

*DEAKIN
UNIVERSITY
ANNUAL
REPORT*



2006

Report of operations and audited financial statements
for the year ended 31 December 2006

22 March 2007

The Honourable Jacinta Allan, MP
Minister for Skills, Education Services and Employment
Level 1, 2 Treasury Place
East Melbourne VIC 3001

Dear Minister,

I have pleasure in presenting to you, on behalf of the Deakin
University Council, the Deakin University Annual Report 2006.

This Annual Report was approved at a Council meeting held on
22 March 2007.

Yours sincerely



Mr David M. Morgan
Chancellor

Mission

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

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

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

Core commitments

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

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

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Report of operations

Deakin University—profile

History

Deakin University's unique position as a higher education provider committed to rural and regional Australia and as a leader in the provision of high quality distance education programs, flexible learning and professional development courses can be traced back to its history and origins.

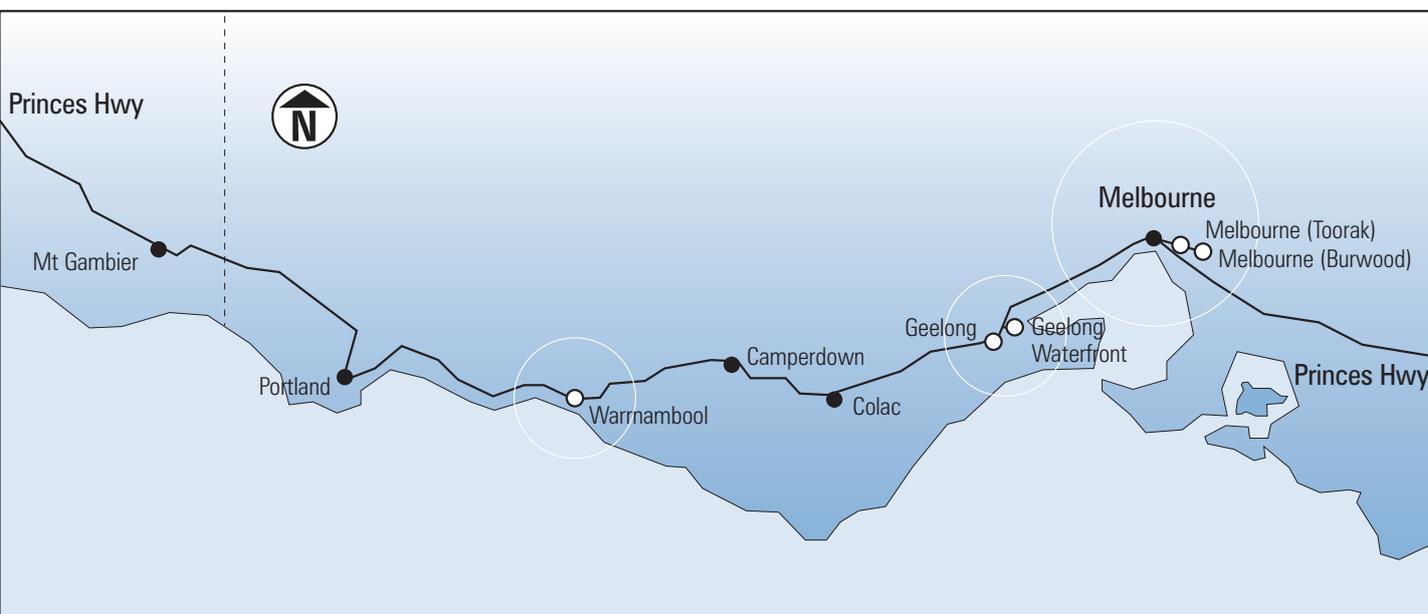
The *Deakin University Act 1974 (Vic)* established Deakin as a 'university in the Geelong area'; one of its main tasks as set out in the Act was to provide 'the opportunity for tertiary education at the university level to all qualified persons whether within or outside Victoria by means of external studies programmes'.

Today Deakin conducts its activities from five Campuses. Two of these are in Geelong, Victoria's largest regional city. The Geelong Waterfront

Campus, opened in 1996, is the location of the University's head office. This Campus is housed in an award-winning renovation of an old woolstores building; it has contributed to the revival of Geelong's waterfront. The Geelong Campus at Waurin Ponds is where teaching first began at Deakin University in 1977.

In 1990 Deakin consolidated its presence in south-western Victoria, merging with the Warrnambool Institute of Advanced Education to create the Deakin University Warrnambool Campus.

A further two Campuses are in Melbourne, at Burwood and Toorak. Deakin's metropolitan presence results from its 1991 merger with Victoria College.



The year in review

By any measure 2006 was a momentous year for Deakin University. Without doubt, the most significant development was Deakin's success in its bid to establish a rural and regional Medical School. In April 2006 the Prime Minister announced that Australia's newest medical school would be established at the University's Geelong Campus at Waurin Ponds. With a commencing student intake of 120 places, Deakin's Medical School is the largest to be introduced in Australia in recent times and it is the most significant academic development at Deakin since the amalgamations of the 1990s that created the multi-campus Deakin University of today.

Deakin's bid was developed around a practical yet innovative solution to addressing the critical shortage of doctors in rural and regional areas. It involves partnerships with both public and private hospitals for training students in a range of settings and it includes an agreement with the University of Ballarat to enhance its expertise in health sciences so that both universities are able to work together to improve healthcare delivery for rural and regional Victorians. The bid hinged on two key strengths of Deakin University: its commitment to rural and regional engagement; and its ability to develop successful partnerships.

Having secured support for the introduction of medical places, Deakin rapidly commenced implementing its plans to bring the School into operation. The School of Medicine was formally established by the University's Council in June and the foundation Head of School, Professor Brendan Crotty, took up his appointment in October.

A number of major staff changes occurred during 2006. In February Mr David M. Morgan was installed as the fifth Chancellor of Deakin University by the then Governor of Victoria, John Landy, AC, MBE. In December, the Council reappointed the Vice-Chancellor, Professor Sally Walker, for a further five-year term. Three new Senior Executive portfolios were created. Ms Lin Martin who was Vice-President (Academic and Information Services) became the Vice-President and Council Secretary. New positions of Chief Operating Officer and Chief Financial Officer were established and Mr Graeme Dennehy and Mr Andrew Walters were recruited to these positions. In a further change, Professor David Stokes was appointed as Deputy Vice-Chancellor (Research) following the retirement of Professor Pip Hamilton who had held that position since 1997. Council was pleased to award the title Emeritus Professor on Pip Hamilton in recognition of his immense contribution to research planning that positioned Deakin as one of Australia's fastest growing research institutions.

Deakin was highly successful in securing funding for several one off-projects and other initiatives. The Medical School announcement included a capital grant of \$18m from the Commonwealth Government.

A new Medical School to take Deakin University forward. Present with the Prime Minister, the Hon. John Howard MP, and the Vice-Chancellor, Professor Sally Walker, are (from left) Mr Stewart McArthur (member for Corangamite), Professor John Catford (Dean of the Faculty of Health, Medicine, Nursing and Behavioural Sciences) and the Hon. David Hawker (member for Wannon).
April 2006



A further \$6m was provided by the Victorian Government through regional infrastructure development funding to support Deakin's \$37m redevelopment of the Dennys Lascelles Building at its Geelong Waterfront Campus. In an announcement made on the 150 year anniversary of the birth of Alfred Deakin, the Commonwealth committed \$4m towards the establishment of the Alfred Deakin Institute within the redeveloped Dennys Lascelles Building. This will establish a fitting tribute to Deakin's namesake and provide a valuable public resource in the attractive foreshore area of the City of Geelong.

In addition, \$3.34m was secured as a result of Deakin's successful bid for Commonwealth funding under the Workplace Productivity Program to implement a financial performance improvement project with a commercial partner.

Successful bids for additional Commonwealth supported places in psychology, education, occupational therapy, health sciences and biomedical sciences will inject approximately \$4m per annum in operating funds by 2010 when the courses have reached a 'steady-state' of enrolments. The majority of Deakin's bids for new places were in support of plans to increase enrolments at its Geelong and Warrnambool Campuses, further demonstrating Deakin's commitment to rural and regional engagement.

As a consequence of these developments, Deakin has enjoyed an extremely profitable 2006. Overall revenue was 4% above budget at \$451m, and the recorded profit of \$60.5m was considerably higher than the initial target of \$20m. The once-off nature of income received that has contributed to this result must be acknowledged as it does mask the true, but very positive, profit outcome.



Professor Sally Walker, Vice-Chancellor

In the latter part of 2006, stage one of an 18-month consultation process commenced in relation to the development of Deakin's next Strategic Plan. This critical exercise that will shape Deakin's future development and further define its distinctive position in Australian higher education is occurring at an exciting and confident time in Deakin's history. The current Strategic Plan, which will conclude at the end of 2007, has served Deakin well. By taking heed of our experiences, by consolidating and accelerating the positive changes that have been introduced and by daring to be different, Deakin will continue to distinguish itself from other universities.

Professor Sally Walker
Vice-Chancellor

2006 highlights

Planning for success —taking Deakin University forward

Planning and continuous quality improvement

Aiming for excellence in all of its activities means that Deakin is committed to continuous quality improvement to support and advance its teaching and learning programs, its contribution to research, the development of its staff, its students and its infrastructure.

To ensure that the University's culture is in accord with its mission and core commitments, strongly aligned plans encompass all areas of the University's activities. Deakin's planning framework consists of a tiered system of interlocking plans aimed at ensuring that the resulting shared sense of purpose permeates to every level of the University. Each Faculty and other organisational area develops an annual operational plan reflecting and advancing the University's Operational Plan and the goals and strategies contained in the Strategic Plan.

The Strategic Plan, Taking Deakin University Forward, originally formulated in 2003, describes the University's seven primary goals and the key strategies by which the goals will be achieved for each major area of activity at Deakin. It is revised annually following a process of review and evaluation taking into account progress in advancing the Plan and changes to the external environment.

2006 highlights

2006 was an eventful and exciting year for Deakin. Advancing its core commitments, mission and goals in every area of its operations, the University celebrated many outstanding achievements and made substantial progress towards achieving the final stage of the five year Strategic Plan which concludes at the end of 2007.

Teaching and learning

Deakin University teachers were recognised through the award of seven of the prestigious Citations for Outstanding Contributions to Student Learning, the new national teaching award category for Australian university teaching.

Other highlights included:

- > launch of the Deakin Motion.Lab, positioning Victoria's game development industry at the forefront of international development in this industry and equipping Deakin graduates with the skills to work all over the world
- > development of new courses in response to employer and student demand
- > significant new online teaching developments.

More information on Deakin's excellence in Teaching and Learning can be found on pages 10–16.



Installation of Deakin University's fifth Chancellor (from left to right)—Professor Sally Walker; John Landy, AC MBE, the then Governor of Victoria; Mr David M. Morgan, Deakin University's Chancellor

Research and research training

Special emphasis was placed on research at Deakin in 2006; the future directions for research were rigorously debated and plans developed for strengthening and broadening Deakin's research portfolio.

Highlights included:

- > a new international studies program to enable researchers to spend up to six months with key research groups overseas in order to gain first-hand knowledge of international research standards against which Deakin's performance in an international context can be benchmarked
- > a Visiting Fellows program to bring international experts to Deakin University in each of the University's Research Priority Areas (RPAs) and potential RPAs
- > establishment of two Cooperative Research Centres (CRCs), the CRC for Cast Metals Manufacturing (CAST) and the Advanced Automotive Technology CRC, in which Deakin plays a major role, and the announcement of major funding for an industry-led National CRC in Advanced Manufacturing scheduled to commence operation in 2007

- > major funding through the State Government for the Victorian Centre for Advanced Materials and Manufacturing hosted by Deakin University.

More about Deakin's research projects is reported on pages 17–20.

Internationalisation

Internationalisation has played an important role in Deakin's operations for many years.

- > In 2006, Deakin increased its international student load so that it now represents 21% of the University's total student load
- > Deakin diversified its international course enrolment, with education and health related courses reporting significant growth.

Deakin is planning to implement a number of new strategies aimed at developing new market locations and achieving greater integration of domestic and international student marketing.

More information on Internationalisation at Deakin is provided on pages 21–23.

Recruiting and retaining staff

Deakin demonstrated its understanding of and responsiveness to the current higher education sector dynamics by focusing on enhancing effectiveness and efficiency of its operations through a range of high level appointments.

Other highlights included:

- > enhancing the ability for sound academic leadership
- > a demonstrated commitment to gender equity
- > improvements to the academic–general staff ratio.

More information on staff matters is provided on pages 24–26.

Community responsibilities; rural and regional engagement

Deakin University's new Medical School, scheduled to open in 2008 on the Geelong Campus at Waurin Ponds, is a medical school embodying the Deakin difference: not only will it be located in regional Australia, it also aims to produce doctors with a commitment to rural and regional practice, alleviating the acute medical shortages in these areas. Other community flow-on benefits will position Geelong as a leader in health and biomedical research with a multi-million dollar economic impact on the region.

Other highlights included:

- > the Institute of Koorie Education—celebrating twenty years of Indigenous education at Deakin University
- > increased focus on student equity
- > enabling life-long learning through further partnerships with business providing flexible, workplace-based learning opportunities.

For further information see pages 27–29.

Communication, marketing and 'positioning'

Final preference data from the Victorian Tertiary Admissions Centre (VTAC) showed a significant swing to Deakin University courses with an increase in overall market share of applicants, confirming the University's strategic and operational directions and allowing it to exceed its target goals for 2006.

Other highlights included:

- > increasing popularity of primary teaching and nursing courses
- > record growth in domestic fee-paying student load.

In 2007 Deakin intends to enhance its marketing and promotion efforts further and will continue to implement initiatives to reconnect with its alumni.

More information on communication, marketing, and 'positioning' can be found on pages 30–32.

Resources, infrastructure and services

Deakin University received \$3.34m as part of the Federal Government's workplace productivity program to reform its financial planning, management and reporting capability, enabling the development of a comprehensive suite of strategic financial planning and monitoring tools to make Deakin a model financial manager for higher education.

Other highlights included:

- > the commencement of the operation of the Central Precinct at the Melbourne Campus at Burwood
- > commencement of the redevelopment of the Dennys Lascelles Building at the Geelong Waterfront Campus
- > major refurbishment of the Science Building at the Geelong Campus at Waurin Ponds including work to accommodate the Medical School.

To consolidate its excellent use of resources and make further contributions to its infrastructure in line with the Strategic Plan, Deakin is planning to implement the financial performance improvement project and a long term facilities management plan in 2007.

More information on resources, infrastructure and services is available on pages 33–37.

Review of operations

Teaching and learning

Deakin's goal is:

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

Deakin offers a comprehensive range of undergraduate, postgraduate coursework and higher degree by research programs in the discipline areas of: arts, social sciences and humanities; commerce and management; environmental studies; engineering; education; nursing; health sciences; IT and information systems; and biological and chemical sciences. A key feature of Deakin's profile of courses is that they respond to student and employer demand. As part of its efforts to maintain programs of contemporary relevance, Deakin has an annual course review process whereby the Deputy

Vice-Chancellor (Academic), the Vice-President and the Pro Vice-Chancellor (Development) work with each Faculty to review its existing courses in the light of student demand for the course, Graduate Destination Survey results, Course Experience Questionnaire results and the University's Student Evaluation of Teaching and Units.

As well as considering whether existing courses should continue to be offered, the process is used to identify new courses that should be developed in the light of market analysis which indicates that there is demand for such a course. In 2006 new courses to be developed as a result of this process included: the Bachelor of Criminology, Bachelor of Early Childhood Education, Bachelor of Information Technology (Web and Mobile Technologies), the Graduate Certificate of Arts and Sciences as well as postgraduate programs in Tourism Management, Insurance and Risk Management and Clinical Nursing Practice.

Student enrolments (persons) by course type as at 31 August 2002–2006

	2002	2003	2004	2005	2006
Total	31755	33380	34197	34646	33974
Course type					
Higher degree by research	946	967	955	963	917
Postgraduate coursework	7158	8139	8701	8635	8089
Undergraduate	22884	23293	23425	23941	24105
Non-award, cross-institutional	722	766	883	928	651
Study abroad/staff exchange	45	215	233	179	212

Student enrolment (persons) by Campus as at 31 August 2002–2006

	2002	2003	2004	2005	2006
Total	31755	33380	34197	34646	33974
Campus					
Melbourne Campus at Burwood	11945	11960	12308	13584	14025
Melbourne Campus at Toorak	-	912	1429	1435	1352
Geelong Campus at Waurin Ponds	4108	4350	4462	4441	4178
Geelong Waterfront Campus	1005	1071	1171	1467	1635
Warrnambool Campus	1037	1112	1175	1201	1103
Off campus	12453	12432	12185	11248	10587
Offshore	1207	1543	1467	1270	1095

Student load (EFTSL) by course type as at 31 August 2002–2006

	2002	2003	2004	2005	2006
Total	19319	20550	21110	21691	21896
Course Type					
Higher degree by research	616	646	640	641	634
Postgraduate coursework	2493	2975	3320	3248	2960
Undergraduate	16038	16674	16867	17526	18047
Non-award, cross institutional	151	152	167	189	153
Other	21	102	115	87	102

Having met its Commonwealth supported load targets in a year when a number of other universities were unable to do so, Deakin was in a strong position in 2006 to bid for additional Commonwealth supported places. Deakin's commitment to rural and regional engagement means that it has a particular responsibility to build human capacity in the areas surrounding its rural and regional Campuses. As such, in 2006 Deakin's bids for additional places were targeted to meet the future workforce needs of those communities surrounding Deakin's Geelong and Warrnambool Campuses. Having succeeded in most of its bids, Deakin is now positioned to make a major contribution to the supply of nursing, education and health science graduates as well as biomedical scientists, occupational therapists and psychologists working in south central and south western Victoria.

Deakin's priorities for 2006 in teaching and learning focused on improving its performance in rankings on teaching and learning outcomes. In 2005 the federal government established a Learning and Teaching Performance Fund to reward institutions for excellence in teaching and learning. Regrettably, Deakin did not perform well in the first round and was not one of the 14 institutions to receive funding. Considerable attention was therefore directed in 2006 on ways to improve Deakin's teaching and learning performance. As the Fund uses 'lag' indicators, it will be some time before these initiatives affect Deakin's performance.

Greater attention has been paid by all Faculties to plans to improve the quality of teaching and to acting upon student feedback. Each semester all units offered are surveyed using the University's Student Evaluation of Teaching and Units

instrument. Results are used to improve teaching performance and are reported to the Academic Board and Council. All Faculties are making concerted efforts to understand the reasons for the results they receive and to improve their survey outcomes.

These actions have yielded more favourable student evaluation responses in 2006. Student assessment of teaching quality improved during the year with all cohorts of students responding more favourably to the survey question 'This unit is well taught' in the semester two survey period. 'Broadly satisfied' ratings from postgraduate on-campus students increased to 92% in semester two from 88% in semester one; undergraduate off-campus student ratings improved from 83% in semester one to 88% in semester two. On-campus undergraduate student ratings were also 88% in semester two and

postgraduate off-campus student ratings were one percentage point higher at 89% in the same survey period.

Since 2005 Deakin has administered an annual Student Survey to obtain student opinion on the quality of student support services and facilities. In each year students have reported very high levels of satisfaction for all services and facilities with the Library, academic support services and the University's physical environment recording the most favourable outcomes. 94% of respondents indicated that they were satisfied or very satisfied with Library services; satisfaction with the physical environment received the next highest rating at 93%; and student administration services, academic support services and personal well-being and support services all received satisfaction ratings of 92%.

Student survey results for 'This unit was well taught', 2006

	Percentage agreement	
	Semester 1	Semester 2
Undergraduate on campus	85%	88%
Undergraduate off campus	83%	88%
Postgraduate on campus	88%	92%
Postgraduate off campus	87%	89%

Based on percentage of respondents who give a rating of 3,4 or 5 on a five point scale where 1 represents 'strongly disagree' and 5 represents 'strongly agree'.

Student satisfaction with support services, 2006

Student support service	Percentage agreement
Student administration	92%
Library	94%
IT	89%
Deakin Studies Online	87%
Academic support	92%
Personal well-being and support	92%
Social and recreational	83%
Physical environment	93 %
Distance education/off campus services	87%

Based on percentage of respondents who give a rating of 3 or 4 on a four point scale where 1 represents 'strongly disagree' and 4 represents 'strongly agree'.



Carrick Awards for Teaching (from left to right): Professor Chris Gray, Chair of the Academic Board; Professor Alan Farley, Director, Institute of Teaching and Learning; Mr Jeremy Ham, Faculty of Science and Technology (Award winner); Dr John McWilliams, Faculty of Business and Law (Award winner); Dr John White, Faculty of Science and Technology (Award winner); Dr Kim Vincs, Faculty of Arts, (Award winner); Professor Shirley Grundy, Dean, Faculty of Education; Professor Sally Walker, Vice-Chancellor; Dr Chris Hickey, Faculty of Education (Award winner); Professor Tanya Castleman, Faculty of Business and Law (Award winner); Associate Professor Ross Smith, Faculty of Business and Law (Award winner); Professor Philip Clarke, Faculty of Business and Law (Award winner); Dr Judy Nagy, Faculty of Business and Law (Award winner); and Associate Professor Caroline Chan, Faculty of Business and Law (Award winner).

Deakin has teaching awards to recognise and reward those staff who are excellent teachers. Deakin's own teaching awards scheme is aligned with and used to identify nominees for the national Carrick Awards for Teaching. In 2006 Deakin received seven awards for Australian University Teaching in the newly established Carrick Institute Citations for Outstanding Contributions to Student Learning. The Carrick Institute for Learning and Teaching in Higher Education oversees the award of 210 Citations, each worth \$10,000. Institutions are entitled to submit up to 10 nominations. One of the award winners, Dr Kim Vincs, was then successful in winning a highly prestigious National Teaching Excellence Award.

In 2006 Deakin achieved significant improvements in its off-campus student retention rates. As a large provider of off-campus education, where students complete their studies using distance education materials and online resources, Deakin has been concerned that the retention rate of these students has been lower than for on-campus students. In 2006 plans were developed for improving the support for off-campus students in respect of teaching and learning. Even in its early implementation phase, the results have been encouraging.

The retention rate for off-campus undergraduate students improved from 70% to 76% and for off-campus postgraduate students, it improved from 70% to 74%. Although these rates are still below those achieved for on-campus students (86% undergraduate and 81% postgraduate) the differential has reduced significantly.

