

2002 annual report

**Report of Operations and Audited Financial Statements
for the year ended 31 December 2002**

4 April 2003

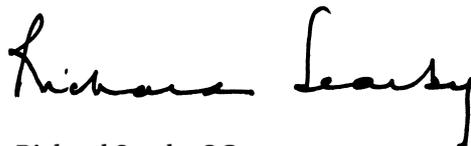
The Honourable Lynne Kosky MP
Minister for Education and Training

Dear Minister,

I have pleasure in presenting to you, on behalf of the Deakin University Council,
the *Deakin University Annual Report 2002*.

At the Council meeting held on 20 February 2003 I was delegated authority to
approve the Report of Operations on Council's behalf.

Yours faithfully,

A handwritten signature in black ink, reading "Richard Searby". The signature is written in a cursive style with a large initial 'R' and 'S'.

Richard Searby QC
Chancellor

Deakin's vision is to be Australia's most progressive university — internationally recognised for the relevance, innovation and responsiveness of its teaching and learning, partnerships and international activities.

Deakin is a university that

- Pursues excellence in research and scholarship that informs and inspires teaching and learning.
- Cares for its students and enables them to learn according to their needs.
- Leads in the provision of distance education and corporate and continuing education and training.
- Applies innovative technologies in teaching to provide quality learning outcomes.
- Partners with industry, business and the professions in teaching and research.
- Is international in its outlook.
- Responds to the diverse needs of the communities and regions in which it operates.

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Report of operations



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The year in review

Overview

The year 2002 was a highly successful and significant year for Deakin University that was marked by its 25th anniversary.

Major achievements were made in progressing the University's strategic priorities. Success was gained in all core areas with highlights including the final implementation of the innovative teaching and learning management plan, further strengthening of research activities, strong demand for student places, a continuing increase in international student numbers. Major works continued on upgrading of campuses and further development of the online environment.

Members of staff and students achieved many outstanding results and awards both individually and collectively.

The instability in world affairs affected and concerned the University and its community at many levels. At this time it is important that we all remain positive and supportive of our communities.

Senior appointments

Following the retirement of Professor Lindsay Mackay, Pro Vice-Chancellor at the end of 2001 Mr Eric Meadows was appointed Pro Vice-Chancellor (International) and commenced on 18 February 2002.

Professor John Catford returned to Deakin University on 1 February 2002 as dean of the Faculty of Health and Behavioural Sciences. Prior to rejoining the University Professor Catford held the position of Victorian Chief Medical Officer.

Professor Brian Corbitt accepted the appointment as acting Pro Vice-Chancellor (Knowledge Management) and commenced on 19 August 2002.

Mr Kean Selway who was acting CEO of DeakinPrime was appointed to the position of CEO DeakinPrime commencing 11 November 2002.

Awards

The calibre and diversity of Deakin University students and staff continue to be recognised through many awards, including:

Ms Jane McGillivray, senior lecturer in the School of Psychology, and **Ms Megan Moore**, a student in the Institute of Disability Studies, were awarded an Australian Society for the

Study of Intellectual Disability National Research Prize. The prize was awarded for their paper titled 'Substance use by offenders with mild intellectual disability', which was published during 2001 in the *Journal of Intellectual and Development Disability*. The paper was judged to be the most innovative contribution by an Australian author which resulted in positive life changes to people with an intellectual disability.

Museum Studies coordinator, **Dr Margaret Birtley**, and graduate **Mr Brett Clowes**, each received awards at an International Museums Day celebration. Dr Birtley was honoured by Museums Australia (Victoria) with a 'Lifetime Achievement Award' as part of the Museum Industry Recognition Awards. Mr Clowes received the Roslyn Lawry Award for his excellent results in the Graduate Diploma of Museum Studies which he completed in 2000.

Professor Bill Logan was awarded the International Planning History Society book prize for his book *Hanoi: A biography of a city*. Professor Logan is UNESCO chair in cultural heritage and director of cultural heritage and museum studies in the Faculty of Arts. In the prize citation Professor Logan's book was praised as 'the best and most innovative book on planning history published during the preceding two years'.

Dr Simon Lewis, senior lecturer in the School of Biological and Chemical Sciences, was awarded with one of 2002's Young Tall Poppy awards. Dr Lewis received the award for his achievements in research and the role he has played in nurturing the scientific achievers of the future. Using forensic science as a hook, Dr Lewis developed with his colleagues in the School of Biological and Chemical Sciences, *The Chemical Detective*, a workshop for high school students where they conduct a range of forensic science experiments.

Environmental Engineering graduate, **Mr James Povey**, was named runner-up in the VicRoads Young Professional Engineer (YPE) Award for 2002. The VicRoads YPE Award, presented by the Institution of Engineers, Australia, Victoria Division, acknowledges young engineers who have reached a high level of achievement in engineering and community affairs.

Dr Kieran Lim, senior lecturer in the School of Biological and Chemical Sciences, was awarded the Chemical Education Division Citation for 2002 by the Royal Australian Chemical Institute. The award is in recognition of Dr Lim's significant contribution to the Institute's Chemical Education Division. Dr Lim has been the division's webmaster, served on conference organising and program committees, and contributed to chemical education through the production of teaching aids, innovative laboratory teaching and promotion of the use of computers in teaching and learning. Dr Lim's book, *Style Manual for Students of Chemistry*, which was published in early 2002, has been adopted by universities in South Africa and New Zealand and is about to be adopted by several Australian universities.

Associate Professor Clare Bradford was awarded a grant of Canadian \$10,000 by the International Academic Relations Division of the Department of Foreign Affairs and International Trade (DFAIT) under the Canada-Asia Pacific Award Program for her project 'Representations of Indigeneity in Australian and Canadian texts for children'.

HOTcopy, an interactive CD-Rom that takes a student journalist inside a virtual newsroom was awarded the Australian Institute of Training and Development National Award. HotCopy received the award for 'innovation in learning'. The interactive program has been hailed as a revolutionary breakthrough in journalism education. HOTcopy was developed by the University's Learning Services division in conjunction with the School of Journalism.

Dr Matthew Watt, graduate from the School of Health Sciences, received an Australian Council for Health, Physical Education and Recreation (ACHPER) Postgraduate (Doctoral) Student Award for Distinction for his thesis entitled 'Adrenergic Regulation of Carbohydrate Metabolism During Exercise'. The criteria used to judge the projects were: academic excellence; creative or original thinking; and possible applications to ACHPER's area of focus.

World Alliance in Distance Education (WADE)

The World Alliance in Distance Education was formally established in July 2002 to explore collaboration in joint developments of programs and course materials, joint delivery of programs and establishing arrangements of credit transfer and award recognition. The alliance enables each of the universities to draw on the combined expertise and resources of Deakin University, Athabasca University (Canada), Open University (United Kingdom) and the Open University of Hong Kong.

Alfred Hospital alliance

For the past four years the School of Nursing has worked closely with the Alfred Hospital to encourage research in nursing. This relationship was formalised with the launch of the Alfred/Deakin Nursing Research Centre on 14 May 2002. The creation of the centre will ensure the continuation of what has proven to be a very successful and mutually beneficial relationship. The key focus of research at the Centre is cardiovascular nursing management. This research program has attracted a large number of Deakin University Bachelor of Nursing (Honours) and PhD students, as well as clinical staff from the Alfred Hospital.

University Department of Rural Health (UDRH)

The Federal Minister for Health and Ageing, the Hon. Kay Patterson, opened the newly refurbished premises for the Greater Green Triangle, University Department of Rural Health at the Warrnambool campus in July. A joint venture between the Commonwealth Department of Health and Ageing, Deakin University and Flinders University, the UDRH is one of 10 such departments established to address the health needs of Australians living in rural and remote areas.

Graduate Diploma of Midwifery

The Faculty of Health and Behavioural Sciences held a celebration at the Geelong Waterfront campus on 6 August 2002 to mark the first cohort of students completing the Graduate Diploma of Midwifery course. In total 18 students from Barwon, Eastern and Southern Health Services completed the inaugural Graduate Diploma of Midwifery. The course is delivered in a collaborative partnership, where midwifery educators from each of these health services are involved in planning, implementation and evaluation of both the academic and clinical programs.

Vineyard to support new course

The University has taken its first steps in the Australian wine industry with the planting of a vineyard on the Geelong campus.

The 10-hectare vineyard has been set up as part of the new wine science degree being offered in 2002. It will be complemented by commercial winery facilities initially capable of processing 150 tonnes of grapes and due to expand to 1,000 tonnes within five years.

A National Centre for Cool Climate Wine Science has been established on the Geelong campus to position Victoria as an international leader in premium wine production.

First Year Initiative

The 2002 academic year saw the implementation of the First Year Initiative. This program aims to nurture and improve the transitional experience and retention of students in their first year of study at Deakin University. The First Year Initiative is a university-wide integrated program which covers three stages— enrolment, orientation week and transition.

