	-	(3)	-	694	-	691	
Total revenue including accrual revenue	3,828	2,901	8,525	7,404	-	(3)	1,940	2,157	14,293	12,459	
Less expenses including accrual expenses	(3,828)	(2,901)	(8,525)	(7,404)	-	3	(1,940)	(2,157)	(14,293)	(12,459)	
Surplus / (deficit) for reporting period	-	-	-	-	-	-	-	-	-	-	

<i>University only</i>						
	Projects		Fellowships			Total
	2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's	2005 \$000's	2004 \$000's
26. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)						
26.5 AUSTRALIAN RESEARCH COUNCIL GRANTS						
(a) Discovery						
Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)	1,844	2,006	310	156	2,154	2,162
Net accrual adjustments	-	-	-	-	-	-
Revenue for the period	1,844	2,006	310	156	2,154	2,162
Surplus / (deficit) from the previous year	(68)	(90)	108	7	40	(83)
Total revenue including accrual revenue	1,776	1,916	418	163	2,194	2,079
Less expenses including accrual expenses	(1,737)	(1,984)	(333)	(55)	(2,070)	(2,039)
Surplus / (deficit) for reporting period	39	(68)	85	108	124	40

		<i>University only</i>									
		Infrastructure		Special Research Initiatives		International researcher exchange		Projects (SPIRT)		Total	
		2005	2004	2005	2004	2005	2004	2005	2004	2005	2004
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
26. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)											
26.6 AUSTRALIAN RESEARCH COUNCIL GRANTS											
	(b) Linkages										
	Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)	825	-	(6)	40	25	41	2,256	1,993	3,100	2,074
	Net accrual adjustments	-	-	-	(40)	-	-	-	-	-	(40)
	Revenue for the period	825	-	(6)	-	25	41	2,256	1,993	3,100	2,034
	Surplus / (deficit) from the previous year	-	13	9	40	33	69	796	707	838	829
	Total revenue including accrual revenue	825	13	3	40	58	110	3,052	2,700	3,938	2,863
	Less expenses including accrual expenses	(535)	(13)	(3)	(31)	(21)	(77)	(2,327)	(1,904)	(2,886)	(2,025)
	Surplus / (deficit) for reporting period	290	-	-	9	37	33	725	796	1,052	838



FINANCIAL STATEMENTS FOR THE THE YEAR ENDED 31 DECEMBER 2005

Certification

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

- (a) The attached financial statements and notes thereto present fairly the financial position as at 31 December 2005, and the financial performance for the year ended 31 December 2005 of the University and the consolidated entity;
- (b) The attached financial statements and notes thereto comply with the *Financial Management Act 1994* and with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, the requirements of the Department of Education, Science and Training, Financial Reporting Directions and Business Rules;
- (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.

MR DAVID M. MORGAN
Chancellor

Date: 23.03.06.
Melbourne

PROFESSOR SALLY A. WALKER
Vice-Chancellor and President

Date: 23.03.06
Melbourne

MR PETER J. ENLUND
Principal Accounting Officer

Date: 23.03.06
Melbourne



AUDITOR GENERAL
VICTORIA
INDEPENDENT AUDIT REPORT

Deakin University

To the Members of the Parliament of Victoria and Members of the Council of the University

Matters Relating to the Electronic Presentation of the Audited Financial Report

This audit report for the financial year ended 31 December 2005 relates to the financial report of Deakin University included on its web site. The Members of the Council of Deakin University are responsible for the integrity of the web site. I have not been engaged to report on the integrity of the web site. The audit report refers only to the statements named below. 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 this web site.

Scope

The Financial Report

The accompanying financial report for the year ended 31 December 2005 of Deakin University consists of the income statement, balance sheet, statement of changes in equity, cash flow statements, notes to and forming part of the financial report, and the supporting declaration. 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.

Members' Responsibility

The Members of the Council of Deakin University are responsible for:

- the preparation and presentation of the financial report and the information it contains, including accounting policies and accounting estimates
- the maintenance of adequate accounting records and internal controls that are designed to record its transactions and affairs, and prevent and detect fraud and errors.

Audit Approach

As required by the *Audit Act* 1994, an independent audit has been carried out in order to express an opinion on the financial report. The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement.

The audit procedures included:

- examining information on a test basis to provide evidence supporting the amounts and disclosures in the financial report
- assessing the appropriateness of the accounting policies and disclosures used, and the reasonableness of significant accounting estimates made by the members
- obtaining written confirmation regarding the material representations made in conjunction with the audit
- reviewing the overall presentation of information in the financial report.



AUDITOR GENERAL
VICTORIA

Independent Audit Report (continued)

These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Financial Management Act 1994*, so as to present a view which is consistent with my understanding of the University's and the economic entity's financial position, and their financial performance and cash flows.

The audit opinion expressed in this report has been formed on the above basis.

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 are to be exercised. The Auditor-General and his staff and delegates comply with all applicable independence requirements of the Australian accounting profession.

Audit Opinion

In my opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Financial Management Act 1994*, the financial position of Deakin University and the economic entity as at 31 December 2005 and their financial performance and cash flows for the year then ended.