Despite these developments, Deakin's outcomes in the Course Experience Questionnaire (CEQ) and Graduate Destinations Survey (GDS) are yet to show signs of improvement. The CEQ and GDS are 'lag' indicators as they are administered after a student has graduated. In the longer term Deakin expects that its range of teaching and learning initiatives and its improving student evaluation outcomes will translate to improved CEQ and GDS results. Until this time, Deakin's performance in national rankings on teaching and learning will reflect the opinion of students who will not have benefited from many of the initiatives introduced more recently. This has been the case in relation to the 2006 Learning and Teaching Performance Fund. Deakin has received a modest grant in recognition 'as having performed well in a highly competitive round'.

Undergraduate student retention rates, 2001–2005

2001	2002	2003	2004	2005
%	%	%	%	%
79	79	80	81	84

Undergraduate student progress rates, 2001–2005

2001	2002	2003	2004	2005
%	%	%	%	%
85	86	86	87	84

Surveys of employers show that they want graduates who are not only knowledgeable in their field of study, but also broadly educated, lateral thinkers who are creative, innovative and able to think outside the confines of their disciplines. As part of Deakin's commitment to innovation, responsiveness and relevance, it has introduced a new Graduate Certificate of Arts and Sciences which may be taken concurrently with undergraduate degree studies. Subjects have been chosen to ensure that the program broadens the experience of each student.

For example, a science student might study poetry, creative writing, history and international relations, while an arts student might enrol in subjects that deal with matters such as DNA sequencing, statistics or the nature of scientific proof. Students will be able to graduate with both their undergraduate qualification and the Graduate Certificate of Arts and Sciences at the same time, differentiating them and giving them a distinct advantage in the employment market.

Course completions, 2001–2005

	2001	2002	2003	2004	2005
Total	7113	6553	7045	7224	8041
By course type					
Higher degree by research	109	123	115	111	121
Higher degree by coursework	657	895	1094	1196	1543
Other postgraduate	1849	1394	1154	1229	1271
Bachelor	3923	3863	4335	4485	4909
Other undergraduate	575	278	347	203	197
By Faculty					
Arts	1113	1066	1191	1249	1332
Business and Law	3027	2667	2763	2666	3235
Education	892	880	885	1042	1054
Health, Medicine, Nursing and Behavioural Sciences	1017	1050	1171	1065	1105
Science and Technology	1064	891	1036	1203	1326
By gender					
Female	3669	3716	4002	4171	4597
Male	3444	2837	3043	3053	3444



During 2006 the Deakin Motion.Lab was established with support from Multimedia Victoria providing Deakin with state-of-the-art facilities utilising digital technologies and interactive performance. This has enabled Deakin to pioneer exciting new programs in animation, games development, performing arts and interactive media. The Director of the Deakin Motion Capture Centre, Dr Kim Vincs, received a National Teaching Excellence Award in 2006 in recognition of her development of highly innovative curricula that link dance with the emerging fields of digital technology.

Online developments

Deakin is known as a leading provider of high quality distance education and is recognised for the excellence of its distance education materials and the support it provides to its off campus students. In more recent times, traditional distance education materials are increasingly being replaced by a mixture of online technologies and other resources. Education provision is being transformed as new technologies provide highly attractive flexible options for study including a mix of on and off campus attendance. Deakin's own Deakin Studies Online (DSO) is the online teaching and learning environment that aims to enhance on and off campus learning. DSO incorporates a suite of integrated teaching and learning technologies including:

- > Vista—the primary application used at Deakin to provide integrated web-based tools to facilitate communication and collaboration by providing online links between academic teaching staff and students;

- > eLive—a synchronous communications tool that enables the real-time delivery of online learning, training, coaching, mentoring and meetings; and
- > iLecture—allowing audio and visuals from live events, such as face-to-face lectures, to be recorded automatically and processed into a variety of 'streaming' media formats.

A number of the teaching grants awarded in 2006 supported online developments, including the incorporation of podcasting technology into the delivery of teaching. Students and staff in Deakin's journalism and public relations courses created a news and podcasting website; by harnessing the latest digital technology, the teaching and learning environment was transformed to be instantaneous, practical and more exciting. Opportunities were provided for students and staff to produce both written and audio content for blogs and podcasts—currently at the forefront of all mainstream and independent media.

Deakin has a target to achieve successive increases in the number of units that are taught with extended use of online technology. In 2006, 792 units were taught in this way, representing more than a 50% increase on the previous year's figure. Furthermore, Deakin regularly measures student satisfaction with online teaching technologies and with Deakin Studies Online. Successive improvements have been recorded in satisfaction with online technologies since the survey was introduced in 2003 and satisfaction with Deakin Studies Online increased to its highest level, at 87% in the 2006 Student Survey.

Plans have been developed during 2006 that will guide the future approach to online and distance education at Deakin.

In 2007 a focus will be maintained on improving teaching and learning performance by:

- > undertaking an external review of teaching and learning to advise the Vice-Chancellor on what steps should be taken to improve the teaching at Deakin University and the learning experience enjoyed by Deakin's students
- > further implementing a plan to improve Deakin's performance in rankings on teaching and learning outcomes
- > implementing the plans regarding the future approach to online and distance education at Deakin
- > enhancing the academic content of the student transition program
- > enhancing professional development opportunities for staff in relation to teaching and assessment.

Research and research training

Deakin's goal is:

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

Deakin University has a rapidly growing reputation for developing research programs that are relevant to the needs of its partners and the community. A growing number of world class researchers at Deakin are playing a leading role in making a positive difference to the lives of people not only in the regions surrounding Deakin's Campuses, but around the world.

Deakin's research strengths are in the areas of Advanced Materials, Biotechnology, Globalisation, Public Health, Sustainability, Learning and the Built Environment and Organisational Management. Staff working in research clusters in these areas are undertaking discovery and applied research in areas such as obesity, health of an ageing population, designing safer motor vehicles and better working places, improving mental health and making sure that future generations have enough water to drink. Deakin's research makes a practical contribution to the future well-being of our communities.

Since 1997, Deakin has focused research activity into a limited number of areas of strategic importance and this has significantly improved the University's performance in all major research measures. Deakin quickly moved to 20th position in rankings of research income generated by all Australian universities and within the top third of universities based on publications output. Having achieved rapid improvements in research performance from the first phase of research planning, it became clear that more would be required to realise Deakin's research ambitions.

In 2006 a special emphasis was given to research as a first step in accelerating research improvements. To stimulate and create new research networks, 32 staff were sponsored to work with research teams in overseas institutions; nine visiting fellows were sponsored to spend up to six months at Deakin; two major conferences were held on future directions for research at Deakin and five specially designated Associate Professors (Research) were appointed. These initiatives enhanced the opportunities for a greater proportion of Deakin's research community to experience first-hand knowledge of international research standards, which in turn assists in developing the directions of Deakin's research areas and in providing an international context against which to judge performance.

Professor Saeid Nahavandi and Professor Xungai Wang became the latest Alfred Deakin Professors. The title of Alfred Deakin Professor is awarded by Council to a member of the academic staff of the University in recognition of the staff member's outstanding, sustained contribution to furthering the aims of Deakin University in relation to research. It is the highest honour available to staff at Deakin. The appointment of Professor Nahavandi and Professor Wang brings to seven the number of staff who have been awarded this prestigious title. Others to have the title conferred are: Professor Peter Hodgson, who is also a Federation Fellow; Professor Julian Mercer; Professor Joan Beaumont; Professor Greg Collier; and Professor Bill Logan.

Deakin is a major participant in two Cooperative Research Centres (CRCs): the CRC for Cast Metals Manufacturing (CAST) and the Advanced Automotive Technology CRC, which had their first full year of operation in 2006. The CRCs attracted \$33.5m and \$38.5m respectively from the Commonwealth over seven years together with significant additional industry and other funding. Deakin was also successful in a bid for an industry led National CRC in Advanced Manufacturing which will commence operation in 2007.



Haptics, the science of applying tactile sensation to human interaction with computers, a growing research area at Deakin University

In addition, Deakin has a major involvement in the Victorian Centre for Advanced Materials and Manufacturing which was re-funded through round 3 of the Victorian Government Science, Technology and Innovation program, and the new Centre of Excellence in Light Metals led by Monash University funded through the Australian Research Council.

Deakin is expanding its research portfolio in medicine, health, nursing, psychology, biotechnology and the social sciences in areas such as citizenship and globalisation. Major research grants that were awarded in 2006 included those in relation to obesity prevention, nutrition promotion and population health, and promoting the mental health of children living in low income families. A spin-out company, Power Dx (Aust.) Pty Ltd was formed in 2006 based on an invention directed to a power insulator fault detection system. Major funding was received for a haptically operated counter explosive platform (that is, a remotely controlled robot with a 'sense of touch' for defusing bombs) and for a project directed to X-ray technology capability and industry impact trials for the scanning of air cargo. Deakin has increased its capacity in polymer science through new staff appointments and is actively developing linkages between the biotechnology and advanced materials areas.

The establishment of the new Medical School has provided opportunities for Deakin to broaden its research portfolio. A Deakin team is investigating the development of super protective neuronal stem cells for the treatment of multiple sclerosis and other neurological diseases such as strokes, Parkinson's and Alzheimer's diseases and injuries to the spine and brain. This work has the potential to improve the lives of many people in the broader community. Another team is investigating the efficacy of complementary and alternative medicines.

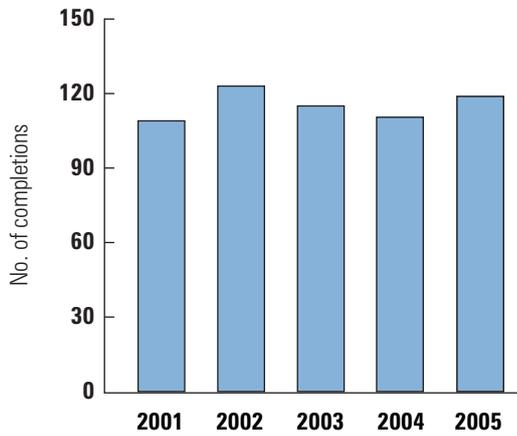
In 2006, the total research income secured will increase to approximately \$24m. Developments in Deakin's Faculty of Health, Medicine, Nursing and Behavioural Sciences are contributing strongly to Deakin's growing research profile. In 2006 the Faculty will contribute more than \$12m of Deakin's total research income. Staff in the Faculty of Science and Technology achieved a 30% increase in research income generated from national competitive grants schemes and secured more than \$10m of Deakin's total research income.

Having Campuses in rural and regional Victoria as well as in Melbourne makes Deakin distinctive. Through its research partnerships Deakin's Geelong and Warrnambool Campuses make a significant contribution to regional development, contributing more than \$5m annually to regionally based research projects.

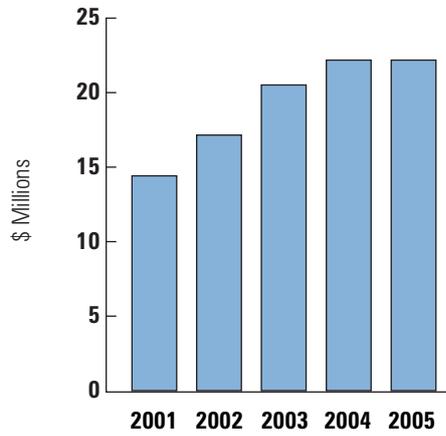
During 2006 approximately 900 students were enrolled in higher degrees by research. A highlight from the year was the graduation of Deakin's first Indigenous PhD candidate which coincided with Deakin celebrating 20 years of Indigenous education.

In November 2006, the Minister for Education, Science and Training, the Hon. Julie Bishop MP, announced that the Government will implement a Research Quality Framework (RQF). The aim of the RQF is to measure both research quality and research impact of publicly funded research in Australia. Similar systems exist elsewhere, but a differentiating feature of the Australian model is the inclusion of a measure of research impact in addition to research quality. The Minister's announcement comes after more than two years work on developing the RQF.

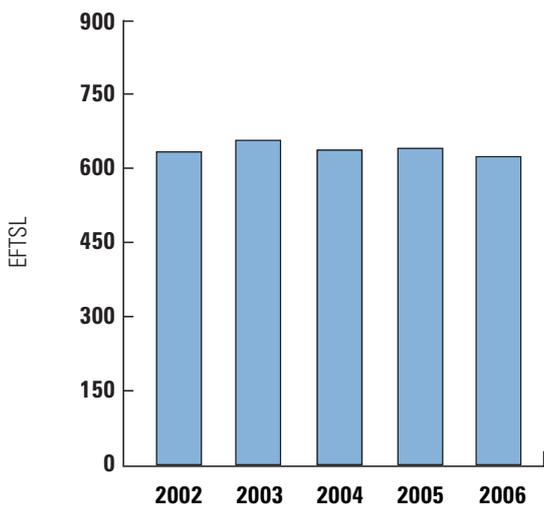
Higher degree by research completions, 2001–2005



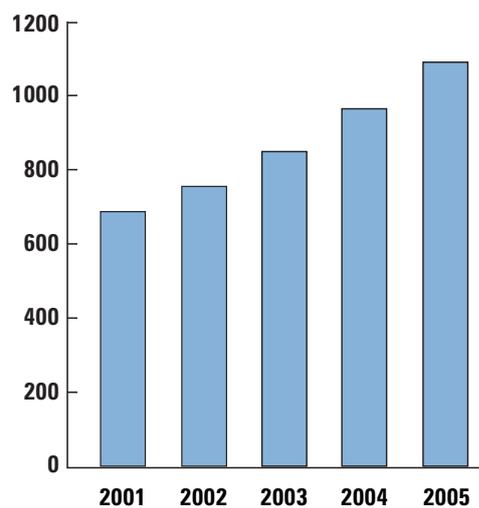
Total research income (\$), 2001–2005



Higher degree by research student load (EFTSL), actual data as at 31 August 2002–2006



Research publications, 1998–2005 (DEST categories) weighted



Deakin, like other universities, has been anticipating the announcement of the RQF. It has been focusing its research activities in directions likely to be encouraged by the introduction of the RQF and in 2006 it completed a RQF trial with Swinburne University. Furthermore, one of the aims of Deakin's 2006 Visiting Fellows program was to provide insights into the approaches to assessment of research performance and quality in Europe and the United Kingdom.

Details of the RQF guidelines are expected to be released in 2007. Responding to these in a way that best positions Deakin will be the major focus of research planning in 2007.

Developments for the year ahead will include:

- > a focus in research planning on the directions encouraged by the RQF
- > planning for a major research concentration in Medicine
- > the recruitment of at least two outstanding research teams to further enhance research
- > an examination of the University's research allocation model to ensure that appropriate resources and infrastructure support is available for research.

Professor Richard Ingleby was appointed as special advisor to the Vice-Chancellor with a particular role of providing leadership in research and research training in the Faculty of Business and Law. Professor Ingleby drew together the research activities of the Faculty into seven clusters and placed an explicit emphasis on research training including planning candidature and successful completion. He expanded the focus on higher degree research (HDR) candidates to all areas of the University. He held residential workshops on getting started in research, supervision, research planning and thesis writing.

He also took an active role in mentoring early career researchers (ECRs) across the University, participating in the annual residential ECR workshop and conducting follow up activities to keep

the momentum going. Towards the end of 2006, together with Professor Neil Barnett, Chair of the HDR Committee, he organised the first annual residential workshop on higher degrees by research for all HDR candidates and ECRs who had attended the earlier workshops. A monthly series of workshops aimed at fostering networks amongst ECRs and HDR students and sessions on topics of interest raised at the conference was set up for 2007.



Professor Richard Ingleby

Internationalisation

Deakin's goal is:

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

International student fee revenue is a critical source of income for all Australian universities and Deakin seeks to progressively increase its enrolment of international students and to spread the enrolment load across more of its courses. International student load increased in 2006 to 4,665 EFTSL representing 21% of Deakin's total student load.

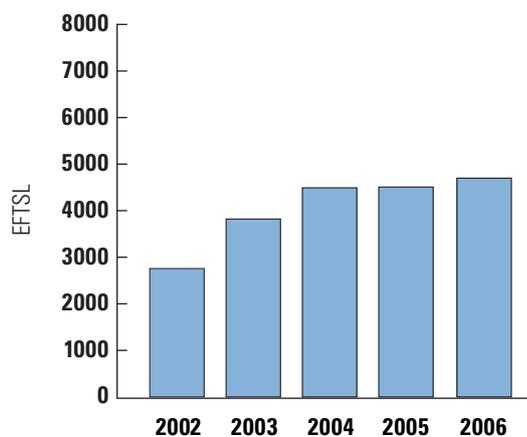
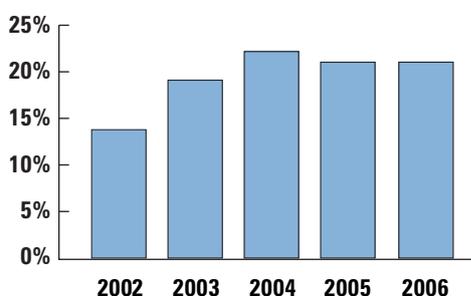
Enrolments in commerce courses underpin Deakin's international recruitment endeavours. Excellent growth in enrolments has occurred in education and health related courses in 2006, alleviating some of the dependency on the Faculty of Business and Law. Deakin is involved in a major initiative with the Malaysian Government as part of its reform agenda to upgrade the qualifications of primary teachers.

Deakin commenced teaching its Bachelor of Primary Education (Mathematics) and the Bachelor of Primary Education (Science) through three teachers colleges in Malaysia, two in Penang and one in Kuching and is also involved in providing staff development for the teaching staff at the Malaysian Teachers Colleges. New links with the Gulf States and China have contributed to increased enrolments in health related courses.

Deakin's total international student load comprises a large on-campus student cohort taught principally at its Melbourne Campus at Burwood, although some 500 students attend the Geelong and Warrnambool Campuses, and approximately 12% of Deakin's international student load is taught offshore through partnership arrangements.

International student load (EFTSL) as at 31 August 2002–2006

International student load (EFTSL) as a percentage of total load as at 31 August 2002–2006



The performance of offshore teaching partnerships has been carefully monitored in 2006. In addition to the regular analysis of student assessment and progress results and student responses to student evaluation of teaching and units, each partner is visited at least once by the Deputy Vice-Chancellor (Academic) or his nominee. This included visits to partners in Malaysia and Hong Kong by the Chancellor, the Vice-Chancellor and the Vice-President to coincide with graduation ceremonies held in those countries; delegations by the Deputy Vice-Chancellor (Academic) and Deans to prospective partner institutions in China; and high-level visits to forge new links in India. A small number of partnerships were discontinued in 2006 while new and existing partnerships of greater strategic value were actively pursued.

Deakin enjoys a very positive relationship with the Melbourne Institute of Business and Technology and through a formal agreement facilitates pathways for their students to certain of Deakin's programs. During 2006 two new pathway programs were developed to provide a wider range of opportunities for study at Deakin; the new courses will be introduced in 2007.

A trial of more flexible semester arrangements occurred in 2006 with an early start summer semester enabling an earlier commencement period for international students in some programs. Initial indications suggest that the initiative has been very successful. The trial of more flexible semesters will be extended to summer and winter semester arrangements in 2007.

Onshore international students achieve retention rates that are higher than their peers taught through offshore teaching arrangements and those attained by domestic students. International postgraduate students and undergraduate offshore students enjoy student progress rates that are comparable with those achieved by their domestic student peers. Student progress rates for onshore international undergraduate students have been improving and the latest figures show that they are now only four percentage points below that achieved by undergraduate domestic students.

International student responses to the student evaluation of teaching and units are monitored each semester and these show comparable or slightly higher assessments of the quality of teaching than those recorded by domestic students. Surveys of student satisfaction show that international students are highly satisfied with student support services. Between 2005 and 2006 the greatest increase in satisfaction was recorded in relation to social and recreational services. This positive outcome is most likely to reflect the impact of the opening in 2006 of the Central Precinct at the Melbourne Campus at Burwood, which includes a gym and multi-purpose sports hall as well as an internet café and other facilities. Amenities on this Campus will continue to improve with the scheduled opening in 2007 of the International Centre and Business Building.

In the year ahead the focus will continue to be on achieving international student load targets by implementing a range of new strategies including the development of at least two new international student recruitment market locations and by achieving greater integration of domestic and international student marketing.

Student retention rates by citizenship, 2003–2006

	2003–2004		2004–2005		2005–2006	
	Undergraduate	Postgraduate (coursework)	Undergraduate	Postgraduate (coursework)	Undergraduate	Postgraduate (coursework)
International onshore	85%	74%	86%	86%	89%	84%
International offshore	78%	80%	81%	78%	86%	67%
Domestic	80%	65%	80%	70%	83%	75%

Student progress rates by citizenship, 2003–2005

	2003		2004		2005	
	Undergraduate	Postgraduate (coursework)	Undergraduate	Postgraduate (coursework)	Undergraduate	Postgraduate (coursework)
International onshore	81%	89%	83%	88%	83%	87%
International offshore	81%	93%	88%	89%	91%	83%
Domestic	87%	89%	88%	89%	87%	88%

Recruiting and retaining staff

Deakin's goal is:

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

Under the leadership of its Vice-Chancellor, Professor Sally Walker, Deakin has sought to significantly alter its staff profile. Strategies have been implemented to achieve three ends. First, by increasing the number of academic staff employed in areas of strategic importance, Deakin aims to improve its student staff ratio. Between 2002 and 2006 the number of academic staff employed has increased by more than 250 full-time equivalent positions. Deakin has successfully reduced its student staff ratio from 25.6 in 2002 to 23.6 in 2006.

Secondly, Deakin has been seeking to further enhance its ability to provide academic leadership by appointing more staff to the level of professor. In 2002, 6% of Deakin's academic staff held professorial appointments; this figure is now 9%. New appointments in 2006 included Professor Brendan Crotty as the foundation Head of the School of Medicine, Professor Kate Smith-Miles as the Head of the School of Engineering and Information Technology, Professor Jennifer Radbourne, Head of the School of Communication and Creative Arts and Professor Karen Starr as the Director of the Centre for Educational Leadership and Renewal.

Thirdly, the emphasis on academic staff appointments recognises the fact that Deakin has a high general staff to academic staff ratio. Deakin's multi-campus operations, its large off-campus student enrolments and its commitment to parity of service provision at each Campus all contribute to this ratio.

Notwithstanding these observations, an examination was conducted in 2006 of the role and activities undertaken by general staff with a view to identifying any areas of duplication and possible future areas of efficiency.

