

03

2003 annual report

DEAKIN



**Report of Operations and Audited Financial Statements
for the year ended 31 December 2003**

2 April 2004

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 2003*.

At the Council meeting held on 26 February 2004 I was delegated authority to approve
the Report of Operations on Council's behalf.

Yours faithfully,

Richard Searby QC
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

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Report of operations



Professor Sally Walker
Vice-Chancellor of Deakin University

The year in review

During 2003 Deakin University completed a major review of its Strategic Plan, it reinforced its mission to be Australia's most progressive university, and identified its three core commitments to: equity and access; rural and regional engagement; and continuing education and lifelong learning. A new strategic and operational planning framework was introduced to ensure that all activities are emphatically focused on advancing Deakin's mission and pursuing its core commitments.

True to its claim to be a responsive university, Deakin settled its new Strategic Plan and Operational Plan in the first four months of the year and cascaded operational planning to all areas of the University within the next month.

The strategic and operational planning framework links planning and resource allocation; it requires accountability through systematic monitoring and reporting of outcomes; and it facilitates continuous quality improvement via a process of thorough evaluation and re-planning. Importantly, the new strategic and operational planning framework applies in an integrated and coordinated fashion to all the University's activities. In any large organisation, an integrated, coordinated and meaningful approach to planning is essential if it is to be effective. This is crucially so at Deakin, with its five campuses located in Melbourne, Geelong and Warrnambool, its large distance education focus and its expanding international market.

The ready adoption of a new planning framework and common direction gives Deakin confidence to capitalise on opportunities to arise from the Commonwealth Government's review of higher education. A new budget model was introduced that provides incentives for activities that advance Deakin's core commitments and its aim to be Australia's most progressive university. Expansionary plans were implemented in late 2003 when Deakin commenced recruiting new staff as part of an ambitious and exciting plan to fill over 120 new academic staff positions during 2004.

A number of executive appointments were made in 2003. Professor John Rosenberg was appointed as Deputy Vice-Chancellor (Academic) having formerly held the position of Dean of the Faculty of Information Technology at Monash University. Professor Brian Corbitt was appointed as Pro Vice-Chancellor (Online Services) and Professor Rob Wallis was appointed as Pro Vice-Chancellor (Rural and Regional).

Council approved the establishment of the title Alfred Deakin Professor as the highest honour to be bestowed on a member of staff at Deakin in recognition of outstanding and sustained achievement to furthering the aims of Deakin University in relation to research. In 2003 the title of Alfred Deakin Professor was conferred on

four staff members: Professor Joan Beaumont, in recognition of her contribution to military history; Professor Greg Collier for his research on obesity and diabetes; Professor Peter Hodgson, for his contribution to advanced materials manufacturing engineering; and Professor Julian Mercer in recognition of his contribution to cellular and molecular biology.

Work commenced on the Central Precinct Development at Deakin's Melbourne campus at Burwood that will create much needed space for additional large and medium sized teaching rooms, student support services and recreational facilities. The development is part of a more visionary plan to re-orientate the Melbourne campus to take advantage of, and be more attuned to, the natural environment; providing a university campus with a greater capacity to accommodate student demand and satisfying community expectations. To alleviate the most immediate pressures on space, the Deakin Business School was re-located to the Melbourne campus at Toorak and most of the central administrative service areas were re-located to leased premises in close proximity to the Melbourne campus at Burwood.

During 2003 Deakin revamped its planning processes and reviewed many of its activities, consolidating a strong position from which to move forward with confidence, to meet the challenges and maximise the opportunities arising from a reformed higher education environment. 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 2003.

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

Professor Sally Walker
Vice-Chancellor

Teaching and learning

Goal

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

Performance

Deakin's priorities for 2003 in teaching and learning concentrated on reviewing and where necessary revising its quality assurance and quality improvement processes; improving undergraduate retention rates; and implementing its plans for Deakin Studies Online. Good progress was made in all areas and most targets in the 2003 Operational Plan were achieved. In particular:

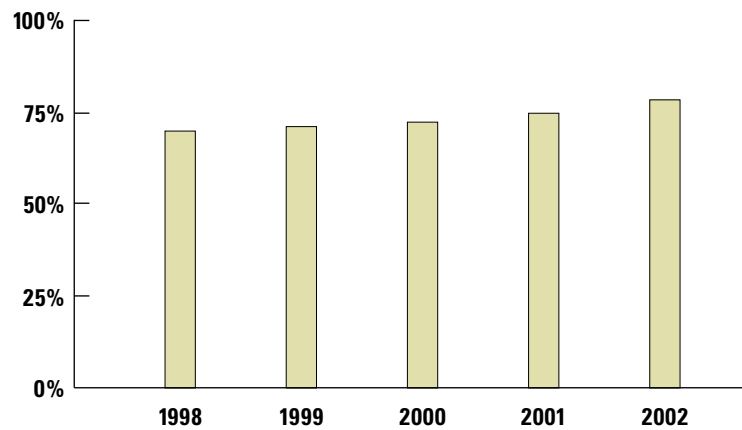
- Following an external review, the Academic Board was re-structured and re-constituted with a revised role emphasising its primary responsibility for academic quality assurance.
- A uniform, mandatory student survey, which evaluates teaching and unit content, was introduced to obtain feedback on every coursework unit each time it is offered. Overall student respondents reported favourably on the quality of their teaching. However, the real value of the survey stems from the disaggregation of results, enabling schools and faculties to celebrate and share good outcomes and identify areas for improvement.
- Deakin received an excellent report from the Office of Training and Tertiary Education following a self-facilitated audit of compliance of its VET programs within the standards of the Australian Quality Training Framework.
- Academic Advisory Boards were established for each coursework program to provide valuable input that assists Deakin in maintaining and delivering courses of contemporary relevance.
- To advance its commitment to continuing education and lifelong learning, from 2004 all commencing undergraduate students will be required to undertake at least one unit of study in a completely online environment. This will assist



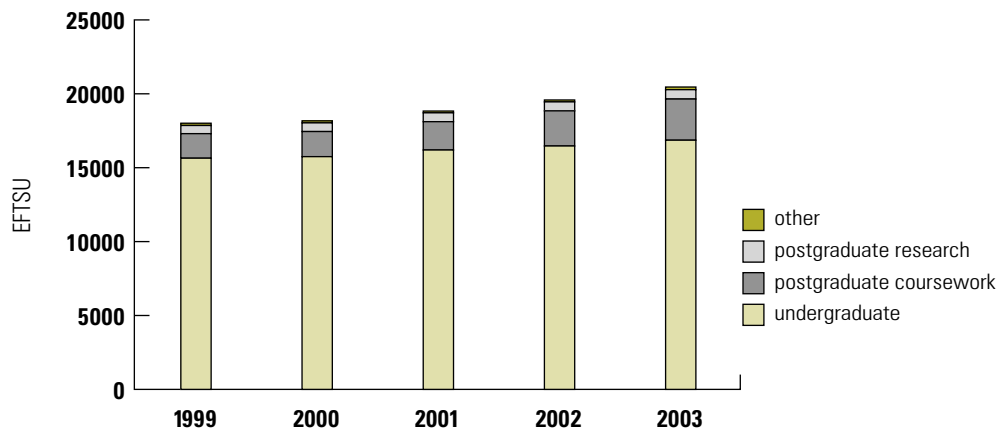
Deakin students to develop their skills as independent learners, with a capacity to successfully navigate new technologies, attributes that are actively sought after by employers.

- Deakin Studies Online, the University's teaching and learning management system was progressively implemented during 2003.
- Deakin conducts a rigorous internal accreditation and re-accreditation process of all its courses on a cyclical basis. Reviews were completed for all courses due for re-accreditation in 2003.
- Deakin introduced plans to expand its high demand nursing program at its rural and regional campuses by internally re-distributing student places. Fifteen additional nursing places for 2004 were allocated from the 210 new places made available throughout Australia by the Commonwealth Government. Deakin and the University of Ballarat were the only Victorian universities to receive additional nursing places.
- Retention rates of commencing undergraduate students continued to improve, particularly as a result of Deakin's innovative First Year Initiative program. This was expanded in 2003 to provide a unified orientation for off-campus students as well as more general programs to assist all students with the transition to university. In 2003 the program was short-listed for an Australian Award for University Teaching.

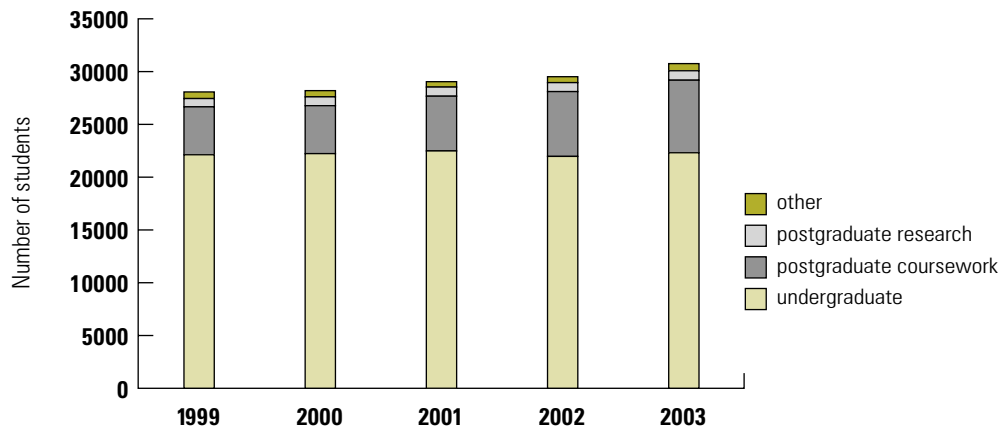
Commencing undergraduate retention rates



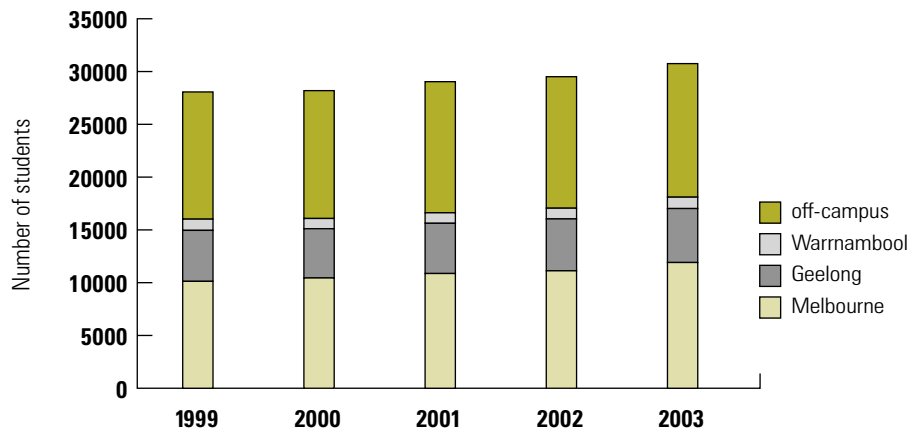
Student load (EFTSU) by course type as at 31 March 1999–2003



Student enrolments (persons) by course type as at 31 March 1999 – 2003



Student enrolment (persons) by campus as at 31 March 1999–2003





Research and research training

Goal

To achieve 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.

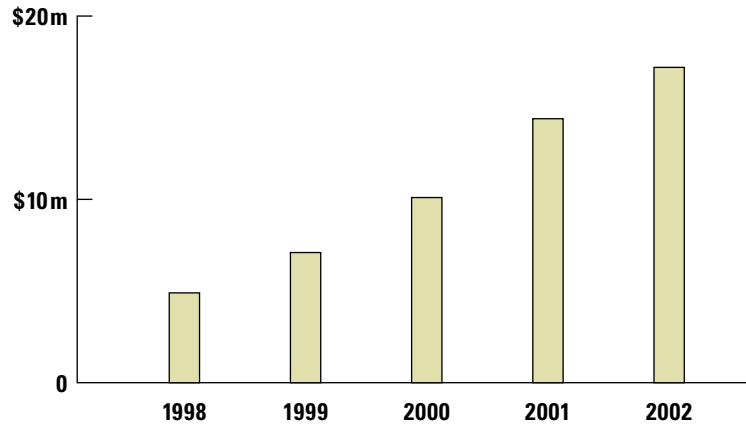
Performance

Deakin has steadily improved its performance according to all major research measures, increasing its external research income, the number of higher degree by research completions and its publications output. Highlights from 2003 in research and research training included:

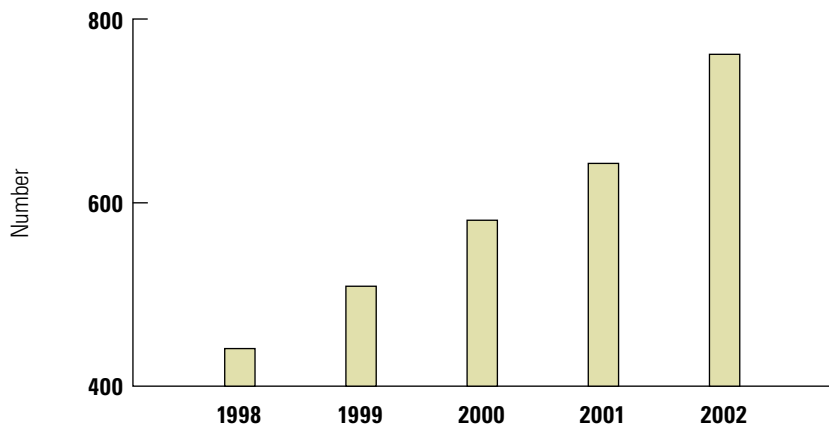
- Deakin recorded its position at 20th among Australian universities ranked by the amount of research income secured. This represented an improvement from 23rd position in 2000 and 2001.
- The number of higher degree by research completions has increased since 2000 and in terms of publications, Deakin is ranked 12th highest based on publications output.
- Deakin higher degree by research students consistently report very favourably in surveys conducted annually by the University, on the quality of research supervision and the research environment.
- In 2003 Deakin researchers won nine ARC Discovery grants and seven ARC Linkage grants. A pleasing aspect of this result was the greater spread of grants across the discipline areas of the University.
- Professors Joan Beaumont, Greg Collier, Peter Hodgson and Julian Mercer became Alfred Deakin Professors in recognition of their outstanding and sustained achievement to furthering the aims of Deakin University in relation to research.
- Council approved the establishment of the Deakin Institute for Biotechnology bringing together three previous research concentrations in cell and organism bioengineering, cellular metabolism in health and disease, and chiral and

molecular technologies. This initiative will advance one of Deakin's goals in research management, which is to focus the major research effort into a small number of areas of strategic importance.

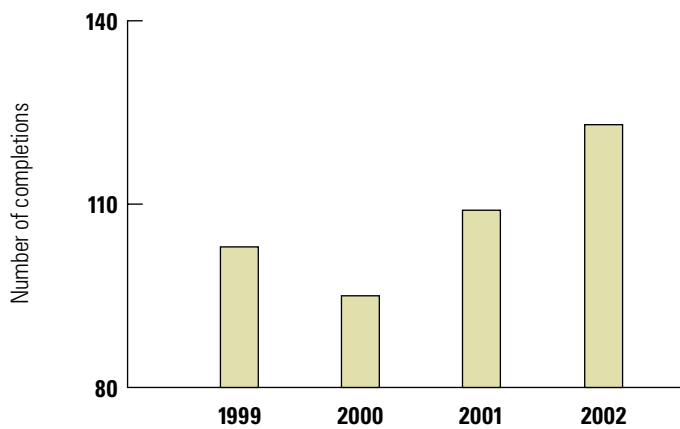
Research income all sources, 1998–2002



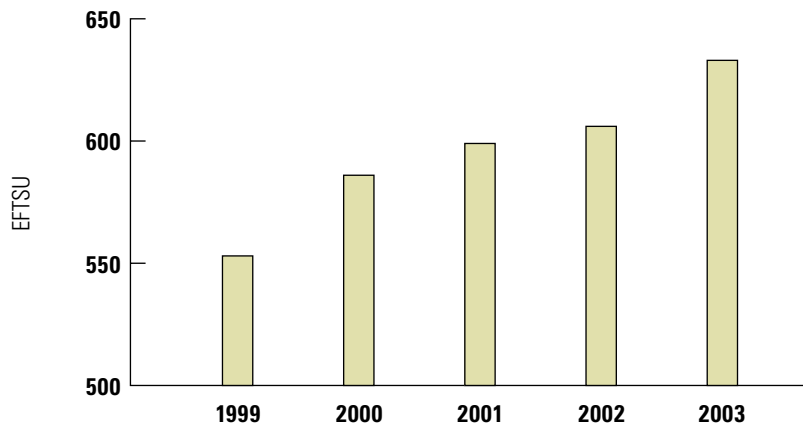
Research publications weighted by authorship, 1998–2002



Higher Degree by Research completions, 1999–2002



Higher Degree by Research by student load (EFTSU) as at 31 March 1999 – 2003



Federal Science Minister The Hon. Peter McGauran announces a recent diabetes breakthrough with AGT Biosciences director of business development Dr John Campbell.