Online campus

The Deakin University Online Campus project is developing through a process of technology review, development of teaching and learning models and a review of best practice and exemplars in the international tertiary education scene.

Two policy framework documents— ‘Code of Good Online Practice’— and ‘Deakin Online’ have been developed to detail where Deakin University is at and where it would like to be in regard to an online campus, its strengths in this arena, the plan for achieving its objectives and the expected behaviours required to be exhibited by staff and students. These documents will be supplemented by a quality assurance process to facilitate best practice, enable high quality content and infrastructure, and ensure compliance with government requirements.

Campus developments

After much delay, the transfer of students and staff from the Rusden campus was completed. The Faculty of Science and Technology moved into its new building on the Melbourne campus for the start of semester 1 and around 1,000 media and performing arts students followed later in the year. The planning issues concerning further development of the Melbourne campus have remained unresolved.

A world-class technology precinct will be established at the Geelong campus. The Premier of Victoria, the Hon. Steve Bracks with the Minister for Education and Training, the Hon. Lynne Kosky launched the Geelong Technology Precinct on 21 August 2002 and handed over ownership of the former International Fibre Centre building to Deakin University and announced \$1.9 million in infrastructure funding. The precinct will act as a stimulus for existing industries and will drive economic growth through the attraction of new industries to the Geelong and South West Victorian region. In announcing the funding Mr Bracks said the initiative was a great example of broad-based partnership in action and had the strong support of peak industry bodies, local government and industry.

Alfred Deakin Papers

A Memorandum of Understanding between the Deakin University Library and the National Library of Australia (NLA) for the digitisation of parts of the Alfred Deakin Papers, a manuscript collection held at the NLA, was signed on 31 May 2002. Access to the digitised images will be from a high class internet site.

Bali bombing

The Deakin University community was deeply saddened by the death of Mrs Stacey Lee in Bali on 12 October. Mrs Lee's husband Justin and his brother Aaron were also killed in the blast. Stacey had been with the University from 1987, her most recent appointment being Administration Services Leader in the Division of Student Life.

In the aftermath of the tragedy, the Centre for Citizenship and Human Rights hosted two public forums, 'The Bali Bombing in Perspective', which were aimed at assisting community understanding of the perceived threat of radical Islamism in Indonesia, Australia and its part in the war against terrorism, Indonesian political responses and relations with Australia, and counter-terrorism and human security as a result of the bombing.

Deakin, the first 25 years

During the year various functions were held to celebrate the 25th anniversary of the University's establishment.

At a ceremony to mark Deakin's 25th anniversary the Governor of Victoria John Landy launched *Breaking the Mould: Deakin University, the First Twenty-Five Years*, by Roy Hay, David Lowe and Don Gibb with Bill Anderson.

Community activities

Deakin University maintains strong links to its various communities, during 2002 activities included:

- Continuing the tradition established over the last four years, the Buildings and Grounds Division headed to Warrnambool in February for their annual community team building activity. The Division's 90 team members completed community projects at the Lyndoch Aged Care Facility, the Royal Surf Life Saving Club and the Warrnambool campus.
- Deakin University is helping to establish university libraries in developing countries through the donation of textbooks. The University has answered a call from organisations like Rotary and the United Nations Educational, Scientific and Cultural Organisation (UNESCO) for assistance with university libraries in Afghanistan, Papua New Guinea, Somalia and East Timor.
- Deakin University hosted Warrnambool's first Relay for Life in February. Relay for Life is a team style 24 hour event run by the Anti Cancer Council to raise money for cancer research. Later in the year the University fielded eight teams in the Geelong Relay for Life.
- The Library ran a 'Food For Penalty Points Appeal'. The Library uses a penalty points system instead of charging fees for overdue material that is on loan. Penalty points were removed by donating non-perishable food or a gift for the Salvation Army Christmas Appeal.
- A Deakin 'corporate' team of 41 staff, students and friends entered the Around the Bay in a Day bike ride to raise funds for the Smith Family.

Retirement of the Vice-Chancellor, Professor Geoff Wilson

The Vice-Chancellor Professor Geoff Wilson retired from Deakin University at the end of 2002, after seven years at the University.



Geoff Wilson with the University of the Year Award 1999–2000, which Deakin shared with the University of Wollongong

Performance report on strategic priorities

The following sections contain a performance report against the seven identified strategic priorities in the University's Strategic Planning Framework and individual faculty reports:

Strategic priorities

- Teaching, learning and graduate outcomes
- Research and scholarship
- Internationalisation
- Partnerships and alliances
- Staff
- Infrastructure and resources
- Market identity

Faculty reports

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



Teaching, learning and graduate outcomes

Achieve successful student and graduate outcomes by ensuring learning experiences are relevant, appropriate and well managed, and that learning environments are well planned, coordinated and cost effective. Sustain excellence in teaching through systematic processes for the continuous improvement of courses, teaching approaches, infrastructure and academic administration and support.

Performance

In 2002 Deakin University had 15,320 equivalent full-time students (EFTSU) enrolled in Commonwealth-funded places at the March census date and 14,517 EFTSU at the August census date. Total EFTSU in March 2002 was 19,583 comprising 29,512 enrolments. Of these 17,049 EFTSU were on-campus and 12,463 were off-campus. Undergraduate students made up 21,962 EFTSU with 6,989 EFTSU in postgraduate studies with the balance of 561 EFTSU in enabling, non-award or complementary studies.

In addition, DeakinPrime enrolled in excess of 60,000 students for corporate, professional association, union and government clients. These programs were delivered through the use of workplace-based and other flexible delivery methods.

In total, the University, including DeakinPrime, had in excess of 89,000 students.

Course enrolment by field of study (figures at March 2002)

Field of study	Total enrolments
Agricultural, Environmental, Related Studies	423
Architectures and Building	694
Creative Arts	1,073
Education	3,183
Engineering and Related Technologies	1,072
Health	2,839
Information Technology	1,652
Management and Commerce	9,512
Natural and Physical Sciences	1,502
Society and Culture	7,262
Non-award	300
Total	29,512

The Accreditation Committee of Academic Board continued to accredit new courses and reaccredit existing courses in a five-year cycle to ensure their quality and that the University is responding to student and industry needs. The Faculty of Business and Law was reviewed in 2002 and the restructuring program within the Faculty of Arts completed.

The Competitive Edge: The Deakin University Teaching and Learning Management Plan

The Competitive Edge: The Deakin University Teaching and Learning Management Plan (TLMP) 2000–2002 was in its final year of implementation. The TLMP was the first iteration of a University-wide plan to establish a framework and process for the improvement of selected aspects of teaching and learning, and to meet priorities specified in the University's Strategic Planning Framework. The TLMP set an agenda for action, with strategies which mapped a clear way forward within three University strategic priorities: (i) enhancing graduate attributes and outcomes; (ii) strengthening the teaching and learning experience; and (iii) extending internationalisation. Progress with respect to these goals has been substantial. The foremost accomplishment has been the formulation and adoption by the Academic Board of a comprehensive series of policies and guidelines for achieving the objectives set out in the TLMP. These provide a framework for developing effective teaching and learning strategies that will ensure Deakin University graduates are well positioned for the future and that Deakin University itself is positioned for continued excellence. Within the three strategic priorities, 16 specific objectives were identified. Policies and guidelines were developed and implemented including guidelines on how to incorporate the Deakin Advantage and the attributes of a Deakin Graduate into courses, policy and guidelines on International and Culturally Inclusive Curricula, and on Experiential Learning. The First Year Initiative has provided a coordinated, University-wide support program for beginning students, encompassing both social and academic activities. The Attributes of Excellent Teaching and the Attributes of Excellent Courses have been developed and promulgated, and Student Evaluation of Teaching and Units policy implemented. A position of Pro Vice-Chancellor to lead online developments was established, a policy on Online Technologies in Courses and Units approved together with a Code of Good Online Practice. The implementation of these policies will be monitored and assessed over the next triennium. A revised Accreditation Policy provides additional means to monitor the incorporation of these specifics into courses. During 2002, the next iteration of the plan, the Teaching and Learning Development Plan 2003–2005, was developed and approved by the Academic Board and Vice-Chancellor in December. This plan builds on the initiatives in the TLMP.

Quality Assurance

An Academic Quality Assurance Policy was developed in 2002 which was sent by the Vice-Chancellor to the Academic Board for comment at year's end. The policy reflects the principles underpinning academic quality assurance at Deakin University, articulates its approach to continuous improvement and developing as a learning organisation, and outlines the associated accountabilities and responsibilities. Associated with the policy, an approach to instigating a continuous quality improvement process for the academic affairs of the University was developed including the Deakin University Quality Cycle involving five steps of a continuous improvement cycle which is modelled on the Australian Business Excellence Framework, and a self-study process through which the Quality Cycle can be implemented. The results of the self-study process will form the basis of the performance portfolio developed for any external audit. In addition, regular reviews at faculty and discipline level are conducted on a cyclical program. Review panels involve members external to the University. Implementation of recommendations arising from these reviews is monitored on a regular basis.