Changes in Deakin's staff profile have been made with a demonstrated commitment to gender equity. Deakin is one of only a few universities to include staff equity targets in its planning framework. Deakin seeks to achieve by the end of 2007 a staff profile in which women represent at least 40% of academic staff at levels of senior lecturer and above, and at least 47% of general staff at HEW levels 10 and above. Good progress has been made towards these targets: in 2006 women represented 38% of the academic staff at levels of senior lecturer and above and 53% of general staff at HEW levels 10 and above.

In 2006 the Vice-Chancellor implemented a revised organisational structure. New positions of Vice-President, Chief Operating Officer and Chief Financial Officer were created. Ms Lin Martin was appointed to the position of Vice-President having previously held the position of Vice-President (Academic and Information Services); Mr Graeme Dennehy was recruited to the position of Chief Operating Officer and Mr Andrew Walters was appointed to the position of Chief Financial Officer. In other Senior Executive changes, Professor Pip Hamilton retired from Deakin and as Deputy Vice-Chancellor (Research), a position he had held since 1997. Professor David Stokes was appointed as the Deputy Vice-Chancellor (Research); Professor Stokes returned to Deakin having previously served Deakin with great distinction as the Dean of the Faculty of Science and Technology from 1993 to 2000.

Deakin received the additional 5% at risk funding in relation to its Commonwealth Grant having satisfied the Minister for Education, Science and Training that it complied with the new Higher Education Workplace Relations Requirements (HEWRRs) and the National Governance Protocols. The amount of this conditional funding increases to 7.5% of the Commonwealth Grant Scheme in 2007; in December 2006 Deakin was advised that it had qualified for the additional funding.

Other developments in 2006 included the establishment of an Alfred Deakin Fellowship program, a highly prestigious program to support the professional development needs of high



Clockwise from top left: Ms Lin Martin, Mr Graeme Dennehy, Mr Andrew Walters and Professor David Stokes

performing general staff. Two fellowships were awarded in 2006. Deakin also conducted a Staff Survey which revealed a 67% overall employee satisfaction rating. Staff rated most highly their enthusiasm for the work that they do, their commitment to their work at Deakin and the flexibility that working at Deakin provides to balance work and outside commitments. The area for improvement that was most clearly identified from the survey results is in relation to communication, and an action plan has been developed for implementation in 2007 to address this concern.

The outlook for 2007 includes:

- > establishing targets so as to achieve the desired general to academic staff ratio by 2009
- > implementing actions to increase efficiencies in the administrative and support services across the central administration and the Faculties
- > implementing the action plan in response to the findings of the 2006 Staff Survey.

Workforce Data

Staff numbers (persons) as at 31 December, 2005 and 2006

	Academic	General	Male	Female	Total 2006	Total 2005
Geelong Campus at Waurin Ponds	292	514	345	461	806	834
Geelong Waterfront Campus	84	314	179	219	398	415
Melbourne Campus at Burwood	489	573	373	689	1062	1090
Melbourne Campus at Toorak	27	65	33	59	92	108
Warrnambool Campus	65	88	67	86	153	162
Total*	957	1554	997	1514	2511	2609
Callista Software Services			57	22	79	102

* Includes DeakinPrime employee numbers

Employment and conduct principles

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

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

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

Occupational health and safety

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

Initiatives implemented during 2006 included the establishment of CHEMWATCH, a chemical management system, and testing of all mobile telephone towers and microwave transmitters which revealed radio frequency exposure levels well below the standards set by the Australian Radiation Protection and Nuclear Safety Agency.

The University has obtained a reduced WorkCover rate for 2006/2007 resulting in considerable savings for the University.

Deakin's health and safety performance compares favourably with the 21 universities against which it benchmarks. Deakin has one of the lowest time injury rates of these universities.

OHS performance indicators (2002–2006)

	Lost time injury frequency rate*	WorkCover frequency rate*	Average lost time rate#	Days lost per 100 full time equivalence <12 months	WorkCover costs per full time equivalence <12 months	Premium costs per full time equivalence	WorkCover premium rate as % of remuneration
2002	4.27	9.92	59.8	42.4	\$126.31	\$457	0.70%
2003	4.76	8.30	43.8	35.4	\$80.91	\$503	0.72%
2004	3.54	6.60	30.6	18.1	\$64.24	\$480	0.70%
2005	2.73	4.10	48.7	21.8	\$67.76	\$420	0.59%
2006	1.86	4.17	30.5	9.6	\$34.54	\$409	0.52%

* Frequency rates are the number of incidents per one million work hours as per Australian Standard AS1885.

Days lost divided by the number of lost time injuries.

Community responsibilities; rural and regional engagement

Deakin's goal is:

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

Without any doubt, the most significant development in 2006 was the establishment of the Medical School. In April 2006 the Prime Minister announced that Victoria's third Medical School would be established at Deakin University. One of the reasons why Deakin was chosen to have a Medical School was its commitment to rural and regional engagement. In light of the shortage of doctors in rural and regional areas, Deakin was the obvious choice for the award of new medical places. The success of Deakin's bid is a powerful illustration of how focusing a university's activities on advancing distinctive strategic objectives can result in real benefits for the university and the community it serves.

Deakin has entered into a partnership with the University of Ballarat, committing the two universities to working together to improve healthcare delivery for rural and regional Victorians. There are three initial components to the new partnership: a new medical degree from Deakin University, a new health sciences degree from the University of Ballarat, and a joint University Department of Rural Health located at the University of Ballarat.



Artist's impression of the Deakin Medical School

The Medical School was formally established in 2006 and some staff have already been appointed in advance of the first intake of students in 2008. With the support of an \$18m capital grant from the Commonwealth Government, work commenced on refurbishing part of the Science Building at the Geelong Campus at Waurn Ponds to accommodate the School's teaching and research requirements.

Deakin continues to utilise partnerships to underpin its education and research programs. Partnerships are used extensively by the Faculty of Health, Medicine, Nursing and Behavioural Sciences to provide students with access to valuable experience in clinical placements and to provide opportunities for staff and students to develop innovative solutions to real issues impacting on the health and human services sector. In 2006 the Faculty of Science and Technology expanded its internship program to provide students with industry experience and professional practice units have been incorporated into all of the Faculty's undergraduate programs as a way of enhancing the skills development and employability of its graduates.

During 2006 Deakin celebrated 20 years of its unique involvement in Indigenous education. Deakin has championed the delivery of specifically tailored higher education programs to Aboriginal and Torres Strait Islander communities and in October it hosted a special community graduation celebration to mark the anniversary. More than 500 people attended the celebrations to recognise the achievements of the 35 most recent graduates and the 400 graduates from previous years.

A highlight of the celebrations was the presentation by Deakin's first Indigenous PhD graduate, Dr Linda Ford, with a gift of a painting to Deakin which represented the coming together of two knowledge systems; the original painting positions Aboriginal knowledge systems alongside western knowledge systems.



In recognition of her outstanding leadership and of her long-standing commitment and contribution to Aboriginal and Torres Strait Islander education, Council conferred the title of Professor on Wendy Brabham, Director of the Institute of Koorie Education. The Higher Education Agreement between Deakin University and the Victorian Aboriginal Education Association Incorporated was resigned in 2006 on the occasion of the 20th anniversary celebrations.

Deakin's approach to Indigenous education, whereby students' off campus learning is supplemented by intensive residential periods at Deakin's Institute of Koorie Education, contributes to it attracting the largest number of Aboriginal and Torres Strait Islander students of any Victorian university. Deakin is also highly successful in attracting students from rural and isolated backgrounds to its courses. A renewed focus on student equity in 2006 is expected to translate to improved outcomes for other equity groups in future years.

Greater emphasis has been given to attracting and supporting disadvantaged students particularly those from low socio-economic status (SES) backgrounds and students with a disability and to maintain or increase the participation of students from rural and isolated backgrounds.

As part of its commitment to continuing education and life-long learning, Deakin works in partnership with major business organisations to provide flexible, workplace-based learning opportunities. During 2006 the Faculty of Business and Law entered into five new partnerships relating to its postgraduate programs; the Faculty of Arts renewed a major contract with the Department of Defence; and DeakinPrime, the University's commercial arm, developed an extensive range of education and development programs for commercial organisations. More than 44,000 units are delivered and examined across 120 countries in the CPA program alone.

Dr Linda Ford, Deakin's first Indigenous PhD graduate

Deakin continued to take a leadership role in the Australian Universities Community Engagement Alliance (AUCEA) with Professor Rob Wallis, Pro Vice-Chancellor (Rural and Regional) serving as the inaugural president and representing AUCEA at conferences throughout Australia and in the USA.

The outlook for 2007 includes:

- > obtaining accreditation by the Australian Medical Council of Deakin's graduate entry Bachelor of Medicine and Bachelor of Surgery
- > obtaining approval of selection criteria for the Bachelor of Medicine and Bachelor of Surgery that will enable the selection of students who are committed to working in rural and regional areas
- > further enhancing strategies to improve Deakin's equity performance in relation to rural and isolated students, low SES students and students with a disability.

Indigenous student completions, 2001–2005

	2001	2002	2003	2004	2005
Total	31	30	25	24	32

Note: Mid year (March) data provided

Equity group students as a percentage of domestic student enrolments, 2001–2005

Equity group	2001	2002	2003	2004	2005
	%	%	%	%	%
Indigenous students—Deakin	1.2	1.2	1.5	1.3	1.4
Indigenous students—all Victorian universities	0.5	0.5	0.5	0.5	0.5
Non-English speaking background—Deakin	1.9	1.7	1.7	1.7	2.1
Non-English speaking background—all Victorian universities	3.8	3.3	3.4	3.7	3.8
Low socioeconomic status—Deakin	14.5	13.9	12.8	12.2	13.1
Low socioeconomic status—all Victorian universities	13.9	13.3	13.0	12.7	13.5
Students with disability—Deakin	1.7	2.8	2.7	2.2	2.2
Students with disability—all Victorian universities	2.7	2.9	3.0	3.0	3.1
Rural and isolated—Deakin	23.4	22.9	20.6	20.5	19.8
Rural and isolated—all Victorian universities	17.8	17.4	17.1	16.5	16.2

Communication, marketing and 'positioning'

Deakin's goal is:

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

A key strategy for achieving this goal is improving Deakin's brand awareness in various markets. Baseline data was obtained in 2004 and brand awareness has been improving progressively since this time. The focus of Deakin's promotions in 2006 was on the school leaver market. Studies have shown a positive shift in total awareness for this group of 4% and an improvement in spontaneous awareness positioning relative to competitors from fourth to third place after Melbourne and Monash universities.

Consistent with these results, Deakin significantly improved its performance in attracting student preferences for university admission in 2007. Overall first preference applications for Commonwealth supported places increased by 11% over the previous year, which translated to Deakin securing 14% of total student first preferences after the change of preference period. This is an increase in market share of 0.5% over 2006. Monash and Victoria University (VU) were the only other Victorian universities to increase their share of first preferences, Monash by 0.7% and VU by 0.1%.

Primary teaching and nursing at Deakin are among the most popular courses offered by Victorian universities, with both courses continuing to appear in the top ten courses based on Victorian Tertiary Admission Centre first preferences.



The 'Deakin' tram



Professor Marilyn Lake,
La Trobe University,
presenting the inaugural
Richard Searby Oration

Deakin achieved record growth in its domestic fee-paying student load as a result of extremely strong enrolments in undergraduate domestic fee-paying places. Changes to selection and admission requirements, including the introduction of a guaranteed place subject to satisfying certain entry requirements, contributed to this outcome.

A major project was completed in 2006 to reconnect with Deakin's alumni. Invitations were extended to alumni, students, staff and members of the public to participate in Deakin Week—a week in May in which Deakin showcases its activities through a series of performances, seminars, lectures, debates and other activities held at each of its Campuses.

Professor Marilyn Lake from La Trobe University delivered the inaugural Richard Searby Oration. This public lecture was established in 2006 as a perpetual legacy to the contribution made by Dr Richard Searby, QC, as Chancellor of Deakin University from 1997 to 2005 and honours Dr Searby's outstanding contribution to Australian society in the fields of education, the law, the arts and business. It was fitting that Professor Lake's oration entitled "Alfred Deakin's Dream of Independence" was delivered on 3 August, 2006, the sesquicentennial celebration of the birth of Alfred Deakin, Deakin University's namesake. Coinciding with the oration, in a joint statement the Treasurer and the Minister of Education, Science and Training announced \$4m in funding to establish the Alfred Deakin Institute at Deakin's Geelong Waterfront Campus so that Alfred Deakin's books, papers and memorabilia may be preserved and public resources developed to advance research and discussion regarding contemporary issues and problems.

In the second half of 2006 the Vice-Chancellor commenced a series of consultations regarding the development of Deakin's next Strategic Plan. Consultations and deliberations will continue over an 18 month period as Deakin undertakes the fundamentally critical work of shaping its future directions in a way that will further distinguish it from other universities and galvanise support for its aspirations. More than 60 submissions were received from students, staff, alumni and community representatives in response to the first phase of the consultations.

The outlook for the year ahead includes:

- > undertaking phase two and three consultations regarding the development of Deakin's next Strategic Plan
- > continuing the process of reconnecting with Deakin's alumni
- > further enhancing marketing and promotion efforts to best position Deakin to achieve its future enrolment targets for Commonwealth supported and fee-paying students.

Commencing undergraduate Australian resident students by basis for admission, 2002–2006

Basis for admission	2002		2003		2004		2005		2006	
	No.	%								
Complete secondary school	2892	64	2796	60	2740	61	3189	58	3487	54
Complete/incomplete tertiary/TAFE	1486	33	1737	37	1706	38	2137	39	2281	36
Mature age/prof. qual./employment experience	70	2	88	2	54	1			199	3
Other basis	54	1	30	1	17	0	188	3	443	7
Total	4502	100	4651	100	4517	100	5514	100	6409	100



Student focused marketing campaign reflecting an 'election-style' approach in a Victorian State election year

Resources, infrastructure and services

Deakin's goal is:

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

Deakin achieved a profit of \$61m for 2006 resulting from increased revenue of \$451m which was 4% in excess of budget and expenditure that was 6% favourable to budget.

Revenue from domestic and international fee-paying students increased by 9% over 2005 to \$104m.

In late 2005, the Australian Government passed legislation preventing the collection of compulsory non-academic fees from 1 July 2006. This meant that only half of the amounts previously collected to support student services provided by the Deakin University Student Association (DUSA) and the University were available in 2006. As a result the University set aside an amount of \$2.025m in the 2006 Budget to assist DUSA and other University student services in the transition to the new regime.

Changes at the Senior Executive level provided the opportunity to introduce a Budget Management Group, consisting of the Chief Financial Officer, the Vice-President and the Chief Operating Officer. Considerable improvements to the transparency and understanding of the budget process were achieved through the work and dissemination of information provided by this Group. Having been successful in a bid for Workplace Productivity Program funding, this Group will have the opportunity to make further advances as it implements a financial management improvement project in consultation with a commercial partner. A key element in this process will be the development of a sustainable Business Plan incorporating a revised resource allocation model.

Major capital works continued at the Melbourne Campus at Burwood and both Geelong Campuses. In 2006 the Central Precinct commenced operations at the Melbourne Campus at Burwood, providing much needed additional teaching spaces including a 650 seat lecture theatre—the biggest theatre available at the Campus. In addition, the opening of the Precinct provides easy access in a prominent location to student administrative support services; it greatly adds to the amenity of the Campus with a full sized gymnasium and a multi-purpose hall suitable for sports such as basketball, netball and badminton that can be reconfigured for major events such as course advising on Open Days, examinations, and for new student enrolment and orientation.

Work progressed to schedule on the development of the \$65m International Centre and Business Building on the Elgar Road side of the Melbourne Campus at Burwood. In anticipation of these new buildings being available for occupancy in 2007, Deakin's Council declared its Melbourne Campus at Toorak surplus to requirements and obtained permission from the Victorian Government to proceed with its sale. A contract of sale was entered into with the preferred tenderer in December 2006.

Having secured a funding commitment of \$6m in 2006 from the Victorian Government, work commenced on the redevelopment of the Denny Lascelles Building at the Geelong Waterfront Campus. This building is one of the original woolstores, located in a prime waterfront position; the redevelopment will greatly enhance Deakin's Campus and the attractiveness of Geelong's waterfront, contributing to the growing vibrancy of this area of the City of Geelong.

Work continued on the major refurbishment of the Science Building at the Geelong Campus at Waurn Ponds which will accommodate Deakin's new Medical School as well as providing new laboratories and teaching spaces to support academic activities associated with the science and technology disciplines. During 2006 the last phase of asbestos removal works was completed.

Other infrastructure and services developments that occurred in 2006 included:

- > the rationalisation of printery production, warehousing and distribution activities that has improved services and achieved savings of approximately \$700,000
- > the execution of a new telephony contract resulting in a reduction in the cost of telephone calls achieving a saving of \$30,000 per month
- > the development of a comprehensive three to five year strategy for managing and developing the University's web environment
- > the implementation of a new business intelligence and planning tool that is providing more transparent and reliable enrolment planning projections and the implementation of the first phase of the data warehouse project that has greatly improved enrolment reporting.

All staff were provided with an opportunity to comment on University services and facilities as part of the revised Staff Survey conducted in 2006. Staff responses indicated high levels of satisfaction with teaching and research facilities; Library services received the highest satisfaction ratings; the suitability of lecture theatres received the next highest rating.

The outlook for the year ahead includes:

- > implementation of the financial management improvement project, including the development of a Business Plan incorporating a revised resource allocation model
- > actively pursuing recruitment activities to achieve fee paying student enrolment and revenue targets
- > developing a long-term facilities management plan
- > implementing a range of systems improvements through better use of technology and corporate applications.



Oweek 2006 at the Melbourne Campus at Burwood

Resources

Compulsory non-academic fees

Statement of General Service Fees and charges

Fees for 2006 assessed as at 31 December 2006	\$2,934,798
Fees collected as at 31 December 2006	\$2,934,798
Fees and charges outstanding as at 31 December 2006	\$0

Distribution of fees and charges for 2006

Fees collected as at 31 December 2006	\$2,934,798
Distributed to Deakin University Student Association Inc. (DUSA 4U)—General Service Fees	\$2,604,030
Applied by Deakin University for student services and facilities	\$330,768
Distribution in excess of fees collected	\$0

Funds received by Deakin University Student Association Inc., 2006

General Service Fee (from Deakin University)	\$2,604,030
Other operating Income	\$1,813,963
Total	\$4,417,993

Expenditure associated with services funded by Deakin University Student Association Inc.

Student representation	\$671,038
Administration and finance	\$771,618
Communication and marketing	\$652,272
DUSA Assist	\$1,034,904
Student rights	\$914,024
Leisure services	\$2,228,644
Total	\$6,272,500
Deficit for 2006	\$(1,854,507)

Note 1. Compulsory non-academic fees (GSF) were abolished as from 1 July 2006. (*Higher Education Support Amendment [Abolition of Compulsory Up-Front Student Union Fees] Act 2005* (Cth).)

This statement is in accordance with the provision of Section 12 (l) of the *Tertiary Education Act 1993* (Vic).

Payments to consultants 2006

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

Consultancies costing less than \$100,000 engaged during the year totalled five. The total cost of these engagements was \$280,423.

Proper use of funds

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

Infrastructure

Environmental initiatives and performance

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

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

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

Major projects underway in 2006 that embody the principles of ESD were:

- > Central Precinct and International Centre and Business Building (ICBB) including a multi-level car park at the Melbourne Campus at Burwood
- > Geelong Science Building refurbishment at the Geelong Campus at Waurin Ponds, including fitout for the new Medical School
- > Dennys Lascelles refurbishment, Geelong Waterfront Campus.

Campus Masterplans also embody ESD principles as a core objective, specifying that a Campus will provide a sustainable and healthy environment for students, staff and visitors through innovative design solutions. Each major construction site has an environmental management plan.

The following initiatives have been implemented on all major construction sites:

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

Deakin's Campus Maintenance and Operations Group continues to investigate and implement new environmental initiatives. Environmental improvement initiatives implemented in 2005 and 2006 included:

- > mechanical plant upgrades to more efficient systems
- > planned replacement of large hot water units with small local instantaneous systems
- > water restrictors fitted to Geelong student residences for decreased water consumption
- > lighting controls fitted to the Library at the Geelong Campus at Waurnd Ponds to minimise energy usage
- > installation of new main switch and mechanical boards with metering to enable consumption data to be analysed critically
- > revegetation of significant areas with native and indigenous plants.

The Group also investigated more environmentally friendly ways to dispose of the green waste generated on Campus.

2006 also saw the establishment of a pilot Green Office Program within the administrative divisions of the University. In addition, a week-long educational campaign was conducted across each Campus, which aimed to raise the level of environmental awareness amongst staff and students and to reduce their consumption of paper, energy and water.



Open Day at Deakin University 2006

Services

Nature and range of services

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

The University operated across five Campuses in 2006: the Geelong Campus at Waurnd Ponds, the Geelong Waterfront Campus, the Melbourne Campus at Burwood, the Melbourne Campus at Toorak, and the Warrnambool Campus. Academic studies were coordinated through the Faculties of:

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

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

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

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

The organisation

Establishment of the University

Deakin University was established under the *Deakin University Act 1974* (Vic). The Minister concerned is the State Minister for Skills, Education Services and Employment.

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

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

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

Objectives

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

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



The installation of Deakin University's fifth Chancellor at the Geelong Waterfront Campus involved a procession through the streets around the Campus

Senior Officers

Chancellor

Mr D.M. Morgan
BCom *Melb.*

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

Vice-Chancellor

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

The Vice-Chancellor is responsible to the Council for the academic and administrative affairs of the University and for maintaining and promoting the efficiency and good order of the University.

The Chair of Academic Board

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

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

Vice-President and Council Secretary

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

The Vice-President and Council Secretary is responsible to the Vice-Chancellor for the development of the academic support and information services of the University. This position also assumes the role of Council Secretary. (Until 7 August 2006: Vice-President (Academic and Information Services))

Chief Financial Officer

Mr A. Walters (from 11 September 2006)
BCom *Natal*, B.Compt(Hons) *S.Af.*,
Global Executive Development Program
Gordon Institute of Business Science, South Africa,
CA Zimbabwe, MAICD

The Chief Financial Officer is responsible to the Vice-Chancellor for the financial operations of the University delivered primarily through the Finance and Business Services Division. This position is also responsible for Risk Management and the University's Insurance portfolio.