Internationalisation

Goal

To promote internationalisation throughout the University, fostering diversity and cultural exchange by way of international study experiences, international involvement of staff and students and an internationalised curriculum that provides quality learning experiences, valued by staff and students.

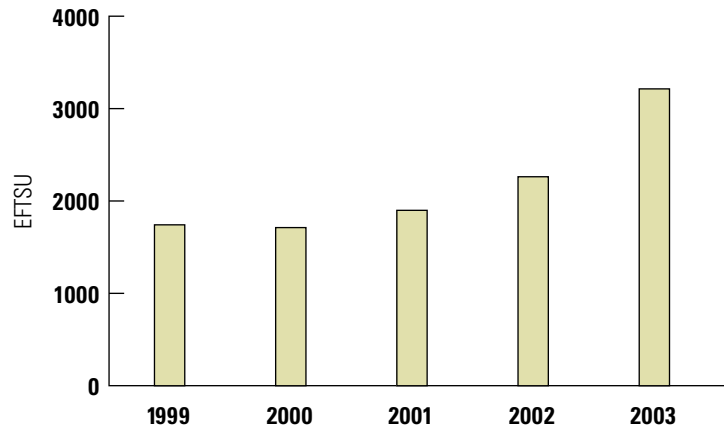
Performance

Through its internationalisation goal, Deakin seeks to diversify its membership and foster a working environment in which the international dimension is automatically considered in all the planning decisions of the University. Highlights from 2003 include:

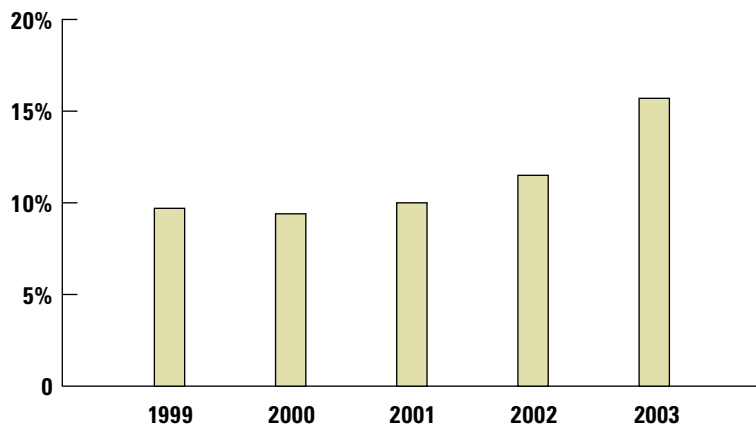
- An increase in demand from international students to study Deakin programs. International student load increased by 40% in 2003 and as at 31 August 2003 represented 18% of the University's total load. Part of this success has been achieved by diversifying Deakin's international recruitment base and establishing new markets. A significant amount of international load is taught through offshore teaching partners, and in 2003 Deakin revised its quality assurance processes in relation to offshore teaching partners. As part of this, all students enrolled through offshore teaching partners are included in the student evaluation of teaching and units conducted each semester.
- 250 students undertook international study experiences in 2003. This figure was lower than in previous years due to international travel warnings as a result of the war in Iraq and the outbreak of SARS.
- Progress was made in developing virtual exchange opportunities. These will complement Deakin's existing international exchange programs, providing online options for completing, for credit, subjects offered by overseas universities. The virtual exchange program will capitalise on Deakin's strength as a significant provider of online learning and distance education. It also makes available the opportunity for international exchange to students whose personal circumstances would not have otherwise enabled such a prospect.

- Deakin University hosted a public lecture on The United Nations and Globalisation, at which Mr Jan Kaven, President, 57th session of the General Assembly of the United Nations, was the guest speaker.
- Successful alumni functions, attended by the Chancellor and Vice-Chancellor and other senior staff, were held in conjunction with graduation ceremonies in Singapore, Malaysia and Hong Kong.

International student load (EFTSU) as at 31 March 1999–2003



International student load (EFTSU) as a percentage of total load as at 31 March 1999–2003



For the year 2003, the University complied with the *Education Services for Overseas Students Act 2000* (ESOS) and the National Code of Practice for Registration Authorities and Provider of Education and Training to Overseas Students.

Strategies developed during 2003 to ensure ongoing compliance include:

- Recruitment of dedicated staff with responsibility for reporting breach of regulations by international students;
- Conducting seminars for the Deakin community regarding ESOS and our responsibilities; and
- Introduction of procedures to support and extend existing processes.



A staff 'Relay for Life' team with the Vice-Chancellor Professor Sally Walker (centre)

Recruiting and retaining staff

Goal

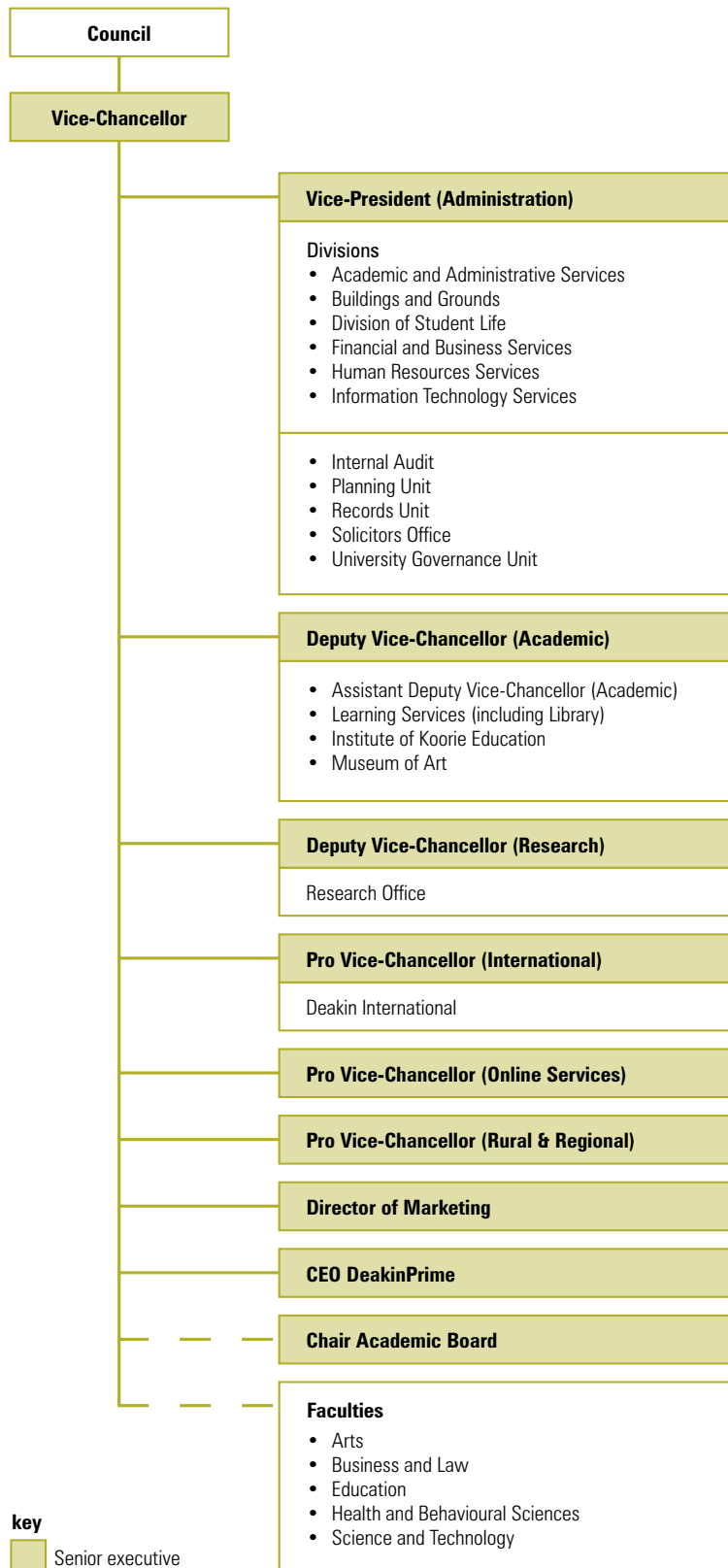
To attract, retain and develop outstanding staff who are committed to the mission and goals of the University, and to increase staff numbers in areas of strategic need enabled by the responsible use of revenue growth.

Performance

A major focus in 2003 was the development and implementation of a plan to increase the number of academic staff employed in the University in areas of strategic importance. Other activities focused on alleviating for students and staff the accommodation pressures on the Melbourne campus at Burwood. During 2003:

- Deakin began the process of advertising and recruiting academic staff to fill more than 120 new positions that will be established during 2004.
- The University's ambitious expansionary plans will address Deakin's student to staff ratio which remains high in comparison with other Victorian and Australian universities.
- All staff and students previously accommodated at the University's former Rusden campus were re-located to the Melbourne campus at Burwood following the completion of a new performing arts building.
- New arrangements were put into place to accommodate the additional demands on the Melbourne campus at Burwood. Staff and students of the Deakin Business School were re-located to the Melbourne campus at Toorak and space for teaching and research activities was released through the re-location of most of the central administrative service areas to leased premises in close proximity to the Melbourne campus at Burwood.

Deakin University organisation chart



Senior officers

Chancellor

Mr R H Searby QC

MA, *Oxon*

The Chancellor is the titular and ceremonial head of the University and is 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.

Vice-President (Administration)

Mr R H Elliott

BSc MEd *Melb*

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

Deputy Vice-Chancellor and Vice-President (Academic)

Professor A Martin (to 31 March 2003)

BA *Wellesley*, MA PhD *Wisconsin*

Deputy Vice-Chancellor (Academic)

Professor J Rosenberg (from 1 September 2003)

BSc(Computer Sc) 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 (International)

Mr E J M Meadows

BA(Hons) *Syd*, CertAdvMngt *Wharton*

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

Pro Vice-Chancellor (Online Services)

Professor B Corbitt

BA(Hons) DipEd *Melb*, GradDipCareers *VicColl*, MEdStuds PhD *Monash*

The Pro Vice-Chancellor (Online Services) is responsible to the Vice-Chancellor for the integration of systems that support Deakin's commitment to online support for teaching and learning.

Pro Vice-Chancellor (Rural and Regional)

Professor R Wallis

DipEd BSc 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.

Chief Executive Officer, DeakinPrime

Mr K Selway

BBus(Mktg) *Chisholm*, GDipMgt *VUT*

The Chief Executive Officer of DeakinPrime is responsible for the University's education and commercial services to corporations and professional societies.

Dean of Arts

Professor J Beaumont

BA(Hons) *Adel*, PhD *London*

Dean of Business and Law

Professor P Clarke

LLB, *West Aust*, LLM(Hons) *Auck*

Dean of Education

Professor S Grundy

BA(Hons) *Qld*, MA *West Aust*, PhD *Murd*

Dean of Health and Behavioural Sciences

Professor J C Catford

MA *Camb*, MSc *Lond*, MB BChir *Camb*, DM *S'ton*

Dean of Science and Technology

Professor R Russell

BSc(Hons) *Tas*, PhD *ANU*, DSc *Tas*

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

Assistant Deputy Vice-Chancellor (Academic)

Professor A Johnston

BA(Hons) *Melb*, MA PhD *Duke*

The Assistant Deputy Vice-Chancellor (Academic) is responsible to the Deputy Vice-Chancellor (Academic) for the provision of academic leadership, and to provide high-level support to the Deputy Vice-Chancellor to ensure the excellence of Deakin's academic program and the maintenance of high standards of teaching and learning.

Executive Director Learning Services and University Librarian

Ms S McKnight

BBus *QIT*, MPubAdmin *UQ*

The Executive Director Learning Services and University Librarian is responsible to the Deputy Vice-Chancellor (Academic) for the leadership, management and strategic planning for Learning Services, which encompasses the Library, the Teaching and Learning Support Unit and Learning Resources.

Director, Institute of Koorie Education

Ms W 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 of Marketing and Development

Mr G Morris (to 19 May 2003)

BSc BEd *Melb*

The Director of Marketing and Development is responsible to the Vice-Chancellor for marketing, publications, community liaison, media, alumni, database marketing, government relations/protocol and fundraising.

Staff numbers

Staff numbers (persons)

	Academic	General	Male	Female	Total 31/12/2003	Total 31/12/2002
Geelong campus at Waurin Ponds	310	521	357	474	831	816
Geelong Waterfront campus	53	286	145	194	339	312
Melbourne campus at Burwood	442	495	366	571	937	855
Melbourne campus at Rusden						24
Melbourne campus at Toorak	16	66	28	54	82	67
Warrnambool campus	67	82	68	81	149	141
Total	888	1450	964	1374	2338	2215
AHRI		24	6	18	24	22
Callista Software Services		93	63	30	93	88

Equity and equal opportunity

Strategies in the Equity and Diversity Plan are progressively being implemented, including those to support the recruitment and promotion of women, Koories, people from non-English speaking backgrounds and people with disabilities.

Organisational areas are required to develop strategies and actions to implement the plan. Strategies developed in 2003 include online training in preventing discrimination and harassment, additional staffing resources to provide a counselling service to international students, and the development of a revised complaints handling process to manage student issues.

Human Resources Services Division plays a leading role in ensuring relevant indicators are included in the Human Resources Plan developed by each organisational area.

The University also submits an annual report to the Equal Opportunity for Women in the Workplace Agency, to monitor the University's progress in its implementation of equal employment initiatives. Planning began in 2003 to work towards an application for the accreditation from this agency as an employer of choice for women.

The Equity and Equal Opportunity Unit conducted briefings and training sessions for students and staff across the University on a regular basis, with particular emphasis on management responsibilities, compliance with equal opportunity legislation and best practice. Online training in preventing discrimination and harassment was implemented across several areas of the University, and is mandated for all staff in 2004.

Occupational health and safety (OH&S)

The number of WorkCover Claims has continued to decline in 2003. The number of lost time injuries has been stable over the last three years. Even though the costs and days lost associated with WorkCover Claims have more than doubled in the period 1997 to 2002, in 2003 both these numbers returned to 2001 levels. The escalation in days lost and costs has been mostly due to a few claims where prolonged absence from work was involved.

The University's WorkCover Premium declined for the last two financial years after reaching a peak in 1999/2000. The 2003 figure is likely to be comparable to the 1999/2000 figure. The current premium is against a background of increased costs of the WorkCover scheme over recent years due to the inclusion of superannuation in remuneration, restoration of common law rights and the addition of a 17% loading. With further changes to the WorkCover scheme for 2004/5, there is the potential for further significant increases associated with prolonged absences from work.

	LTI frequency rate	WorkCover frequency rate	Average lost time rate <12 months	Days lost per 100 EFT <12 months	WorkCover costs per EFT	Estimated premium costs per EFT	WorkCover premium rate (*)
1994	9.83	19.37	7.6	19.1			0.44%
1995	8.72	19.47	10.4	22.9			0.32%
1996	6.42	19.00	11.7	21.6			0.31%
1997	7.26	16.57	14.3	17.2	\$44.60	\$190	0.38%
1998	5.47	15.32	12.9	11.2	\$33.19	\$328	0.58%
1999	5.07	12.56	17.9	15.3	\$43.54	\$409	0.75%
2000	5.88	12.64	30.5	30.1	\$81.52	\$506 (\$593)	0.78% (0.92%)
2001	4.06	10.42	45.5	31.2	\$83.34	\$345 (\$405)	0.54% (0.65%)
2002	4.00	9.92	63.7	42.4	\$126.00	\$390 (\$457)	0.59% (0.70%)
2003	3.84	6.65	45.4	29.2	\$79.75	\$510 (\$597)	0.81% (0.95%)

For the premium figures in brackets (*) include 17% Government loading introduced in 2000.

Successful and effective accident prevention involves the development of an appropriate Health and Safety Management System. This has been instituted throughout the University via local area Health and Safety Plans. During 2003 the University developed a revised OH&S Plan for the period 2003–7.

Providing or organising training for managers, staff, health and safety representatives, first aiders and fire wardens is a major ongoing component of the OH&S Unit's annual program. Nearly 800 staff have attended training sessions during 2003, ranging from short 20 minute awareness presentations, to warden training, to several hours on risk assessments and managerial responsibilities.

Performance Indicators	Number
University OH&S policies/procedures developed or reviewed	23
OH&S inspections and surveys	41
Workstation assessments	127
Risk assessments	26
Persons participating in OH&S training (excluding fire safety)	473
Number of staff given first aid training or refresher training	88
Evacuation drills carried out	48
Persons given fire safety training	297
Accident investigations	157
Hazard investigations	14
New WorkCover claims	33
(including) New lost time injuries	15
Average monthly number of active WorkCover claims	40
Average monthly number of rehabilitation interventions	15
OH&S Committee meetings	26
Non-staff accident investigations (students, visitors, contractors)	85
Number of counselling sessions as part of the Employee Assistance Program	154

Although the number of WorkCover claims has declined, the amount of time involved in rehabilitation and claims management has more than doubled over the last three years. This has primarily been due to the increase in stress-related WorkCover claims, from an average of two per year up to 1999, to an average of six per year in the last three years. Their complexity has also increased as has the number of other WorkCover claims where stress is a major factor. Initiatives to address this trend in 2003 have included training, individual support, assistance to managers and improved case management. In addition during 2003 all managers were required to brief their staff on the University's policy on the prevention of workplace bullying.