Key performance indicators

Undergraduate student retention rates (%)

	1999	2000	2001	2002
Target	N/A	N/A	78	78
Actual	77	78	80	N/A

Undergraduate student progression rates (%)

	1999	2000	2001	2002
Target	N/A	N/A	80	80
Actual	80%	79	81	N/A

Data for 2002 is not yet available



Lyn Thorpe, Michael Currie and Sharon Ericson
at a Koorie art exhibition on 27 April 1998

Research and scholarship

To achieve a vibrant culture of research and scholarship with a critical mass of researchers associated with each major discipline, and to foster internationally competitive research groups in areas of strategic importance.

Performance

The details of research performance in 2002 will be provided in the 2002 Research Report, which is published in the second half of 2003 after the compilation of bibliographic information on research publications and the auditing of research income. Information on research activities is also available from the Research section of Deakin University's website, at <http://www.deakin.edu.au/research>.

Research management

A goal of research management at Deakin University for some years has been to focus the major research effort into a small number of areas of strategic importance. The importance of critical mass in research groups is well known. The benefits that flow from a critical mass of researchers include better research from the stimulation of working in a large group of cognate researchers, and an excellent environment for research training. In 2002 some 70% of active researchers were working in one of the following major research concentrations:

- Advanced Materials Manufacturing and Performance;
- Cell and Organism Bioengineering;
- Cellular Metabolism in Health and Disease;
- Chiral and Molecular Technologies;
- Citizenship and Globalisation;
- Chronic Illness;
- Information Technology for the Information Economy;
- Physical Activity and Nutrition;
- Quality Learning;
- Social and Mental Health; and
- Sustainable Natural Resource Management.

These groups were together responsible for 80% of the external research income.

A key focus for research management continues to be improving performance in research income, higher degree by research completions, and publication output. These parameters are the key performance indicators now used by the Commonwealth in allocating funding

for research and research training funding. There are two funding formulae: the Institutional Grants Scheme which provides funding for research, and the Research Training Scheme which provides funds for research training. Deakin University's performance is improving rapidly on any measure. However this is not yet reflected in a corresponding increase in Commonwealth funding, which is capped at five per cent of the total in the previous year until 2005.

Key performance indicators

Research income			
	2000	2001	2002
Target (\$ M)	10	14	18
Actual (\$ M)	10.1M	12.7M	15.4M

Number of higher degree by research completions			
	2000	2001	2002
Target	100	120	140
Actual	109	100	133

Number of research publications in the national collection			
	2000	2001	2002
Target	590	650	715
Actual	581	643	*

Number of active and successful researchers			
	2000	2001	2002
Target	225	250	270
Actual	230	250	*

* 2002 data not yet available

Internationalisation

To achieve an international profile for the University by ensuring its international relevance and competitiveness, by internationalising the curricula, by increasing numbers of international students and international study experiences for Australian students, and by mainstreaming international activities throughout the University.

Performance

In 2002 Deakin University appointed a Pro Vice-Chancellor (International) with responsibility for the internationalisation of the University. The creation of this University executive position has ensured inter alia that decision-making at the senior management level is influenced and informed by the international activities of the University. Preliminary steps have been taken to re-establish an International Advisory Committee and to ensure that mechanisms are in place to coordinate the international program across the faculties more effectively.

Continued growth has been experienced in the number of international students choosing Deakin University. International student load increased by 23% in 2002 and now represents 14% of the University's total load. Particular growth was achieved in numbers of postgraduate students (51%), due mainly to the introduction of new Masters by coursework degrees, and also in offshore students (42%), in line with national trends. Enrolments at the Deakin University English Language Institute have also continued to grow, reinforcing the Institute's role as a pathway into higher education at Deakin University.

A total of 261 Deakin University undergraduate students had an international study experience in 2002, of which 150 went on exchange. Other experiences included in-country language programs, overseas internships and study tours. Greater numbers had been expected to take up these opportunities, but a number of programs were cancelled due to global instability.

A policy on international and culturally inclusive curricula was approved by the Academic Board in November 2002. From this date, all courses approved for initial and continuing accreditation must accord with the principles and guidelines set out in the policy. This will ensure that Deakin University's curriculum is progressively internationalised.

The World Alliance in Distance Education (WADE) was formally established in July 2002. Comprising Athabasca University (Canada), Deakin University (Australia), the Open University of Hong Kong and the Open University (United Kingdom), WADE is working towards the establishment of credit transfer arrangements and the joint development of postgraduate programs. Discussions are also taking place to create a pilot virtual exchange program.

Following an audit in 2002, Deakin University is confident that it is compliant with the Education Services for Overseas Students Act 2000 and the National Code of Practice for Registration Authorities and Providers of Education and Training to Overseas Students.

Key performance indicators

Number of international EFTSU

	2000	2001	2002
Target	N/A	2,205	2,361
Actual	1,918	2,102	2,698

Total number of international study experiences (Deakin undergraduates)

	2000	2001	2002
Target	N/A	300	380
Actual	225	250	261



Staff and Council members of Deakin University at the opening ceremony and installation of the first chancellor in a marquee at the Waurin Ponds campus on 11 May 1978

Partnerships and alliances

To strengthen the University's teaching, learning, research and scholarship outcomes through the establishment of strategic alliances, entrepreneurial relationships and partnerships with business, government, the professions, the community and other educational providers.

Performance

In 2002 a number of new agreements were signed for the offshore delivery of the University's courses, including the Bachelor of Art (Architecture) in Hong Kong (in conjunction with The University of Hong Kong, School of Professional and Continuing Education), the Master of Professional Accounting in Shanghai, People's Republic of China (in conjunction with Shanghai University of Finance and Economics) and the Bachelor of Engineering and Bachelor of Information Technology in Malaysia (in conjunction with KDU college Sendirian Berhad). A draft policy and revised set of procedures to guide the establishment and maintenance of offshore partnerships is currently under consideration.

Deakin University's strategic partnership agreements with overseas universities encompass the World Alliance in Distance Education (WADE) institutions. The University also has partnership agreements with seven Victorian TAFE institutes. Deakin University has not actively sought new partnerships in 2002, as a major review of all current relationships is due to be carried out in 2003. The results of this review will be fed into a revised strategic plan for international partnerships, which will guide inter alia the University's choice of future partners.

Deakin University has established and strengthened its relationship with some of Australia's major professional, trade and industry associations, specifically:

- Medicines Australia (MA);
- Certified Practising Accountants of Australia (CPAA);
- Financial Planning Association (FPA);
- Securities and Derivatives Industry Association (SDIA);
- The Migration Institute of Australia Ltd (MIA);
- The Public Relations Institute of Australia (PRIA);
- Coles Myer Limited (CML);
- Australia New Zealand Bank (ANZ);
- Ford Motor Company Australia Pty Ltd;
- The City of Melbourne; and
- The Australian Defence Force (ADF).

DeakinPrime has built on past relationships and now provides corporate training in the Australian Securities and Investment Commission (ASIC) PS146 compliance standard to

leading Australian banks and financial organisations. Through DeakinPrime the ANZ Bank now delivers innovative training to its Customer Services division as well as establishing industry standards in training for branch employees through a wide range of initiatives. The City of Melbourne along with the Coles-Myer Institute and Ford Australia have all identified Deakin University as their 'partner' provider. The delivery of services provided by Deakin University through DeakinPrime were recently audited by the Australian Defence Force and found to be exceptional.

Opportunities for developing the University's partnerships with business, government and the professions are many and varied and the foundation, which has been established through the University's alliances with client organisations, will ensure that these relationships play a vital part in shaping the future of Deakin University.

Key performance indicators

Number of strategic partnership agreements with overseas universities

	2000	2001	2002
Target	N/A	3	4
Actual	0	3	3

Number of strategic partnership agreements with Australian universities

	2000	2001	2002
Target	N/A	6	7
Actual	5	6	7

Number of strategic partnership agreements with international corporations

	2000	2001	2002
Target	N/A	3	6
Actual	1	4	0

Number of strategic partnership agreements with national corporations

	2000	2001	2002
Target	N/A	3	5
Actual	1	3	3

Number of active master vendor training relationships

	2000	2001	2002
Target	N/A	1	3
Actual	0	2	3

Staff

To attract, retain and develop outstanding people, who are committed to the vision of the University and are responsive to its changing needs, through providing a supportive, inclusive and stimulating work environment.