Chief Operating Officer

Mr G. Dennehy (from 7 August 2006)
BEng(Hons) *UTS*, CP Eng, FCDA

The Chief Operating Officer is responsible to the Vice-Chancellor for the provision of leadership and oversight of the University's operational, corporate and commercial services.

Acting Vice-President (Administration)

Mr K.J. Selway (to 4 August 2006)
BBus(Mktg) *Chisholm*, GDipMgt *Victoria UT*,
FAICD

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

This position ceased on 4 August 2006. Aspects of the portfolio were assigned to the Vice-Chancellor, Vice-President, Chief Financial Officer and Chief Operating Officer.

Deputy Vice-Chancellor (Academic)

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

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 D. M. Stokes (from 18 August 2006)
BSc, PhD, DipEd *Melb*
Professor P. A. Hamilton (to 18 August 2006)
BSc, PhD, DSc *Tas*

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

Pro Vice-Chancellor (Development)

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

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

Pro Vice-Chancellor (Rural and Regional)

Professor R.L. Wallis
BSc, MSc, DipEd, *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.

Pro Vice-Chancellor (International)

Mr E. J. Meadows (to 19 February 2006)
BA(Hons) *Syd*, AMP *Wharton*

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

This position ceased after 19 February 2006. The associated portfolio of this position now resides with the Deputy Vice-Chancellor (Academic).

Chief Executive Officer, DeakinPrime

Mr K.J. Selway (from 7 August 2006)
BBus(Mktg) *Chisholm*, GDipMgt *Victoria UT*,
FAICD

Acting Chief Executive Officer, DeakinPrime

Mr J.H. Cauberg (to 6 August 2006)
BCom(Hons) *Deakin*, DipBusStud *Gordon IT*,
DipEd *Rusden*

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

Dean of Arts

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

Dean of Business and Law

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

Dean of Education

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

Dean of Health, Medicine, Nursing and Behavioural Sciences

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

Dean of Science and Technology

Professor A.M. Flitman
BSc(Hons) *York(UK)*, PhD *Warw.*

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

Council members' report

The members of the Deakin University Council present their report on the consolidated entity consisting of Deakin University and the entities it controlled at the end of, or during, the year ended 31 December 2006.

Members

Set out below are the names, qualifications and experience, the method of their appointment, their term of office, years served on council, and attendance at meetings of persons who held office as members of the Deakin University Council during the year 2006.

Members ex-officio

The Chancellor Mr D.M. Morgan

BCom *Melb.*

Term of office:

1 January 2006–31 December 2008

Years on Council: 8

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



Deakin University Council members and Council Secretary, 2006

**The Vice-Chancellor
Professor S.A. Walker**

LLB(Hons) LLM *Melb.*

Term of office:

3 January 2003 – 1 January
2012

Years on Council: 4

Vice-Chancellor and President
of Deakin University.

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



Mrs S. De Gilio

MSc *Brist.*, NZROT, MHSM,
CHSM, AFCHSE, FAICD

Term of office:

28 March 2006 –
31 December 2008

Years on Council: 3.5

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



**The Chair of Academic Board
Professor C.N. Gray**

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

Term of office:

1 January 2005 –
31 December 2006

Years on Council: 2

Professor of Occupational
Hygiene and Industrial
Toxicology; Head of the School of Biological and
Chemical Sciences, 2002–2005. Academic Board
member for eight years, incorporating a three-year
term as Academic Board Executive member. Chair,
Teaching and Learning Committee, 2006.



Ms J.M. Lightowlers

BA DipEd *W.Aust.*,
LLB LLM *Melb.*

Term of office:

16 March 2004 –
31 December 2006

Years on Council: 3

Solicitor; partner, Francis
Abourizk Lightowlers;
admitted to practice in Queensland, New South
Wales, Tasmania and Victoria; qualified mediator.
Specialises in corporate governance and fiduciary
obligations among other areas. Board member,
International Network for Acid Prevention (INAP)
Limited. Qualified teacher.



**Members appointed by the Governor in
Council**

Ms J. Crowe

BA, DipSS, GradDipEdAd
Melb., DipEd *State College
of Victoria-Hawthorn*,
GradDipApS(Psych) *Phillip
Institute of Technology*

Term of office:

28 March 2006 –
31 December 2008

Years on Council: 0.75

Principal, Melbourne Girls' College; extensive
career in education, including senior positions in
government and non-government schools, the TAFE
sector and an international school. Qualified social
worker and educational psychologist.



Mr J.D. Maddock

GDipBus *RMIT*, GDipEd
HIAE

Term of office:

1 January 2005 –
31 December 2007

Years on Council: 4.5

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



Mr A.E. Fairley

LLB *Melb.*

Term of office:

1 January 2005 –
31 December 2007

Years on Council: 4

Company director and solicitor specialising in equity and superannuation law. Board member, Ecotourism Australia; director, International Ecotourism Society (Washington, DC), Small Luxury Hotels of the World, and Turtle Island resort, Fiji; chair, Alpine Resorts Coordinating Council, Victoria, and Sundowner Motels Inn Group, Australia.



Mr J.G. Nicol

LLB *Melb.*

Term of office:

20 September 2005 –
31 December 2006

Years on Council: 1.5

Partner in Warrnambool firm of solicitors, practising in the area of commercial law, succession planning and estate administration. Appointed Notary Public in 1985. President of the Western District Law Association. Councillor, City of Warrnambool 1988–1992 and 1996–2005; Mayor 2001–2003. Various regional board roles.



A member appointed by the Minister

Dr D.J. Gunning

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

Term of office:

1 January 2004 –
31 December 2006

Years on Council: 6

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



Members appointed by Council

Mr M.J. Dowling

B^{Ec} *Monash*, FCA, KSJ

Term of office:

1 January 2006 –
31 December 2008

Years on Council: 3.5

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



Ms M.L. Edmond*

BArch *Melb.*, LFRAIA

Term of office:

1 January 2005 –
31 December 2007

Years on Council: 8

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



Mr A.J. Kloeden*

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

Term of office:

1 January 2006 –
31 December 2008

Years on Council: 10

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



Ms J.A. Ward

BCom *Melb.*, ACA, FTIA,
AICD

Term of office:

9 June 2005 –

31 December 2006

Years on Council: 1.5

Chartered accountant; former partner at PricewaterhouseCoopers, including firm management and global leadership roles. Since retiring from professional practice, company director in both the not-for-profit and corporate sectors, including VicForests, the Transport Accident Commission, Melbourne Girls Grammar School, DOXA Youth Foundation. Chair, Falls Creek Alpine Resort board. Adviser to State and Federal governments.

**Dr P.C. Turner***

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

Term of office:

1 January 2006 –

31 December 2007

Years on Council: 11

Principal of The Geelong College. Senior teaching and administrative experience in independent schools in Sydney and Adelaide. Tutor and research scholar in French studies, universities of Western Australia, Paris and Sydney. Service on and Chair of a number of committees for the NSW Board of Studies and the Association of Independent Schools. Council member of Marcus Oldham College. Previously, trustee of the Geelong Performing Arts Centre.

**A member elected by and from the professors****Professor G. Stokes**

BA(Hons) DipEd. *Adel.*, PhD
Flin.

Term of office:

1 January 2006 –

31 December 2007

Years on Council: 1

Professor of Politics, School of International and Political Studies. Research interests include democratic theory and practice, Australian political thought, and Indigenous politics. Convenor of the Institute for Citizenship and Globalisation in the Faculty of Arts, 2001–2004. Member, University Joint Committee on Research, 2002–2003, Academic Board, 2003–2004. Previously, government advisor and public servant.

**A member elected by and from the academic staff****Mr N.T. Millen**

TPTC *Coburg*, BA(Hons)
La Trobe, MSocSci *Qld.*

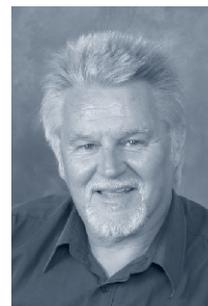
Term of office:

6 February 2006 –

31 December 2007

Years on Council: 1

Senior Lecturer, School of History, Heritage and Society, Faculty of Arts. Research interests: sociology of health and illness, with emphasis on the politicisation of illness in public health policy and chronic illness and stigma. Served on many Deakin Faculty and university committees, principally Academic Board (twice) and Faculty of Arts Faculty Board. Currently serves on Vice-Chancellor's staff consultative committee and 2003–2008 Enterprise Bargaining Implementation committee.



A member elected by and from the general staff

Ms P.H. Reid

BA DipEd GradDip(IndRel)
Monash, BEd *LaTrobe*

Term of office:

1 January 2005 –
31 December 2006

Years on Council: 4

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



Mr M.I. Khan

BSc(CS) *Karachi*

Term of office:

1 January 2006 –
31 December 2006

Years on Council: 1

PhD student in Computational Engineering at Deakin University 2002–2006.

Awarded an industry scholarship (CAST Co-operative Research Centre). Worked as research assistant, Karachi Institute of Information Technology (KIIT); and professional software engineer. Currently Managing Director, Tohfay Australia. Has served on a variety of university committees including Deakin University Students' Association Council as Vice-President (Postgraduate), 2004–2005.



Members elected by and from the students

Mr D.L. Hauenstein

Term of office:

1 January 2006 –
31 December 2006

Years on Council: 1

Undergraduate student (Bachelor of Laws/ Bachelor of Commerce) at Deakin University. Service Centre Engineer, Deakin University IT Service Desk; volunteer at the Geelong Community Legal Service. President of Deakin Law Students Society. Member of various committees within Deakin and outside.



* Deputy Chancellors' terms of office conclude 31 December 2006

Meetings of members

The numbers of meetings of the Deakin University Council and of each standing committee of Council held during the year ended 31 December 2006, and the numbers of meetings attended by each member were:

Number of meetings held during the year	Council		Standing Committees of Council											
			Audit and Risk		Campus Planning		Chancellor's Advisory		Finance and Business Affairs		Legislation		University Appeals ¹	
	A	B	A	B	A	B	A	B	A	B	A	B	A	B
	8		4		6		6		7		4		-	
Mr D.M. Morgan	8	8					6	6						
Ms J.A. Crowe	6	5			1	1								
Mrs S. De Gilio	6	4							6	2				
Mr M.J. Dowling	8	8	4	3					8	7				
Ms M.L. Edmond	8	7			5	5	6	6						
Mr A.E. Fairley	8	7							8	3			-	-
Professor C.N. Gray	8	8					6	5	8	8				
Dr D.J. Gunning	8	8									4	4		
Mr D.L. Hauenstein	8	8							7	6			-	-
Mr M.I. Khan	8	8			5	4					4	1		
Mr A.J. Kloeden	8	7					6	2						
Ms M.J. Lightowlers	8	6									4	3	-	-
Mr J.D. Maddock	8	7							7	5				
Mr N.T. Millen	8	7							7	4				
Mr J.G. Nicol	8	8	4	4					7	7				
Ms P.H. Reid	8	7			5	5								
Professor G.M. Stokes	8	6											-	-
Dr P.C. Turner	8	4			5	5	6	5						
Professor S.A. Walker	8	8	*				6	6	8	8				
Ms J.A. Ward	8	8	4	4										
Mr I.S. Crawford			4	4										
Mr G. Dennehy					2	2					2	1		
Professor J.J. du Plessis											4	1		
Professor. C. Langston					5	5								
Mr B. Marshall											2	2		
Ms L.M. Martin											4	4		
Professor J. Rosenberg					5	4								
Mr K.J. Selway					3	2			4	4	2	-		
Mr A. Walters									3	3				

A—Meetings eligible to attend as a member

B—Meetings attended as a member

¹ The University Appeals Committee was not required to meet during 2006.

* The Vice-Chancellor does not exercise her right to membership of this Committee, but attends meetings at the request of the Chair. In 2006 she was requested to attend two meetings and she attended those meetings.

Principal activities

During the year the principal continuing activities of Deakin University consisted of providing academic and professional studies at undergraduate and postgraduate level in award and non-award courses to suitably qualified entrants; undertaking research; and providing academic and other expertise to industry, the professions and government through professional development and continuing education programs, teaching, research and consultancies.

During the 2006 reporting period no significant changes occurred in the nature of the continuing principal activities of Deakin University.

Review of operations

A review of operations for the year 2006 is set out on pages 9–65 of which this report forms a part.

Significant changes in the state of affairs

No major changes or factors occurred during 2006 which have affected the University's operational objectives for the year.

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

Significant changes in financial position for the year ended 31 December 2006

The University's reported consolidated operating profit before tax for 2006 is \$60.5m, compared to \$28.2m for 2005. Total revenue for the year was \$451.1m, \$14.8m or 3.4% above 2005.

This was inclusive of:

- > the receipt of an \$18m one-off capital grant from the Australian Government towards the establishment of a medical school
- > \$4.8m in additional funding from the Australian Government as a result of compliance with Higher Education Workplace Relations Requirements and the National Governance Protocols

- > an increase of \$5.1m in payments received under the Australian Government Higher Education Loan Programme HECS-HELP scheme due to more students being enrolled in higher cost disciplines than planned
- > a \$7.0m increase in fees and charges income
- > a decrease of \$24.7m in income received from the Australian Government under its obligations to finance unfunded liabilities of the State Superannuation Fund (which reflected a decrease at year end date).

Total expenses were \$390.6m, \$17.6m less than 2005, mainly due to the offsetting expense decrease of \$24.7m to the unfunded liabilities of the State Superannuation Fund expense mentioned above offset by an increase in repairs and maintenance and minor refurbishments of \$4.7m.

Total assets have increased by \$63.6m from 2005. Cash and other financial assets were \$20.3m higher than 2005 and capital assets, including property, plant and equipment and non-current assets classified as held for sale, were \$38.8m higher than 2005.

Total liabilities increased by \$3.3m.

The University's current ratio, a measure of its capacity to apply current assets to meet current liabilities, has improved from 1.01 to 1.43. No new borrowings were drawn down during the year.

The University's reported consolidated operating profit before tax for 2006 is \$60.5m, compared to the \$20m planned for 2006. 2006 was an exceptional year and the profit recorded does not reflect that expected from normal ongoing operations. Accordingly, after adjustment for one-off items such as:

- > the receipt of an \$18m one-off grant from the Australian Government towards the establishment of a Medical School
- > a \$10.5m contingency which was not needed in respect of an anticipated shortfall in student fee income

the normal operating profit recorded would be \$35.6m.

Other variances against plan which are not considered to be one-off in nature include:

- > \$4.8m in additional funding from the Australian Government as a result of compliance with Higher Education Workplace Relations Requirements and the National Governance Protocols
- > an unfavourable variance of \$4.5m for donations to the library
- > a favourable variance of \$7.3m in respect of employee costs due to lower than planned academic and administration staffing and lower payroll tax and leave provisions.

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



*Mr David M. Morgan
Chancellor and Member of Deakin University Council
Burwood*

22 March 2007

Environmental regulation

Deakin University is not subject to any particular environmental regulations but has a number of measures in place in respect of environmental sustainability. Information on environmental sustainability measures can be found on pages 36–37.

Insurance of officers

The University maintains a comprehensive insurance program, which is renewed annually. The insurance program includes a suite of Directors' and Officers' Liability insurances for members of Council, members of committees of Council and directors and officers of the University and all controlled entities of the University. For the 2006 year, the insurance premium for the Directors' and Officers' Liability insurance suite was \$21,060.

Proceedings on behalf of Deakin University

As at 31 December 2006 Deakin University was not involved in any litigation; La Trobe University's litigation against the University having been settled during the year.

Five-year financial summary (consolidated)

	2006	2005	2004	2003	2002
	\$000	\$000	\$000	\$000	\$000
Operating income					
Commonwealth Government grants	169,137	140,396	116,007	120,448	119,184
HECS-HELP*	76,101	70,965	61,977	64,979	61,867
Victorian State Government grants	4,573	4,924	6,798	3,735	1,858
Other	201,340	220,111	211,040	153,683	142,093
Total operating income	451,151	436,396	395,822	342,845	325,002
Operating expenses	390,608	408,174	384,775	321,408	314,316
Operating result before income tax	60,543	28,222	11,047	21,437	10,686

* Higher Education Contribution Scheme – Higher Education Loan Program

Balance sheet information

Current assets

Cash assets	28,956	15,858	34,332	54,571	30,672
Receivables	31,408	18,591	20,824	20,595	29,408
Other financial assets	50,224	43,660	34,266	32,501	24,813
Deferred income—Government contribution for superannuation	12,276	12,275	12,610	12,241	12,956
Non-current assets classified as held for sale	27,730	-	-	-	-
Other	815	879	1,420	1,518	523
	151,409	91,263	103,452	121,426	98,372

Non-current assets

Other financial assets	1,683	1,074	6,017	5,185	9,824
Property, plant and equipment	642,082	630,966	600,449	532,702	514,108
Deferred income—Government contribution for superannuation	147,931	156,274	139,622	144,971	132,104
Other	1,000	944	2,598	7,674	11,448
	792,696	789,258	748,686	690,532	667,484

Liabilities

Payables	59,986	44,976	44,233	49,417	34,311
Interest bearing liabilities	19,794	22,082	27,889	29,969	31,819
Provision for employee entitlements	38,465	39,609	36,356	32,539	31,518
Deferred employee benefits for superannuation	160,207	168,549	152,232	157,212	145,060
Other	21	1	142	142	0
	278,473	275,217	260,852	269,279	242,708

Net assets	665,632	605,304	591,286	542,679	523,148
Total equity	665,632	605,304	591,286	542,679	523,148

University governance

Deakin is committed to best practice governance principles in all its endeavours. This commitment is reflected throughout the University's operations, permeating all areas of planning and decision making.

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

Deakin University Council

www.deakin.edu.au/council/

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

- > The strategic direction
- > Appointment of the Vice Chancellor and review of his/her performance
- > Key policies, legislation and compliance
- > Risk management
- > Control and accountability
- > Oversight of commercial activities and controlled entities
- > Academic standards
- > University culture
- > Council's own affairs

Composition, membership and terms of office

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

Deakin University Council has a membership of 21 members. As at 31 December 2006 Council had 20 members and one vacancy.

The names, qualifications and experience of the members of Council who held office at the date of this report, the method of their appointment, term of office, years served on Council, and attendance of meetings are set out as part of the Council Members' Report on pages 42–49.

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

No elected or appointed member of Council shall hold office for a period in excess of 12 years (whether consecutive or not) unless Council specifically resolves 'that the person may continue to be a member beyond that period'. The Council also appoints Deputy Chancellors. Deputy Chancellors are appointed for a period of one year and, in that capacity, are members of the Chancellor's Advisory, Honorary Degrees, Nominations and Senior Salaries Committees.

Appointments to membership of Council are made in accordance with the relevant procedure¹; elections to membership of Council are conducted in accordance with University legislation, policies and procedures as approved by Council.

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

¹Appointment to Membership of Council procedure

Chancellor and Deputy Chancellor

Council elects the Chancellor of the University for a term of three years 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, except that established to search for a new Chancellor. The Chancellor may also preside at any of these meetings.

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

The Chancellor confers degrees of the University on Council's behalf and has authority to act on behalf of Council in regard to such matters that the Chancellor's Advisory Committee, a standing committee of Council, determines cannot wait until the next meeting of Council.

The role and responsibilities of Council members

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

Conflicts of interest

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

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

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

Once a declaration has been made, unless otherwise directed, the member must not be present during any deliberation on that matter and must not vote on the matter. If the member does vote on the matter, the vote is disallowed.

All decisions made by Council or the relevant committee in respect of conflicts of interest and any actions taken as a result are fully minuted in a resolution.

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

Council performance review

Council undertakes a formal biennial review of its performance against its agreed functions and a range of other priorities and operational matters. Outcomes of the review are documented in an action plan for the forthcoming year which is approved by Council.

Subsequently, Council periodically receives a report of progress until all actions have been implemented. The latest performance review was conducted in December 2005.

Committees of Council

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

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

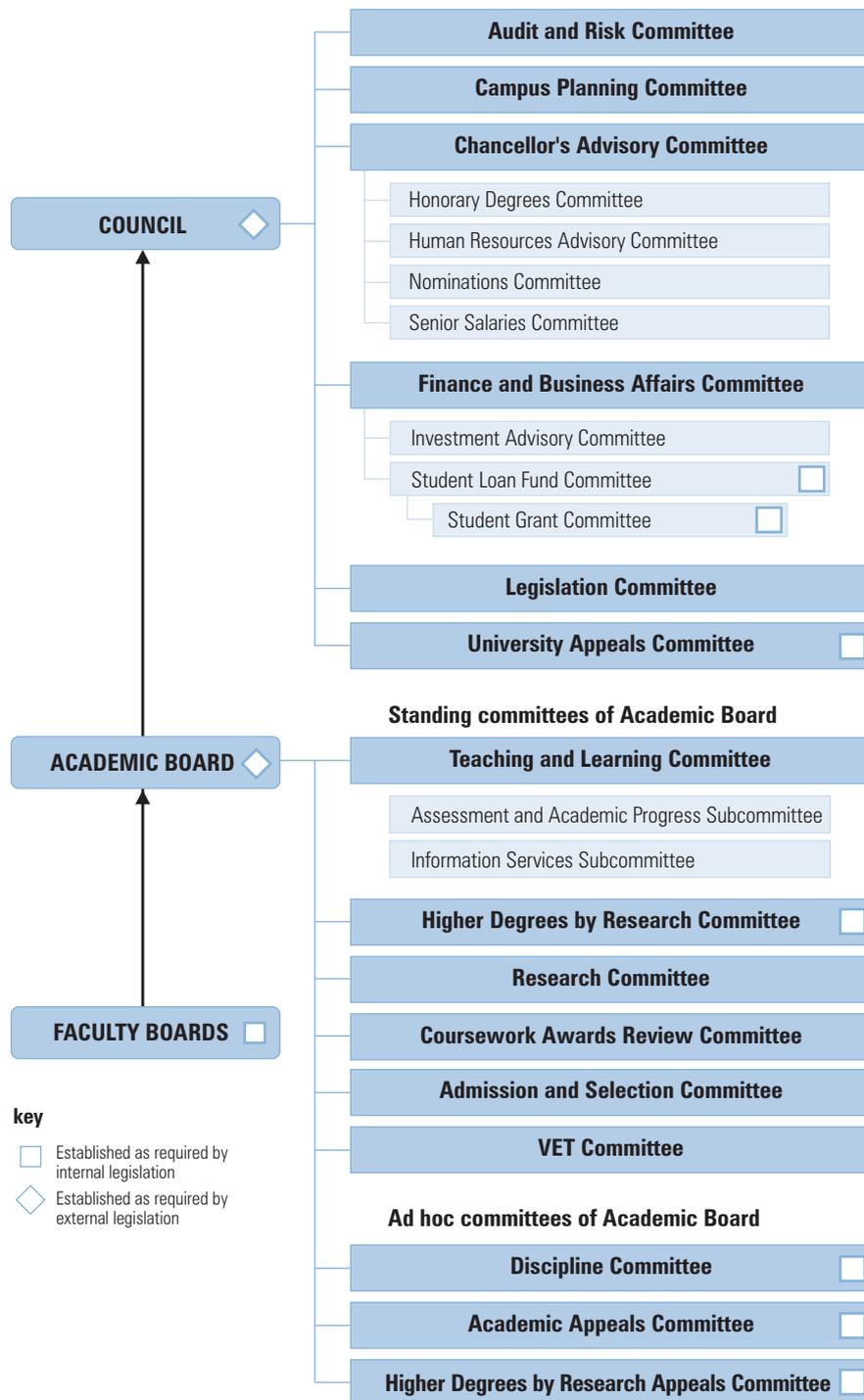
An additional annual review is undertaken by the chairperson of each standing committee, those reviews assessing the extent to which the committees have worked effectively during that year. The outcome of that review is reported to Council via Chancellor's Advisory Committee.