During 2003 there have been 26 incidents involving staff that have led to WorkCover claims. Seven of these have involved stress and fourteen involved manual handling. At present only one claimant (of the 26) has not returned to work in some capacity.

In late 2003 a review of the University's contractor management processes was carried out. Appropriate management plans are being developed to address the audit results.

In 2004, substantial resources will continue to be applied by the University to maintain existing OH&S programs and activities. In addition the University will develop specific initiatives in dangerous goods, hazardous substances, noise, OH&S auditing, stress management and manual handling.

Public Sector Management and Employment Act

Deakin University is required to comply with reporting under the Public Sector Management and Employment Act and this is done bi-annually.



The opening at the Icon Gallery of 'Incan Spirit' a sculpture exhibition by Ricardo Alves-Ferreira—above: *centre*, with Prof Allan Johnston Assistant Deputy Vice-Chancellor (Academic) *at left* and Mr Antonio Pena the Consul General of Chile, *at right*).

Below: The Pirra Ensemble perform a Tango.



Community responsibilities—rural and regional engagement

Goal

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, 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.

During 2003 Deakin made good progress against the targets established in the 2003 Operational Plan to advance its community responsibilities—rural and regional engagement goal. Highlights included:

- Appointing Professor Rob Wallis as Pro Vice-Chancellor (Rural and Regional) to promote and advance Deakin's engagement with its rural and regional communities.
- Initiating and delivering a community lecture series on topics of interest to members of the local community surrounding Deakin's Melbourne campus at Burwood.
- Proactively facilitating new partnerships and involvement in appropriate partnership committees that are relevant to the development of Deakin's rural and regional campuses.
- Attracting a greater proportion of Aboriginal and Torres Strait Islander students and students from rural or isolated areas than other Victorian universities. This reinforces Deakin's core commitments to equity and access, to rural and regional engagement, to lifelong learning and continuing education and the intersection of these commitments with Deakin's goal in relation to community responsibilities—rural and regional engagement.
- Deakin re-signed a Higher Education Agreement with the Victorian Aboriginal Education Association Incorporated. This formalises the unique arrangement that Deakin has to engage with Koorie communities in the development of

educational opportunities and research partnerships. Deakin's programs are offered in a special community-based delivery mode through its Institute of Koorie Education, providing intensive on-campus block study periods and community-based support.

- Launching the Coles Myer Institute, a strategic partnership through which Deakin and Coles Myer work together to facilitate integrated and innovative learning and development programs. Through the Coles Myer Institute, Deakin delivers a range of customised development and award programs to Coles Myer employees regardless of where they are located in Australia.

Equity group students as a proportion of domestic student enrolments, 2000–2003

Equity group	2000	2001	2002	2003
ATSI—Deakin	1.1	1.2	1.2	1.5
ATSI—all Victorian universities	0.5	0.5	0.5	0.5
NESB—Deakin	1.6	1.9	1.7	1.7
NESB—all Victorian universities	4.1	3.8	3.3	3.4
Low SES—Deakin	12.2	14.5	13.9	12.8
Low SES—all Victorian universities	11.5	13.9	13.3	13.0
Disability—Deakin	1.7	1.7	2.8	2.7
Disability—all Victorian universities	2.8	2.7	2.9	3.0
Rural or isolated—Deakin	21.7	23.4	22.9	20.6
Rural or isolated—all Victorian universities	17.2	17.8	17.4	17.1

Note:

ATSI Aboriginal and Torres Strait Islander

NESB Non-English speaking background

SES Socioeconomic status

In February many Waverley Secondary College students attended their classes on the Melbourne campus at Burwood, following fire damage to their school.



Communication, marketing and 'positioning'

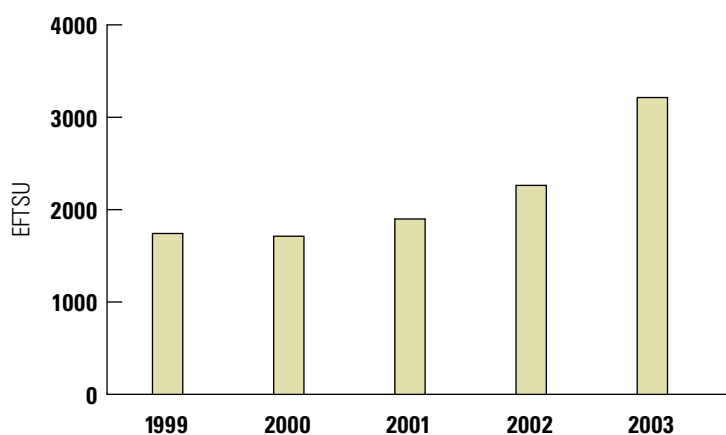
Goal

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 2003:

- Deakin enrolled greater numbers of domestic fee-paying students through increases in both postgraduate coursework and undergraduate programs.
- The Bachelor of Education (Primary) was listed in the top ten courses based on Victorian Tertiary Admissions Centre (VTAC) first preferences. The Bachelor of Education (Primary) and the Bachelor of Arts were among the state's top ten courses based on all VTAC preferences.
- The Icon Museum of Art on the Melbourne campus at Burwood was opened, enabling the University to present a wider and more comprehensive series of exhibitions and art events.
- The Alfred Deakin Digital Archive was launched by the Minister for Innovation and State and Regional Development, Mr John Brumby on 24 September 2003, the 100th anniversary of Alfred Deakin's appointment as Prime Minister of Australia. The Digital Archive has been made possible because of a formal agreement between Deakin and the National Library of Australia. This is part of the Alfred Deakin Papers Project to digitise a selection of material from the Alfred Deakin Papers held by the National Library.
- Research conducted in 2003 indicated that Deakin had considerable unexplored opportunities to promote its courses and establish greater brand awareness. As a result some 2003 Operational Plan targets were suspended while a major review of marketing was completed.
- Good progress was made in other areas such as the program of secondary school visits, the promotion of Deakin's contribution to south central and south western Victoria, and the hosting of the inaugural Deakin University Conference.

Domestic fee paying (EFTSU) by course type as at 31 March 1999–2003



The launch of the Alfred Deakin Digital Archive. (left to right) Sir James Gobbo, Professor Sally Walker, Vice-Chancellor, Sue McKnight, Executive Director Learning Services and University Librarian and The Hon John Brumby Minister for Innovation and State and Regional Development.

Resourcing the University and developing its infrastructure

Goal

To ensure that the human, financial and capital resources of the University are managed efficiently and effectively and that profitable revenue is increased to fulfil Deakin's mission and goals.

Performance

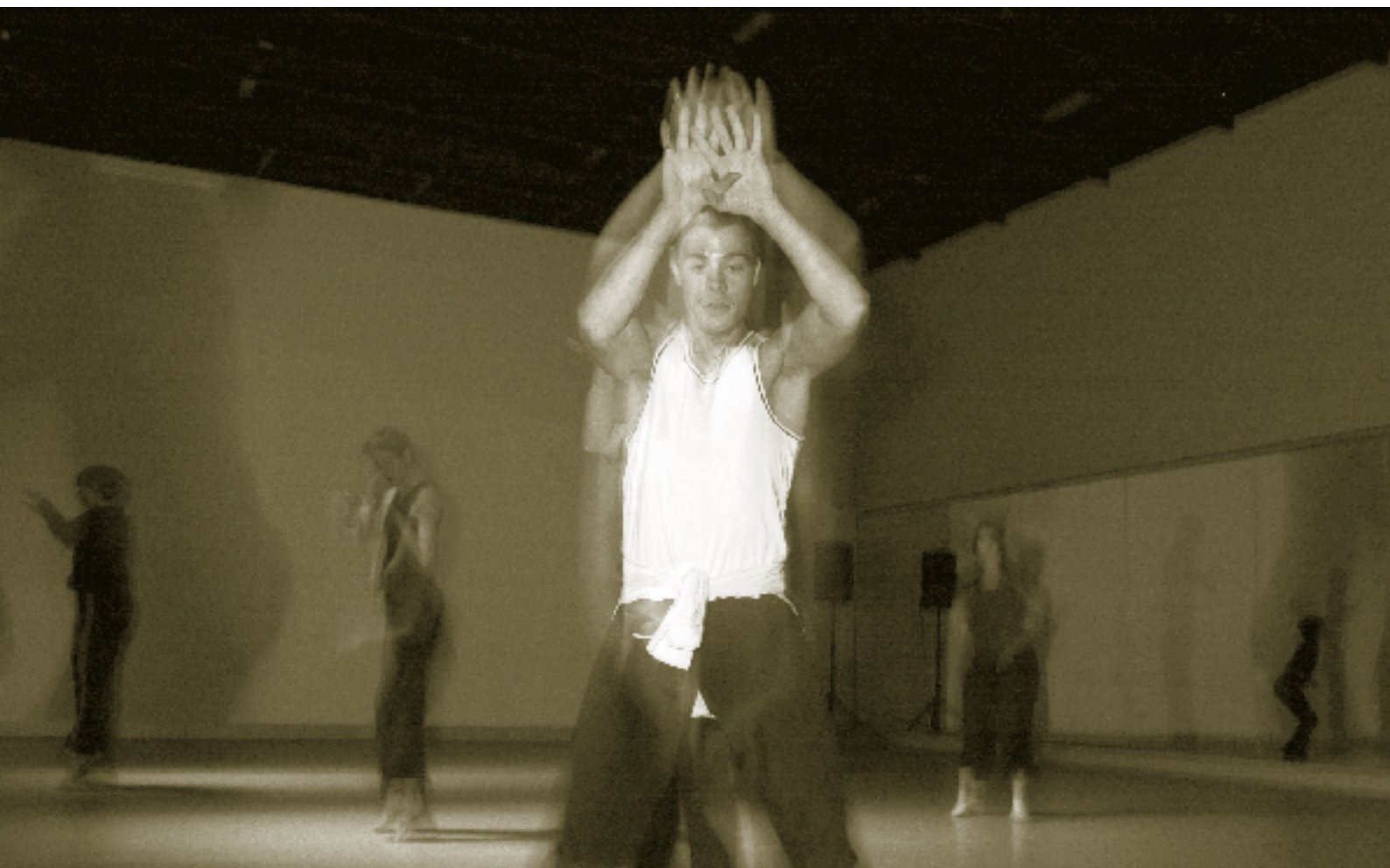
A major priority in 2003 was to develop and introduce a new budget model that provides incentives for activities that advance the University's mission and goals. This was achieved and implemented as part of the 2004 Business Plan that also links planning targets with resource allocations as part of the new strategic and operational planning framework. The new model distributes considerably more funds to faculties and introduces incentive payments for exceeding student fee income targets.

In relation to infrastructure developments:

- The resolution of planning issues with the City of Whitehorse means that urgently needed new buildings can be developed on the Melbourne campus at Burwood. The University appointed a Master Planner for the Melbourne campus at Burwood and a comprehensive Masterplan for that campus was developed.
- In July, work commenced on the Central Precinct Development on the Melbourne campus at Burwood. This will create much needed space for additional large and medium-sized teaching rooms, student support services and recreational facilities.
- A three year and \$3 million overhaul of the University's data network was completed. The work standardised equipment and technologies and improved the availability of the network through significant improvements to resilience and redundancy features. The work represents the most extensive upgrade ever undertaken to the University's data network.

- An online student class allocation and registration system was launched. The system enables students to select and register their academic activities including lectures, tutorials and practicals via the student information system and receive real-time confirmation of their selections.
- Deakin award students were given the option of receiving their final assessment results via a mobile phone text message. Deakin's pilot of Telstra Online SMS saw basic results information sent to students' mobile phones in less than two minutes. The initiative complemented Deakin's standard tertiary results website and emphasised the University's innovative approach to educational support services.

Dance students perform at the official opening of Building P on the Melbourne campus at Burwood



Significant changes in financial position

The University's consolidated operating profit for 2003 is \$21.4 million compared to \$10.7 million for 2002. Total revenue of \$354.6 million is \$17.4 million above last year mainly due to:

- Income from royalties; consultancy and contract research is \$ 4.0 million above 2002, mainly due to royalties from the licensing of the 'Callista' student management system.
- Student fees and charges income—\$17.7 million increase on last year due to increases in course fees and larger enrolments, particularly from overseas fee-paying students.
- Commonwealth Grants and HECS contributions were \$5.8 million higher than in 2002.
- Investment income was \$1.9 million above 2002 due to higher levels of invested funds.
- A reassessment of deferred superannuation contributions by the State Government reduced superannuation expense by \$9.2 million and a consequent deduction from income for 2003.

Total expenses were \$333.2 million, \$6.7 million greater than last year mainly due to additional depreciation and amortisation expense of \$2.4 million, employee benefits of \$3.3 million and the cost of assets disposed \$2.1 million.

Total assets have increased by \$25.1 million from 2002. Cash and other financial assets were \$26.9 million higher than last year mainly due to delays in commencing major building works, higher levels of accounts payable, lower receivables and improved profitability.

Following an independent review of carrying values, a net upward revaluation of the University Art Collection of \$1.7 million was effected at 31 December 2003 but no adjustment was required for land and buildings. Cash expenditure on capital items amounted to \$42.4 million.

Total current liabilities increased by \$12.8 million above last year due to higher accounts payable balances, higher levels of income in advance due to higher student enrolments, earlier receipt of a portion of HECS contributions for 2004 and accruals for capital expenditure. Borrowings were reduced during 2003 by \$1.9 million as principal repayments on loans were made. No new borrowings were undertaken in 2003.

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

During the year the University engaged nil consultancy costing in excess of \$100,000.

Consultancies costing less than \$100,000 engaged during the year totalled 24. The total cost of these engagements was \$338,141.

Five-year financial summary (consolidated)

	2003 \$000	2002 \$000	2001 \$000	2000 \$000	1999 \$000
Operating Income					
Commonwealth Government Grants	120,448	119,184	112,693	107,941	101,618
Higher Education Contribution Scheme	64,979	61,867	58,730	56,246	58,950
Victorian State Government Grants	3,735	1,858	884	458	528
Other	165,437	154,254	143,243	122,877	113,143
Total Operating Income	354,599	337,163	315,550	287,522	274,239
Operating Expenses	333,162	326,477	302,580	279,440	247,153
Operating Result before Income Tax	21,437	10,686	12,970	8,082	27,086
Balance Sheet Information					
Current Assets					
Cash Assets	87,072	55,485	40,238	46,122	36,369
Receivables	20,595	29,408	31,705	21,229	12,564
Deferred Income—Government Contribution for Superannuation	12,241	12,956	11,621	11,044	10,449
Other	1,518	523	5,236	5,504	4,881
	121,426	98,372	88,800	83,899	64,263
Non-current Assets					
Other Financial Assets	5,185	9,824	10,440	10,450	10,089
Property, Plant and Equipment	532,702	514,108	468,976	453,781	446,804
Deferred Income—Government Contribution for Superannuation	123,605	132,104	133,840	132,481	127,575
Other	8,020	11,448	16,844	14,947	9,209
	669,512	667,484	630,100	611,659	593,677
Liabilities					
Payables	46,838	34,311	20,284	19,236	14,458
Interest Bearing Liabilities	29,969	31,819	36,641	37,030	25,158
Provision for Employee Entitlements	31,460	31,254	28,910	30,369	23,418
Deferred Employee Benefits for Superannuation	135,846	145,060	145,461	143,525	138,024
Other	452	264	307	275	302
	244,565	242,708	231,603	230,435	201,360
Net Assets	546,373	523,148	487,297	465,123	456,580
Total Equity	546,373	523,148	487,297	465,123	456,580

University governance and legislative matters

Establishment

Deakin University was established under the *Deakin University Act 1974 (10 December) (as amended)*. The Minister concerned is the State Minister for Education and Training.

For funding purposes and some aspects of strategy planning, the relevant Minister is the Federal Minister for Education, Science and Training.

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

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

Objectives

The objectives of Deakin University are provided in Section 5 of the *Deakin University Act 1974 (as amended)* 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 external studies programmes;
- (c) to arrange for the provision of study centres at appropriate places in or outside Victoria where students taking external studies programmes can have access to library and other study facilities and can be given tutorial and practical assistance;

- (d) to provide all such programmes of study as are prescribed by the Statutes and all such courses 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.

Nature and range of services

The University provides higher education for suitably qualified Australian and full fee-paying students through open campus flexible learning modes in which the place, time and mode of study are flexible.

The University operated across five campuses in 2003: Geelong campus at Waurin Ponds, Geelong Waterfront campus, Melbourne campus at Burwood, Melbourne campus at Toorak, and Warrnambool campus. Academic studies were coordinated through the faculties of:

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

Education and training is 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.

Through its corporate arm, DeakinPrime, the University also facilitates lifelong learning. DeakinPrime bridges the gap between higher education and professional training organisations and has developed effective working partnerships with corporations and professional societies to design courses which allow practising professionals:

- to retrain or upgrade qualifications;
- to acquire information on the latest developments in their field;
- to update and expand their knowledge and skills;
- to gain a university award; and
- to undertake a significant part of the program at their work location.

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 consultancy.