Performance

The major staffing activities during 2002 involved a review of academic selection and promotion processes; undertaking a staff satisfaction survey; further reviewing remuneration and reward practices, with a particular emphasis on academic staff; and continuing leadership and management training.

Another initiative has been the examination of staffing models to support the University's online activities.

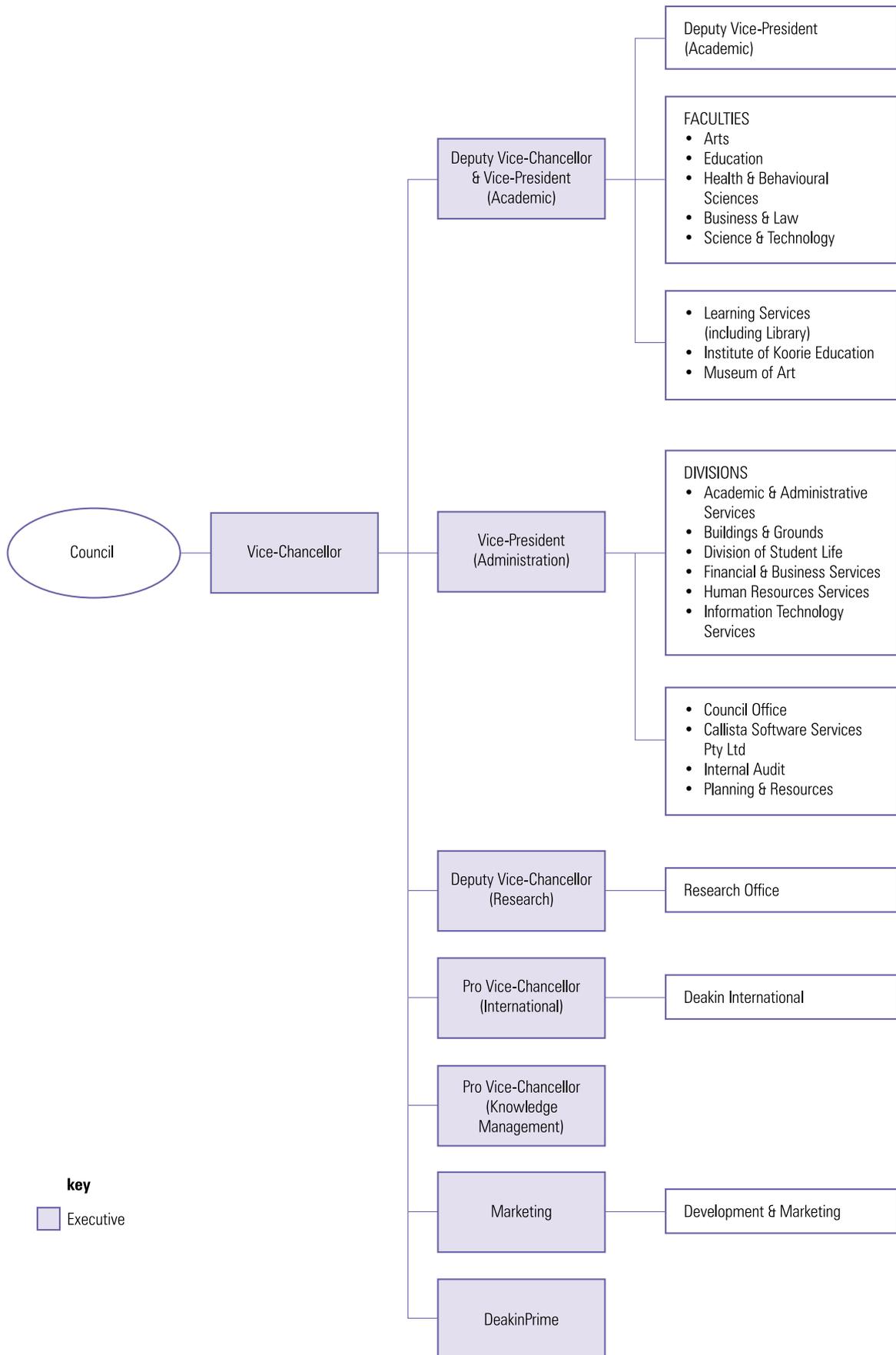
The staff attitude survey results for 2002 (see below) saw a pleasing increase in staff satisfaction across the University. Work will be undertaken during 2003 to identify emerging issues of concern at each local workplace and to take appropriate action.

Key performance indicator

The University's key measure in relation to staffing is staff satisfaction. The results of the staff survey conducted since 1995 are outlined below:

% staff satisfaction	1995	1996	1998	2000	2002
Administration/Divisions	65%	64%	67%	64%	67%
Faculties	—	—	59%	59%	66%
Overall result	—	—	63%	63%	67%

Deakin University organisation chart



Chancellor

Mr R H Searby QC

MA, *Oxon*

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

Vice-Chancellor

Professor G V H Wilson AM

BSc MSc *Melb*, PhD *Monash*, DSc *Melb*, FAIM, FAIP, MACE, FTSE

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.

Deputy Vice-Chancellor and Vice-President (Academic)

Professor A Martin

BA *Wellesley*, MA PhD *Wisconsin*

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

Vice-President (Administration)

Mr R H Elliott

BSc MEd *Melb*

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

Deputy Vice-Chancellor (Research)

Professor P A Hamilton

BSc PhD DSc *Tas*, FRAS, FAIP, FIEAust(Aust), FIREE(Aust), FASA

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

Pro Vice-Chancellor (International)

Mr E J M Meadows (from 18 February 2002)

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

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

Pro Vice-Chancellor (Knowledge Management)

Professor B Corbitt (acting from 19 August 2002)

BA DipEd *Melb*, GradDip *Deakin*, MedStuds PhD *Monash*, MACEA, MQIEAM, ANZCS

The Pro Vice-Chancellor (Knowledge Management) is responsible to the Vice-Chancellor for strengthening and focusing the University's ability to meet its strategic agenda through the use of online and web-based technologies in support of its core activities.

Deputy Vice-President (Academic)

Professor A Johnston

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

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

Dean of Arts

Professor J Beaumont

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

Dean of Business and Law

Professor P Clarke

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

Dean of Education

Professor S Grundy

BA (Hons) *Qld*, MA *WAust*, PhD *Murd*

Dean of Health and Behavioural Sciences

Professor J C Catford (from 1 February 2002)

MA *Camb*, MSc *Lond*, MB BChir *Camb*, DM *Ston* DCH, FRCP,FFPHM,FAFPHM,FIPAA

Dean of Science and Technology

Professor R Russell

BSc (Hons) *Tas*, PhD *ANU*, DSc *Tas*, FRSC, FRACI.C.Chem

Executive Director Learning Services and University Librarian

Ms S McKnight

BBus *QIT*, MPubAdmin *UQ*, AALIA, AFAIM

The Executive Director Learning Services and University Librarian is responsible to the Deputy Vice-Chancellor for the leadership, management and strategic planning for Learning Services, which encompasses the Library, Learning Environments and Learning Resources Development.

Director, Institute of Koorie Education

Ms W Brabham

DipT (Primary) *SCV*

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

Chief Executive Officer, DeakinPrime

Mr K W Fuller (to 30 April 2002)

MBA *Deakin*, FASA, CPA, FCIS, FCIM

Mr K Selway (from 1 July 2002)

BBus (Mktg) *Chisholm*, GDip Mgt *Victoria UT*

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

Director of Marketing and Development

Mr G Morris

BSc BEd *Melb*

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

Staff numbers (effective full time)

	Academic	General	Male	Female	Total 31/12/2002	Total 31/12/2001
Geelong	300	516	349	467	816	810
Geelong (Waterfront)	51	261	134	178	312	269
Melbourne	401	454	320	535	855	789
Rusden	18	6	15	9	24	100
Toorak	3	64	19	48	67	55
Warrnambool	64	77	67	74	141	147
Total	837	1378	904	1311	2215	2170
AHRI	—	22	7	15	22	19
Callista Software Services	—	—	61	27	88	73

Audience participation at a
Deakin University, Mill Theatre
night in the late 1970s





Infrastructure and resources

To provide sufficient resources to meet teaching and learning, and research and scholarship objectives, including the provision of appropriate physical and 'virtual' infrastructure and services.

To provide for investment in the longer-term development of the University.

Performance

The main focus for the year was to continue to improve the information technology infrastructure and corporate systems and to create electronic and/or web-based interfaces for students.

A \$3 million overhaul of the University's data network was continued in 2002. The upgrade focuses on the access layer of the network i.e. the switches that are directly connected to desktop workstations and other network devices. The work will standardise equipment and technologies and will also improve availability of the network through improved resilience features. The work represents the most extensive upgrade the University's data network has ever had.