The obligations of each standing committee of Council (with the exception of the University Appeals Committee which meets only as required)

are set out in an annual schedule of business, in accordance with the powers and responsibilities set out in its terms of reference. Schedules of business for standing committees of Council are established at the end of a year for the following year and reported to the last meeting of Council in each year by Chancellor's Advisory Committee. At its last meeting in each year, each standing committee of Council (with the exception of the University Appeals Committee) reviews the extent to which it has fulfilled the obligations set out in its schedule of business for that year. Each committee reports to Council, via Chancellor's Advisory Committee, on the outcome of that review and on any action which has been deemed appropriate arising from it.

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

Committee structure



Audit and Risk Committee

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

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

Members of Audit and Risk Committee at 31 December 2006 were Ms J.A. Ward (Chair), Mr M.J. Dowling, Mr I.S. Crawford and Mr J. G. Nicol.

The Committee met four times during the year.

Campus Planning Committee

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

The Committee advises and recommends to Council on major and long term Campus planning and building matters, which are to be in accordance with the University Strategic Plan, and on the development and implementation of the capital management plan. The Committee also reviews and approves relevant policy.

Members of Campus Planning Committee at 31 December 2006 were Ms M.L. Edmond (Chair), Ms J.A. Crowe, Mr G. Dennehy, Mr M.I. Khan, Professor C.A. Langston, Ms P.H. Reid, Professor J. Rosenberg and Dr P.C. Turner.

The Committee met five times during the year.

Chancellor's Advisory Committee

The Committee comprises seven members: the Chancellor; the Deputy Chancellors; the Vice-Chancellor; the Chair of the Academic Board; and the Vice-President and Council Secretary.

When acting as Nominations Committee, the Committee's membership is augmented by a student member of Council. When acting as Honorary Degrees Committee, membership is augmented by the Deputy Chair of Academic Board and another academic nominated by the Board and the professor elected to Council. When acting as the Senior Salaries Committee, membership is restricted to the Chancellor, the Deputy Chancellors, and the Vice-Chancellor; when acting as the Senior Salaries Sub-committee, the composition is limited to the Chancellor and the Deputy Chancellors. When acting as the Human Resources Advisory Committee, membership comprises the Chancellor, the Vice-Chancellor, the Deputy Chancellors, the Chair of the Academic Board, and the Chief Operating Officer.

The responsibilities of Chancellor's Advisory Committee include:

- > matters the Committee considers need to be dealt with before the next scheduled meeting of Council;
- > advising Council on proposed appointments to Council membership;
- > making recommendations to Council in respect of honorary awards of the University;
- > providing advice to Council on the maintenance and orderly review of Council operations;
- > advising Council on corporate governance matters; and
- > and advising Council on certain human resources matters.

Members of Chancellor's Advisory Committee at 31 December 2006 were Mr D.M. Morgan (chair), Ms M.L. Edmond, Professor C.N. Gray, Mr A.J. Kloeden, Ms L.M. Martin, Professor P.C. Turner, Professor S.A. Walker.

The Committee met six times during the year.

Finance and Business Affairs Committee

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

The responsibilities of Finance and Business Affairs Committee include:

- > advising Council on financial, investment and asset management matters including the University's annual Budget, Capital Management Plan and other pertinent plans;
- > reviewing, approving and reporting to Council on relevant policies;
- > reviewing the financial performance of University companies and major commercial activities;
- > approving budgets and financial accounts of student associations and other incorporated associations required to operate in accordance with the Tertiary Education Act and to approve any agreements with the University;
- > approving material variations to approved University expenditure programs; and
- > advising Council on proposed University business ventures as a means of increasing non-government income.

Members of the Committee at 31 December 2006 were Mr M.J. Dowling (Chair), Ms S. De Gilio, Mr A.E. Fairley, Professor C.N. Gray, Mr D.L. Hauenstein, Mr J.D. Maddock, Mr N.T. Millen, Mr J.G. Nicol, Professor S.A. Walker, Mr A. Walters.

The Committee met eight times during the year.

Legislation Committee

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

The Committee is responsible for advising and recommending to Council on any matter pertaining to the *Deakin University Act 1974* and University Statutes and regulations.

Members of the Committee at 31 December 2006 were Ms J.M. Lightowlers (Chair), Mr G. Dennehy, Professor J.J. Du Plessis, Mr M.I. Khan, Dr D.J. Gunning, Mr B.J. Marshall, Ms L.M. Martin.

The Committee met four times during the year.

University Appeals Committee

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

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

Members of the Committee at 31 December 2006 were Mr A.E. Fairley (Chair), Mr D.L. Hauensteing, Ms J.M. Lightowlers, and Professor G.M. Stokes.

The Committee was not required to meet in 2006.

Compliance

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

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

The Risk and Compliance Management Subcommittee of the Planning and Resources Committee reviews the effectiveness of the program. The Subcommittee also makes recommendations to the Planning and Resources Committee for the continuous improvement of the program and its implementation and it also makes recommendations in relation to the University's compliance policy.

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

Risk management

Deakin University is committed to the effective management of risk. Through the Audit and Risk Committee of Council and the Senior Executive, Council ensures that an appropriate framework of risk management is effectively maintained in accordance with the University's risk management policies, procedures and associated internal controls and provides oversight that the mitigating controls associated with the more critical University risks are effective.

The University's risk management system adheres to the principles of the Australian Standard AS/NZS 4360:2004 and best practice.

The risk management program requires risks to be identified, analysed, evaluated, monitored and reviewed. In 2006, the University's risk registers have been substantially enhanced. These registers require the University and each organisational area

to establish, monitor and review a listing of all risks pertaining to its area, including current controls in respect of the risk and, where required, proposed mitigation actions. Annually, all risk registers are the subject of review by members of the Risk and Compliance Management Subcommittee to monitor the University's risk profile and to ensure that all risks are identified, assessed appropriately and risk mitigation controls are implemented and managed. The Internal Audit Unit also reviews the adequacy and effectiveness of risk mitigation activities as a component of the Annual Audit Plan.

During 2006 the risk management program has been focused on and enhanced in the key areas of:

- > risk management reporting
- > linkages between the risk management program and the University's planning cycle
- > commercial activities risk assessment
- > linkages between risk registers, the internal audit plan, the insurance program and capital expenditure
- > functionality of risk register software
- > risk management documentation including policy, procedures and risk criteria
- > functionality of the Risk and Compliance Management Subcommittee and the risk register review process

Significantly, the University has committed to the development of an enterprise risk management strategy in 2007 which will provide it with a platform to further integrate risk management to deliver the University's strategies.

Deakin University requires all commercial ventures to manage risk appropriately. In accordance with the requirements of National Governance Protocols 10 and 11, the University, through the Audit and Risk Committee, completes an assessment of risk arising from its controlled and associated entities. The 2006 risk assessment follows:

University wholly owned controlled entities

Entity name	Principal objects	Level of risk (very high, high, medium, low, very low)
The Australian Professional Associations Service Company Pty Ltd (TAPASCo.) [formerly Australian Human Resources Institute Pty Ltd (AHRI)]	Professional association for human resources managers.	Low
Callista Software Services Pty Ltd	Development, maintenance and support of the 'Callista' student administration and management system to Australian Universities and TAFEs.	Medium
Canopi Network Pty Ltd	Arrangement of the licensing and development of the 'Callista' student administration and management system.	Low
Unilink Limited	Provision of staffing services to Deakin University.	Very low
DeakinPrime (a division of Deakin University)	Provision of training and education services to a range of corporate and government clients.	Low

University 'associated entities'—part ownerships, partnerships or joint ventures

Entity name	Principal objects	Level of risk (very high, high, medium, low, very low)
Australian Institute of Nuclear Science and Engineering Inc. (AINSE)	The Institute is active in the application of nuclear techniques and nuclear research efforts.	Low
Australia's Research and Education Network Pty Ltd (AARNet)	Provision of high-capacity, cost-effective internet services to education and research communities and their partners.	Very low
Australian National Business School Limited	Provision of postgraduate award programs in business or public sector management and non-award management and executive development programs on behalf of members.	Very low
Australian Technology Fund Pty Ltd	Commercialisation of technology developed by universities and other research institutions.	Medium
CAST CRC Limited (CAST CRC)	Commercialisation and industry diffusion of new technologies for light metal industry with research activities focusing on new applications and processes, industry sustainability and strategic research.	Very Low
Chirogen Pty Ltd*	Research into chiral and molecular technology.	Low

Entity name	Principal objects	Level of risk (very high, high, medium, low, very low)
Cooperative Action by Victorian Academic Libraries Limited (CAVAL)	Facilitation of innovative information services by a consortium of the Victorian university libraries and the State Library of Victoria, acting as an agent in library resource sharing, fostering library cooperation and representing libraries' interests as appropriate.	Very low
Cooperative Research Centre for Advanced Automotive Technology (Auto CRC)	Provision of new design, engineering and manufacturing methodologies to improve manufacturing flexibility and efficiency and development of new material systems and improved vehicle safety.	Very low
Fibrenova Limited	Development of a new hemp fibre extraction process.	Low
IDP Education Australia Ltd	Recruitment of overseas students for Australian universities.	Very low
IELTS Australia Pty Ltd	Administration, marketing and delivery of the International English Language Tests (IELTS), an internationally recognised test of English language proficiency.	Very low
Onemda VicHealth Koori Health Unit	To foster an academic environment that values Aboriginal knowledge and methodologies, and supports ethical practice and Aboriginal self-determination. To develop a national and international profile for research and teaching in Aboriginal health that is underpinned and informed by the principles of Aboriginal community development.	Very low
PowerDX Australia Pty Ltd	Commercial development of research Note: PowerDX Australia Pty Ltd as at 31 December 2006 exists as a shell company only and poses negligible risk to Deakin University.	
SciVentures Investments Pty Ltd	Provision of funding to commercially promising Research and Development (R&D) opportunities within universities and Commonwealth owned research agencies by approved Pre-seed Fund.	Very low
Simile Systems Pty Ltd	Design and manufacture of metals fabrication software by a collaborative research venture between Deakin University, Australian National University, Ford, Castrol Australia, Bluescope Steel (and others).	Very low
The Mobile Architecture and Built Environment Laboratory (MABEL)	Promotion of research, education, training and technology diffusion pertaining to the indoor environment by an STI grant-funded unincorporated joint venture. Deakin University appoints a Consortium Director.	Very low
The Sustainable Aquaculture Systems Consortium (SASC)	Provision of education, training and technology diffusion in freshwater and saline aquaculture by an STI grant-funded unincorporated joint venture. Deakin University appoints a Venture Manager.	Very low

Entity name	Principal objects	Level of risk (very high, high, medium, low, very low)
V-CAMM Limited	Administration of a Victorian Government STI grant jointly awarded to Deakin University, Monash University and CSIRO in 2002. Research focuses on forming and pressing technologies of light metal alloys, materials characterisation and advance materials including environmentally friendly plastics and composites.	Very low
VERNet Pty Ltd	Design, deployment and management of an advanced optic fibre network to meet the bandwidth needs of the Victorian research and education sectors. A company limited by shares with ten shareholders: the nine Victorian universities and the CSIRO.	Very low
Victorian Aboriginal Education Association Incorporated (VAEAI)	To develop processes for the involvement of Victorian Koorie community members in decision making regarding education and training provision for Koorie students.	Very low
Victorian Partnership of Advanced Computing (VPAC)	Facilitation of access to high performance computing facilities provided by national and state funding through a consortium of all Victorian universities.	Very low
Victorian Public Health Research and Education Council (VPHREC)	Cooperation between research organisations, industry, organisations, industry, educational, government and non-government institutions in the public health and education area.	Very low
WaterEd Australia Pty Ltd	Establishment of an international centre of excellence in water resources management, training education, research and consulting through a Commonwealth grant funded company comprising of Deakin Uni, Uni of Adelaide, Flinders Uni, Uni of SA, Newcastle Uni, Central Queensland Uni (and others).	Very low

*Note: A post 31 December 2006 event may impact on the risk assessment of this entity as recorded above.

Legislative and procedural compliance matters

Statutes

No Statutes were revoked, made or amended by Council and approved by the Minister during 2006

New or amended statutes approved by the Minister during 2006 (made or amended by Council during 2005)

Statute 1.2	<i>Meetings</i>	amended
Statute 2.2	<i>The Academic Board</i>	amended
Statute 2.3	<i>The Faculties</i>	amended
Statute 3.11	<i>Supernumerary Academic Staff</i>	amended
Statute 3.12	<i>Emeritus Professors</i>	amended
Statute 3.13	<i>Deans and Heads of School</i>	amended
Statute 9.1	<i>Elections</i>	amended
Statute 15.1	<i>The Library</i>	amended
Statute 16.1	<i>Information Technology Services</i>	amended

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

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

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

The University's obligations under the ESOS Act and the National Code are included in the University wide compliance program. During 2006, in preparation for a University audit in first quarter 2007 and the introduction of the new National Code mid year, an internal compliance review was conducted and actions identified for implementation in early 2007.

Compliance with the *Freedom of Information Act 1982* (Vic)

Requests for access to documents are made to the Freedom of Information Manager, Mr Graeme Dennehy, Chief Operating Officer. The University received seven requests for access to documents under the *Freedom of Information Act 1982* (Vic) during 2006. Of these, two were requests for personal documents and five were requests for non-personal documents. Details of the University's response to each application follow:

- 1 Partial access was provided to one document. Information about the personal affairs of third parties was obscured.
- 2 Partial access was provided to 104 documents. Information about the personal affairs of third parties was obscured. Access to 54 documents

- was denied under section 30 (internal working documents), section 32 (legal professional privilege), section 33 (information respecting personal affairs of third parties) and section 35 (information obtained in confidence).
- 3 Partial access was provided to 17 documents. Information about the personal affairs of third parties was obscured. Access to two documents was denied under section 33 (information respecting personal affairs of third parties) and section 35 (information obtained in confidence).
 - 4 Partial access was provided to six documents. Information about the personal affairs of third parties was obscured.
 - 5 Full access was provided to one document, and partial access was provided to one document. Information about the personal affairs of third parties was obscured.
 - 6 This request was not finalised by the end of 2006.
 - 7 This request was not finalised by the end of 2006.

Compliance with National Competition policy and competitive neutrality

Deakin University practises competitive neutrality in relation to relevant significant business activities, including the establishment of separate legal entities and the activities of its commercial arm, DeakinPrime.

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

A comprehensive training program in relation to trade practices legislation and competitive neutrality principles was conducted in the University during 2006.

Compliance with the Whistleblowers Protection Act 2001 (Vic)

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

- a Deakin University has developed a policy and procedures for reporting disclosures under the Act ("disclosures") which may be viewed at <http://theguide.deakin.edu.au/TheDeakinGuide.nsf>
- b no disclosures were made to the University during 2006
- c as no disclosures were made to the University, none were referred in 2006 by the University to the Ombudsman for determination as to whether they were public interest disclosures
- d no disclosed matters were referred during 2006 to the University by the Ombudsman
- e as no disclosures were made to the University, no disclosed matters were referred during 2006 by the University to the Ombudsman to investigate
- f as no disclosures were made to the University, no investigations of disclosed matters were taken over during 2006 by the Ombudsman from the University
- g as no disclosures were made to the University, no requests were made during 2006 to the Ombudsman under section 74 of the Act to investigate disclosed matters
- h as no disclosures were made to the University, there were no disclosed matters which the University declined to investigate during 2006
- i as no disclosures were made to the University, there were no disclosed matters which were substantiated on investigation
- j no recommendations of the Ombudsman relating to the University were made under the Act.

The Ombudsman's jurisdiction under the *Whistleblowers Protection Act 2001* (Vic) is distinct from his general jurisdiction under the *Ombudsman Act 1973* (Vic), as to which see page 63, 'Complaints made to and investigated by the Ombudsman'.

Internal grievance and complaint procedures

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

Complaints are initially handled within the local area responsible for the service or process in question, and students and staff are informed of their right to refer their complaint to the relevant external bodies once they have exhausted internal grievance procedures. Deakin University complies with Protocol 7 of the National Governance Protocols, and has codified and published the University's internal complaints procedures, along with information regarding the procedure for submitting complaints to the Victorian Ombudsman or equivalent agency. The University's Complaints Handling enabling policy was approved in August 2004. The operational policies and procedures relating to student and staff complaints are derived from this policy.

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

The Student Complaints operational policy articulates the principles the University follows in handling student complaints, which include a fair and just working and learning environment; resolution of complaints in a timely manner; confidentiality; adherence to the principles of natural justice; and encouraging the resolution of student complaints within the University. The policy recognises a student's right to use external mechanisms for the resolution of a complaint or grievance after internal avenues have been pursued.

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

The University's student complaints handling system was reviewed during 2005. As a result of this review, minor revisions to the operational policy and procedure have been drafted for approval in early 2007, to simplify and clarify the principles and processes involved without changing the complaints handling framework. In addition, a central student complaints register has been established by the Office of the Vice-President and Council Secretary, and a student complaints website has been developed, providing clear information on complaints processes, access to complaints policies, procedures and forms, and links to external sites such as the Ombudsman.

Complaints made to and investigated by the Ombudsman

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

In 2006 four student complaints involving the University were investigated by the Ombudsman. In two of these cases the students had not exhausted the University's internal complaints process and in the remaining two the students were not satisfied with the resolution offered by Deakin. In all cases the Ombudsman has been satisfied with the University's response.

Compliance with the *Building Act 1993* (Vic)

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

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

Deakin ensures that only registered building practitioners are engaged to carry out works for the University by checking currency of registration prior to the engagement. Registration is maintained during the engagement and there have been no cases of building practitioners becoming deregistered whilst engaged by the University.

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

Additional information available on request

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

- > a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- > details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary or in a company with which Deakin University has significant commercial dealings
- > details of publications produced by Deakin University about itself, and how these can be obtained
- > details of changes in prices, fees, charges, rates and levies charged by Deakin University
- > details of any major external reviews carried out on Deakin University
- > details of any major research and development activities undertaken by Deakin University
- > details of overseas visits undertaken including a summary of the objectives and outcomes of each visit

Deakin University's website provides information about

- > details of major promotional, public relations and marketing activities undertaken by Deakin University to develop community awareness of the University and its services
 - > a general statement on industrial relations within Deakin University and details of time lost through industrial accidents and disputes
 - > a list of major committees sponsored by Deakin University, the purposes of each committee and the extent to which the purposes have been achieved.
- > the University
 - > courses
 - > research
 - > Campuses
 - > online and off campus learning
 - > Faculties, schools and divisions
 - > employment
 - > legislation; policies, procedures and rules; information on University committees; plans, guidelines and other information; and University forms.

Enquiries regarding details of the above should be addressed to:

Office of the Vice-President and Council Secretary
Deakin University
Melbourne Campus at Burwood
221 Burwood Highway
Burwood Victoria 3125
Australia

Details are available to the public on the University's website.

Deakin University's annual reports can be accessed at:

<http://theguide.deakin.edu.au/TheDeakinGuide.nsf>
utilising first the Visitor link and then the
Publications, Guidelines and other Information link.