Council

The University is established under the *Deakin University Act 1974 (the Act)* with Council as its governing authority. The Act provides that Council is responsible for the 'entire direction and superintendence of the affairs, concerns and property 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.

Council Members 2003

Back Row: (left to right) Ms P H Reid, Mr R H Elliott (Secretary), Mrs J M McMahon, Mr D F Jones, Ms M L Edmond, Mr A J Kloeden, Professor M Rimmer, Dr P C Turner, Mr J Maddock, Mrs S De Gilio, Mr A Fairley, Mr D A Lyell, Ms K A Clancy

Front Row: (left to right) Ms J Rowlands (Assistant Secretary), Ms M T Prendergast, Dr D J Gunning, Mr R H Searby (Chancellor), Professor S A Walker (Vice-Chancellor), Mr D M Morgan, Ms L Forsyth, Professor B U Crassini.

Absent: Mr M J Dowling, Mr B R Jamison.



Functions of the University Council

Council has determined the following as being its primary functions:

The strategic direction

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

The Vice-Chancellor

- appointing the Vice-Chancellor; and
- overseeing review of the Vice-Chancellor's performance and remuneration.

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; and
- overseeing University compliance, including with obligations set out in the *Deakin University Act 1974*.

Risk management

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

Control and accountability

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

Commercial activities and controlled entities

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

Academic standards

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

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; and
- satisfying itself that the University culture:
 - is consistent with the mission and core commitments¹
 - facilitates upholding the academic freedom of staff
 - encourages links with the wider community.

Council's own affairs

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

Composition, membership and terms of office

The names and qualifications of the members of Council who held office at the date of this report, the category of their appointment and the commencement and expiry date of their current term of office is set out in the table below.

		Date of appointment	Date of expiry of office
Members ex-officio			
The Chancellor	Mr R H Searby QC <i>MA Oxon</i>	1 January 2003	31 December 2005
The Vice-Chancellor	Professor S A Walker <i>LLB(Hons) LLM Melb</i>	3 January 2003	31 December 2007
The Chair of Academic Board	Professor B U Crassini <i>BA(HonsPsy) PhD Qld</i>	16 July 2003	31 December 2004
Members appointed by the Governor in Council			
Mrs J M McMahon		1 January 2001	31 December 2003
Mr D F Jones*		1 January 2001	31 December 2003
Mr J Maddock <i>GradDip(Bus) RMIT, GradDip(Ed) HIAE</i>		13 August 2002	31 December 2004
Mr A Fairley <i>LLB Melb</i>		22 January 2003	31 December 2004

¹ In *Taking Deakin University Forward, 2003*, the University's core commitments are described as being to rural and regional engagement; to equity and access; and to continuing education and lifelong learning.

Dr P C Turner BA(Hons) <i>WA</i> , LITTM <i>France</i> , PhD <i>Syd</i> , AMusA, MACE	20 May 2003	31 December 2005
Mrs S De Gilio NZROT MSc <i>Bristol</i> , MHSM, CHSM, AFCHSE	20 May 2003	31 December 2005

A member appointed by the Minister

Dr D J Gunning BSc(Hons) MSc(Chem Ed) <i>Glasgow</i> , PhD(Ed) <i>Strathclyde</i> , SecTeachingCert. <i>Jordan Hill College of Education, Glasgow</i>	1 January 2002	31 December 2003
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Members appointed by Council

Ms M T Prendergast	1 January 2001	31 December 2003
Mr B R Jamison FCA, FASCPA, ACIS, FAICD, AIArba, FTIA	1 January 2002	31 December 2003
Ms M L Edmond* BArch <i>Melb</i> , LFRAIA, MIArbMA	1 January 2002	31 December 2004
Mr D M Morgan* BCom <i>Melb</i>	1 January 2002	31 December 2004
Mr A J Kloeden BSc(For)(Hons) MSc(BusStud) <i>Lond</i>	1 January 2003	31 December 2005
Mr M J Dowling BEc <i>Monash</i> , FICA	12 June 2003	31 December 2005

A member elected by and from the professors

Professor M Rimmer MA <i>Oxon</i> , MA <i>Warwick</i>	1 January 2002	31 December 2003
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A member elected by and from the academic staff

Ms L Forsyth MA <i>La Trobe</i> , DipEd <i>Melb</i>	1 January 2002	31 December 2003
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A member elected by and from the general staff

Ms P H Reid BA DipEd <i>Monash</i> , BEd <i>La Trobe</i> , GradDip(IndRel) <i>Monash</i>	1 January 2003	31 December 2004
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Members elected by and from the students

Mr D A Lyell BA <i>Deakin</i>	1 January 2003	31 December 2003
Ms K A Clancy	1 January 2003	31 December 2003

* Deputy Chancellors. Term of office concluded 31 December 2003.

As at 31 December 2003 a full complement of 21 members of Council was in place and several longer-term vacancies for external members having been filled during the year.

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 Vice-Chancellor and the Chair of Academic Board are ex-officio members. In accordance with the provisions of the Act, there is no limit to the number of terms a member of Council may serve.

Appointments to membership of Council are made in accordance with a documented process that is approved and regularly reviewed by Council. When considering the matter of 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 the following matters: 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 considerations which the Committee may regard as material.

Elections to membership of Council are conducted in accordance with University legislation approved by Council and in accordance with a procedure approved by the Vice-President (Administration) and secretary to Council.

An induction program is implemented for all new members of Council in accordance with a documented process approved by Council.

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 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 also receives lists of graduands and confers degrees of the University on Council's behalf and has authority to act on behalf of Council in regard to such matters as Chancellor's Advisory Committee (a standing committee of Council) determines cannot wait until the next meeting of Council.

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

Council performance review

Council undertakes a formal biennial review of its performance against its agreed functions and against 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, approved by Council, and Council subsequently receives a report of progress against this at each meeting. The next performance review is due to be conducted in April 2004.

Meetings

Council met seven times during 2003, six of those meetings being held at the University's Geelong Waterfront campus and one meeting being held at the Melbourne campus at Burwood. Council meetings are attended by members of the University's Senior Executive, who are able to respond 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 2003 all matters listed in the schedule of business were addressed by Council.

Council members are expected to bring independent judgment to bear on matters being considered and are encouraged to participate in debate.

In February 2003 Council members attended the annual Council Planning Conference with the Senior Executive at which the draft Strategic Plan was considered.

The role and responsibilities of Council members

Council has specified the role and responsibilities of its members in a written statement that is periodically reviewed. The statement includes 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 documented 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, unless Council or the relevant committee otherwise directs, the member must not be present during any discussion of the matter, must not vote on the matter and if the member does vote, the vote is to be disallowed. Papers and minutes reporting on matters in which a member is considered to have a conflict of interest are not provided to that member. Declarations of conflicts of interest are recorded in the minutes 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.

The Right Honourable Sir Zelman Cowen receives an Honorary Degree of Doctor of Laws from the Chancellor, Mr Richard Searby QC.

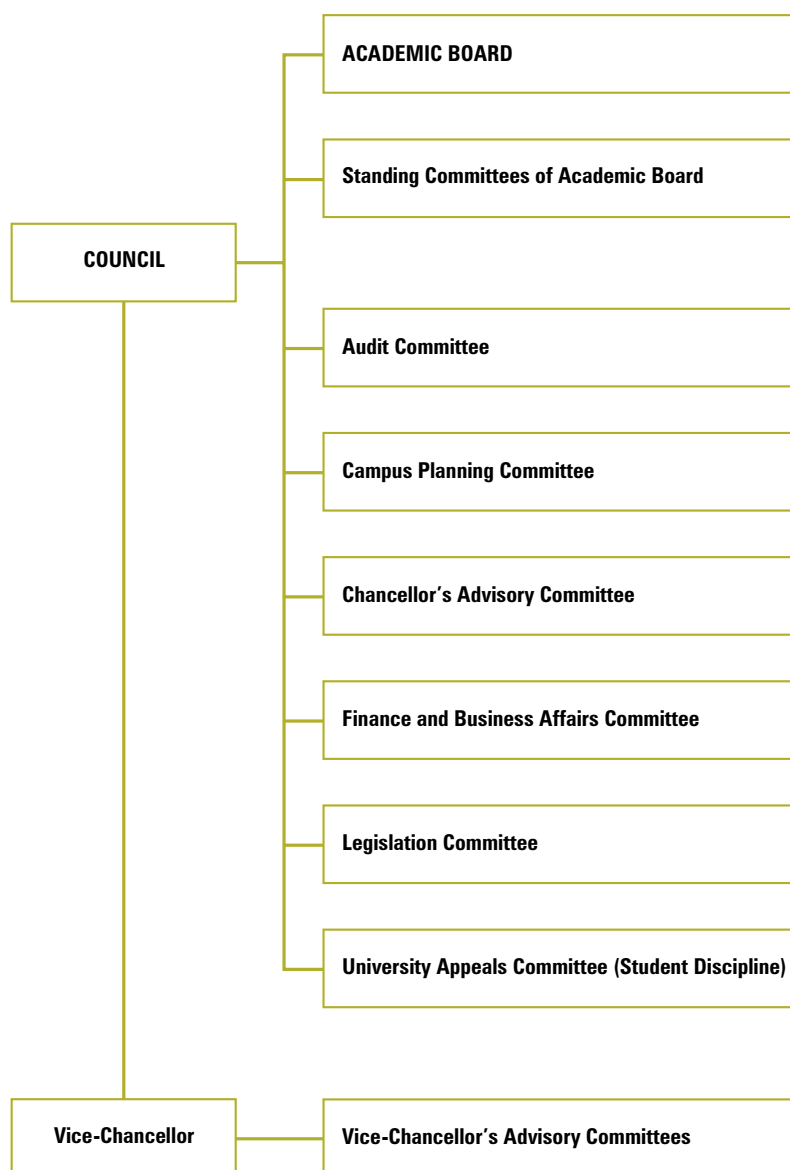


Academic Board and Committees of Council

In practice, much of Council's work is undertaken through its system of standing and ad hoc committees. A diagrammatic representation of these, as a component of the University committee system is shown below.

Each standing committee of Council has terms of reference setting out its responsibilities, specified composition and rules of operation. The committees review their performance against these terms of reference and a number of other matters biennially using an agreed, documented process and report and make any recommendations to Council on the outcome.

Extract of University committee structure



Academic Board

The Academic Board is the principal academic authority within the University. It has responsibility to the Council for maintaining the highest standards in teaching and learning.

The powers of the Academic Board are described in sections 26 and 27 of the *Deakin University Act 1974* and Statute 2.2—The Academic Board and include:

- approving operational policies of an academic nature;
- reporting to Council on the implementation of policies and procedures to ensure the quality of its academic affairs, including procedures to ensure the maintenance and monitoring of academic standards in all University programs;
- making recommendations to Council on the approval of courses; and
- performing University legislated functions relating to the maintenance of discipline of the students of the University.

The Academic Board has established four committees and four sub-committees to assist it in its work:

- Admission and Selection Committee;
- Information Services Committee;
- Research and Research Training Committee;
 - Higher Degrees by Research Sub-committee
- Teaching and Learning Committee
 - Accreditation Sub-committee
 - Assessment and Academic Progress Sub-committee
 - Vocational Education and Training Sub-committee

Each committee and sub-committee of the Academic Board has terms of reference setting out its responsibilities and a specified composition.

Audit Committee

The responsibilities of Audit Committee include:

- providing Council with independent advice on University accounting, control and reporting practices and the management of corporate assets;
- considering the University's annual financial accounts comprising a report of operations and the audited financial statements, for accuracy and compliance with appropriate standards and, if appropriate, to recommend to Council that they be signed for subsequent inclusion in the University's Annual Report;
- considering external audit reports, responses and related matters including reports of the Auditor-General and reporting to Council as appropriate;
- approving the annual University Internal Audit Plan and reporting to Council as appropriate;
- considering internal audit reports, reviewing internal audit policy and reporting to Council as appropriate, in order to provide Council with advice regarding whether the University has an effective internal audit operation and adequate audit coverage;
- considering reports on corporate risk assessment and controls, reviewing risk policies and reporting to Council as appropriate;
- considering reports on University corporate governance matters and at Council's request, reviewing corporate governance policies and reporting to Council as appropriate; and
- advising Council on any matters referred to it by Council.

Audit Committee comprises five members, each external to the University.

Campus Planning Committee

Campus Planning Committee comprises eight members including three external members of Council, a member of Council elected by the staff and an elected student member of Council. The Committee advises and recommends to Council on major and long-term campus planning and building matters, in accordance with the University's Strategic Plan. The Committee also reviews and approves relevant policy.

Chancellor's Advisory Committee

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 the Nominations Committee);
- undertaking such corporate governance responsibilities regarding Council's own operations 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 Vice-Chancellor on recommendations for honorary awards of the University (when undertaking this role the Committee is known as the Honorary Degrees Committee); and
- advising the Chancellor on the annual performance of the Vice-Chancellor and on the salaries of senior officers of the University (when undertaking this role the Committee is known as the Senior Salaries Sub-committee).

The Committee comprises seven members, these being the Chancellor, the Deputy Chancellors, the Vice-Chancellor, the Chair of Academic Board and the Vice-President (Administration). When acting as Nominations Committee, its membership is augmented by a student member of Council. When acting as Honorary Degrees Committee its membership is augmented by the professor elected to Council, the Deputy Chair of Academic Board and another member of Academic Board nominated by the Board. When acting as the Senior Salaries Sub-committee, its membership is restricted to the Chancellor and Deputy Chancellors.

Finance and Business Affairs Committee

The responsibilities of Finance and Business Affairs Committee include:

- advising Council on financial and investment matters including the University's financial management plan;
- review and approving relevant policies;
- reviewing the financial performance of University companies and major commercial activities and making recommendations to Council on the proposed establishment of such bodies;
- approving material variations to approved University expenditure programs; and
- advising Council on proposed University business ventures as a means of increasing non-government income.

The Committee comprises ten members, including five external members, at least one of whom must have substantial private sector financial management experience.

Legislation Committee

Legislation Committee comprises eight members, three of whom are members of Council and one of whom must be a student. The Committee is responsible for advising and recommending to Council on any matter pertaining to the Deakin University Act and University statutes and regulations.

University Appeals Committee

University Appeals Committee comprises four members of Council, one of whom is an external member and one of whom is an elected student. 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 are made pursuant to Statute 5.6 Exclusion for Health Reasons.

At the launch of the Deakin—Coles-Myer Partnership in Training.

(left to right) Mr Jim Jennings (Coles-Myer),
Profesor Sally Walker (Vice-Chancellor) and
Mr John Fletcher (Chief Exective Officer Coles-Myer)



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 through the operations of the Audit Committee. As part of its risk control system, the University's Internal Audit Unit reviews the adequacy and effectiveness of the processes in place to manage risks in accordance with an annual audit plan.

The University's risk management policy, which is approved by Council and is in accordance with the Australian Standard on Risk Management –AS/NZ 4360, was reviewed and updated during the year.

During 2003, and in accordance with the Risk Management Policy, each organisational unit within the University reviewed and updated its risk register. A software program, which enables the online management of risk registers, was implemented throughout the University. A University wide risk register was prepared, approved by the Vice-Chancellor and submitted to Council via Audit Committee. That register sets out the highest level risks facing the University and will be reviewed on an annual basis (or more frequently if needed).

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

A summary of the extent and nature of risk for the University's commercial ventures follows.

Associate/commercial venture	Principal objects	Level of financial risk	Level of reputational risk
Australasian Human Resources Institute Pty Ltd	Professional association for human resources managers	Medium	Low
Callista Software Services Pty Ltd	Development, maintenance and support of the 'Callista' student administration and management system to Australian universities and TAFE	High	Medium
DeakinPrime (a Division of Deakin University)	Provision of training and education services to a range of corporate and government clients	Medium	Low
Deakin Networks Pty Ltd	Company is now dormant	Low	Low
Unilink Limited	Provision of staffing services to Deakin University	Low	Low
DeakinPrime USA	Company is now dormant	Low	Low
V-CAMM Limited	Administrator of a Victorian Government STI grant jointly awarded to Deakin University, Monash University and CSIRO in 2002	Low	Low
Chirogen Pty Ltd	Research into chiral and molecular technology	Low	Low
SciVentures Investments Pty Ltd	Approved Pre-seed Fund providing funding to commercially promising R&D opportunities within universities and Commonwealth-owned research agencies	Low	Low

The operations of DeakinPrime USA ceased in 2003. Deakin Networks Pty Ltd is now a dormant company. Unilink Limited has no commercial trading risks as it provides staff to Deakin University solely on a cost-recovery basis.

DeakinPrime, Callista Software Services Pty Ltd and Australasian Human Resources Institute Pty Ltd are all subject to the vicissitudes of business. The Board of Directors of both companies and DeakinPrime meet regularly to receive financial reports, review strategic and operational plans and to review operations. Budgets and strategies are documented and regularly compared to actual performance. The trading results and balance sheets of each operation is consolidated into Deakin University's operating results on a monthly basis, in accordance with generally accepted accounting principles and University policies.