After a long and inclusive evaluation process, WebCT Vista was chosen as Deakin University's new learning management system. WebCT is currently in use in over 20 Australian universities and more than 2,500 institutions worldwide. Vista is a new e-learning platform that includes an expanded range of integrated course development and delivery tools and powerful learning information management capabilities all supported by an extensible, enterprise-class architecture. WebCT Vista provides a customisable interface to courses, university information and a range of personal tools, including a Calendar, Notepad and Bookmarks.

Redevelopment of the Melbourne campus continued although unresolved planning issues have resulted in delays to some of the building projects. The relocation of the Rusden campus activities to the Melbourne campus was completed.

The University secured office accommodation close to the Melbourne campus and will relocate support functions early in the new year. This will provide urgently required space on the Melbourne campus for facilities and staff for core activities.

New buildings on the Melbourne campus are being designed in response to the Thermal Comfort Policy which aims to keep building temperatures within an appropriate thermal comfort with minimal energy consumption. Environmentally Sustainable Design (ESD) features are integrated into all new building designs. The Built Environment Research Group (BERG) from the Faculty of Science and Technology have an ongoing association with the Buildings and Grounds Division. Research into the performance of the new buildings will provide valuable feedback to the University's design standards for facilities.

Recent equipment and software upgrades enabled student ID cards to be produced and distributed to students on enrolment day. Feedback from students indicates that it has been a very successful and positive change. This also brings significant cost savings to the University through the reduction in posting and bureau costs.

Many students who have a print disability are now receiving their Deakin course materials electronically rather than in Braille or on audiotape. This move has streamlined service delivery and enhanced student independence. Disability Resource Centre staff ensure that students receive appropriate technical assistance and training in the use of accessible computer equipment and software.

The Network Asset Management System (NAMS) has been introduced to allow the tracking of network devices on the University data network and all network devices have now been populated into NAMS establishing a 100% accurate database.

Significant changes in financial position

The University's consolidated operating profit for 2002 is \$10.7 million compared to \$13.0 million for 2001. Total revenue of \$337.2 million is \$21.6 million above last year mainly due to:

- The International Fibre Centre building on the Geelong campus being transferred from the State Government to the University to create the 'Deakin Technology Precinct'. A donation of \$3.8 million based on a valuation of the building has created a once-up, non-cash profit of that amount.
- Property sales income is \$8.6 million lower than 2001, which included the sale of Rusden campus for \$11.0 million.
- Student fee income—\$13.1 million increase on last year due to increases in course fees and larger enrolments.
- Commonwealth grants and HECS contributions were \$7.9 million higher than in 2001.

Total expenses were \$326.5 million, \$23.9 million greater than last year with the major increase arising from employment costs, substantially driven by additional research activity.

Total assets have increased by \$46.9 million from 2001. Cash has increased by \$15.2 million, predominantly due to delays in building work causing reduced expenditure, higher accounts payable and the sale of bookshops.

A net upward revaluation of land and buildings by \$25.5 million was effected at 31 December 2002 following an independent review of carrying values. Expenditure on land and buildings during 2002 amounted to \$27.3 million with the majority being spent at Melbourne campus to finalise the relocation from Rusden campus. Inventories are \$4.7 million lower than last year due to the sale of the bookshops, reductions in central stores and work in progress.

Total liabilities increased by \$11.1 million above last year due to higher accounts payable balances, higher levels of income in advance due to higher student enrolments, earlier receipt of a portion of HECS contributions for 2003 and accruals for capital expenditure. Borrowings were reduced during 2002 by \$4.2 million as loans were repaid.

Proper use of funds

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

Payments to consultants

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

Consultancies costing less than \$100,000 engaged during the year totalled 33. The total cost of these engagements was \$384,028.

Five-year financial summary (consolidated)

	2002	2001	2000	1999	1998
	\$000	\$000	\$000	\$000	\$000
Operating income					
Commonwealth Government Grants	118,929	112,693	107,941	101,618	108,635
Higher Education Contribution Scheme	61,867	58,730	56,246	58,950	55,009
Victorian State Government Grants	1,833	884	458	528	511
Other	154,534	143,243	122,877	113,143	89,588
Total operating income	337,163	315,550	287,522	274,239	253,743
Operating expenses	326,477	302,580	279,440	247,153	232,280
Operating result before income tax	10,686	12,970	8,082	27,086	21,463
Balance sheet information					
Current assets					
Cash assets	55,485	40,238	46,122	36,369	39,615
Receivables	29,408	31,705	21,229	12,564	14,522
Deferred Income — Government contribution for superannuation	12,956	11,621	11,044	10,449	10,700
Other	523	5,236	5,504	4,881	3,303
	98,372	88,800	83,899	64,263	68,140
Non-current assets					
Other financial assets	9,824	10,440	10,450	10,089	9,251
Property, plant and equipment	514,108	468,976	453,781	446,804	425,796
Deferred income — Government contribution for superannuation	132,104	133,840	132,481	127,575	126,857
Other	11,448	16,844	14,947	9,209	4,533
	667,484	630,100	611,659	593,677	566,437
Liabilities					
Payables	34,311	20,284	19,236	14,458	34,155
Interest bearing liabilities	31,819	36,641	37,030	25,158	17,775
Provision for employee entitlements	31,254	28,910	30,369	23,418	27,146
Deferred employee benefits for superannuation	145,060	145,461	143,525	138,024	137,557
Other	264	307	275	302	313
	242,708	231,603	230,435	201,360	216,946
Net assets	523,148	487,297	465,123	456,580	417,631
Total equity	523,148	487,297	465,123	456,580	417,631

Key performance indicators

University profit (\$m)

	2000	2001	2002
Target	N/A	14.2	15.7
Actual	8.1	13.0	10.7

University revenue

	2000	2001	2002
Target	N/A	296.7	315.6
Actual	287.6	315.6	337.2

Commonwealth operating grant as a % of total revenue

	2000	2001	2002
Target	N/A	N/A	27.5
Actual	32.8	31.0	30.2

Capital expenditure

	2000	2001	2002
Target	N/A	35.1	50.6
Actual	35.2	41.1	44.7

Net cash from operating activities (\$m)

	2000	2001	2002
Target	N/A	29.1	38.0
Actual	30.1	31.0	51.6

Market identity

To build a market identity based on relevance, innovation and responsiveness, and communicate a congruent brand image that facilitates long-term growth.

Performance

The brand awareness campaign has a long-term strategy, which was further pursued in 2002 when a major study commenced, using qualitative research into stakeholders' relationships with Deakin University and their perceptions of the University. This research will equip the University with information to develop and implement specific marketing activities to continue promoting the brand through its various vehicles such as advertising, publications, promotional events, and community and public relations activities.

Strategies for the undergraduate program have been met and improved upon by developing a more systematic and comprehensive approach to the provision of market information and analysis in the development of new courses and review of existing programs, ensuring courses respond to the needs and wants of prospective students and employers. The promotional program, while inclusive, has also adopted a systematic approach by targeting particular markets in the effort to maintain quality undergraduate students. Latest research findings about prospective students' information search behaviours have contributed to the communication plan and resulted in further refinements, in particular to the sub-brand brochures and the courses portal. In 2002, particular emphasis was placed on identifying and communicating points of differentiation for Deakin University's courses and on expanding the course search function of the University's website.

The postgraduate and fee-paying program identified courses within the Faculties of Arts and Education as priority in 2002. The fee-paying program targeted all Faculty of Arts postgraduate courses with results to date indicating University targets were exceeded by 28%. The postgraduate program targeted all Faculty of Education courses, meeting all set targets. Some research into pricing practices was undertaken and, along with the introduction of Postgraduate Education Loan Scheme (PELS), alterations to the University's pricing policies have resulted.

Market data and analysis was more extensively utilised in planning schools liaison and other marketing activities, and in assessing the position of Deakin University courses in relation to competitors. The usefulness of this information to faculty and administrative staff is a key measure in assessing its value, so utilisation of this information by academic and non-academic staff has been most encouraging. To date, work in this area has focused on undergraduate, on-campus market segments but it is hoped to expand activity to include postgraduate and off-campus segments.

Government relations have strengthened through programs for Federal and State Government representatives of Deakin University communities and the timely provision of programs requested by relevant federal and state ministers. Briefing sessions for local

federal and state members were arranged for the Vice-Chancellor along with their inclusion in University major events. Federal and state members have been furnished with data and information requested with resultant profiling of Deakin University in both federal and state houses of parliament. Marketing worked closely with the Department of Infrastructure and Innovation in delivery of an international conference for University alumni and has contributed to several projects pursuing significant Federal and State Government support.