MELBOURNE
3 April 2006



J.W. CAMERON
Auditor-General

Compliance index

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

FMA	<i>Financial Management Act 1994</i>
FRD	A-IFRS Financial Reporting Directions
SD	Standing Directors of the Minister for Finance issued under the <i>Financial Management Act 1994</i>
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
TEA 1993	<i>Tertiary Education Act 1993</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)
DEST	Department of Education, Science and Training

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

Clause	Disclosure	Page(s)
Report of Operations		
FRD 10	Compliance index	104–106
FRD 22A, SD 4.2(g) (h)	General and financial information	2–103
SD 4.2(j)	Signature of Chancellor or nominee	transmittal letter, 54
	Date of meeting at which Council approved annual report, or date of delegated approval	transmittal letter, 54
FRD 11	Disclosure of ex-gratia payments	82–83
FRD 21A	Responsible person/executive officer remuneration disclosures	82–83
FRD 21A(1)(a), (b), (c), (d)	Disclosure of remuneration of responsible persons remuneration	82
FRD 21A(2)(a), (b), (c)	Disclosure of remuneration of executive officers	82–83

General information		
FRD 22A	Manner in which the university was established	4
FRD 22A	Relevant Minister	4
FRD 22A	Objectives, functions, powers and duties	4, 34
FRD 22A	Nature and range of services, people and communities served	29
DEST, FRD 22A	Administrative structure	30
DEST, FRD 22A	Members of the Council	35–38
DEST, FRD 22A	Occupants of senior offices and areas of responsibility	31–33
FRD 22A	Organisational chart	30, 42
FRD 22A	Workforce data for current and previous year; statement on application of merit and equity principles	18
FRD 22A	Statement on Occupational Health and Safety matters	18–19
Financial year information		
FRD 22A	Summary of the financial results with comparative results for the preceding four years	27
FRD 22A	Summary of significant changes in financial position	26
DEST, FRD 22A	Operational objectives and performance including significant activities and achievements	4–29
FRD 22A	Major changes or factors affecting the achievement of operational objectives	54
FRD 22A	Events subsequent to balance date which may have a significant effect on operations in subsequent years	54
FRD 22A	Consultancies in excess of \$100,000	26
FRD 22A	Consultancies less than \$100,000	26
Other relevant information		
FRD 22A	Application and operation of the <i>Freedom of Information Act 1982</i>	51
FRD 22A	Compliance with the <i>Building Act 1993</i>	53
FRD 22A	Compliance with the <i>Whistleblowers Protection Act 2001</i> (section 104)	51
FRD 22A	Implementation and compliance with National Competition Policy	51
FRD 22A	Summary of environmental performance	28
Additional information on request subject to the provision of the FOI Act		
FRD 22A	Declarations of pecuniary interests	40, 53
FRD 22A	Shares held by senior officers	53
FRD 22A	Publications	53
FRD 22A	Changes in prices, fees, charges, rates and levies	53
FRD 22A	Major external reviews	53
FRD 22A	Major research and development activities	13–14, 53
FRD 22A	Overseas visits	53
FRD 22A	Promotional, public relations and marketing activities	53
FRD 22A	Occupational Health and Safety matters	18–19
FRD 22A	Industrial relations, accidents and disputes	53
FRD 22A	List of major committees sponsored by the University	53

Additional information

TEA 1993 s. 12I	Compulsory non-academic fees, subscriptions and charges	25
PAEC (December 1997)	International initiatives and strategies	15–16
PSMEA ss 7 & 8	Employment processes and principles of conduct for public sector employees	18, 50
RUG	Statement that public funds allocated to the purposes specified by the Government or other public funding body	26
RUG	Council's risk management strategy	7, 47–48
RUG	Summary table of financial performance of the University's Associates and commercial ventures	84–85
ESOS	Compliance with <i>ESOS Act 2000</i>	50
DEST	Internal grievance and complaint procedures and complaints made to and investigated by the Ombudsman	52
DEST	Website address for the current and previous Annual Reports	53
FMA 49(a), (b), (c), (d), (e)	Financial statements	
SD 4.2 (a)	Prepared in accordance with Australian Accounting Standards (AAS and AASB standards) and other mandatory professional reporting requirements (including Urgent Issues Group Consensus Views and Statements of Accounting Concepts), Financial Reporting Directions and Business Rules	60–65, 101–102
SD 4.2 (b)	Income statement	57
SD 4.2 (b)	Balance sheet	58
SD 4.2 (b)	Cash flow statement	59
SD 4.2 (b)	Notes to the financial statements	60–100
SD 4.2(c)	Signed and dated by the Accountable Officer, CFAO and a member of the Responsible Body	101
SD 4.2 (d)	Rounding of amounts	60
SD 4.2 (e)	Reviewed and recommended by the Audit Committee or Responsible Body prior to finalisation and submission	transmittal letter, 54
DEST	Compliance with the <i>Financial Statement Guidelines for Australian Higher Education Providers for 2005 Reporting Period</i>	60, 101

Deakin University

Geelong campus at Waurin Ponds

Pigdons Road
Geelong Victoria
Australia 3217
Phone: (03) 5227 1100

Geelong Waterfront campus

1 Gheringhap Street
Geelong Victoria
Australia 3217
Phone: (03) 5227 8100

Melbourne campus at Burwood

221 Burwood Highway
Burwood Victoria
Australia 3215
Phone: (03) 9244 6100

Melbourne campus at Toorak

336 Glenferrie Road
Malvern Victoria
Australia 3144
Phone: (03) 9244 5100

Warrnambool campus

PO Box 423
Warrnambool Victoria
Australia 3280
Phone: (03) 5563 3100

DEAKIN UNIVERSITY