Audited financial statements

As at 31 December 2006

INCOME STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Consolidated		University	
		2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's
Revenue from continuing operations	2	451,151	436,396	432,350	417,935
Expenses from continuing operations					
Employee benefits expense	2	(229,731)	(227,509)	(220,420)	(217,607)
Depreciation and amortisation expense	2	(29,727)	(27,853)	(29,608)	(27,782)
Other expenses from continuing operations	2	(129,557)	(151,060)	(123,014)	(143,223)
Borrowing costs	2	(1,593)	(1,752)	(1,593)	(1,752)
Operating result from continuing operations before income tax		60,543	28,222	57,715	27,571
Income tax benefit/(expense)		(23)	141	-	-
Net operating result for the year		60,520	28,363	57,715	27,571

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

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2006

	Note	Consolidated		University	
		2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's
Total equity at the beginning of the financial year		605,304	591,286	604,441	591,215
Impairment on building charged against asset revaluation reserve	14	(16,529)	(12,166)	(16,529)	(12,166)
Gain on revaluation of land and buildings	14	16,337	-	16,337	-
Decrease on revaluation of investments	14	-	(2,179)	-	(2,179)
Net expense recognised directly in equity		(192)	(14,345)	(192)	(14,345)
Net operating result for the year		60,520	28,363	57,715	27,571
Total recognised income and expense for the year		60,328	14,018	57,523	13,226
Total equity at the end of the financial year		665,632	605,304	661,964	604,441

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

BALANCE SHEETS AS AT 31 DECEMBER 2006

	Note	Consolidated		University	
		2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's
CURRENT ASSETS					
Cash and cash equivalents	3	28,956	15,858	25,825	13,763
Trade and other receivables	4	43,684	30,866	43,169	29,551
Inventories	5	815	879	815	879
Non-current assets classified as held for sale	6	27,730	-	27,730	-
Other financial assets	7	50,224	43,660	50,224	43,660
TOTAL CURRENT ASSETS		151,409	91,263	147,763	87,853
NON-CURRENT ASSETS					
Trade and other receivables	4	147,931	156,524	147,931	156,524
Other financial assets	7	1,683	1,074	5,806	5,757
Property, plant and equipment	8	642,082	630,966	642,167	630,821
Intangible assets	9	1,000	694	1,000	694
TOTAL NON-CURRENT ASSETS		792,696	789,258	796,904	793,796
TOTAL ASSETS		944,105	880,521	944,667	881,649
CURRENT LIABILITIES					
Trade and other payables	10	59,326	44,976	64,644	48,273
Interest bearing liabilities	11	2,507	2,300	2,497	2,296
Provisions - employee benefits	12	43,807	43,426	42,934	42,400
Current tax liabilities	13	21	1	-	-
TOTAL CURRENT LIABILITIES		105,661	90,703	110,075	92,969
NON-CURRENT LIABILITIES					
Trade and other payables	10	660	-	660	-
Interest bearing liabilities	11	17,287	19,782	17,287	19,782
Provisions - employee benefits	12	154,865	164,732	154,681	164,457
TOTAL NON-CURRENT LIABILITIES		172,812	184,514	172,628	184,239
TOTAL LIABILITIES		278,473	275,217	282,703	277,208
NET ASSETS		665,632	605,304	661,964	604,441
EQUITY					
Asset revaluation reserve	14	81,649	81,841	81,649	81,841
Retained surplus	15	583,983	523,463	580,315	522,600
TOTAL EQUITY		665,632	605,304	661,964	604,441

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

CASH FLOW STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

Inflows/(outflows)	Note	Consolidated		University	
		2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's
CASH FLOWS FROM OPERATING ACTIVITIES					
Australian government grants received	2.1	238,111	211,787	238,111	211,787
State government grants received		4,573	4,924	4,573	4,924
HECS-HELP - student payments		12,404	12,384	12,404	12,384
Other research grants and contracts		10,963	10,338	10,817	10,051
Fees and charges		141,331	133,833	140,233	132,423
Dividends received		1,106	401	1,106	401
Interest received		7,807	6,482	7,647	6,464
Other income received		42,808	48,263	26,100	30,142
Payments to employees		(231,403)	(223,567)	(221,974)	(213,820)
Payments to suppliers (inclusive of goods & services tax)		(144,034)	(155,118)	(134,790)	(143,560)
Interest paid		(1,649)	(1,798)	(1,649)	(1,798)
Income tax paid		(3)	-	-	-
Goods and services tax recovered		7,767	6,742	8,470	7,945
Net cash provided by operating activities	16	89,781	54,671	91,048	57,343
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		3,043	2,976	2,756	2,971
Proceeds from sale of financial assets		2,227	5,359	-	5,359
Payments for property, plant & equipment		(72,595)	(71,232)	(72,392)	(71,127)
Payments for intangible assets		(1,000)	-	(1,000)	-
Receivables - sale of property		-	2,750	-	2,750
Payments for financial assets		(6,070)	(7,191)	(6,056)	(9,191)
Net cash outflow from investing activities		(74,395)	(67,338)	(76,692)	(69,238)
CASH FLOWS FROM FINANCING ACTIVITIES					
Repayment of interest bearing liabilities		(2,294)	(5,811)	(2,294)	(5,811)
Net cash outflow from financing activities		(2,294)	(5,811)	(2,294)	(5,811)
Net increase/(decrease) in cash and cash equivalents		13,092	(18,478)	12,062	(17,706)
Cash and cash equivalents at the beginning of the financial year		15,854	34,332	13,763	31,469
Cash and cash equivalents at the end of the financial year	16	28,946	15,854	25,825	13,763

The above cash flow statements should be read in conjunction with the accompanying notes

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Compliance with IFRS

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

Historical cost convention

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

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

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

(a) PRINCIPLES OF CONSOLIDATION

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Deakin University as at 31 December 2006 and the results of all subsidiaries for the year then ended. A list of the subsidiaries is included in note 22. Deakin University and its subsidiaries together are referred to in this financial report as the Group or the consolidated entity.

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

(b) REVENUE RECOGNITION

The University recognises research income on the basis of its contractual obligations, viz; if the contract has an obligation to deliver a service or the unspent funding is to be repaid, at the conclusion of the contract, and it is reciprocal, then the income is recognised in the income statement equal to the current level of expenditure to date. This policy conforms with the requirements of AASB 118 (20) - Revenue in respect of rendering of services. Non-reciprocal research income, that is where approximate equal value is not directly returned to the provider of the income, is recognised when the University gains control of the income, or right to receive the income.

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

(c) BORROWING COSTS

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

(d) LEASES

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) INCOME TAX

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

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

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

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

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

(f) FOREIGN CURRENCY TRANSACTIONS

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

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

(g) CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within interest bearing liabilities in current liabilities on the balance sheet.

(h) TRADE RECEIVABLES

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

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

(i) INVENTORIES

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

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

Non-current assets are classified as held for sale and stated at the lower of their carrying amount (revalued at 31 December 2006) less costs to sell.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(k) INVESTMENTS AND OTHER FINANCIAL ASSETS

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

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

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

Assets in this category are classified as current assets if they are either held for trading or are expected to be realised within 12 months of the balance sheet date.

(ii) Available-for-sale financial assets

Available-for-sale financial assets, comprising principally marketable equity securities, are non-derivatives that are either designated in this category or not classified in any other category. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date.

(iii) Loans and receivables

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

(iv) Unlisted equity securities

Unlisted equity securities are carried at cost. If the market is not active for unlisted securities, the Group establishes fair value by providing for the temporary diminution in the value of the investment based on the underlying net asset base of the security from the latest available accounts. All changes in provisions for diminution in value are taken through the profit and loss.

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

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(l) PROPERTY, PLANT AND EQUIPMENT

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

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

Increases in the carrying amounts arising on revaluation of land and buildings are credited to asset revaluation reserves in equity. To the extent that the increase reverses a decrease previously recognised in profit or loss, the increase is first recognised in profit and loss. Decreases that reverse previous increases of the same asset are first charged against revaluation reserves directly in equity to the extent of the remaining reserve attributable to the class of asset; all other decreases are charged to the income statement.

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

Major depreciation periods are:

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

The depreciation rates applied are consistent with the prior year.

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

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

Impairment of assets

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

(m) INTANGIBLE ASSETS

Deferred development and implementation costs

Development costs are expensed as incurred or deferred where it is expected beyond any reasonable doubt that sufficient additional future benefits will be derived so as to recover those capitalised costs. Software developed for licensing to external parties is amortised over five years (2005 - 5 years).

Implementation costs are capitalised and upon completion are amortised over a life of seven years (2005 - 7 years) for systems used in the administration of the University.

Medical School Licence Fees are capitalised as an intangible asset and will be amortised over six years from 2008.

(n) TRADE AND OTHER PAYABLES

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(o) INTEREST BEARING LIABILITIES

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

Interest bearing liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

(p) PROVISION - EMPLOYEE BENEFITS

Provision is made for benefits accruing to employees in respect of annual leave, long service leave, sick and maternity/partner leave when it is probable that settlement will be required and they are capable of being measured reliably.

Provisions made in respect of employee benefits are measured based on their expected settlement. Provisions which are expected to be settled within twelve months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement.

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

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

(q) DEFERRED EMPLOYEE BENEFITS FOR SUPERANNUATION

AASB 119 Employee Benefits requires that the estimated present value of superannuation obligations recognised in the financial statements should be determined as at balance date. These financial statements recognise estimated superannuation obligations in respect of the State Superannuation Fund using an actuarial estimate as at 30 June 2006. As there is no net impact on the balance sheet or income statement from these superannuation obligations (due to recognition of a corresponding receivable), the costs of providing an actuarial assessment at balance date (31 December 2006) outweigh the benefits. The University has therefore elected not to obtain an estimate of its superannuation obligations as at balance date. Consequently superannuation obligations (and corresponding receivable) are stated in the financial statements based on estimates prepared 6 months in arrears.

In accordance with the 1998 instructions issued by the Department of Education, Training and Youth Affairs (DETYA) now known as the Department of Education, Science and Training (DEST) the effects of the unfunded superannuation liabilities of Deakin University were recorded in the income statement and the balance sheet for the first time in 1998. The prior years' practice had been to disclose liabilities by way of a note to the financial statements. The unfunded liabilities recorded in the balance sheet under provisions have been determined by Carl Stevenson FIA, FIAA, BSc Actuary and relate to the estimates of net liabilities at 30 June 2006. The methodology for measurement of the net liabilities using discount rates based on the bond rate and assumed salary increases of 4%, pension indexation at 2.5%, with an assumed investment return on Fund assets of 7.5% (net of fees). An arrangement exists between the Australian Government and the State Government to meet the unfunded liability for the Deakin University's beneficiaries of the *State Superannuation Scheme* on an emerging cost basis. This arrangement is evidenced by the *State Grants (General Revenue) Amendment Act 1987*, *Higher Education Funding Act 1988* and subsequent amending legislation. Accordingly the unfunded liabilities have been recognised in the balance sheet under provisions with a corresponding asset recognised under receivables. The recognition of both the asset and the liability consequently does not affect the year end net asset position of the Deakin University.

(r) EQUITY

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

Equity consists of the Asset Revaluation Reserve and Retained Surplus.

(s) ROUNDING OF AMOUNTS

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

(t) COMPARATIVE FIGURES

Where necessary, comparative figures have been adjusted to conform with changes in presentation in the current year. The comparatives for provisions - employee benefits have been classified in accordance with note 1(p).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	Note	Consolidated		University	
		2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's
2. OPERATING RESULT					
Revenue from continuing operations					
Australian Government financial assistance					
Australian Government grants	2.1	169,137	140,396	169,137	140,396
HECS-HELP - Australian Government payments	2.1	63,551	59,606	63,551	59,606
State Government financial assistance	2.2	4,573	4,924	4,573	4,924
HECS-HELP - Student payments		12,550	11,359	12,550	11,359
Fees and charges	2.3	140,426	133,383	140,696	133,657
Investment income	2.4	10,153	9,506	9,975	9,488
Royalties		5,224	5,498	5,224	5,498
Consultancy and contract research	2.5	10,963	10,235	10,817	9,948
Other revenue	2.6	42,916	45,172	24,169	26,742
Sub-total		459,493	420,079	440,692	401,618
Deferred government superannuation contributions		(8,342)	16,317	(8,342)	16,317
Total revenue		451,151	436,396	432,350	417,935
Expenses from continuing operations					
Employee benefits and on costs	2.7	229,731	227,509	220,420	217,607
Depreciation and amortisation	2.8	29,727	27,853	29,608	27,782
Borrowing costs		1,593	1,752	1,593	1,752
Repairs and maintenance	2.9	20,542	15,805	20,137	15,545
Bad and doubtful debts	2.10	183	1,781	147	1,776
Other expenses	2.11	117,174	117,157	111,072	109,585
Sub-total		398,950	391,857	382,977	374,047
Deferred employee benefits for superannuation		(8,342)	16,317	(8,342)	16,317
Total expenses		390,608	408,174	374,635	390,364
Operating result before income tax		60,543	28,222	57,715	27,571
Income tax benefit/(expense)		(23)	141	-	-
Operating result from continuing operations		60,520	28,363	57,715	27,571

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	Note	Consolidated		University	
		2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's
2.1 AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE					
Commonwealth Grants Scheme and Other Grants					
Commonwealth Grants Scheme		103,969	97,464	103,969	97,464
Indigenous Support Fund		952	870	952	870
Equity Programme		443	481	443	481
Workplace Reform Programme		1,494	1,449	1,494	1,449
Capital Development Pool		1,065	1,047	1,065	1,047
Superannuation Programme		11,926	11,867	11,926	11,867
	25.1	119,849	113,178	119,849	113,178
Higher Education Loan Programmes					
HECS - HELP		63,551	59,606	63,551	59,606
FEE - HELP		10,148	12,307	10,148	12,307
PELS		-	385	-	385
BOTPLS		-	61	-	61
	25.2	73,699	72,359	73,699	72,359
Scholarships					
Australian Postgraduate Awards		1,601	1,607	1,601	1,607
International Postgraduate Research Scholarships		327	277	327	277
Commonwealth Education Costs Scholarships		871	484	871	484
Commonwealth Accommodation Scholarships		927	613	927	613
	25.3	3,726	2,981	3,726	2,981
DEST - Research					
Institutional Grants Scheme		4,258	3,828	4,258	3,828
Research Training Scheme		8,920	8,525	8,920	8,525
Research Infrastructure Block Grants		2,294	1,940	2,294	1,940
	25.4	15,472	14,293	15,472	14,293
Total DEST					
		212,746	202,811	212,746	202,811
Australian Research Council					
Discovery					
Projects		2,015	1,844	2,015	1,844
Fellowships		316	310	316	310
	25.5	2,331	2,154	2,331	2,154
Linkages					
Infrastructure		968	825	968	825
Special Research Initiatives		-	(6)	-	(6)
International Researcher Exchange		21	25	21	25
Projects		1,858	2,256	1,858	2,256
	25.5	2,847	3,100	2,847	3,100
Other Australian Government financial assistance					
Capital grant for Medical School		18,000	-	18,000	-
Other		6,912	4,690	6,912	4,690
		24,912	4,690	24,912	4,690
Total Australian Government financial assistance					
		242,836	212,755	242,836	212,755
Reconciliation					
Australian Government grants	2	169,137	140,396	169,137	140,396
HECS - HELP - Australian Government payments	2	63,551	59,606	63,551	59,606
Other Australian Government loan programmes (FEE - HELP)		10,148	12,753	10,148	12,753
Total Australian Government financial assistance					
		242,836	212,755	242,836	212,755

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	Note	Consolidated		University	
		2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's
2.1 AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)					
Australian Government grants received - cash basis					
Commonwealth Grants Scheme and other DEST grants	25.1	119,805	116,437	119,805	116,437
Higher Education Loan Programmes	25.2	73,699	67,774	73,699	67,774
Scholarships	25.3	3,675	3,032	3,675	3,032
DEST research	25.4	15,472	14,293	15,472	14,293
ARC grants - Discovery	25.5	2,331	2,154	2,331	2,154
ARC grants - Linkages	25.5	2,847	3,100	2,847	3,100
Other Australian Government grants		20,576	4,690	20,576	4,690
Total Australian Government grants received - cash basis		238,405	211,480	238,405	211,480
OS-HELP (net)		(294)	307	(294)	307
Total Australia Government funding received - cash basis		238,111	211,787	238,111	211,787
2.2 STATE GOVERNMENT FINANCIAL ASSISTANCE					
Victorian government grants from the following agencies were received during the reporting period:					
VicHealth		959	665	959	665
Department of Education and Training		54	332	54	332
Department of Innovation, Industry and Regional Development		735	602	735	602
Department of Human Services		1,071	1,281	1,071	1,281
Parks Victoria		11	28	11	28
Department of Sustainability and Environment		212	241	212	241
Department of Primary Industries, Water and Environment		131	146	131	146
Department of Justice		35	75	35	75
Department of Victorian Communities		143	228	143	228
Beyond Blue		72	187	72	187
Victoria Police		136	96	136	96
Catchment Management Authority		381	973	381	973
Dental Health Services		77	-	77	-
Multimedia Victoria		347	-	347	-
People and Parks Foundation		44	-	44	-
Queensland Health		70	-	70	-
Other		95	70	95	70
Total State Government financial assistance		4,573	4,924	4,573	4,924
2.3 FEES AND CHARGES					
Course fees and charges					
Fee-paying overseas students		67,520	64,578	67,520	64,578
Fee-paying domestic undergraduate students		10,644	6,144	10,644	6,144
Fee-paying domestic postgraduate students		20,380	19,794	20,380	19,794
Fee-paying domestic non-award students		5,719	6,324	5,719	6,324
		104,263	96,840	104,263	96,840
Other non-course fees and charges					
Student accommodation fees		6,201	6,288	6,201	6,288
Rental income		1,783	1,690	1,783	1,690
Educational materials fees		8,197	9,045	8,197	9,045
Examination fees		2,968	3,526	2,968	3,526
General service fees		3,092	5,742	3,092	5,742
Course delivery fees		8,694	5,130	8,694	5,130
Parking fees		1,666	1,731	1,666	1,731
Other fees		3,562	3,391	3,832	3,665
		36,163	36,543	36,433	36,817
Total fees and charges		140,426	133,383	140,696	133,657

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	<i>Consolidated</i>		<i>University</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
2.4 INVESTMENT INCOME				
Interest and distribution from managed trust	7,910	6,431	7,738	6,381
Interest received from subsidiaries	-	-	-	32
Dividends	1,106	401	1,106	401
Unrealised gains on other financial assets	1,137	2,674	1,131	2,674
Total investment income	10,153	9,506	9,975	9,488
2.5 CONSULTANCY AND CONTRACT RESEARCH				
Consultancy	1,289	3,507	1,143	3,220
Contract research	9,674	6,728	9,674	6,728
Total consultancy and contract research	10,963	10,235	10,817	9,948
2.6 OTHER REVENUE				
Sales and commercial income	23,824	25,390	15,132	15,115
Donations and bequests	570	1,898	570	1,898
Scholarship and prizes	785	304	785	304
Advertising income	595	974	-	-
Subscriptions	2,085	2,745	115	118
Convention income	3,532	2,935	-	-
Conference facility hiring	551	491	551	481
Commercial grants	60	636	60	636
Training	1,441	1,332	-	-
Profit on sale of discontinued operation	2,227	-	-	-
Profit on sale of other financial assets	-	2,194	-	2,194
Contributions from learning institutions	1,723	676	1,723	676
Other	5,523	5,597	5,233	5,320
Total other revenue	42,916	45,172	24,169	26,742
2.7 EMPLOYEE BENEFITS AND ON-COSTS				
Academic				
Salaries	83,344	78,008	83,344	78,008
Contributions to superannuation and pension schemes:				
Emerging cost - excess over 14%	5,757	5,563	5,757	5,563
Funded	11,541	11,016	11,541	11,016
Non-funded	8	9	8	9
Payroll tax	4,866	4,967	4,866	4,967
WorkCover	443	610	443	610
Long service leave	(915)	1,100	(915)	1,100
Annual leave	290	203	290	203
Sick leave	-	(3)	-	(3)
Maternity/partner leave	172	174	172	174
	105,506	101,647	105,506	101,647
Non-academic				
Salaries	96,524	95,467	88,367	87,065
Contributions to superannuation and pension schemes:				
Emerging cost - excess over 14%	6,103	6,209	6,103	6,209
Funded	11,621	11,921	11,500	11,796
Non-funded	9	9	9	9
Payroll tax	5,564	5,879	5,129	5,382
WorkCover	316	424	279	386
Long service leave	(919)	1,394	(970)	1,227
Annual leave	273	214	308	226
Maternity/partner leave	195	197	195	197
Other	4,539	4,148	3,994	3,463
	124,225	125,862	114,914	115,960
Total academic and non-academic employee benefits and on-costs	229,731	227,509	220,420	217,607
Deferred employee benefits for superannuation	(8,342)	16,317	(8,342)	16,317
Total employee benefits and on-costs	221,389	243,826	212,078	233,924

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	Note	Consolidated		University	
		2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's
2.8 DEPRECIATION AND AMORTISATION					
Depreciation					
Buildings		9,957	9,350	9,957	9,350
Leasehold improvements		716	594	716	594
Equipment and furniture		9,660	8,477	9,541	8,406
Motor vehicles		1,327	1,435	1,327	1,435
Library holdings		7,372	6,162	7,372	6,162
Finance leases		2	12	2	12
		29,034	26,030	28,915	25,959
Amortisation					
Amortisation - deferred development and implementation costs		693	1,823	693	1,823
		693	1,823	693	1,823
Total depreciation and amortisation		29,727	27,853	29,608	27,782
2.9 REPAIRS AND MAINTENANCE					
Buildings and grounds - maintenance and repairs		6,026	8,073	6,026	8,073
Buildings and grounds - refurbishment and alterations		12,292	5,546	12,113	5,365
Equipment - maintenance and repairs		1,904	1,946	1,699	1,900
Motor vehicles - maintenance and repairs		320	240	299	207
Total repairs and maintenance		20,542	15,805	20,137	15,545
2.10 BAD AND DOUBTFUL DEBTS					
Bad debts written off		-	1,410	-	1,404
Movement in provision for doubtful debts		183	371	147	372
Total bad and doubtful debts		183	1,781	147	1,776
2.11 OTHER EXPENSES					
Advertising, marketing and promotional expenses		8,143	7,940	7,479	7,346
Communication costs		5,382	5,052	5,144	4,814
Consultants and contractors		8,251	9,224	7,538	8,459
Copying, printing, stationery and consumables		7,066	7,501	6,956	7,207
Course materials		544	1,021	544	1,021
Direct project costs		15,117	14,379	15,117	14,689
Equipment costs		5,545	7,082	6,296	6,763
Fringe benefits tax		1,168	950	1,026	976
Library expenses		4,175	3,845	4,174	3,844
Loss on disposed property, plant and equipment		1,489	764	1,462	755
Non-capitalised equipment		2,564	2,516	2,560	2,510
Operating lease rentals		9,136	8,383	8,326	7,470
Provision for diminution in value of investments - subsidiaries	7	-	-	560	(1,813)
Provision for diminution in value of investments - unlisted equity securities	7	16	70	16	70
Rates and energy costs		3,895	3,252	3,864	3,232
Scholarships, grants and prizes		11,094	10,179	11,094	10,179
Staffing and related costs		11,867	11,871	11,368	11,200
Student expenses		9,637	11,562	9,637	11,562
Unrealised loss on other financial assets		3	3	-	-
Other		12,082	11,563	7,911	9,301
Total other expenses		117,174	117,157	111,072	109,585

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	Note	Consolidated		University	
		2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's
3. CASH AND CASH EQUIVALENTS					
Cash at bank		4,137	2,387	3,134	2,299
Cash on hand		55	60	55	59
Managed fund		24,764	13,411	22,636	11,405
		28,956	15,858	25,825	13,763
4. TRADE AND OTHER RECEIVABLES					
CURRENT					
Trade debtors					
Student fees		5,933	3,479	5,933	3,479
Provision for doubtful debts		(500)	(953)	(500)	(953)
		5,433	2,526	5,433	2,526
Trade debtors - other					
Provision for doubtful debts		11,982	8,696	10,852	7,678
		(51)	(89)	(51)	(59)
		11,931	8,607	10,801	7,619
		17,364	11,133	16,234	10,145
Government grants receivable		4,668	-	4,668	-
Deferred government contribution for superannuation	17	12,276	12,275	12,276	12,275
Accrued income		1,709	188	1,697	184
Prepayments		5,436	5,404	6,041	5,060
GST recoverable		2,229	1,816	2,251	1,837
Owing by other entities		2	50	2	50
		43,684	30,866	43,169	29,551
NON-CURRENT					
Deferred government contribution for superannuation	17	147,931	156,274	147,931	156,274
Loans - other entities		-	250	-	250
		147,931	156,524	147,931	156,524
		191,615	187,390	191,100	186,075
FAIR VALUES					
The fair values and carrying values of non-current receivables of Deakin University and its subsidiaries are as follows:					
		Carrying Amount		Fair Value	
		2006	2005	2006	2005
		\$000's	\$000's	\$000's	\$000's
Deferred government contribution for superannuation	(a)	147,931	156,274	147,931	156,274
Loans - other entities	(b)	-	250	-	228
		147,931	156,524	147,931	156,502