Key performance indicators

% share of final VTAC first preferences

	2000	2001	2002
Target	N/A	13	13.5
Actual	12.5	14.2	14.1

% VTAC offers to enrolments

	2000	2001	2002
Target	N/A	71	72
Actual	70	73	70

Prestige rating — according to the Good Universities Guide

	2000	2001	2002
Target		*** (3)	*** (3)
Actual	*** (3)	*** (3)	*** (3)



Vice-Chancellor John Hay (at left) with a Melbourne tram repainted as a mobile billboard in 1992. The Deakin tram was part of the publicity effort to launch the newly merged University.

Faculty of Arts

The year 2002 was a year of strong achievement for the Faculty of Arts. While undertaking significant curriculum reform and engaging actively with the University's goals in online learning, internationalisation and the Deakin Advantage, the Faculty enjoyed outstanding success in external research income generation and improvement of its research culture. The Research Priority Area, Citizenship and Globalisation, was recognised by the University as one of the most successful research concentrations within the institution.

Despite rising costs, the Faculty achieved a better than projected budget result. This was attributable to its success in winning high profile and prestigious national commercial contracts and in increasing fee income from postgraduate coursework and international students. The Faculty's undergraduate and postgraduate programs continued to enjoy growing demand in an increasingly competitive market. Significant success was achieved in promoting the University's goal of internationalisation through encouraging Deakin University students to undertake an international experience.

All of this was achieved during a period of major structural change, directed at focusing the Faculty even more strongly on key strategic priorities. The existing four Schools were amalgamated into two new interdisciplinary schools: the School of Communication and Creative Arts (Head of School, Professor Michael Meehan) and the School of Social and International Studies (Head of School, Associate Professor Louise Johnson). This restructuring reduces the structural barriers to innovative curriculum development; encourages cross-faculty initiatives in teaching, research and partnerships; and, through the creation of six new Associate Head of School positions, will secure greater ownership of change at the academic staff level. The creation of three Associate Dean positions has achieved clearer focus on the strategic goals of: Teaching, learning and graduate outcomes; Research and scholarship; Internationalisation; and Partnerships and alliances.

Accompanying the academic restructure was a major review of the general staff support systems of the Faculty. The new structure provides greater clarity of function for general staff and has created, under the leadership of a Registrar, teams of general staff facilitating the pursuit of strategic goals by the academic staff. Destabilising though change on this scale was in the short term, the very positive results and growth achieved by the Faculty across all strategic priorities is indicative of the merit of the changes. The achievements of the Faculty in 2002 reflected the extraordinary commitment and hard work of its academic and general staff. The degree to which the current rate of growth can be sustained without a negative impact on workloads was an issue of considerable concern during the year. This required, and will continue to require, creative responses from management.

Faculty of Business and Law

The year 2002 was to be a year in which the Faculty of Business and Law consolidated the considerable gains it had achieved during the 1999–2001 triennium. However, when its cyclical quality assurance review was brought forward from 2003 to 2002, the year rapidly became one of re-examination, reflection and change. This proved to be a very stimulating and valuable experience for the Faculty whose staff responded brilliantly to the ‘challenges’ associated with the review process and its aftermath. The Faculty derived considerable benefit from this experience and by the end of the year had made substantial progress towards implementing the recommendations contained in the Review Committee’s report. This will enable the Faculty to better position itself for contributing to the University and the communities it serves.

Throughout 2002, the Faculty maintained its commitment to enhancing the quality of teaching and learning. It sought to implement the Teaching and Learning Management Plan and made particular progress in areas such as graduate outcomes, experiential learning and online delivery. The Faculty also vigorously pursued course and unit rationalisation and made substantial headway with plans to introduce ‘fast track’ LLB and BCom degrees. It also commenced a number of new postgraduate programs in Australia and off-shore that were designed to meet the needs of domestic and international professional or industry partners and their members. The Faculty also gave special attention to the internationalisation of its curriculum and to the expansion of its international study programs in law, finance and business.

International activity was again a Faculty priority. It actively sought to extend the already high levels of assistance made available to international students and its success in this regard no doubt contributed to it enrolling 82% of the new international enrolments commencing within the University in semester 2, 2002. A particular focus of the Faculty was the international expansion of its postgraduate program. This saw enrolments increase substantially and the conclusion of new partnership agreements with institutions in Malaysia, Hong Kong, China, Singapore and New Guinea. However, the rapid growth in postgraduate enrolments generally (up almost 50% since 2000 to over 4,000 in 2002), especially at the Melbourne campus, has increased pressure on the teaching and academic staff space available to the Faculty. Fortunately, it is believed that steps are now being taken within the University to address this situation.

An important element of the Faculty’s recruitment, selection and enrolment of international students has been the provision of quick and accurate information relating to advanced standing. In 2002, the Faculty launched its online database to provide information on the determinations made in relation to its courses. This approach has been very successful and may serve as a model for other parts of the University.

Research performance has continued to improve. DEST figures for 2001 (the most recent available) show 155 recognised publications, or 1.05 per staff member, (up from 0.75 per staff member in 1999) and staff also authored many other publications and served as the editor of numerous scholarly publications. As a result, the Faculty slightly exceeded its publications target.

The Faculty's Strategic Priority Awards were again conferred in 2002 in categories corresponding to the University's priority areas. The Faculty has an excellent record of successfully pursuing 'stretch' strategic priorities and its Strategic Priority Awards scheme is one way of acknowledging the skill and dedication of staff. The awards are framed to pay tribute not only to those who actually receive awards but also to all those who are nominated.



The Waterfront campus in Geelong from Corio Bay

Faculty of Education

During 2002, the Faculty of Education continued its process of growth and renewal. Demand for the Faculty's courses continued to increase and two new undergraduate courses, the Bachelor of Education (Primary) and the Bachelor of Physical Education enrolled their first cohorts of students. In addition, the Faculty recommenced offering undergraduate education courses at the Warrnambool campus with the first intake of students to be enrolled in the Bachelor of Education (Primary).

Feedback from students gained through the Course Experience Questionnaire (CEQ) indicates that graduate satisfaction with education courses has risen considerably over recent years with education respondents most likely to be very satisfied with their course.

The Faculty is continuing the redevelopment of its Masters program with the final two generic units to be introduced in 2003. Reaccreditation of the Masters program, incorporating the new developments, will be finalised by mid-year 2003.

Active promotion of the Faculty's postgraduate and higher degree by research courses in New Zealand, Taiwan and Hong Kong has been undertaken by Professor Terry Evans, Associate Dean (Research). The Faculty appreciated the assistance from Deakin International with the latter initiatives. In addition, further development of the Faculty's relationships with RECSAM in Malaysia and Khon Kaen University in Thailand are being pursued.

The Faculty has continued to develop the research priority area of Quality Learning, holding a number of seminars and workshops. It has also continued its success in gaining research grants and was pleased to again be cited as a major research faculty of education.

The Faculty's administrative structures were enhanced during 2002 with the appointment of Associate Professor Marie Emmitt as Associate Dean (Teaching and Learning). Early in the year Professor Nita Temmerman took up the position as Head of School, Social and Cultural Studies in Education. Professor Christopher Bigum was appointed Head of School, Scientific and Developmental Studies in Education and will take up his position at the beginning of 2003.

Four long-serving academic staff and one administrative staff member retired during 2002 and they were replaced with continuing appointments including joint Geelong/Warrnambool positions. Further staffing requirements for 2003 were identified and have been filled.

Faculty of Health and Behavioural Sciences

The year 2002 was an exciting year for the Faculty of Health and Behavioural Sciences in terms of teaching, research and partnerships. In March, the Faculty Executive Group embarked on an extensive review of the Faculty's current competencies and its strategic directions. This resulted in the development of a comprehensive framework which will guide the Faculty's activities over the next five years. It is anticipated that by 2007 outputs could comprise 80% current activity, substantially reworked, and 20% new activity, with a number of nationally recognised areas of excellence in teaching and research. An important step in this review process was the revisiting of the Faculty's mission in the light of the University's vision. Following a period of consultation, a revised Faculty mission statement was endorsed by Faculty Board in November 2002, along with a new Faculty values statement.

The Bachelor of Occupational Therapy had its first intake at the Geelong Waterfront campus at the beginning of 2002. A proposal for a Doctor of Nursing was developed, and considered by an accreditation panel late in the year. A number of programs were converted to off-campus delivery, improving their accessibility to students in rural and remote locations, and several programs underwent continuing accreditation. The Faculty also continued implementing the University and Faculty Teaching and Learning Management Plans. The Faculty began the year leading the University in terms of research income with 46% of the total University research income being generated by the Faculty. Further strengthening of this position occurred during 2002. A range of exciting new partnerships have been developed. Significant additional resources are anticipated and over \$1 million has already been secured. New partnerships and alliances have been developed with 12 organisations, and new forms of collaboration forged with several of the current partners. In addition, two existing partnerships were formally reviewed in 2002, to ensure their ongoing productivity.