Callista Software Services Pty Ltd has commenced discussions with its existing customers, who are other Australian universities licensed to use the 'Callista' student management system, to facilitate the changes necessary to that software to ensure client universities are able to meet the reporting requirements and new funding arrangements set out in the Commonwealth Government's 'Backing Australia's Future' legislation. A significant investment is required by Callista Software Services Pty Ltd to create the software changes necessary to achieve compliance with that legislation. A restructuring of the company's form, operating arrangements and commercial terms will be put to existing licencees to ensure full recovery of that investment. This will be accompanied by an opportunity for these client universities to subscribe for equity capital in the restructured entity. The appropriate standing committees of Council have been apprised of developments in the formulation of the business strategy and restructuring process, and a proposal will be considered by the University Council in due course.

DeakinPrime, Callista Software Services Pty Ltd and Australasian Human Resources Institute Pty Ltd are reviewed by the University's internal audit process. Each was audited in 2003 as part of the University's Internal Audit Plan.

Deakin University has a minority equity position in Chirogen Pty Ltd, as one of the principal researchers is a staff member of the University. Deakin University has a minority investment in the SciVentures Pre-Seed Fund.

Compliance

Through the Vice-Chancellor, Council is responsible for ensuring that the University complies with external statutory and regulatory reporting requirements, and legislation applicable to the University. Council also ensures that the University maintains and is compliant with key University policies and internal legislation. Council receives annual reports of the University's compliance with these obligations.

Council is assisted in meeting its compliance obligations by the Audit Committee, which provides advice and recommendations on matters relating to the compliance program and relevant policy. The University's Compliance Policy was reviewed during 2003 and a new procedure was introduced. Also during 2003, the first phase of an expanded compliance program was implemented. As part of this program all areas of the University now have in place compliance registers and these registers are managed on a risk assessment basis. The Internal Audit Unit is responsible for auditing the controls in place to manage the meeting of compliance obligations.

Statutes

Statutes revoked, made or amended by Council and approved by the Minister during 2003

Statute 1.2	Meetings—amended
Statute 2.2	The Academic Board—revoked and remade
Statute 3.4	Deputy Vice-Chancellors—amended
Statute 3.7	Vice-President (Academic)—revoked
Statute 4.1	Student Discipline—amended

New or amended statutes approved by the Minister during 2003 (made or amended by Council during 2002)

Statute 2.11	DeakinPrime—amended
Statute 3.3	The Academic Staff—amended
Statute 5.2	Academic Awards—amended
Statute 5.6	Exclusion for Health Reasons—new

Current legislation can be viewed on the University's electronic information portal 'The Guide'. Revoked legislation is held in the University safe.

Freedom of information

Requests for access to documents are made to the Freedom of Information Manager, Mr R H Elliott, Vice-President (Administration). The University received four requests for access to documents under the *Freedom of Information Act 1982* during 2003. Details of the University's response to each application follow:

- 1 Partial access by inspection and provision of photocopies was granted.
- 2 Partial access by provision of photocopies with personal information obscured was granted.
- 3 Full access by provision of photocopied documents was granted.
- 4 Full access by inspection was granted.

National competition policy and competitive neutrality

The University enforces compliance with the *Trade Practices Act 1974 (Cth)* and the Competitive Neutrality Compliance Policies of the Victorian State Government. Staff are made aware of the University's obligations and advised of best practices in the Competition Code Compliance Manual, which is available electronically on The Guide. Continuing training and seminars are available to staff upon request.

During 2003, the University received no formal complaints about its trade practices and was not the subject of any proceedings under the National Competition Policy.

Whistleblowers Protection Act

In accordance with the *Whistleblowers Protection Act 2001*:

- a Deakin University has developed a policy and procedures for reporting disclosures under the *Whistleblowers Protection Act 2001*;
- b no disclosures were made to the public body during the year;
- c no disclosures were referred during the year by the public body to the Ombudsman for determination as to whether they are public interest disclosures;
- d no disclosed matters were referred to the public body during the year by the Ombudsman;
- e no disclosed matters were referred during the year by the public body to the Ombudsman to investigate;
- f no investigations of disclosed matters were taken over by the Ombudsman from the public body during the year;
- g no requests were made under section 74 during the year to the Ombudsman to investigate disclosed matters;
- h there were no disclosed matters that the public body has declined to investigate during the year;
- i there were no disclosed matters that were substantiated on investigation and the action taken on completion of the investigation; and
- j no recommendations of the Ombudsman were made under this Act that relate to the public body.

Ombudsman

One letter directed to the Ombudsman was forwarded to the University for response. The University, through the Dean of the relevant faculty, responded to the satisfaction of the Ombudsman and no further action resulted.

Compulsory fees

Statement of fees and charges

Fees and charges for 2003 assessed as at 31 December 2003	\$5,374,783
Fees collected as at 31 December 2003	\$5,334,544
Fees and charges outstanding as at 31 December 2003	\$40,239

Distribution of fees and charges for 2003

Fees and charges collected as at 31 December 2003	\$5,334,544
Deakin University Student Association Inc.(DUSA) General Service Fees	\$4,287,576
Deakin University	
Library	\$477,515
AASD – Handbook	\$127,478
AASD – mail/courier	\$103,091
Facilities fund	\$332,034
	\$5,327,694
Distribution in excess of the fees and charges collected	(\$6,850)

The purposes for which DUSA applied the funds

Distribution of fees and charges General Service Fee (refer note below)	\$4,287,576
Other income	\$1,278,396
	\$5,565,972

Expenditure associated with services funded from the distribution of fees and charges

Student Council and administration	\$1,442,088
Communication and marketing	\$643,650
Education and student support	\$831,253
Leisure and direct services	\$2,397,976
	\$5,314,967
Deficit for 2003	\$251,005

Note:

Reconciliation of fees and charges collected with the amount distributed for year ended 31 December 2001 resulted in an overpayment that will be recovered during 2004.

Projected amount to be recovered from DUSA \$16,076.

Projected amount to be recovered from the University \$2,380.

Reconciliation of fees and charges collected with the amount distributed for year ended 31 December 2002 resulted in an overpayment that will be recovered during 2004.

Projected amount to be recovered from DUSA \$22,077.

Projected amount to be recovered from the University \$ 4,182.

Buildings report

All building works are designed to comply with the *Building Act 1993*. To ensure that all new buildings and works 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 their information.

When required, Building Surveyors have issued a Certificate of Occupancy or a Certificate of Final Inspection upon completion of works. They have been updating their documentation to ensure that building essential services are clearly identified.

A Standards Assessment Audit has been completed and a program of rectification projects has been developed with works occurring on all campuses in line with the defined risk assessment process.

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.

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

During 2003 the following works and maintenance were undertaken:

	No.	\$M
projects (in excess of \$50,000 completed in 2003)	33	33.4
projects exempt from certification	0	nil
works in construction and subject to inspection (over \$50,000)	26	33.2
occupancy certificates issued	11	25.2
notices issued for rectification of sub-standard buildings	0	nil

Additional information available on request

Consistent with the requirements of the *Financial Management Act 1994*, Deakin University has prepared material on the following items, details of which are available on request:

- publications;
- changes in prices, fees, charges, rates and levies;
- major external reviews;
- overseas visits undertaken;
- shares held beneficially by senior officers as nominees of a statutory authority or subsidiary;
- promotional, public relations and marketing activities;
- industrial relations issues; and
- major committees sponsored by Deakin University.

Enquiries regarding details of the above should be addressed to: Mr R H Elliott, Vice-President (Administration).



Above: internet access at the new 'Corner Café' on the Melbourne campus at Burwood.
Below: the new Deakin Computer Assisted Survey Research (DCASR) facility also on the Melbourne campus at Burwood.

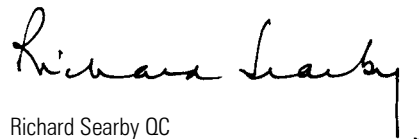


General

No major changes or factors occurred during 2003 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.

At the Council meeting held on 26 February 2004 authority was delegated to the Chancellor to approve the Report of Operations on Council's behalf.



Richard Searby QC

2 April 2004

Audited financial statements

as at 31st December 2003

STATEMENT OF FINANCIAL PERFORMANCE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	<i>Note</i>	<i>Consolidated</i>		<i>University</i>	
		<i>2003 \$000's</i>	<i>2002 \$000's</i>	<i>2003 \$000's</i>	<i>2002 \$000's</i>
Revenue from ordinary activities	2	354,599	337,163	342,706	325,437
Employee benefits expense	2	(175,356)	(172,034)	(166,918)	(163,196)
Depreciation and amortisation expense	2	(25,102)	(22,654)	(24,269)	(21,777)
Other expenses from ordinary activities	2	(130,620)	(130,717)	(128,017)	(132,204)
Borrowing cost expense	2	(2,084)	(1,072)	(2,084)	(1,072)
Profit from ordinary activities before income tax expense		21,437	10,686	21,418	7,188
Income tax expense		—	23	—	—
Net profit from ordinary activities after income tax expense		21,437	10,663	21,418	7,188
Increase/(decrease) on revaluation of land and buildings	15	—	25,518	—	25,518
Increase/(decrease) on revaluation of art collection	15	1,654	—	1,654	—
Increase/(decrease) on revaluation of investments	15	134	(330)	134	(330)
Total revenue, expense and valuation adjustments recognised directly in equity		1,788	25,188	1,788	25,188
Total changes in equity other than those resulting from transactions with owners as owners		23,225	35,851	23,206	32,376

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2003

	Note	Consolidated		University	
		2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's
CURRENT ASSETS					
Cash assets	3	87,072	55,485	86,897	55,313
Receivables	4	20,595	29,408	18,583	26,747
Inventories	5	518	523	518	523
Assets held for resale	6	1,000	—	1,000	—
Deferred income - government contributions for superannuation	18(a)	12,241	12,956	12,241	12,956
TOTAL CURRENT ASSETS		121,426	98,372	119,239	95,539
NON-CURRENT ASSETS					
Receivables	4	2,830	2,830	2,830	2,836
Other financial assets	7	5,185	9,824	6,190	9,920
Property, plant and equipment	8	532,702	514,108	532,196	512,531
Deferred development and implementation costs	9	4,844	8,057	4,712	7,881
Deferred income - government contributions for superannuation	18(a)	123,605	132,104	123,605	132,104
Intangible assets	10	346	561	—	—
TOTAL NON-CURRENT ASSETS		669,512	667,484	669,533	665,272
TOTAL ASSETS		790,938	765,856	788,772	760,811
CURRENT LIABILITIES					
Payables	11	46,409	33,912	45,592	29,976
Interest bearing liabilities	12	2,371	1,993	2,311	1,986
Employee benefits	13	13,563	12,920	13,009	12,338
Current tax liabilities	14	142	142	—	—
Deferred employee benefits for superannuation	18(b)	12,241	12,956	12,241	12,956
TOTAL CURRENT LIABILITIES		74,726	61,923	73,153	57,256
NON-CURRENT LIABILITIES					
Payables	11	429	257	—	—
Interest bearing liabilities	12	27,598	29,826	27,598	29,826
Employee benefits	13	17,897	18,334	17,523	17,984
Deferred employee benefits for superannuation	18(b)	123,605	132,104	123,605	132,104
Unfunded superannuation liability - SERB		310	264	310	264
TOTAL NON-CURRENT LIABILITIES		169,839	180,785	169,036	180,178
TOTAL LIABILITIES		244,565	242,708	242,189	237,434
NET ASSETS		546,373	523,148	546,583	523,377
EQUITY					
Asset revaluation reserve	15	307,316	305,528	307,316	305,528
Accumulated funds	16	239,057	217,620	239,267	217,849
TOTAL EQUITY		546,373	523,148	546,583	523,377

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

Inflows/(outflows)	Note	Consolidated		University	
		2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's
CASH FLOWS FROM OPERATING ACTIVITIES					
Commonwealth government grants		123,583	118,040	123,583	118,040
Higher Education Contribution Scheme					
Student contributions		9,306	9,020	9,306	9,020
Commonwealth payments		55,603	53,009	55,603	53,009
Victorian government grants		3,735	1,833	3,735	1,833
Other research grants and contracts		15,475	14,762	11,509	11,198
Fees and charges		118,658	92,402	119,519	91,670
Investment income		5,298	3,468	5,430	3,784
Donations and bequests		549	633	549	633
Other		37,146	38,978	26,246	29,207
Salaries		(182,407)	(168,540)	(173,947)	(159,904)
Suppliers		(132,416)	(114,690)	(121,163)	(110,405)
Borrowing costs		(2,121)	(1,105)	(2,121)	(1,105)
GST recovered/(paid)		4,767	3,749	5,441	4,287
Net cash provided by operating activities	17	57,176	51,559	63,690	51,267
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		6,958	5,618	6,958	5,616
Proceeds from sale of investments		4,796	6,681	4,796	6,681
Purchase of land		(330)	(1,900)	(330)	(1,900)
Addition to buildings		(17,605)	(15,859)	(17,605)	(15,859)
Addition to leasehold improvements		(2,123)	(629)	(2,122)	(629)
Purchase of equipment and furniture		(9,878)	(10,333)	(10,343)	(9,886)
Purchase of motor vehicles		(8,605)	(5,585)	(8,605)	(5,585)
Purchase of library holdings		(3,849)	(3,777)	(3,849)	(3,777)
Purchase of art works		(55)	(60)	(55)	(60)
Purchase of equipment under finance leases		—	(20)	—	(20)
Deferred development and implementation costs		—	(1)	—	(1)
Receivables - sale of property		7,150	—	7,150	—
Purchase of investments		(198)	(6,257)	(6,198)	(6,257)
Net cash used in investing activities		(23,739)	(32,122)	(30,203)	(31,677)
CASH FLOWS FROM FINANCING ACTIVITIES					
Borrowings		82	95	82	95
Repayment of borrowings		(1,985)	(4,292)	(1,985)	(4,292)
Net cash used in financing activities		(1,903)	(4,197)	(1,903)	(4,197)
Net increase in cash held		31,534	15,240	31,584	15,393
Cash at the beginning of the financial year		55,478	40,238	55,313	39,920
Cash at the end of the financial year	17	87,012	55,478	86,897	55,313

The accompanying notes form part of these financial statements.

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 Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views.

The financial report is prepared in accordance with the historical cost convention, except for certain assets which, as noted, are at valuation.

All amounts in the financial statements have been rounded to the nearest thousand dollars.

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

(a) PRINCIPLES OF CONSOLIDATION

The consolidated accounts incorporate the assets and liabilities of all entities controlled by Deakin University as at 31 December 2003 and the results of all controlled entities for the year then ended. A list of the controlled entities is included in note 23.

The accounts of the controlled entities are prepared for the same reporting period as the University, using consistent accounting policies. Adjustments are made to bring into line any dissimilar accounting policies which may exist.

All inter-entity balances and transactions, and unrealised profits arising from intra-economic entity transactions, have been eliminated on consolidation.

(b) REVENUE

Revenue from grants is recognised when the University gains control of the contribution or the right to receive 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 or in accordance with governing contracts. Interest revenue is recognised on an accrual basis. Dividend revenue is recognised when received. Donations and bequests are recognised when received by the University.

(c) FOREIGN CURRENCY TRANSACTIONS

Foreign currency transactions during the year are converted to Australian currency at rates of exchange applicable at the dates of the transactions or, where applicable, the contracted exchange rate. Amounts receivable and payable in foreign currencies at balance date are converted at the rates of exchange ruling at that date or where applicable, the contracted exchange rate. The gains or losses from conversion of short-term assets and liabilities, whether realised or unrealised, are included in operating profit as they arise.

Costs or gains arising at the time of hedged transactions for the purchases and sale of goods and services, and exchange differences that occur up to the date of purchase or sale, are deferred and included in the measurement of the purchase or sale.

Translation of foreign controlled entities

Foreign controlled entities are integrated foreign operations, their assets and liabilities are translated into Australian dollars using the temporal method. Any exchange differences arising from translation of monetary items are brought to account as either a revenue or expense unless they relate to qualifying assets.

(d) INCOME TAX

Deakin University is exempt from income tax. Those controlled entities not exempt from income tax adopt the liability method of tax-effect accounting whereby the income tax expense is based on the operating profit adjusted for any permanent differences in accordance with AASB1020 'Income Tax'.

Timing differences which arise due to different accounting periods in which the terms of revenue and expense are included in the determination of accounting profit and taxable income are brought to account as either a provision for deferred income tax or as a future income tax benefit at the rate of income tax applicable to the period in which the benefit will be received or the liability will become payable.

Future income tax benefits are not brought to account unless realisation of the asset is assured beyond reasonable doubt. Future income tax benefits in relation to tax losses are not brought to account unless there is virtual certainty of realisation of the benefit.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) CASH

For purposes of the statement of cash flows, cash includes cash, deposits at call, short-term investments and investments with managed funds less bank overdraft.

(f) INVENTORIES

Inventories are valued at the lower of cost and net realisable value. Small stocks of materials purchased by budget centres and held under their control are expensed at the time of purchase.

(g) ASSETS HELD FOR RESALE

Deakin University has an approved plan of sub-division for a parcel of land. The value attributed to this land has been recognised in the accounts at valuation 31 December 2002.