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

(b) The fair values were based on cash flows discounted using the government bond rates of 5.24% to 5.42% in 2005.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	Note	Consolidated		University	
		2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's
5. INVENTORIES					
Stock on hand at cost		139	187	139	187
Land held for resale		676	692	676	692
		815	879	815	879
6. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE					
Land and buildings held for resale		27,730	-	27,730	-
7. OTHER FINANCIAL ASSETS					
CURRENT					
<i>Financial assets at fair value through profit or loss</i>					
Managed funds - fixed interest, Australian listed and global equities	24(a)	49,840	43,300	49,840	43,300
Australian listed equities		384	360	384	360
		50,224	43,660	50,224	43,660
Changes in fair values of current other financial assets at market value are taken through the profit and loss and are recorded in unrealised gain or loss on other financial assets in the income statement (refer Note 2.4 and 2.11).					
NON-CURRENT					
Shares in subsidiaries - at cost	22	-	-	13,096	13,096
Provision for diminution in value of investments in subsidiaries		-	-	(8,973)	(8,413)
Unlisted equity securities - at cost		2,233	1,609	2,233	1,609
Provision for diminution in value of unlisted equity securities		(550)	(535)	(550)	(535)
		1,683	1,074	5,806	5,757
		51,907	44,734	56,030	49,417

Shares in subsidiaries are valued at their current net worth by providing for the temporary diminution in the value of the investment. Unlisted equity securities are carried at cost. Where there has been a temporary diminution in the value of the investment a provision for diminution is made based on the underlying net asset base of the security from the latest available accounts. All changes in provisions for diminution in value are taken through the profit and loss (refer Note 2.11).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	Note	Consolidated		University	
		2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's
8. PROPERTY, PLANT AND EQUIPMENT					
LAND					
At independent valuation 2006	8(a)	97,737	-	97,737	-
At independent valuation 2004		-	104,486	-	104,486
		97,737	104,486	97,737	104,486
BUILDINGS					
At independent valuation 2006	8(a)/(d)	402,020	-	402,020	-
At independent valuation 2004		-	371,555	-	371,555
At cost		-	9,594	-	9,594
Accumulated depreciation		-	(9,332)	-	(9,332)
Provision for impairment	14	(28,695)	(12,166)	(28,695)	(12,166)
		373,325	359,651	373,325	359,651
CONSTRUCTION IN PROGRESS					
Construction in progress		88,024	79,897	88,024	79,897
LEASEHOLD IMPROVEMENTS					
At cost		2,951	2,951	2,951	2,951
Accumulated amortisation		(2,054)	(1,338)	(2,054)	(1,338)
		897	1,613	897	1,613
EQUIPMENT AND FURNITURE					
At cost		73,795	72,468	73,719	70,865
Accumulated depreciation		(41,389)	(41,637)	(41,228)	(40,179)
		32,406	30,831	32,491	30,686
MOTOR VEHICLES					
At cost		8,901	9,169	8,901	9,169
Accumulated depreciation		(2,031)	(2,165)	(2,031)	(2,165)
		6,870	7,004	6,870	7,004
LIBRARY HOLDINGS					
At cost		62,243	67,428	62,243	67,428
At independent valuation 2006	8(b)	5,004	-	5,004	-
Accumulated depreciation		(29,847)	(25,298)	(29,847)	(25,298)
		37,400	42,130	37,400	42,130
ART COLLECTION					
At independent valuation 2003	8(c)	5,038	5,038	5,038	5,038
At cost		385	314	385	314
		5,423	5,352	5,423	5,352
FINANCE LEASES - EQUIPMENT					
At cost		-	19	-	19
Accumulated depreciation		-	(17)	-	(17)
		-	2	-	2
		642,082	630,966	642,167	630,821

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

8. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) The land and buildings were valued by Craig Cunningham & Co (Real Estate) Pty Ltd at 31 December 2006. The valuation was on the basis of open market value of land and buildings concerned in their existing use.
- (b) The special collections of the library holdings were valued by Kenneth Hince Old & Fine Books Pty Ltd. It was based on the guidelines set out in the Department of Treasury and Finance document, *Victorian Government Policy: Revaluation of Non-Capital Physical Assets (April 2005)*.
Library's special collections are classified as a cultural asset and have been assessed on the fair value basis, as reflected by market evidence.
These valuations are in accordance with the University's policy of obtaining an independent valuation of non-current assets every three years or if there is a material movement in their values.
- (c) The art collection was valued by McWilliam & Associates Pty Ltd at 31 December 2003. The valuation was on the basis of replacement values.
- (d) A building (under Certificate of Title Volume 9145 Folio 537) with a carrying amount of \$100,000, is pledged to secure mortgage monies advanced by the Australian Government for the childcare centre at Warrnambool Campus.

MOVEMENTS IN CARRYING AMOUNTS

	Carrying amount at beginning of year \$000's	Additions \$000's	Disposals \$000's	Depreciation expense \$000's	Revaluation/ Transfers & Impairment \$000's	Carrying amount at end of year \$000's
2006						
Consolidated						
Land	104,486	-	-	-	(6,749)	97,737
Buildings	359,651	44,358	-	9,957	(20,727)	373,325
Construction in progress	79,897	8,127	-	-	-	88,024
Leasehold improvements	1,613	-	-	716	-	897
Equipment and furniture	30,831	13,070	1,389	9,660	(446)	32,406
Motor vehicles	7,004	4,336	3,143	1,327	-	6,870
Library holdings	42,130	2,642	-	7,372	-	37,400
Artworks	5,352	71	-	-	-	5,423
Finance leases - equipment	2	-	-	2	-	-
	630,966	72,604	4,532	29,034	(27,922)	642,082
University						
Land	104,486	-	-	-	(6,749)	97,737
Buildings	359,651	44,358	-	9,957	(20,727)	373,325
Construction in progress	79,897	8,127	-	-	-	88,024
Leasehold improvements	1,613	-	-	716	-	897
Equipment and furniture	30,686	12,867	1,075	9,541	(446)	32,491
Motor vehicles	7,004	4,336	3,143	1,327	-	6,870
Library holdings	42,130	2,642	-	7,372	-	37,400
Artworks	5,352	71	-	-	-	5,423
Finance leases - equipment	2	-	-	2	-	-
	630,821	72,401	4,218	28,915	(27,922)	642,167

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	<i>Consolidated</i>		<i>University</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
9. INTANGIBLE ASSETS				
DEFERRED DEVELOPMENT COSTS				
Student information system	-	11,714	-	11,714
Accumulated amortisation	-	(11,714)	-	(11,714)
	-	-	-	-
DEFERRED IMPLEMENTATION COSTS				
Student information system	4,868	4,868	4,868	4,868
Human resources system	-	405	-	405
Oracle financials system	-	4,923	-	4,923
	4,868	10,196	4,868	10,196
Accumulated amortisation	(4,868)	(9,502)	(4,868)	(9,502)
	-	694	-	694
Licence fees	1,000	-	1,000	-
	1,000	694	1,000	694
MOVEMENTS IN CARRYING AMOUNTS				
	Carrying amount at beginning of year	Additions	Amortisation expense	Carrying amount at end of year
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
2006				
Consolidated				
Licence fees	-	1,000	-	1,000
Deferred implementation costs	694	-	694	-
	694	1,000	694	1,000
University				
Licence fees	-	1,000	-	1,000
Deferred implementation costs	694	-	694	-
	694	1,000	694	1,000

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	Note	Consolidated		University	
		2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's
10. TRADE AND OTHER PAYABLES					
CURRENT					
Creditors and accrued expenses		31,723	24,106	31,554	24,670
Australian Government unspent financial assistance		-	1,404	-	1,404
OS-HELP liability to Australian Government		13	307	13	307
Income received in advance		27,590	19,159	25,511	17,302
Owing to subsidiaries		-	-	7,566	4,590
		59,326	44,976	64,644	48,273
NON-CURRENT					
Creditors and accrued expenses		660	-	660	-
		660	-	660	-
		59,986	44,976	65,304	48,273
11. INTEREST BEARING LIABILITIES					
CURRENT					
Unsecured borrowings					
- Bank overdraft	24(a)	10	4	-	-
- Bank loans	24(a)	2,488	2,284	2,488	2,284
- Finance leases	18	-	3	-	3
Secured by mortgage					
- Other	24(a)	9	9	9	9
		2,507	2,300	2,497	2,296
NON-CURRENT					
Unsecured borrowings					
- Bank loans	24(a)	17,218	19,705	17,218	19,705
Secured by mortgage					
- Other	24(a)	69	77	69	77
		17,287	19,782	17,287	19,782
		19,794	22,082	19,784	22,078
Due later than one year and not later than two years		2,702	2,496	2,702	2,496
Due later than two year and not later than three years		2,157	2,702	2,157	2,702
Due later than three year and not later than four years		2,335	2,157	2,335	2,157
Due later than four years and not later than five years		2,526	2,334	2,526	2,334
Due later than five years and not later than ten years		7,567	10,093	7,567	10,093
		17,287	19,782	17,287	19,782
Financing arrangements					
Bank loan facilities					
Total facilities		79,706	61,989	79,706	61,989
Used at balance date		19,706	21,989	19,706	21,989
Unused at balance date	24(c)	60,000	40,000	60,000	40,000

A building (under Certificate of Title Volume 9145 Folio 537) is pledged to secure mortgage monies of \$78,000 (2005: \$86,000) advanced by the Australian Government for the childcare centre at Warrnambool Campus.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	Note	Consolidated		University	
		2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's
12. PROVISIONS - EMPLOYEE BENEFITS					
CURRENT					
Annual leave		13,886	13,464	13,460	12,859
Long service leave		16,056	16,499	15,609	16,078
Maternity/partner and sick leave		1,589	1,188	1,589	1,188
Deferred government benefits for superannuation	17	12,276	12,275	12,276	12,275
		43,807	43,426	42,934	42,400
NON-CURRENT					
Long service leave		6,645	8,169	6,461	7,894
Deferred government benefits for superannuation	17	147,931	156,274	147,931	156,274
Unfunded superannuation liability - SERB		289	289	289	289
		154,865	164,732	154,681	164,457
		198,672	208,158	197,615	206,857

Movements in provisions - consolidated

	Annual Leave		Long Service Leave	
	Current	Non - Current	Current	Non - Current
Carrying amount at beginning of year	13,464	-	16,499	8,169
Additional provisions recognised	422	-	(443)	(1,524)
Carrying amount at end of year	13,886	-	16,056	6,645

	Maternity/Partner & Sick Leave	Unfunded Super - SERB	Deferred employee benefits for superannuation	
	Current	Non - Current	Current	Non - Current
Carrying amount at beginning of year	1,188	289	12,275	156,274
Additional provisions recognised	401	-	1	(8,343)
Carrying amount at end of year	1,589	289	12,276	147,931

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	Consolidated		University	
	2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's
12. PROVISIONS - EMPLOYEE BENEFITS (CONTINUED)				
Annual Leave and Long Service Leave				
Current				
All annual leave and long service leave (representing 10+ years of continuous service) entitlements				
Short term employee benefits, that fall due within 12 months after the end of the period measured at nominal value	22,266	21,507	21,592	20,902
Other long term employee benefits that do not fall due within 12 months after the end of the period measured at present value	7,676	8,456	7,477	8,035
	29,942	29,963	29,069	28,937
Non-Current				
Long service leave representing less than 10 years of continuous service measured at present value	6,645	8,169	6,461	7,894

All annual leave and unconditional vested long service leave (representing 10+ years of continuous service) is:

(i) disclosed in accordance with AASB 101, as a current liability even where the Group is not expected to settle the liability within 12 months as it will not have the unconditional right to defer the settlement of the entitlement should an employee take leave within 12 months;

(ii) measured at:

- nominal value under AASB 119 where a component of this current liability is expected to fall due within 12 months after the end of the period; and
- present value under AASB 119 where Deakin University and its subsidiaries do not expect to settle a component of this current liability within 12 months.

Long service leave representing less than 10 years of continuous service is:

(i) disclosed in accordance with AASB 101 as a non-current liability; and

(ii) measured at present value under AASB 119 as the Group does not expect to settle this non-current liability within 12 months.

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

	Service Year	2006 %	2005 %
Wage inflation rate		4.75	5.00
Discount rates	17+	-	-
	16	6.23	5.42
	15	6.24	5.26
	14	6.14	5.24
	13	6.10	5.25
	12	6.07	5.25
	11	6.06	5.24
	10	6.00	5.23
	9	5.97	5.23
	8	5.94	5.23
	7	5.92	5.23
	6	5.90	5.24
	0-5	5.89	5.24

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	<i>Consolidated</i>		<i>University</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
13. CURRENT TAX LIABILITIES				
Provision for income tax	21	1	-	-
14. ASSET REVALUATION RESERVE				
Balance at beginning of year	81,841	96,186	81,841	96,186
Impairment charged to asset revaluation reserve	(16,529)	(12,166)	(16,529)	(12,166)
Increase/(decrease) in asset valuation of non-current assets are:				
Land	8,251	-	8,251	-
Buildings	8,086	-	8,086	-
Investments	-	(2,179)	-	(2,179)
Balance at end of year	81,649	81,841	81,649	81,841

The impairment charged to the Asset Revaluation Reserve relates to the Science and Technology Building at the Geelong Campus at Waurn Ponds. This building is undergoing major renovations which commenced in 2004 and is due for completion in 2007.

Fifty percent of the building is not being used at December 2006 (2005: 25%). The renovation work, when completed, will result in complete utilisation of the building at which point the impairment will be removed.

MOVEMENTS IN CARRYING AMOUNTS

	Carrying amount at beginning of year	Impairment	Increase/ (Decrease) on Revaluation	Carrying amount at end of year
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
2006				
Consolidated				
Land	42,395	-	8,251	50,646
Buildings	39,446	(16,529)	8,086	31,003
	81,841	(16,529)	16,337	81,649
University				
Land	42,395	-	8,251	50,646
Buildings	39,446	(16,529)	8,086	31,003
	81,841	(16,529)	16,337	81,649

15. RETAINED SURPLUS

	<i>Consolidated</i>		<i>University</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
Retained surplus 1 January	523,463	495,100	522,600	495,029
Net operating result for the year	60,520	28,363	57,715	27,571
Retained surplus 31 December	583,983	523,463	580,315	522,600

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	<i>Consolidated</i>		<i>University</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
16. STATEMENT OF CASH FLOWS				
RECONCILIATION OF CASH				
Cash at bank and on hand	4,192	2,447	3,189	2,358
Managed fund	24,764	13,411	22,636	11,405
Bank overdraft	(10)	(4)	-	-
	28,946	15,854	25,825	13,763
RECONCILIATION OF OPERATING RESULT AFTER INCOME TAX TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES				
Net operating result for the year	60,520	28,363	57,715	27,571
Add non-cash items				
Depreciation and amortisation	29,727	27,853	29,608	27,782
Donations for library holdings	-	(1,139)	-	(1,139)
Donations for art works	(9)	(81)	(9)	(81)
Fair value gains on other financial assets	(1,118)	(2,674)	(1,131)	(2,674)
<i>Less items classified as investing activities</i>				
Profit on disposal of property, plant and equipment	1,489	764	1,462	755
Provision for diminution of other financial assets	15	70	15	70
Provision for diminution of investments in subsidiaries	-	-	560	(1,813)
Profit on sale of other financial assets	-	(2,194)	-	(2,194)
Profit on sale of business	(2,227)	-	-	-
Decrease/(increase) in:				
Current assets				
Trade debtors	(6,231)	1,452	(6,089)	1,659
Government grants receivable	(4,668)	-	(4,668)	-
Accrued income	(1,521)	145	(1,513)	141
Prepayments	(32)	(1,922)	(981)	(2,039)
GST recoverable	(413)	(185)	(414)	(185)
Owing by other entities	48	(7)	48	(7)
Inventories	64	541	64	541
Non-current assets				
Owing by subsidiaries	-	-	-	981
Receivables	250	(170)	250	(170)
Deferred government contribution for superannuation	8,342	(16,317)	8,342	(16,317)
Increase/(decrease) in:				
Current liabilities				
Creditors and accrued expenses	5,920	(1,573)	5,186	(897)
Income received in advance	8,431	2,423	8,209	2,698
Owing to subsidiaries	-	-	2,976	3,246
Current tax payable	20	(141)	-	-
Employee benefits	381	1,016	534	981
Non-current liabilities				
Creditors and accrued expenses	660	-	660	-
Income received in advance	-	(107)	-	-
Employee benefits	(1,525)	2,237	(1,434)	2,117
Deferred employee benefits for superannuation	(8,342)	16,317	(8,342)	16,317
Net cash provided by operating activities	89,781	54,671	91,048	57,343
NON-CASH INVESTING ACTIVITIES				
During the year the University received donations for library holdings and art works amounting to:				
Library holdings	-	1,139	-	1,139
Art works	9	81	9	81
	9	1,220	9	1,220

17. SUPERANNUATION

UniSuper Defined Benefit Plan

Deakin University has a number of present staff members who are members of The UniSuper Defined Benefit Plan (DBP) and in respect of whom defined benefits are payable on termination of employment. The Unisuper Trust Deed was amended in December 2006 to classify the plan as a defined contribution plan under Accounting Standard AASB 119 *Employee Entitlements*. The plan receives fixed contributions from the University, whereby the University's legal or constructive obligation is limited to these contributions.

As at 30 June 2006 the assets of the DBP in aggregate were estimated to be \$958 million in excess of vested benefits. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of CPI indexed pensions being provided by the DBP.

As at 30 June 2006 the assets of the DBP in aggregate were estimated to be \$1,834 million in excess of accrued benefits. The accrued benefits have been calculated as the present value of expected future benefit payments to members and CPI indexed pensioners which arise from membership of UniSuper up to the reporting date.

The vested benefit and accrued benefit liabilities were determined by the Fund's actuary, Russell Employee Benefits Pty Ltd, using the actuarial demographic assumptions outlined in their report dated 13 July 2006 on the actuarial investigation of the DBP as at 31 December 2005. The financial assumptions used were:

	<u>Vested benefits</u>	<u>Accrued benefits</u>
Gross of tax investment return	7.0% p.a.	8.3% p.a.
Net of tax investment return	6.5% p.a.	7.8% p.a.
Consumer Price Index	2.5% p.a.	2.5% p.a.
Inflationary salary increases long term	3.5% p.a.	3.5% p.a.
Inflationary salary increases next three years	5.0% p.a.	5.0% p.a.
(additional promotional salary increases are assumed to apply based on past experience)		

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

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

Deakin University has a number of present and former staff who are members of the Victorian State Superannuation Fund and in respect of whom defined benefits are payable on termination of employment. As at 30 June 2006, 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 2006, amounted to \$160,207,000 (2005 - \$168,549,000). Unfunded liabilities are met by the Australian Government.

	<i>Consolidated</i>		<i>University</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
Amounts receivable from Australian government				
Receivable within 12 months	12,276	12,275	12,276	12,275
Receivable later than 12 months	147,931	156,274	147,931	156,274
Total	160,207	168,549	160,207	168,549
Unfunded superannuation liability				
Payable within 12 months	12,276	12,275	12,276	12,275
Payable later than 12 months	147,931	156,274	147,931	156,274
Total	160,207	168,549	160,207	168,549

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	<i>Note</i>	<i>Consolidated</i>		<i>University</i>	
		<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
		<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
18. COMMITMENTS					
Capital commitments					
At the reporting date the following contracts for capital expenditure had been entered into:					
Within one year		16,590	24,570	16,590	24,570
Later than one year and not later than five years		1,026	5,322	1,026	5,322
Later than five years		24	74	24	74
		17,640	29,966	17,640	29,966
Other expenditure commitments					
At the reporting date the following contracts for other expenditure had been entered into:					
Within one year		1,356	1,737	1,356	1,681
Later than one year and not later than five years		2,510	4,913	2,510	4,913
		3,866	6,650	3,866	6,594
Operating leases					
At the reporting date the following obligations under operating leases, which are not shown as liabilities, were in effect:					
Within one year		4,552	4,724	4,355	4,392
Later than one year and not later than five years		3,500	3,805	3,399	3,570
		8,052	8,529	7,754	7,962
Finance leases					
At the reporting date the following obligations under finance leases, and which are shown as liabilities, were in effect:					
Within one year		-	3	-	3
Minimum lease payments		-	3	-	3
Less: future finance charges		-	-	-	-
	11	-	3	-	3

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

	Note	Consolidated		University	
		2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's

19. CONTINGENCIES

There are no contingent liabilities at balance date.

Legal proceedings instigated by La Trobe University which commenced in December 2005 have been successfully settled during 2006. La Trobe University served legal proceedings on both Callista Software Services Pty Ltd (CSS) and Deakin University seeking orders, amongst others, that terms of the Software Licence and Installation Agreement dated 11 December 2001 be specifically performed by CSS and Deakin University, or alternatively seeking damages.

20. KEY MANAGEMENT PERSONNEL DISCLOSURES

Names of Responsible Persons

University

For the purposes of the *Victorian Financial Management Act 1994*, the Victorian Minister of Education and Training, Hon. Jacinta Allan MP from December 2006 and the Hon. Lynne Kosky, MP from February 2002 to December 2006, 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 2006 were Mr DM Morgan (Chancellor), Professor SA Walker (Vice-Chancellor & President), Mr AJ Kloeden, Ms ML Edmond, Mr JD Maddock, Mr AE Fairley, Mrs S De Gilio, Mr MJ Dowling, Ms PH Reid, Ms JM Lightowlers, Dr DJ Gunning, Professor CN Gray, Mr JG Nicol, Ms JA Ward, Ms JA Crowe, Professor G Stokes, Mr NT Millen, Dr PC Turner, Mr D Hauenstein and Mr MI Khan.

Subsidiaries

Mr NA Osborne, Mr DN Edwards, AM, and Mr J Cauberg.