Significant progress has been made in internationalising the Faculty. This was enhanced by the establishment in 2002 of a Deakin International/HBS Liaison Group. International student targets were exceeded and a number of new links established overseas. It is anticipated that this area will grow significantly as a result of the creation and filling of two new positions in the Faculty—an Associate Dean (International) and an International Officer. Associate Professor Hilde Lovegrove announced her retirement at the end of 2002, after nine years as Head of the School of Psychology. Much has been achieved over this time, and we thank her for her contribution, and wish her well in her new role as Associate Dean (International). In other staffing matters, Associate Professor Damien Jolley was appointed to the position of Associate Dean (Teaching and Learning) and several academic staff were promoted towards the end of the year in recognition of their contributions in a range of areas.

The Faculty continued to provide support for conference attendance and other professional development activities for staff. Once again, results in the Staff Attitude Survey compared very favourably with those of other faculties and divisions. Considerable progress was made during 2002 towards achieving the objectives of the Faculty's 2002–2004 Marketing Plan. The Faculty's earned income has increased and targets for domestic and international fee-paying students were exceeded. The Faculty continues to hold the lead in terms of market share for its undergraduate courses, and 19 out of 23 courses have shown an increase in the ENTER score required for commencement in 2003. Postgraduate student enrolments also increased in 2002.



Faculty of Science and Technology

In 2002 the Faculty entered its tenth year, so it seems opportune to report not only on the progress of the Faculty over the past twelve months, but also to reflect on achievements over those first ten years. In this time the Faculty has forged a research profile where previously there was not one, making a special contribution to the positioning of the University among the top third of research intensive universities. A major part of this success has been achieved by developing effective partnerships with industry, and 2002 was no exception. Extensive work undertaken by key Faculty researchers with the assistance of staff from Research Services was rewarded by the announcement in July that Deakin University had been successful in securing three State Government Science, Technology and Innovation grants. This positioned Deakin University second among Victorian universities in terms of number of grants won, and contributed over \$7 million in research funding, supporting the establishment of a Victorian Centre for Advanced Materials Manufacturing, a mobile architecture and built environment laboratory, and a major project on sustainable aquaculture systems.

A further indication of the Faculty's attractiveness to industry was the securing of a \$3.4 million research partnership, over three years, with the Australian Wool Industry. In addition, Faculty researchers were awarded \$1.5 million in new ARC funding during 2002. While it has met its research income target for 2002 and with flow-through income seems certain to meet the original 2003 target, future acceleration of research productivity will require an injection of additional staff. Plans have been developed and budgeted for to increase the professoriate of the Faculty to enable expectations for future research to be fulfilled.

Over the past ten years the Faculty has refined its profile of courses to provide specialist offerings that are attractive to students and responsive to industry and employer needs. The result has been improving indicators of student demand and rates of graduate employment. In 2002 the rate of first preference applications to offers in undergraduate places rose to its highest level in the five years for which data is available, signalling strong demand for the Faculty's courses. Graduate employment rates increased each year over the period 1999 to 2001, but have declined dramatically in 2002. The Faculty will monitor this result closely as it is clearly a deviation from the previous trend and not supported by the advice provided by course advisory committees.

Part of reshaping the Faculty's course profile includes increasing the number of students enrolled in study at the honours level and in higher degrees by research. The Faculty has progressively increased enrolments in both these categories, and in 2002 its research student load topped 200.

Student satisfaction with Faculty courses remains particularly high with broad levels of overall satisfaction, as measured by responses to the Course Experience Questionnaire, increasing to 93% in the latest figures available from 2001. Internal and external recognition of teaching excellence further reinforces the Faculty's reputation for high quality teaching.

Overall, during 2002 the Faculty continued to enhance its research performance, maintained its strength in high quality teaching and effectively managed its financial resources. It is well positioned for the challenges and opportunities that might arise from a reformed higher education sector.

University governance and legislative matters

Establishment

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

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

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

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

Objectives

The objectives of Deakin University are provided in Section 5 of the *Deakin University Act (1974) (as amended)* as follows: to establish a university in the Geelong area; to maintain campuses of the University at Geelong, Warrnambool, Burwood, Malvern and such other place or places as are prescribed by the Statutes; to provide tertiary education at university level for students attending the University and to provide the opportunity for tertiary education at university level to all qualified persons whether within or outside Victoria by means of external studies programmes; to arrange for the provision of study centres at appropriate places in or outside Victoria where students taking external studies programmes can have access to library and other study facilities and can be given tutorial and practical experience; to provide all such programmes of study as are prescribed by the Statutes and all such courses as are approved by the Academic Board from time to time; to aid by research and other means the advancement of knowledge and its practical application; and to confer after appropriate assessment the several degrees of Bachelor, Master and Doctor and grant such diplomas and certificates as are prescribed by the Statutes.

Nature and range of services

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

The University operated across six campuses in 2002: Geelong, Geelong Waterfront, Melbourne (Burwood), Rusden, Toorak and Warrnambool. Academic studies were coordinated through the faculties of:

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

Education and training is available at undergraduate, graduate and postgraduate levels covering the disciplines in these faculties and including professional courses, mid-career professional development courses and postgraduate studies by course work and research.

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

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

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

Council

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

Functions of the University Council

In the following functions, the word 'University' includes each entity controlled by or operating as a division within the University as well as the University as a whole.

- 1 Establishing and monitoring the mission and strategic direction of the University, including:
 - (a) shaping, reviewing and approving strategic directions and priorities; and
 - (b) monitoring progress against agreed strategic goals.
- 2 Appointment of the Vice-Chancellor and overseeing the performance appraisal and remuneration of the Vice-Chancellor as chief executive.
- 3 Overseeing the establishment and effective operation of key policies, including those expressed in statutes and regulations.
- 4 Overseeing risk management by:
 - (a) ensuring that adequate University risk management procedures and associated internal controls are established and effectively maintained;
 - (b) requiring and monitoring University compliance with obligations arising from external legislation and other regulatory requirements; and
 - (c) ensuring the protection and enhancement of the University and its reputation.
- 5 Establishing and monitoring processes for control and accountability, including:
 - (a) approving and monitoring University budgets and financial plans in light of agreed strategic directions;
 - (b) ensuring that all the University's assets and resources are properly managed;
 - (c) overseeing the effective and prudent operation of the University and assessing performance against criteria agreed with management.
- 6 Ensuring adequate procedures for the maintenance and monitoring of academic standards in all University programs.
- 7 To be satisfied that within the University a culture exists which:
 - (a) is consistent with Deakin University's vision, mission and values, including upholding the academic freedom of staff; and
 - (b) encourages the strengthening of links and communication with the wider community.
- 8 Ensuring that Council's obligations as set out in legislation are met including:
 - (a) that the objects of the University as described in section 5 of the *Deakin University Act (1974)* are achieved; and
 - (b) that Council's obligations under the Act and University legislation are met.
- 9 Managing Council's own affairs by:
 - (a) establishing procedures to ensure Council is in a position to perform its responsibilities, including, in particular, procedures relating to:
 - i) monitoring and managing potential conflicts of interest of management, Council members and stakeholders; and
 - ii) potential for misuse of corporate assets and abuse in related party transactions;
 - (b) ensuring a clear definition of delegated responsibilities and authorities Council assigns to the Vice-Chancellor and other officers and to Academic Board and other committees; and
 - (c) effectively managing its own operations, including the appointment of the Chancellor, selection of new members and their induction, the proper execution by members of their fiduciary duties and periodic review of its own performance.

Composition, membership and terms of office

Council comprises 21 members: the Chancellor; the Vice-Chancellor; the Chair of the Academic Board; one University professor; a member of the academic staff; a member of the general staff; an undergraduate student of the University; a postgraduate student of the University; six persons appointed by the Governor in Council; one person appointed by the Minister; and six persons appointed by Council.

The terms of office of members of Council are specified in the Act. External members are appointed for a three-year term, members of University staff are elected for a two-year term and University students are elected for a one-year term. The Vice-Chancellor and the Chair of Academic Board are ex-officio members.

Appointments to membership of Council are made in accordance with a documented process that is approved and regularly reviewed by Council. This procedure includes a check-list aimed at ensuring that members hold between them a wide range of skills, experiences and qualities. Elections to membership of Council are conducted in accordance with University legislation approved by Council and in accordance with a procedure approved by the Vice-President (Administration) and secretary to Council.

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

Chancellor and Deputy Chancellor

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

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

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

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

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

Council performance review

Council undertakes a formal and written biennial review of its performance against its agreed functions and against a range of other priorities and operational matters. Outcomes of the review are documented in the form of an action plan for the forthcoming year, approved by Council, and Council subsequently receives a report of progress against this at each meeting.

Meetings

Council presently meets seven times each year, six of these meetings being at the University's Geelong Waterfront campus and one meeting being held at one of the University's other campuses.