(h) OTHER FINANCIAL ASSETS

Shares in listed companies are treated as long-term investments and are shown at market value at balance date. Any valuation variations are transferred directly to the Asset Revaluation Reserve. Other unlisted share investments are brought to account at cost. Dividend income is recognised as revenue when received.

(i) PROPERTY, PLANT AND EQUIPMENT

Land, buildings and art works are carried at independent valuation which are normally conducted every three years or earlier if there is a material movement in property values. Transactions between valuations are carried at cost. The cost of buildings constructed by the University include the cost of materials, direct labour and borrowing costs on specific borrowing over the construction period. Equipment, furniture, motor vehicles, work in progress and library holdings are carried at cost.

Subsequent to the initial recognition as assets, non-current physical assets, other than plant and equipment, are measured at fair value. Revaluations are conducted in accordance with the Victorian Government policy - 'Revaluation of Non-Current Physical Assets'. Land and buildings are treated as separate classes in accordance with that policy.

Library holdings held at valuation at 31 December 2000 were reverted to cost at 1 January 2001 by deeming the net carrying amount at that date to be cost under the transitional provisions of Revaluation of Non-Current Assets AASB 1041. Library purchases since that date are carried at cost. Depreciation of library holdings from 1 January 2001 has been based on the cost amount.

Where non-current assets are revalued, the net revaluation increment or decrement arising in the reporting period is accounted for as follows:

- (i) an increment is credited directly to an asset revaluation reserve except that, to the extent that the increment reverses a revaluation decrement previously recognised as an expense in respect of that same class of assets, it is recognised as revenue for the reporting period; and
- (ii) a decrement is recognised as an expense except that, to the extent that the decrement reverses a revaluation increment previously credited to, and still included in the balance of an asset revaluation reserve in respect of that same class of assets, it is debited directly to that revaluation reserve.

Any gain or loss on the disposal of revalued assets is determined as the difference between the carrying value of the asset at the time of disposal and the proceeds from disposal, and is included in the result of the University in the year of disposal.

Depreciation is calculated on a straight-line basis to write off the net cost or revalued amount of each item of property, plant and equipment with a unit value of \$2,000 or more, other than freehold land and artworks, over its expected useful life to the entity.

Estimates of useful lives are made on acquisition of all assets and reassessed annually and depreciation rates set accordingly.

Major depreciation periods are:

Freehold buildings	maximum 50 years
Leasehold improvements	the shorter of the term of the lease or the life of the improvement
Computer equipment	maximum 4 years
Motor vehicles	maximum 10 years
Printing equipment and photocopiers	maximum 5 years
All other equipment, furniture, leased assets and library holdings	maximum 15 years

The depreciation rates applied are consistent with the prior year.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(j) LEASED NON-CURRENT ASSETS

The University adopts the provisions of Australian Accounting Standard AASB1008 'Leases' in respect of the assets of the University which are the subject of finance leases.

Lease payments for operating leases, where substantially all the risks and benefits remain with the lessor, are charged as expenses in the periods in which they are incurred.

(k) DEFERRED DEVELOPMENT AND IMPLEMENTATION COSTS

Development costs are expensed as incurred or deferred where it is expected beyond any reasonable doubt that sufficient future benefits will be derived so as to recover those capitalised costs.

Implementation costs are capitalised and upon completion are amortised over a life of seven years for systems used in the administration of the University. Software developed for licensing to external parties is amortised over five years.

(l) RECOVERABLE AMOUNT

Non-current assets are reviewed annually to ensure they are not carried at an amount which is above their recoverable amount. Where the recoverable amount is less than the carrying values of non-current assets, the assets are written down. The recoverable amount of non-current assets is determined on an undiscounted cash flow basis.

(m) INTANGIBLE ASSET

During 2000 the University formed a company Australasian Human Resources Institute Pty Ltd, to acquire some assets and management rights for a minimum period of five years of the company formerly known as Australian Human Resources Institute. It is valued in the accounts at cost of acquisition and is being amortised over five years from the date of the initial agreement.

(n) EMPLOYEE BENEFITS

A liability has been recognised for recreation and long service leave entitlements estimated to be payable to employees on the basis of statutory and contractual requirements. All recreation leave and long service leave entitlements 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. Long service leave entitlements payable 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.

(o) 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 Accumulated Funds.

(p) COMPARATIVE FIGURES

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Note	Consolidated		University	
		2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's
2 OPERATING RESULT					
Revenue from ordinary activities					
Operating activities					
Commonwealth government grants					
DEST legislated grants	2.1	104,111	101,755	104,111	101,755
Other		4,478	4,154	4,478	4,154
Higher Education Contribution Scheme					
Student contributions		9,208	9,020	9,208	9,020
Commonwealth payments		55,771	52,847	55,771	52,847
Victorian government grants	2.2	3,735	1,858	3,735	1,858
Superannuation					
Deferred government contribution		(9,214)	(401)	(9,214)	(401)
Commonwealth supplementation		11,859	13,275	11,859	13,275
Fees and charges	2.3	101,950	84,221	102,247	84,015
Investment income	2.4	5,268	3,329	5,400	3,645
Royalties		6,896	3,902	6,896	3,902
Consultancy and contract research	2.5	14,776	13,818	11,037	10,450
Donations and bequests		6,507	7,140	6,507	7,140
Proceeds from sale of property, plant and equipment		6,958	5,618	6,958	5,616
Proceeds from sale of investments		4,796	6,681	4,796	6,681
Other revenue	2.6	27,500	29,946	18,917	21,480
Total revenue		354,599	337,163	342,706	325,437
Expenses					
Employee benefits	2.7	175,356	172,034	166,918	163,196
Depreciation and amortisation—property, plant and equipment	2.8	21,675	18,382	21,100	17,763
Amortisation—deferred development and implementation costs		3,213	4,058	3,169	4,014
Amortisation—intangible assets		214	214	—	—
Borrowing costs		2,084	1,072	2,084	1,072
Buildings and grounds	2.9	16,375	17,680	16,375	17,680
Bad and doubtful debts	2.10	701	379	646	368
Bad and doubtful debts—controlled entities (movement in provision)		—	—	(1,990)	4,691
Written-down value of disposed property, plant and equipment		8,788	6,675	8,756	6,665
Book value of non-current investment sold		4,971	6,543	4,971	6,543
Unrealised loss on investments		—	316	—	316
Provision for diminution in value of investments in controlled entities		—	—	5,091	3,000
Other expenses	2.11	99,785	99,124	94,168	92,941
Total expenses		333,162	326,477	321,288	318,249
Operating result before income tax		21,437	10,686	21,418	7,188

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	<i>Consolidated</i>		<i>University</i>	
	2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's
2.1 COMMONWEALTH GOVERNMENT GRANTS				
Commonwealth government grants pursuant to the <i>Higher Education Funding Act 1988</i> , excluding HECS, PELS & BOTPLS				
Operating purposes excluding HECS, PELS & BOTPLS	85,545	85,154	85,545	85,154
ARC Research				
ARC Discovery Project (Large grants)	1,679	1,786	1,679	1,786
ARC Small research grants	—	(1)	—	(1)
ARC Linkage International Researcher Exchange	97	55	97	55
ARC Discovery Fellowships	—	6	—	6
ARC Linkage Other (SPIRT)	2,152	1,873	2,152	1,873
ARC Linkage Infrastructure Equipment & Facilities	616	—	616	—
ARC Special Research Initiatives - Seed Funding	40	—	40	—
DEST Research				
Research Training Scheme	7,535	7,009	7,535	7,009
Institutional Grants Scheme	2,953	2,747	2,953	2,747
Systemic Research Infrastructure	775	843	775	843
Research Infrastructure - block grants	1,237	919	1,237	919
Australian Postgraduate Awards - Pre-2002 funding component	505	814	505	814
Australian Postgraduate Awards - 2002 onward funding component	877	432	877	432
International Postgraduate Research	100	118	100	118
Total Commonwealth government grants excluding HECS, PELS & BOTPLS	104,111	101,755	104,111	101,755
2.2 VICTORIAN GOVERNMENT GRANTS				
Victorian government grants from the following departments were received during the reporting period:				
VicHealth	544	291	544	291
Department of Education and Training	121	111	121	111
Department of State and Regional Development	1,614	204	1,614	204
Department of Human Services	662	774	662	774
Parks Victoria	140	16	140	16
Department of Innovation, Industry & Regional Development	145	11	145	11
Department of Primary Industries, Water & Environment	38	—	38	—
Agriculture Victoria	30	40	30	40
Department of Justice	134	65	134	65
Catchment Management Authority	112	275	112	275
Other	195	71	195	71
	3,735	1,858	3,735	1,858

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	<i>Note</i>	<i>Consolidated</i>		<i>University</i>	
		2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's
2.3 FEES AND CHARGES					
Fees and charges were collected from the following sources during the reporting period:					
Fee-paying overseas students		43,973	27,653	43,973	27,653
Fee-paying domestic postgraduate students		13,798	13,379	13,798	13,379
Fee-paying domestic non-award students		3,685	3,250	3,685	3,250
Fee-paying domestic undergraduate students		4,507	2,770	4,507	2,770
Student accommodation fees		5,609	5,275	5,609	5,275
Rental income		1,470	880	1,467	875
Educational materials fees		13,813	13,770	13,813	13,770
Examination fees		3,665	3,688	3,665	3,688
General service fees		5,328	5,073	5,328	5,073
Course delivery fees		2,333	4,323	2,333	4,323
Parking fees		1,546	1,448	1,546	1,448
Other fees		2,223	2,712	2,523	2,511
		101,950	84,221	102,247	84,015
2.4 INVESTMENT INCOME					
Interest		3,872	3,154	3,861	3,144
Interest received from controlled entities		—	—	143	326
Dividends		545	175	545	175
Unrealised gain on investments	3	851	—	851	—
		5,268	3,329	5,400	3,645
2.5 CONSULTANCY AND CONTRACT RESEARCH					
Consultancy		6,670	6,517	2,931	3,149
Research		8,106	7,301	8,106	7,301
		14,776	13,818	11,037	10,450
2.6 OTHER REVENUE					
Sales and commercial income		10,475	13,955	8,817	11,393
Scholarship and prizes		124	161	124	161
Advertising income		819	818	—	—
Subscriptions		2,425	2,171	118	102
Convention income		2,355	1,747	5	—
Conference facility hiring		467	687	467	687
Commercial grants		961	710	961	710
Training		1,206	1,103	—	—
Sales proceeds minor equipment		75	579	47	579
Contributions from learning institutions		468	1,302	468	1,302
Other		8,125	6,713	7,910	6,546
		27,500	29,946	18,917	21,480

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	<i>Consolidated</i>		<i>University</i>	
	2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's
2.7 EMPLOYEE BENEFITS				
Academic				
Academic staff salaries	64,022	58,742	64,022	58,742
Contributions to superannuation and pension schemes:				
Deferred employee benefits for superannuation	(4,384)	(194)	(4,384)	(194)
Emerging cost—excess over 14%	5,239	5,918	5,514	6,271
Funded	8,730	8,182	8,730	8,182
Non-funded	32	(11)	32	(11)
Payroll tax	4,072	3,740	4,072	3,739
WorkCover	524	488	524	488
Long service leave	(261)	957	(261)	957
Annual leave	342	106	342	106
	78,316	77,928	78,591	78,280
Non-academic				
Non-academic staff salaries	77,612	69,884	70,541	62,630
Contributions to superannuation and pension schemes:				
Deferred employee benefits for superannuation	(4,830)	(207)	(4,830)	(207)
Emerging cost—excess over 14%	6,351	7,040	6,076	6,687
Funded	9,250	8,334	9,155	8,220
Non-funded	35	(12)	35	(12)
Payroll tax	4,823	4,430	4,337	3,964
WorkCover	511	480	474	438
Long service leave	(260)	1,048	(287)	1,020
Annual leave	391	224	377	113
Other	3,157	2,885	2,449	2,063
	97,040	94,106	88,327	84,916
	175,356	172,034	166,918	163,196

2.8 DEPRECIATION AND AMORTISATION

Buildings	7,636	6,563	7,636	6,563
Leasehold improvements	163	131	161	129
Equipment and furniture	7,044	5,911	6,471	5,294
Motor vehicles	1,091	900	1,091	900
Library holdings	5,577	4,686	5,577	4,686
Finance leases	164	191	164	191
	21,675	18,382	21,100	17,763

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	<i>Consolidated</i>		<i>University</i>	
	2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's
2.9 BUILDINGS AND GROUNDS				
Maintenance and repairs	7,632	6,660	7,632	6,660
Refurbishment, alternations and upgrade	8,743	11,020	8,743	11,020
	16,375	17,680	16,375	17,680

2.10 BAD AND DOUBTFUL DEBTS

Bad debts written off	344	819	334	812
Movement in provision for doubtful debts	357	(440)	312	(444)
	701	379	646	368

2.11 OTHER EXPENSES

Communication costs	10,163	8,498	9,813	8,034
Consultants and contractors	8,841	8,253	7,828	7,717
Copying, printing, stationery and consumables	8,680	7,959	8,525	7,790
Course materials	1,031	1,593	1,030	1,592
Direct project costs	16,132	23,364	16,132	23,364
Equipment costs	7,581	5,591	7,328	5,107
Fringe benefits tax	835	920	778	831
Library expenses	1,946	1,699	1,940	1,696
Non-capitalised equipment	3,240	2,264	3,229	2,260
Operating lease rentals	5,881	5,938	5,157	5,056
Staffing and related costs	10,777	10,131	9,865	8,790
Student expenses	16,676	14,998	16,676	14,997
Other	8,002	7,916	5,867	5,707
	99,785	99,124	94,168	92,941

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	<i>Note</i>	<i>Consolidated</i>		<i>University</i>	
		2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's
3 CASH ASSETS					
Cash at bank		3,235	4,025	3,061	3,853
Cash on hand		52	51	51	51
Managed fund		76,303	45,921	76,303	45,921
Income securities		7,376	5,488	7,376	5,488
Bank term deposits		106	—	106	—
		87,072	55,485	86,897	55,313
4 RECEIVABLES					
CURRENT					
Trade debtors		15,090	18,322	13,292	15,304
Provision for doubtful debts		(845)	(485)	(795)	(480)
		14,245	17,837	12,497	14,824
Government grants receivable		40	273	40	273
Accrued income		1,915	124	1,912	99
Prepayments		3,307	3,363	3,067	3,079
GST recoverable		1,061	655	1,027	789
Owing by other entities		27	7,156	27	7,156
Owing by controlled entities		—	—	2,714	3,100
Provision doubtful debt— controlled entities		—	—	(2,701)	(2,573)
		20,595	29,408	18,583	26,747
NON-CURRENT					
Owing by other entities		2,830	2,830	2,830	2,830
Owing by controlled entities		—	—	—	2,124
Provision doubtful debt— controlled entities		—	—	—	(2,118)
		2,830	2,830	2,830	2,836
5 INVENTORIES					
Stock on hand at cost		518	523	518	523
		518	523	518	523
6 ASSETS HELD FOR RESALE					
Land held for resale — valuation 2002		1,000	—	1,000	—
		1,000	—	1,000	—
7 OTHER FINANCIAL ASSETS					
INVESTMENTS					
Shares portfolio — market value		4,713	9,502	4,713	9,502
Other		472	322	472	322
Shares in controlled entities	23	—	—	9,096	3,096
Provision for diminution in value of investments in controlled entities		—	—	(8,091)	(3,000)
		5,185	9,824	6,190	9,920

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Note	Consolidated		University	
		2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's
8 PROPERTY, PLANT AND EQUIPMENT					
LAND					
At independent valuation 2002	8(a)	86,485	87,485	86,485	87,485
At cost		330	—	330	—
		86,815	87,485	86,815	87,485
BUILDINGS					
At independent valuation 2002	8(a)	352,121	352,121	352,121	352,121
At cost		10,326	—	10,326	—
Accumulated depreciation		(7,635)	—	(7,635)	—
Work in progress		8,291	1,023	8,291	1,023
		363,103	353,144	363,103	353,144
LEASEHOLD IMPROVEMENTS					
At cost		2,815	692	2,792	670
Accumulated amortisation		(207)	(44)	(202)	(41)
		2,608	648	2,590	629
EQUIPMENT AND FURNITURE					
At cost		57,030	52,490	55,282	49,810
Accumulated depreciation		(33,524)	(31,035)	(32,264)	(29,913)
		23,506	21,455	23,018	19,897
MOTOR VEHICLES					
At cost		8,522	7,908	8,522	7,908
Accumulated depreciation		(1,118)	(1,166)	(1,118)	(1,166)
		7,404	6,742	7,404	6,742
LIBRARY HOLDINGS					
At cost		58,030	49,795	58,030	49,795
Accumulated depreciation		(13,898)	(8,680)	(13,898)	(8,680)
		44,132	41,115	44,132	41,115
ART COLLECTION					
At independent valuation	8(b)	5,038	3,052	5,038	3,052
At cost		—	203	—	203
		5,038	3,255	5,038	3,255
FINANCE LEASES - EQUIPMENT					
At cost		1,396	1,550	1,396	1,550
Accumulated depreciation		(1,300)	(1,286)	(1,300)	(1,286)
		96	264	96	264
		532,702	514,108	532,196	512,531

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	<i>Consolidated</i>		<i>University</i>	
	2003	2002	2003	2002
	\$000's	\$000's	\$000's	\$000's

8 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) The land and buildings were valued by Craig Cunningham & Co (Real Estate) Pty Ltd at 31 December 2002. 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, consistent with 31 December 2000.