Names of Executive Officers

University

Professor JE Beaumont, Professor JC Catford, Professor JPH Clarke, Mr GA Dennehy, Mr RH Elliott, Professor AM Flitman, Professor SJ Grundy, Professor PA Hamilton, Dr I Irvine, Ms L Martin, Professor J Rosenberg, Mr KJ Selway, Professor D Stokes, Mr RL Wallis, Mr A Walters.

Subsidiaries

Ms J Mithen, Ms TM Price, Ms JE Scott, Mr M Estcourt, Mr P Langkamp.

RESPONSIBLE PERSONS REMUNERATION

Remuneration received or due and receivable from the University and its subsidiaries by the responsible persons

	Consolidated		University	
	2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's
Base remuneration	980	962	964	955
Bonuses	65	72	65	72
Total remuneration	1,045	1,034	1,029	1,027

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

	Consolidated		University	
	2006	2005	2006	2005
Nil to \$9,999	17	18	15	17
\$10,000 to \$19,999	1	-	-	-
\$60,000 to \$69,999	-	1	-	1
\$70,000 to \$79,999	1	-	1	-
\$100,000 to \$109,999	1	-	1	-
\$130,000 to \$139,999	1	-	1	-
\$150,000 to \$159,999	1	-	1	-
\$170,000 to \$179,999	-	1	-	1
\$180,000 to \$189,999	-	1	-	1
\$510,000 to \$519,999	-	1	-	1
\$560,000 to \$569,999	1	-	1	-

There were no other transactions with responsible persons or related parties.

20. KEY MANAGEMENT PERSONNEL DISCLOSURES (CONTINUED)

EXECUTIVE OFFICERS REMUNERATION

	<i>Consolidated</i>		<i>University</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>

Number of executive officers whose remuneration from the University and its subsidiaries were within the following bands

\$100,000 to \$109,999	1	-	1	-
\$150,000 to \$159,999	1	-	-	-
\$160,000 to \$169,999	2	1	-	-
\$170,000 to \$179,999	-	2	-	-
\$180,000 to \$189,999	-	2	-	-
\$200,000 to \$209,999	-	2	-	2
\$210,000 to \$219,999	3	5	3	5
\$230,000 to \$239,999	2	1	2	1
\$250,000 to \$259,999	1	1	1	1
\$260,000 to \$269,999	-	1	-	1
\$270,000 to \$279,999	-	1	-	1
\$280,000 to \$289,999	1	-	-	-
\$290,000 to \$299,999	-	1	-	1
\$300,000 to \$309,999	2	-	2	-
\$320,000 to \$329,999	1	-	1	-
\$330,000 to \$339,999	1	-	1	-
\$340,000 to \$349,999	1	1	1	1
\$520,000 to \$529,999	1	-	1	-

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

	<i>Consolidated</i>		<i>University</i>	
	<i>2006</i>	<i>2005</i>	<i>2006</i>	<i>2005</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>

Remuneration received or due and receivable from the University and its controlled entities by executive officers whose remuneration exceeded \$100,000

Base remuneration	3,613	3,787	3,004	3,010
Bonuses	327	287	257	182
Termination payments	442	-	354	-
Total remuneration	4,382	4,074	3,615	3,192

Executive Officers Compensation

Short term employee benefits	3,795	4,074	3,147	3,192
Other long term benefits	145	-	114	-
Termination benefits	442	-	354	-
	4,382	4,074	3,615	3,192

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

21. REMUNERATION OF AUDITORS

Consolidated
2006 2005
\$000's \$000's

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

Auditor-General of Victoria

- Deakin University

- Subsidiaries

83 77
28 22

22. SUBSIDIARIES

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

Entity	Country of incorporation	Principal activity	Ownership interest	
			2006	2005
The Australian Professional Associations Service Company Pty Ltd	Australia	Human resources service provider	100%	100%
Callista Software Services Pty Ltd	Australia	Computer software services	100%	100%
Canopi Network Pty Ltd	Australia	Service company	100%	100%
Unilink Limited	Australia	Provision of resource services to Deakin University	100%	100%

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

Income Statement

Entity	Total Revenue		Total Expenditure		Net Profit/(Loss) after Tax Expense	
	2006	2005	2006	2005	2006	2005
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
The Australian Professional Associations Service Company Pty Ltd	10,244	8,311	7,488	7,649	2,756	804
Callista Software Services Pty Ltd	10,562	13,807	11,176	11,997	(614)	1,810
Canopi Network Pty Ltd	7,322	9	7,245	4	54	3
Unilink Limited	7,363	7,783	7,363	7,783	-	-
	35,491	29,910	33,272	27,433	2,196	2,617

Balance Sheet

(a) Assets

Entity	Note	Current Assets		Non-Current Assets		Total Assets	
		2006	2005	2006	2005	2006	2005
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
The Australian Professional Associations Service Company Pty Ltd	(a)	4,072	3,031	-	237	4,072	3,268
Callista Software Services Pty Ltd	(b)	4,689	4,273	57	49	4,746	4,322
Canopi Network Pty Ltd	(c)	4,275	2,007	-	-	4,275	2,007
Unilink Limited		845	-	-	-	845	-
		13,881	9,311	57	286	13,938	9,597

22. SUBSIDIARIES (CONTINUED)

(b) Liabilities

Entity	Current Liabilities		Non-Current Liabilities		Total Liabilities	
	2006	2005	2006	2005	2006	2005
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
The Australian Professional Associations Service Company Pty Ltd	258	2,146	-	64	258	2,210
Callista Software Services Pty Ltd	2,497	1,433	184	210	2,681	1,643
Canopi Network Pty Ltd	2,218	3	2,000	2,000	4,218	2,003
Unilink Limited	779	-	66	-	845	-
	5,752	3,582	2,250	2,274	8,002	5,856

(c) Equity and Borrowings

Entity	Equity		Internal Borrowings		External Borrowings	
	2006	2005	2006	2005	2006	2005
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
The Australian Professional Associations Service Company Pty Ltd	3,814	1,058	-	-	-	-
Callista Software Services Pty Ltd	2,066	2,680	-	-	10	4
Canopi Network Pty Ltd	57	3	-	-	-	-
Unilink Limited	-	-	-	-	-	-
	5,937	3,741	-	-	10	4

(a) Current assets includes an amount owing by Deakin University of \$3,068,877 (2005 - \$2,122,151).

(b) Current assets includes an amount owing by Deakin University of \$4,161,013 (2005 - \$2,467,685).

(c) Current assets includes an amount owing by Deakin University of \$336,026 (2005 - Nil).

Australian Human Resources Institute Pty Ltd changed its name during the year to The Australian Professional Associations Service Company Pty Ltd. The total business of The Australian Professional Associations Service Company Pty Ltd was sold on 16 October 2006 for a profit of \$2,227,404 (refer Note 23).

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

23. DISCONTINUED OPERATIONS

The total operation of The Australian Professional Associations Service Company Pty Ltd was sold on 16 October 2006.

	2006	2005
Net result from discontinued operations:		
Revenue	8,017	8,311
Expenses	7,488	7,649
Net Profit	529	662
Gain on disposal of discontinued operation	2,227	-
Net result from discontinued operation before tax	2,756	662
Income tax benefit	-	142
Net result after income tax	2,756	804
Cash Flows from discontinued operations		
Net cash outflow from operating activities	(1,445)	(208)
Net cash inflow/(outflow) from investing activities	2,360	(100)
Net cash inflow/(outflow)	915	(308)

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

24. FINANCIAL INSTRUMENTS

(a) Terms, conditions and accounting policies

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

Recognised financial instruments	Note	Accounting policies	Terms and conditions
(i) Financial assets			
Cash and cash equivalents	3	Cash is carried at the principal amount.	Cash at bank is in an interest bearing account. The interest rate as at 31 December 2006 is 5.71% (2005 - 4.83%).
Managed fund	3	Managed funds are stated at market value as at balance date.	The weighted average return is 6.26% p.a. (2005 - 6.21% p.a.).
Receivables - Trade Debtors	4	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.	Credit sales are on 30 day terms.
Financial assets at fair value through profit or loss	7	Managed trust funds and listed equity securities are stated at market value as at balance date. Distribution from trust funds is recognised as income when the distribution is received. Dividend income is recognised when the dividends are received. Changes in fair values are recorded in other income or other expenses in the Income Statement.	The weighted average return is 16.52% p.a. (2005 - 17.50% p.a.).
Other unlisted securities	7	Unlisted securities are stated at cost less any provision for diminution in value. A provision for diminution in value is made by considering the underlying net asset base of the security.	Investments in unlisted securities are for long term purpose. They are either in the form of commercial venture or partnership.
(ii) Financial liabilities			
Payables	10	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	11	Bank overdraft is stated as a liability to the bank.	The interest rate as at 31 December 2006 is 10.10% (2005 - 9.35%).
Bank loans	11	The bank loans are carried at the principal amount. Interest is charged as an expense as it accrues.	The bank loans are repayable semi-annually with final instalments due on 5 August 2008, 15 November 2012, 1 July 2013, and 7 April 2015 respectively. The weighted average interest rate is 7.30% (2005 - 7.26%).
Other	11	Principal amount of loan from the Australian Government - Department of Family and Community Services.	The loan from the Department of Family and Community Services is repayable in instalments on the 1 January and 1 July each year, with the final instalment due on 1 July 2015. The loan is interest free and secured by the mortgage of the University's building under Certificate of Title Volume 145 Folio 537.

24. FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest rate risk

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

Consolidated

Financial instruments	Floating interest rate		Fixed interest rate maturing in:												Non-interest bearing		Total carrying amount as per the balance sheet		Weighted average effective interest rate or earnings rate				
			1 year or less		over 1 to 2 years		over 2 to 3 years		over 3 to 4 years		over 4 to 5 years		Over 5 years										
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006		
\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	%	%			
(i) Financial assets																							
Cash at bank and on hand	4,137	2,387															55	60	4,192	2,447	5.71%	4.83%	
Managed fund	24,764	13,411																	24,764	13,411	6.26%	6.21%	
Receivables - Trade Debtors																	17,364	11,133	17,364	11,133			
Receivables - Other Current																	26,320	19,733	26,320	19,733			
Receivables - Other Non-Current																	147,931	156,524	147,931	156,524			
Financial assets at fair value through profit or loss	50,224	43,660																	50,224	43,660	16.52%	17.50%	
Other financial assets - non-current																	1,683	1,074	1,683	1,074			
Total financial assets	79,125	59,458															193,353	188,524	272,478	247,982			
(ii) Financial liabilities																							
Payables																	59,986	44,976	59,986	44,976	-	-	
Bank overdraft	10	4																	10	4	10.10%	9.35%	
Bank loans	2,488	2,284	2,693	2,484	2,148	2,694	2,148	2,326	2,148	2,517	2,325	7,534	10,054					19,706	21,989	7.30%	7.26%		
Finance leases			3																	3	3	6.03%	
Other																	78	86	78	86			
Total financial liabilities	10	4	2,488	2,287	2,693	2,484	2,148	2,326	2,148	2,517	2,325	7,534	10,054				60,064	45,062	79,780	67,058			

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2006

24. FINANCIAL INSTRUMENTS (CONTINUED)

(c) Fair values

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

	Total carrying amount as per the Balance Sheet		Aggregate fair value	
	2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's
<i>Financial assets</i>				
Cash at bank and on hand	4,192	2,447	4,192	2,447
Managed fund	24,764	13,411	24,764	13,411
Receivables - Trade Debtors	17,364	11,133	17,364	11,133
Receivables - Other Current	26,320	19,733	26,320	19,733
Receivables - Other Non-Current	147,931	156,524	147,931	156,502
Other financial assets - current	50,224	43,660	50,224	43,660
Other financial assets - non-current	1,683	1,074	1,683	1,074
Total financial assets	272,478	247,982	272,478	247,960
<i>Financial liabilities</i>				
Payables	59,986	44,976	59,973	44,976
Bank overdraft	10	4	10	4
Bank loans	19,706	21,989	21,648	24,906
Finance leases	-	3	-	3
Other	78	86	62	69
Total financial liabilities	79,780	67,058	81,693	69,958

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

Recognised financial instruments

Cash and cash equivalents

The carrying amount approximates fair value due to the short term nature of the instrument.

Trade receivables and payables:

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

Non-current receivables

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

Other financial assets - current at fair value

For financial instruments traded in organised financial markets, fair value is the current quoted market bid price for an asset.

Other financial assets - non-current

For unlisted securities where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows or the underlying net asset base of the investment/security.

Short-term borrowings:

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

Long-term borrowings:

The fair value of long-term borrowings is estimated by discounting future payments to net present value using the discount rates as advised by the Department of Treasury and Finance.

24. FINANCIAL INSTRUMENTS (CONTINUED)

Facilities

Bank Borrowing Facility

Deakin University has available \$60,000,000 of bank borrowing facilities to assist with the funding of the building program at the Melbourne campus at Burwood, \$20,000,000 with notional maturity date on 1/12/2021, \$20,000,000 on 1/12/2022 and \$20,000,000 on 1/12/2027 (2005 - \$40,000,000 with \$20,000,000 maturing on 2/12/2019 and \$20,000,000 maturing on 1/12/2021).

These facilities are at a fixed rate of 6.45% respectively and can be drawn down at any time (2005 - 6.17% and 6.36%).

This facility has not been used up to 31 December 2006.

Bank loans of \$19,706,000 are carried at the principal amount. Interest is charged as an expense as it accrues.

(d) Credit risk exposures

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

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

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

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

University only

	Commonwealth Grants Scheme		Indigenous Support Fund		Equity Programmes	
	2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's
25. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE						
25.1 DEST - CGS and Other DEST Grants						
Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)	103,969	100,334	952	870	443	481
Net accrual adjustments	-	(2,870)	-	-	-	-
Revenue for the period	103,969	97,464	952	870	443	481
Surplus / (deficit) from the previous year	-	-	-	-	-	-
Total revenue including accrual revenue	103,969	97,464	952	870	443	481
Less expenses including accrual expenses	(103,969)	(97,464)	(952)	(870)	(443)	(481)
Surplus / (deficit) for reporting period	-	-	-	-	-	-

University only

	Workplace Reform Programme		Capital Development Pool		Superannuation Programme		Total	
	2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's
25. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)								
25.1 DEST - CGS and Other DEST Grants								
Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)	1,494	1,449	1,065	1,047	11,882	12,256	119,805	116,437
Net accrual adjustments	-	-	-	-	44	(389)	44	(3,259)
Revenue for the period	1,494	1,449	1,065	1,047	11,926	11,867	119,849	113,178
Surplus / (deficit) from the previous year	-	-	-	-	-	-	-	-
Total revenue including accrual revenue	1,494	1,449	1,065	1,047	11,926	11,867	119,849	113,178
Less expenses including accrual expenses	(1,494)	(1,449)	(1,065)	(1,047)	(11,926)	(11,867)	(119,849)	(113,178)
Surplus / (deficit) for reporting period	-	-	-	-	-	-	-	-

<i>University only</i>									
	HECS - HELP (Australian Government payments only)		FEE - HELP		Total		OS - HELP		
	2006	2005	2006	2005	2006	2005	2006	2005	2006
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
25. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)									
25.2 Higher Education Loan Programmes									
Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)	63,551	55,021	10,148	12,753	73,699	67,774	263	750	
Net accrual adjustments	-	4,585	-	-	-	4,585	-	-	
Revenue for the period	63,551	59,606	10,148	12,753	73,699	72,359	263	750	
Surplus / (deficit) from the previous year	-	-	1,641	(359)	1,641	(359)	307	-	
Total revenue including accrual revenue	63,551	59,606	11,789	12,394	75,340	72,000	570	750	
Less expenses including accrual expenses	(63,551)	(59,606)	(11,789)	(10,753)	(75,340)	(70,359)	(557)	(443)	
Surplus for reporting period	-	-	-	1,641	-	1,641	13	307	

	Australian Post Graduate Awards		International Postgraduate Research Scholarships		Commonwealth Education Costs Scholarships		Commonwealth Accommodation Scholarships		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
25. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)										
25.3 Scholarships										
Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)	1,601	1,607	327	277	848	507	899	641	3,675	3,032
Net accrual adjustments	-	-	-	-	23	(23)	28	(28)	51	(51)
Revenue for the period	1,601	1,607	327	277	871	484	927	613	3,726	2,981
Surplus from the previous year	168	34	34	72	-	-	-	-	202	106
Total revenue including accrual revenue	1,769	1,641	361	349	871	484	927	613	3,928	3,087
Less expenses including accrual expenses	(1,432)	(1,473)	(300)	(315)	(829)	(484)	(868)	(613)	(3,429)	(2,885)
Surplus for reporting period	337	168	61	34	42	-	59	-	499	202

University only

	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	Total
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
			Institutional Grants Scheme	Research Training Scheme	Research Infrastructure Grants	Block Grants					
25. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)											
25.4 DEST Research											
Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)	4,258	3,828	8,920	8,525	2,294	1,940	15,472	14,293			
Net accrual adjustments	-	-	-	-	-	-	-	-			
Revenue for the period	4,258	3,828	8,920	8,525	2,294	1,940	15,472	14,293			
Surplus / (deficit) from the previous year	-	-	-	-	-	-	-	-			
Total revenue including accrual revenue	4,258	3,828	8,920	8,525	2,294	1,940	15,472	14,293			
Less expenses including accrual expenses	(4,258)	(3,828)	(8,920)	(8,525)	(1,909)	(1,940)	(15,087)	(14,293)			
Surplus for reporting period	-	-	-	-	385	-	385	-			

University only

	Projects		Fellowships		Total
	2006 \$000's	2005 \$000's	2006 \$000's	2005 \$000's	
	2,015	1,844	316	310	2,331
	-	-	-	-	-
	2,015	1,844	316	310	2,331
	39	(68)	85	108	124
	2,054	1,776	401	418	2,455
	(1,889)	(1,737)	(333)	(333)	(2,222)
	165	39	68	85	233
					124

25. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)

25.5 AUSTRALIAN RESEARCH COUNCIL GRANTS

(a) Discovery

Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)

Net accrual adjustments

Revenue for the period

Surplus / (deficit) from the previous year

Total revenue including accrual revenue

Less expenses including accrual expenses

Surplus for reporting period

University only

	Infrastructure		Special Research Initiatives		International researcher exchange		Projects (SPRT)		Total	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
25. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (CONTINUED)										
25.5 Australian Research Council Grants										
(b) Linkages										
Financial Assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)	968	825	-	(6)	21	25	1,858	2,256	2,847	3,100
Net accrual adjustments	-	-	-	-	-	-	-	-	-	-
Revenue for the period	968	825	-	(6)	21	25	1,858	2,256	2,847	3,100
Surplus from the previous year	290	-	-	9	37	33	725	796	1,052	838
Total revenue including accrual revenue	1,258	825	-	3	58	58	2,583	3,052	3,899	3,938
Less expenses including accrual expenses	(61)	(535)	(3)	(3)	(6)	(21)	(1,890)	(2,327)	(1,957)	(2,886)
Surplus for reporting period	1,197	290	-	-	52	37	693	725	1,942	1,052



FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

Certification

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

- (a) The attached financial statements and notes thereto present fairly the financial position as at 31 December 2006, and the financial performance for the year ended 31 December 2006 of the University and the consolidated entity;
- (b) The attached financial statements and notes thereto comply with the *Financial Management Act 1994* and with Australian equivalents to International Financial Reporting Standards (AIFRSs), other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Consensus Views, the requirements of the Department of Education, Science and Training, Financial Reporting Directions and Business Rules;
- (c) At the date of this certification there are reasonable grounds to believe that the University and the consolidated group will be able to pay its debts as and when they fall due; and
- (d) The amount of Australian Government financial assistance expended during the reporting period was for the purposes for which it was intended and Deakin University has complied with applicable legislation, contracts, agreements and programme guidelines in making expenditure.

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

MR DAVID M. MORGAN
Chancellor

Date: 22.03.07
Melbourne

PROFESSOR SALLY A. WALKER
Vice-Chancellor and President

Date: 22.3.2007
Melbourne

MR ANDREW WALTERS
Chief Financial Officer

Date: 22.03.07
Melbourne



AUDITOR GENERAL
VICTORIA

INDEPENDENT AUDIT REPORT

Deakin University

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

Scope

The Financial Report

The accompanying financial report for the year ended 31 December 2006 of Deakin University consists of income statement, statement of changes in equity, balance sheet, cash flow statement, notes to and forming part of the financial report, and the supporting declaration.

Members' Responsibility

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

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

Audit Approach

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

The audit procedures included:

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

These procedures have been undertaken to form an opinion as to whether the financial report is presented in all material respects 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 financial position, and its financial performance and cash flows.

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



AUDITOR GENERAL
VICTORIA

Independent Audit Report (continued)

Independence

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

Audit Opinion

In my opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia, and the financial reporting requirements of the *Financial Management Act* 1994, the financial position of Deakin University as at 31 December 2006 and its financial performance and cash flows for the year then ended.

MELBOURNE
28 March 2007


D.D.R. Pearson
Auditor-General

Compliance index

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

FMA	<i>Financial Management Act 1994 (Vic)</i>
FRD	A-IFRS Financial Reporting Directions
SD	Standing Directors of the Minister for Finance issued under the <i>Financial Management Act 1994 (Vic)</i>
AAS	Australian Accounting Standards
AASB	Australian Accounting Standards Board
TEA 1993	<i>Tertiary Education Act 1993 (Vic)</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 (Cth)</i>
DEST	Commonwealth Government Department of Education, Science and Training (<i>Higher Education Support Act 2003, (Cth) Higher Education Funding Act 1988 (Cth) and the Australian Research Council Act 2001 (Cth)</i>)

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

Clause	Disclosure	Page(s)
	Transmittal letter	Inside front cover
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Deakin University

Geelong Campus at Wairn Ponds

Pigdons Road
Geelong Victoria
Australia 3217
Phone: (03) 5227 1100
Fax: (03) 5227 2001

Geelong Waterfront Campus

1 Gheringhap Street
Geelong Victoria
Australia 3217
Phone: (03) 5227 1100
Fax: (03) 5227 8188

Melbourne Campus at Burwood

221 Burwood Highway
Burwood Victoria
Australia 3215
Phone: (03) 9244 6100
Fax: (03) 9808 9497

Melbourne Campus at Toorak

336 Glenferrie Road
Malvern Victoria
Australia 3144
Phone: (03) 9244 6100
Fax: (03) 9244 5478

Warrnambool Campus

PO Box 423
Princes Highway
Warrnambool Victoria
Australia 3280
Phone: (03) 5563 3100
Fax: (03) 5563 3531

DEAKIN UNIVERSITY