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.

CAPITALISED BORROWING COSTS

Borrowing costs incurred	—	1,136	—	1,136
	—	1,136	—	1,136
Capitalisation rate used in the allocation of borrowing costs to buildings	n/a	7.99%	n/a	7.99%

MOVEMENTS IN CARRYING AMOUNTS

	<i>Note</i>	Balance at beginning of year	Additions	Disposals	Depreciation expense	Revaluation/Transfers	Carrying amount at end of year
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Consolidated							
Land	8(c)	87,485	330	—	—	(1,000)	86,815
Buildings		353,144	17,605	10	7,636	—	363,103
Leasehold improvements		648	2,123	—	163	—	2,608
Equipment and furniture		21,455	9,878	785	7,044	2	23,506
Motor vehicles		6,742	8,605	6,852	1,091	—	7,404
Library holdings		41,115	9,733	1,139	5,577	—	44,132
Artworks		3,255	129	—	—	1,654	5,038
Finance leases — equipment		264	—	2	164	(2)	96
		514,108	48,403	8,788	21,675	654	532,702
University							
Land	8(c)	87,485	330	—	—	(1,000)	86,815
Buildings		353,144	17,605	10	7,636	—	363,103
Leasehold improvements		629	2,122	—	161	—	2,590
Equipment and furniture		19,897	10,343	753	6,471	2	23,018
Motor vehicles		6,742	8,605	6,852	1,091	—	7,404
Library holdings		41,115	9,733	1,139	5,577	—	44,132
Artworks		3,255	129	—	—	1,654	5,038
Finance leases — equipment		264	—	2	164	(2)	96
		512,531	48,867	8,756	21,100	654	532,196

- (c) Land amounting to \$1,000,000 was transferred to land held for resale.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	<i>Consolidated</i>		<i>University</i>	
	2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's
9 DEFERRED DEVELOPMENT AND IMPLEMENTATION COSTS				
DEFERRED DEVELOPMENT COSTS				
Student information system	11,714	11,714	11,714	11,714
Callista research	220	220	—	—
	11,934	11,934	11,714	11,714
Accumulated amortisation	(10,695)	(8,961)	(10,607)	(8,917)
	1,239	2,973	1,107	2,797
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
Other	—	49	—	49
	10,196	10,245	10,196	10,245
Accumulated amortisation	(6,591)	(5,161)	(6,591)	(5,161)
	3,605	5,084	3,605	5,084
	4,844	8,057	4,712	7,881
10 INTANGIBLE ASSETS				
Management rights	1,168	1,168	—	—
Accumulated amortisation	(822)	(607)	—	—
	346	561	—	—
11 PAYABLES				
CURRENT				
Creditors and accrued expenses	26,210	22,686	26,032	22,172
Income received in advance	20,199	11,226	17,542	7,804
Owing to controlled entities	—	—	2,018	—
	46,409	33,912	45,592	29,976
NON—CURRENT				
Income received in advance	429	257	—	—
	429	257	—	—

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	Note	Consolidated		University	
		2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's
12 INTEREST BEARING LIABILITIES					
CURRENT					
Unsecured borrowings					
— Bank overdraft		60	7	—	—
— Bank loans		1,938	1,787	1,938	1,787
— DEST loan		293	—	293	—
— Finance leases	19	71	190	71	190
Secured by mortgage					
— Other		9	9	9	9
		2,371	1,993	2,311	1,986
NON-CURRENT					
Unsecured borrowings					
— Bank loans		24,099	26,037	24,099	26,037
— DEST loan		3,365	3,576	3,365	3,576
— Finance leases	19	39	110	39	110
Secured by mortgage					
— Other		95	103	95	103
		27,598	29,826	27,598	29,826
Due later than one year and not later than two years		5,520	2,304	5,520	2,304
Due later than two years and not later than three years		2,295	5,444	2,295	5,444
Due later than three years and not later than five years		5,198	4,791	5,198	4,791
Due later than five years and not later than ten years		12,155	12,441	12,155	12,441
Due later than ten years		2,430	4,846	2,430	4,846
		27,598	29,826	27,598	29,826

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	<i>Consolidated</i>		<i>University</i>	
	2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's
13 EMPLOYEE BENEFITS				
Aggregate employee entitlements, including on-costs				
CURRENT				
—Recreation leave	11,575	10,883	11,062	10,340
—Long service leave	1,988	2,037	1,947	1,998
	13,563	12,920	13,009	12,338
NON-CURRENT				
—Long service leave	17,897	18,334	17,523	17,984
	17,897	18,334	17,523	17,984

	<i>Service Year</i>	2003	2002
		%	%
The following rates per note 1(n) have been used to discount long service leave entitlements:			
Wage inflation rate		4.50	6.00
Discount rates	25+	—	—
	24	5.30	4.60
	23	5.28	4.57
	22	5.35	4.52
	21	5.45	4.60
	20	5.53	4.72
	19	5.56	4.85
	18	5.57	4.96
	17	5.59	5.02
	16	5.59	5.08
	15	5.60	5.12
	14	5.61	5.16
	0–13	5.62	5.25

14 CURRENT TAX LIABILITIES

Provision for income tax	142	142	—	—
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15 ASSET REVALUATION RESERVE

Balance at beginning of year	305,528	280,340	305,528	280,340
Increase/(decrease) in asset valuation of non-current assets are:				
Land	—	9,951	—	9,951
Buildings	—	15,567	—	15,567
Art collection	1,654	—	1,654	—
Investments	134	(190)	134	(190)
Realised profit on sale of investments	—	(140)	—	(140)
Balance at end of year	307,316	305,528	307,316	305,528

16 ACCUMULATED FUNDS

Balance at beginning of year	217,620	206,957	217,849	210,661
Net profit from ordinary activities after income tax expense	21,437	10,663	21,418	7,188
Balance at end of year	239,057	217,620	239,267	217,849

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	<i>Consolidated</i>		<i>University</i>	
	2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's
17 STATEMENT OF CASH FLOWS				
RECONCILIATION OF CASH				
Cash at bank and on hand	3,287	4,076	3,112	3,904
Managed fund	76,303	45,921	76,303	45,921
Income securities	7,376	5,488	7,376	5,488
Bank term deposits	106	—	106	—
Bank overdraft	(60)	(7)	—	—
	87,012	55,478	86,897	55,313
RECONCILIATION OF NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES TO OPERATING RESULT				
Net profit from ordinary activities after income tax expense	21,437	10,663	21,418	7,188
Add non-cash items				
Depreciation and amortisation—property, plant and equipment	21,675	18,382	21,100	17,763
Amortisation—deferred development and implementation costs	3,213	4,058	3,169	4,014
Amortisation—intangible assets	214	214	—	—
Donations for library holdings	(5,884)	(2,630)	(5,884)	(2,630)
Donations for art works	(74)	(77)	(74)	(77)
Donations of building from State Government	—	(3,800)	—	(3,800)
<i>Less items classified as investing activities</i>				
Loss/(profit) on disposal of property, plant and equipment	1,830	1,056	1,798	1,048
Provision for diminution of investments in controlled entities	—	—	5,091	3,000
Loss/(profit) on sale of investments	175	(138)	175	(138)
Decrease/(increase) in:				
Current assets				
Trade debtors	3,592	(34)	2,327	(655)
Government grants receivable	233	(273)	233	(273)
Accrued income	(1,791)	4,194	(1,813)	4,043
Prepayments	56	(805)	12	(553)
GST recoverable	(406)	50	(238)	(106)
Owing by other entities	(21)	265	(21)	265
Owing by controlled entities	—	—	514	2,229
Inventories	5	4,713	5	4,713
Non-current assets				
Owing by controlled entities	—	—	6	(6)
Future income tax benefit	—	23	—	—
Deferred income—government contributions for superannuation	9,214	401	9,214	401
Increase/(decrease) in:				
Current liabilities				
Creditors and accrued expenses	3,525	10,579	3,860	10,555
Income received in advance	8,973	2,561	9,738	2,606
Owing to controlled entities	—	—	2,018	—
Employee benefits	643	485	671	370
Non-current liabilities				
Income received in advance	172	257	—	—
Employee benefits	(437)	1,859	(461)	1,754
Deferred employee benefits for superannuation	(9,214)	(401)	(9,214)	(401)
Unfunded superannuation—SERB	46	(43)	46	(43)
Net cash provided by operating activities	57,176	51,559	63,690	51,267
NON-CASH INVESTING ACTIVITIES				
During the year the University received donations for library holdings, art works and buildings amounting to:				
Library holdings	5,884	2,630	5,884	2,630
Art works	74	77	74	77
Buildings	—	3,800	—	3,800
	5,958	6,507	5,958	6,507

18 SUPERANNUATION

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 2003, 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 2003, amounted to \$135,846,000 (2002 – \$145,060,000). Unfunded liabilities are met by the Commonwealth government.

	<i>Consolidated</i>		<i>University</i>	
	2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's
(a) Amounts receivable from the Commonwealth government				
Receivable within 12 months	12,241	12,956	12,241	12,956
Receivable later than 12 months	123,605	132,104	123,605	132,104
Total	135,846	145,060	135,846	145,060
(b) Unfunded superannuation liability				
Payable within 12 months	12,241	12,956	12,241	12,956
Payable later than 12 months	123,605	132,104	123,605	132,104
Total	135,846	145,060	135,846	145,060

(c) During the 2003 year Deakin University's contributions to the various funds are set out below. There were no outstanding employer contributions as at 31 December 2003 (2002 – Nil).

The University contributes to a number of superannuation funds for its employees as follows:

	Employer Contribution		Ratio Employer: Employee Contributions
	2003 \$000's	2002 \$000's	
UniSuper Defined Benefit/Investment Choice Plan (DBP/ICP)	13,034	11,789	2 : 1
UniSuper Award Plus Plan (APP)	5,888	5,142	1 : 0
State Superannuation Fund	12,247	13,719	—
Superannuation Trust of Australia (STA)	510	477	1 : 0
Australian Retirement Fund	40	40	1 : 0
Retirement Benefit Plan (410K)	—	26	1 : 0
Hospital Super	13	10	3 : 1
National Mutual	1	4	2 : 1
Construction & Building Unions Superannuation	12	—	1 : 0
Wycombe Superannuation Fund	5	—	1 : 0
State Employees Retirement Benefits Fund (SERB)	67	20	—
	31,817	31,227	—

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

UniSuper has advised that at 30 June 2003 the assets of the Defined Benefit Plan (DBP) are greater than the liabilities by \$6,418,502 (2002: \$16,711,171). UniSuper Vested and Accrued Member Benefits \$117,616,751 (2002: \$102,285,947) and Estimated Net Market Value of Assets \$124,035,253 (2002: \$118,997,118). The accrued benefits have been calculated as the present value of expected future payment of benefits to the members which arise from membership of the Fund up to the reporting date, determined using the actuary's current expectations of earnings of the Fund's assets, future inflation, salary levels and other relevant assumptions.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2003

	<i>Note</i>	<i>Consolidated</i>		<i>University</i>	
		2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's
19 COMMITMENTS					
At the reporting date the following contracts for capital expenditure had been entered into:					
Not later than one year		7,746	1,436	7,746	1,436
Later than one year and not later than two years		53	49	53	49
Later than two years and not later than five years		159	147	159	147
Later than five years		185	244	185	244
		8,143	1,876	8,143	1,876

At the reporting date the following obligations under operating leases, which are not shown as liabilities, were in effect:					
Not later than one year		4,994	4,113	4,624	3,954
Later than one year and not later than two years		3,760	2,326	3,416	2,301
Later than two years and not later than five years		5,389	2,073	5,085	2,024
Later than five years		1,023	1,514	1,023	1,508
		15,166	10,026	14,148	9,787

At the reporting date the following obligations under finance leases, and which are shown as liabilities, were in effect:					
Not later than one year		75	206	75	206
Later than one year and not later than two years		37	75	37	75
Later than two years and not later than five years		3	40	3	40
Minimum lease payments		115	321	115	321
Less: future finance charges		(5)	(21)	(5)	(21)
	12	110	300	110	300

20 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 2003 were R H Searby (Chancellor), S A Walker (Vice-Chancellor & President), B U Crassini (Chair of Academic Board), P C Turner, A J Kloeden, D F Jones, M T Prendergast, M L Edmond, D M Morgan, J M McMahon, L Forsyth, D J Gunning, B R Jamison, J D Maddock, M Rimmer, A Fairley, S De Gilio, M J Dowling, P H Reid, D A Lyell and K A Clancy.

	<i>Consolidated</i>	
	2003	2002
	\$000's	\$000's
Remuneration received or due and receivable from the University and its controlled entities by the responsible persons	766	929

	<i>Consolidated</i>	
	2003	2002
Number of responsible persons whose remuneration from the University and its controlled entities were within the following bands:		
\$40,000 to \$49,999	—	1
\$60,000 to \$69,999	2	—
\$70,000 to \$79,999	—	1
\$130,000 to \$139,999	2	1
\$140,000 to \$149,999	—	1
\$370,000 to \$379,999	1	—
\$520,000 to \$529,999	—	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.

	<i>Consolidated</i>	
	2003	2002
	\$000's	\$000's
21 EXECUTIVE OFFICERS' REMUNERATION		
Remuneration received or due and receivable from the University and its controlled entities by executive officers whose remuneration exceeded \$100,000	7,749	6,702

Number of executive officers whose remuneration from the University and its controlled entities were within the following bands	2003	2002
\$100,000 to \$109,999	1	3
\$110,000 to \$119,999	1	2
\$120,000 to \$129,999	2	4
\$130,000 to \$139,999	8	5
\$140,000 to \$149,999	6	3
\$150,000 to \$159,999	5	3
\$160,000 to \$169,999	5	—
\$170,000 to \$179,999	4	10
\$190,000 to \$199,999	5	4
\$200,000 to \$209,999	3	2
\$220,000 to \$229,999	1	—
\$230,000 to \$239,999	2	1
\$240,000 to \$249,999	1	1
\$260,000 to \$269,999	—	1
\$300,000 to \$309,999	—	1
\$450,000 to \$459,999	1	—

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

22 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 controlled entities

	<i>Consolidated</i>	
	2003	2002
	\$000's	\$000's
Auditor-General of Victoria		
— Deakin University	71	69
— Controlled entities	23	27

23 CONTROLLED ENTITIES

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	
			2003	2002
Australasian Human Resources Institute Pty Ltd	Australia	Professional association	100%	100%
Callista Software Services Pty Ltd	Australia	Computer software services	100%	100%
Deakin Networks Pty Ltd	Australia	Digital communication	100%	100%
DeakinPrime USA	USA	Non operating	100%	100%
Unilink Limited	Australia	Consultancy services	100%	100%

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

Statement of Financial Performance

Entity	Note	Total Revenue		Total Expenditure		Net Profit/(Loss) after Tax Expense	
		2003	2002	2003	2002	2003	2002
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Australasian Human Resources Institute Pty Ltd		6,873	5,830	6,658	6,554	215	(747)
Callista Software Services Pty Ltd		7,840	8,428	10,997	10,599	(3,157)	(2,171)
Deakin Networks Pty Ltd		533	272	533	272	—	—
DeakinPrime USA		61	201	200	1,499	(140)	(1,298)
Unilink Limited		7,948	8,597	7,948	8,597	—	—
		23,255	23,328	26,336	27,521	(3,082)	(4,216)

Statement of Financial Position

(a) Assets

Entity	Note	Current Assets		Non-Current Assets		Total Assets	
		2003	2002	2003	2002	2003	2002
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Australasian Human Resources Institute Pty Ltd	(b)	1,295	639	640	1,340	1,935	1,979
Callista Software Services Pty Ltd	(c)	3,582	3,328	241	315	3,823	3,643
Deakin Networks Pty Ltd		—	11	—	522	—	533
DeakinPrime USA		15	41	5	40	20	81
Unilink Limited		—	—	—	—	—	—
		4,892	4,019	886	2,217	5,778	6,236

(b) Liabilities

Entity	Note	Current Liabilities		Non-Current Liabilities		Total Liabilities	
		2003	2002	2003	2002	2003	2002
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Australasian Human Resources Institute Pty Ltd	(b)	2,197	1,924	44	576	2,241	2,500
Callista Software Services Pty Ltd	(c)	2,060	3,327	759	2,154	2,819	5,481
Deakin Networks Pty Ltd		—	533	—	—	—	533
DeakinPrime USA	(d)	2,721	2,643	—	—	2,721	2,643
Unilink Limited		—	—	—	—	—	—
		6,978	8,427	803	2,730	7,781	11,157

23 CONTROLLED ENTITIES (CONTINUED)

(c) Equity and Borrowings

Entity	Note	Equity		Internal Borrowings		External Borrowings	
		2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's
Australasian Human Resources Institute Pty Ltd	(a)	(306)	(521)	—	527	—	—
Callista Software Services Pty Ltd	(a)	1,005	(1,838)	—	1,597	60	7
Deakin Networks Pty Ltd		—	—	—	527	—	—
DeakinPrime USA	(a)	(2,701)	(2,562)	2,714	2,573	—	—
Unilink Limited		—	—	—	—	—	—
		(2,002)	(4,921)	2,714	5,224	60	7

- (a) Deakin University has provided a letter of comfort to the Directors of Australasian Human Resources Institute Pty Ltd, Callista Software Services Pty Ltd and DeakinPrime USA. The University has no plans to call in monies owing by these companies to the University and will continue to provide financial support under present terms and conditions to enable these companies to meet their day to day operating expenses.
- (b) Current assets includes an amount owing by Deakin University of \$520,622 (2002–Nil).
Non-Current liabilities includes an amount owing to Deakin University last year of \$526,630.
- (c) Current assets includes an amount owing by Deakin University of \$1,496,910 (2002–Nil).
Current liabilities includes an amount owing to Deakin University last year of \$1,596,950.
- (d) Current liabilities includes an amount owing to Deakin University of \$2,713,800 (2002–\$2,572,952).

Australasian Human Resources Institute Pty Ltd is expected to continue trading profitably in 2004, building on the results achieved in 2003.

DeakinPrime USA has ceased trading.

Callista Software Services Pty Ltd has commenced discussions with its existing customers, who are other Australian universities licensed to use the 'Callista' student management system, to facilitate the changes necessary to that software to ensure client universities are able to meet the reporting requirements and new funding arrangements set out in the Commonwealth Government's 'Backing Australia's Future' legislation. A significant investment is required by Callista Software Services Pty Ltd to create the software changes necessary to achieve compliance with that legislation. Agreements with client universities are being re-negotiated to ensure the full recovery of development expenditure and operational costs. Client universities are also being invited to subscribe for equity capital as part of the restructuring of Callista's operations, management and funding.

24 JOINT VENTURE OPERATIONS

Deakin University has 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 have established and operate the Consortium as an unincorporated collaborative joint venture.

Deakin University interest in the joint venture is 55.38%.

The consortium will receive funding from the State of Victoria through the Technology and Innovation Initiative of up to \$5 million.

The University's interest in assets employed and liabilities incurred in the above joint venture operations is detailed below. The amounts are included in the financial statements and consolidated financial statements under their respective asset and liability categories:

	<i>Consolidated</i>		<i>University</i>	
	2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's
Current assets				
Cash assets	241	—	241	—
Receivables	14	—	14	—
Total	255	—	255	—
Current liabilities				
Payables	22	—	22	—
Total	22	—	22	—
Net assets	233	—	233	—

25 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 is invested as funds permit at varying interest rates. The interest rate as at 31 December 2003 is 4.56% (2002 – 3.55%).
Managed fund	3	Managed funds are stated at market value as at balance date.	The return is 6.62% p.a. (2002 – 3.88% p.a.).
Income securities	3	Income securities are stated at market value as at balance date.	The weighted average interest rate is 8.27% (2002 – 7.86%).
Bank term deposits	3	Bank term deposits are stated at principal amount.	The deposit will mature on 6 February 2004 and earns interest at the rate of 0.65%.
Receivables	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.
Listed shares	7	Listed shares are stated at market value as at balance date. Dividend income is recognised when the dividends are received.	Listed shares held at balance date are fully paid ordinary shares and preference shares.
(ii) Financial liabilities			
Payables	11	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	12	Bank overdraft is stated as liability to bank.	Facility available for \$3 million overdraft. The interest rate as at 31 December 2003 is 9.10% (2002 – 8.60%).
Bank loans	12	The bank loans are carried at the principal amount. Interest is charged as an expense as it accrues except where capitalised as part of building projects.	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 7.22% (2002 – 7.20%).
DEST loan	12	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 is repayable bi-monthly with final instalment due on 24 December 2005. The interest rate is 2.30% (2002 – 2.17%).
Finance lease	12	The lease liability is accounted for in accordance with AASB 1008.	As at balance date, the University has finance leases with an average lease term of 3.7 years (2002 – 3.7 years). The average interest rate implicit in the leases is 5.92% (2002 – 5.93%).
Other	12	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.

25 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest rate risk

The University's exposure to interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at balance date, are as follows:

Consolidated

Financial instruments	Floating interest rate		Fixed interest rate maturing in:						Non-interest bearing		Total carrying amount per the statement of financial position		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		More than 5 years							
	2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's	2003 %	2002 %		
(i) Financial assets														
Cash at bank and on hand	3,235	4,025							52	51	3,287	4,076	4.56%	3.55%
Managed fund	76,303	45,921									76,303	45,921	6.62%	3.88%
Income securities	7,376	5,488									7,376	5,488	8.27%	7.86%
Bank term deposits			106	—							106	—	0.65%	—
Receivables									23,425	32,238	23,425	32,238	—	—
Listed shares									4,713	9,502	4,713	9,502	—	—
Other									472	322	472	322	—	—
Total financial assets	86,914	55,434	106	—	—	—	—	—	28,662	42,113	115,682	97,547		
(ii) Financial liabilities														
Payables									46,838	34,169	46,838	34,169	—	—
Bank overdraft	60	7									60	7	9.10%	8.60%
Bank loans			1,938	1,787	9,575	8,819	14,524	17,218			26,037	27,824	7.22%	7.20%
DEST loan			293	—	3,365	3,576					3,658	3,576	2.30%	2.17%
Finance leases			71	190	39	110					110	300	5.92%	5.93%
Other									104	112	104	112	—	—
Total financial liabilities	60	7	2,302	1,977	12,979	12,505	14,524	17,218	46,942	34,281	76,807	65,988		

25 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Net fair values

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

	Total carrying amount as per the statement of financial position		Aggregate net fair value	
	2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's
(i) Financial assets				
Cash at bank and on hand	3,287	4,076	3,287	4,076
Managed fund	76,303	45,921	76,303	45,921
Income securities	7,376	5,488	7,339	5,460
Bank term deposits	106	—	106	—
Receivables	23,425	32,238	23,352	32,062
Listed shares	4,713	9,502	4,690	9,455
Other	472	322	472	322
Total financial assets	115,682	97,547	115,549	97,296
(ii) Financial liabilities				
Payables	46,838	34,169	46,838	34,169
Bank overdraft	60	7	60	7
Bank loans	26,037	27,824	26,128	27,936
DEST loan	3,658	3,576	3,615	3,536
Finance leases	110	300	110	302
Other	104	112	104	112
Total financial liabilities	76,807	65,988	76,855	66,062

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

Recognised financial instruments

Cash, cash equivalents and short-term investments:	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. Non-current receivables are estimated by discounting future receivables to net present value using discount rates as advised by the Department of Treasury and Finance.
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 actual rate charged to the University.
Non-current investments/securities:	For financial instruments traded in organised financial markets, fair value is the current quoted market bid price for an asset or offer price for a liability, adjusted for transaction costs necessary to realise the asset or settle the liability. For investments 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.

25 FINANCIAL INSTRUMENTS (CONTINUED)

Unrecognised financial instruments

Forward exchange contracts:

The University enters into forward exchange contracts to buy or sell specified amounts of foreign currencies in the future at stipulated exchange rates. The objective in entering the forward exchange contracts is to protect the University against unfavourable exchange rate movements for the anticipated future purchases or sale undertaken in foreign currencies. The accounting policy in regard to forward exchange contracts is detailed in note 1(c).

(d) Credit risk exposures

The University's maximum exposure 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 Statement of Financial Position.

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.

26 ACQUITTAL OF COMMONWEALTH GOVERNMENT FINANCIAL ASSISTANCE

26.1 TEACHING AND LEARNING

	<i>University only</i>							
	Operating financial assistance		HECS		PELS		BOTPLS	
	2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's
Financial assistance in advance (paid in previous reporting period for current reporting period)	6,658	6,312	4,484	4,216	—	—	—	—
<i>Plus</i> Financial assistance received during reporting period	85,748	83,063	56,141	53,803	6,419	3,258	107	25
<i>Plus</i> Contributions actually received from students	—	—	9,208	9,020	—	—	—	—
<i>Less</i> Financial assistance in advance (received in reporting period for the next reporting period)	6,772	6,658	4,578	4,484	—	—	—	—
Total from DEST	85,634	82,717	65,255	62,555	6,419	3,258	107	25
Accrual adjustments								
Net adjustment for financial assistance	(221)	2,199	(370)	(956)	189	—	(24)	—
Net adjustment for over enrolments	18	(108)	—	—	—	—	—	—
Adjustments due to accounting policy	114	346	94	268	—	—	—	—
Revenue attributed to reporting period	85,545	85,154	64,979	61,867	6,608	3,258	83	25
<i>Plus</i> surplus/(deficit) prior year	—	—	—	—	(204)	—	25	—
Funds available for reporting period	85,545	85,154	64,979	61,867	6,404	3,258	108	25
<i>Less</i> expenses for current period	(85,545)	(85,154)	(64,979)	(61,867)	(5,532)	(3,462)	(65)	—
Surplus/(deficit) for reporting period	—	—	—	—	872	(204)	43	25

26 ACQUITTAL OF COMMONWEALTH GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)

26.2 AUSTRALIAN RESEARCH COUNCIL

	<i>University only</i>							
	Discovery projects (Large)		Discovery fellowships		Linkage (SPIRT)		Linkage —International researcher exchange	
	<i>2003</i> <i>\$000's</i>	<i>2002</i> <i>\$000's</i>	<i>2003</i> <i>\$000's</i>	<i>2002</i> <i>\$000's</i>	<i>2003</i> <i>\$000's</i>	<i>2002</i> <i>\$000's</i>	<i>2003</i> <i>\$000's</i>	<i>2002</i> <i>\$000's</i>
Financial assistance in advance (paid in previous reporting period for current reporting period)	104	—	—	—	131	—	2	—
<i>Plus</i> Financial assistance received during reporting period	1,680	1,765	—	69	2,233	1,940	97	55
<i>Less</i> Financial assistance in advance (received in reporting period for the next reporting period)	—	104	—	—	—	131	—	2
Total from ARC	1,784	1,661	—	69	2,364	1,809	99	53
Accrual adjustments								
Transfer (to)/from other institutions	(1)	21	—	—	—	—	—	—
Recovery of unspent grants	—	—	—	(63)	(81)	(67)	—	—
Adjustments due to accounting policy	(104)	104	—	—	(131)	131	(2)	2
Revenue attributed to reporting period	1,679	1,786	—	6	2,152	1,873	97	55
<i>Plus</i> surplus/(deficit) prior year	(80)	(10)	7	72	546	448	44	—
Funds available for reporting period	1,599	1,776	7	78	2,698	2,321	141	55
<i>Less</i> expenses for current period	(1,689)	(1,856)	—	(71)	(1,991)	(1,775)	(72)	(11)
Surplus/(deficit) for reporting period	(90)	(80)	7	7	707	546	69	44

26 ACQUITTAL OF COMMONWEALTH GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)

26.3 AUSTRALIAN RESEARCH COUNCIL

	Linkage—Infrastructure Equipment & Facilities		<i>University only</i> Linkage—Special Research Initiatives		Small Research	
	2003	2002	2003	2002	2003	2002
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Financial assistance in advance (paid in previous reporting period for current reporting period)	—	—	—	—	—	—
<i>Plus</i> Financial assistance received during reporting period	616	—	40	—	—	—
<i>Less</i> Financial assistance in advance (received in reporting period for the next reporting period)	—	—	—	—	—	—
Total from ARC	616	—	40	—	—	—
Accrual adjustments						
Recovery of unspent grants	—	—	—	—	—	(1)
Revenue attributed to reporting period	616	—	40	—	—	(1)
<i>Plus</i> surplus/(deficit) prior year	—	—	—	—	—	360
Funds available for reporting period	616	—	40	—	—	359
<i>Less</i> expenses for current period	(603)	—	—	—	—	(359)
Surplus/(deficit) for reporting period	13	—	40	—	—	—

26 ACQUITTAL OF COMMONWEALTH GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)

26.4 DEST RESEARCH FINANCIAL ASSISTANCE

	<i>University only</i>							
	Institutional Grants Scheme		Research Training Scheme		System Infrastructure Initiative		Research infrastructure	
	2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's	2003 \$000's	2002 \$000's
Financial assistance in advance (paid in previous reporting period for current reporting period)	234	218	598	557	67	67	96	71
<i>Plus</i> Financial assistance received during reporting period	2,953	2,747	7,535	7,009	775	843	1,237	919
<i>Less</i> Financial assistance in advance (received in reporting period for the next reporting period)	252	234	644	598	—	67	127	96
Total from DEST	2,935	2,731	7,489	6,968	842	843	1,206	894
Accrual adjustments								
Adjustments due to accounting policy	18	16	46	41	(67)	—	31	25
Revenue attributed to reporting period	2,953	2,747	7,535	7,009	775	843	1,237	919
<i>Plus</i> surplus/(deficit) prior year	—	—	—	—	(22)	—	506	45
Funds available for reporting period	2,953	2,747	7,535	7,009	753	843	1,743	964
<i>Less</i> expenses for current period	(2,953)	(2,747)	(7,535)	(7,009)	(756)	(865)	(1,049)	(458)
Surplus/(deficit) for reporting period	—	—	—	—	(3)	(22)	694	506

26 ACQUITTAL OF COMMONWEALTH GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)

26.5 DEST RESEARCH FINANCIAL ASSISTANCE

	Australian post graduate awards — Per 2002 Funding Component		<i>University only</i> Australian post graduate awards — 2002 Onwards Funding Component		International postgraduate research	
	2003	2002	2003	2002	2003	2002
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Financial assistance in advance (paid in previous reporting period for current reporting period)	—	—	—	—	—	—
<i>Plus</i> Financial assistance received during reporting period	505	814	877	432	100	118
<i>Less</i> Financial assistance in advance (received in reporting period for the next reporting period)	—	—	—	—	—	—
Total from DEST	505	814	877	432	100	118
Accrual adjustments						
Revenue attributed to reporting period	505	814	877	432	100	118
<i>Plus</i> surplus/(deficit) prior year	(32)	—	77	—	156	83
Funds available for reporting period	473	814	954	432	256	201
<i>Less</i> expenses for current period	(614)	(846)	(792)	(355)	(155)	(45)
Surplus/(deficit) for reporting period	(141)	(32)	162	77	101	156

26 ACQUITTAL OF COMMONWEALTH GOVERNMENT GRANTS (CONTINUED)

26.6 SUMMARY OF UNSPENT FINANCIAL ASSISTANCE

Category of grant	Amount of unspent grant as at 31 December	Amount of unspent grant that is more likely will be approved by the Commonwealth for carry forward	Amount of unspent grant that it is more likely will be recovered by the Commonwealth
	2003 \$000's	2003 \$000's	2003 \$000's
Teaching & Learning			
PELS	897	897	—
BOTPLS	18	18	—
ARC			
Discovery fellowships	7	7	—
Linkage (SPIRT)	707	707	—
Linkage International researcher exchange	69	69	—
Linkage — Infrastructure Equipment & Facilities	13	13	—
Linkage — Special Research Initiatives	40	40	—
DEST Research			
Research infrastructure	694	694	—
Australian Postgraduate Awards — 2002 Onwards Funding Component	162	162	—
International Postgraduate Research Scholarship	101	101	—
Total	2,708	2,708	—



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 2003, and the financial performance for the year ended 31 December 2003 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 Accounting Standards and Urgent Issues Group Consensus Views;
- (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 Commonwealth grants expended during the reporting period was for the purposes for which it was granted.

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.

BARRY R JAMISON
Member of Council

Date: 18.3.2004
Geelong

PROFESSOR SALLY WALKER
Vice-Chancellor and President

Date: 18.3.2004
Geelong

PETER J ENLUND
Principal Accounting Officer

Date: 18.3.2004
Geelong



AUDITOR GENERAL
VICTORIA

AUDITOR-GENERAL'S REPORT

To the Members of the Parliament of Victoria, responsible Ministers and the Council Members of Deakin University

Audit Scope

The accompanying financial report of Deakin University for the financial year ended 31 December 2003, comprising a statement of financial performance, a statement of financial position, a statement of cash flows and notes to the financial statements, has been audited. The financial report includes the consolidated financial statements of the economic entity, comprising Deakin University and the entities it controlled at the year's end or from time to time during the financial year as disclosed in note 23 to the financial statements. The Council Members are responsible for the preparation and presentation of the financial report and the information it contains. An independent audit of the financial report has been carried out in order to express an opinion on it to the Members of the Parliament of Victoria, responsible Ministers and Council Members as required by the *Audit Act* 1994.

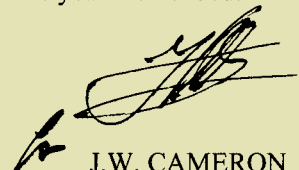
The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. 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.

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 2003 and their financial performance and cash flows for the year then ended.

MELBOURNE
23 March 2004



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>
MFD	Directions of the Minister for Finance issued under section 8 of the <i>Financial Management Act 1994</i>
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>
WPA	<i>Whistleblowers Protection Act 2001</i>

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

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Deakin University

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