The role and responsibilities of Council members

Council has specified the role and responsibilities of its members in a written statement that is periodically reviewed. The statement includes information about the legal responsibilities of Council members; their liability and indemnity; the duties of Council members as determined by Council; and the responsibilities of the University in respect of Council members. These responsibilities include providing members with such legal and financial advice as may be necessary to enable them to discharge their fiduciary duties.

Conflicts of interest

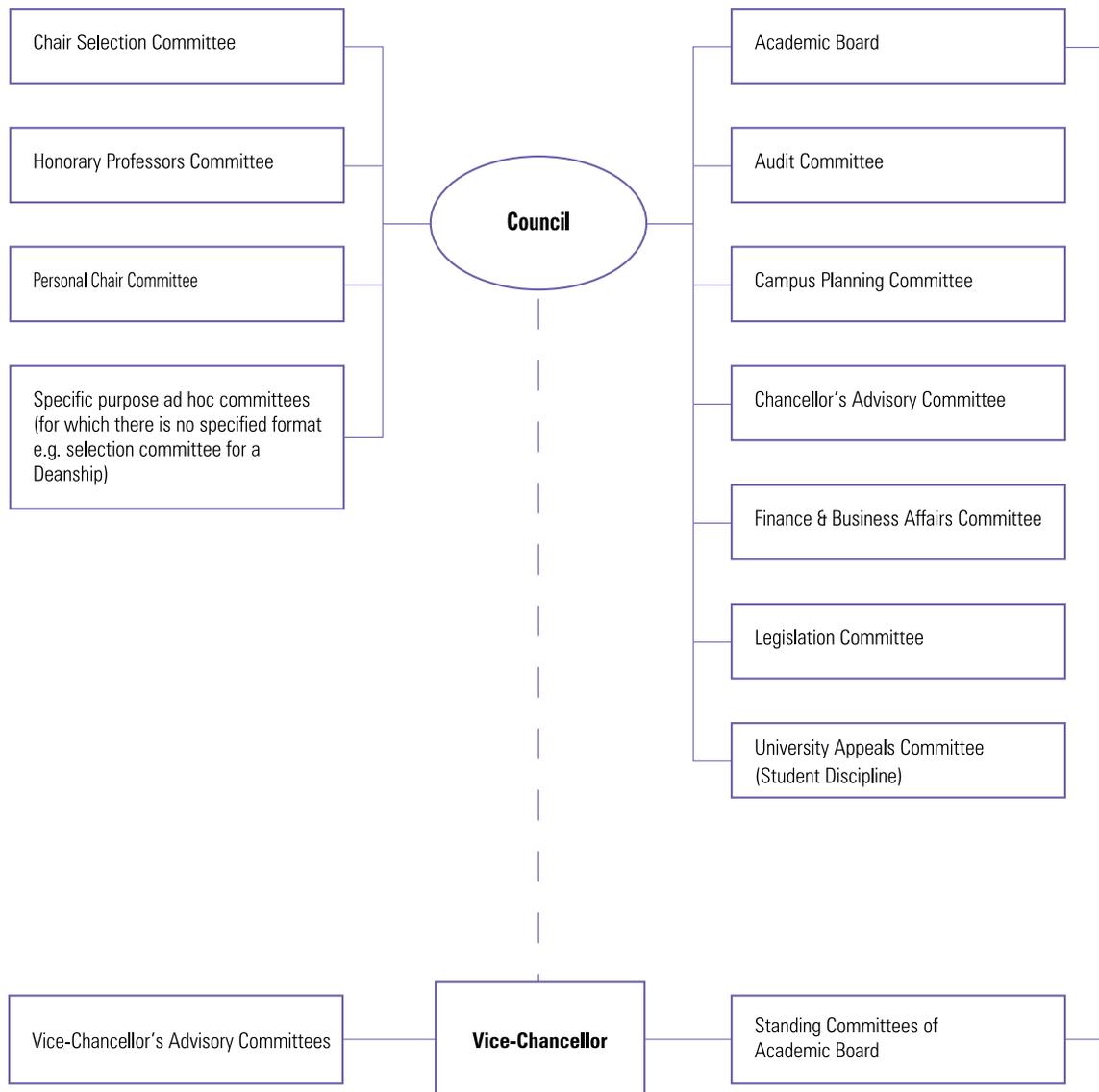
Members of Council are required by law to disclose in writing at the end of each financial year the transactions they (or those people close to them) have had with the University during that financial period. The documented procedure for disclosure by Council members of potential conflicts of interest and for disclosure of recent transactions with the University is approved and periodically reviewed by Council. It is the responsibility of all members to ensure that they comply with this procedure, including the requirement that such disclosures shall be made in writing and that where Council, or any of its committees, discuss or vote on issues that may be in conflict with a member's own interests, that member shall seek permission to abstain from the discussion and this shall be recorded in the minutes of the meeting.

Committees of Council

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

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

University committee structure



Audit Committee

The responsibilities of Audit 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. Audit Committee comprises five (5) members, each external to the University.

Campus Planning Committee

Campus Planning Committee comprises eight (8) members including three (3) external members of Council, a member of Council elected by the staff and an elected student member of Council. The Committee advises and recommends to Council on major and long-term campus planning and building matters, which are to be in accordance with the University's strategic plan; and on the development and implementation of the capital management plan. The Committee also reviews and approves relevant policy.

Chancellor's Advisory Committee

The responsibilities of Chancellor's Advisory Committee include: advising the Chancellor on matters the Committee considers need to be dealt with before the next scheduled meeting of Council; undertaking such corporate governance responsibilities as Council may determine from time to time including advising Council on proposed appointments to Council membership and on the appointment of chairpersons and members of Council committees; advising Council on the conduct, maintenance and orderly review of Council operations; and advising Council on the conduct and outcome of periodic reviews of performance by Council and its committees; advising Council on recommendations for honorary awards of the University.

The Committee comprises seven (7) members, these being the Chancellor, the deputy chancellors, the Vice-Chancellor, the Chair of Academic Board and the Vice-President (Administration).

Finance and Business Affairs Committee

The responsibilities of Finance and Business Affairs Committee include:

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

The Committee comprises ten (10) members, including five (5) external members, including an individual with substantial private sector financial management experience.

Legislation Committee Legislation

Committee comprises eight (8) members, three (3) of whom are members of Council, one (1) being the elected student. The Committee is responsible for advising and recommending to Council on any matter pertaining to the *Deakin University Act* and University statutes and regulations.

University Appeals Committee

University Appeals Committee comprises four (4) members of Council, one (1) of whom is an external member and one (1) who is an elected student. The Committee hears and determines appeals against findings of the University Discipline Committee in respect of matters of general misconduct by students: and appeals by students against decisions of the Vice-Chancellor regarding exclusion of students for health reasons, these decisions being made pursuant to University legislation.

Risk management

The Council is responsible for overseeing risk management by ensuring that adequate risk management procedures and associated internal controls are established and effectively maintained within the University. It undertakes this task using advice and reports on risk management from one of its standing committees, the Audit Committee.

The University's *Risk Management Policy* (which is in accordance with the *Australian Standard on Risk Management—AS/NZ 4360*) requires each organisational unit of the University, including all controlled entities, to have a register of risks pertaining to the unit inclusive of actions that have been identified to mitigate their potential impact. Under the policy registers are required to be reviewed and updated annually. Following review and update by the management of each unit, the Internal Audit unit also reviews each register to evaluate the adequacy and effectiveness of the processes in place to manage risks, and improvements are recommended as required. Where controls are deemed to be ineffective, remedial action is taken by University management, on the advice of the Internal Audit Manager, to reduce the University's risk exposure. During 2003, all operational risk registers will include a section dedicated to risks associated with non-compliance.

During 2002, reports were made to Audit Committee in respect of the update and review of risk registers at each meeting, and a general report on University risk management was considered by the Committee and reported to Council in November.

The University maintains comprehensive insurance covers in place for insurable risks.

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

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

The operations of DeakinPrime USA were scaled down in 2002, with existing customers being serviced from DeakinPrime in Melbourne. Deakin Networks Pty Ltd will be liquidated in the near future and, as it only provides services to Deakin University, its assets will be taken over by the University. Unilink Limited has no commercial trading risks as it solely provides staff to Deakin University on a cost-recovery basis.

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

DeakinPrime, Callista Software Services Pty Ltd and Australasian Human Resources Institute Pty Ltd are reviewed by the University's internal audit process. Each was audited in 2002 by a chartered accounting firm retained for that purpose.

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

Compliance

Council is responsible for ensuring that the University complies with external statutory and regulatory reporting requirements, and legislation applicable to the University. Council also ensures that the University maintains and is compliant with key University policies and internal legislation. Council receives annually registers of the University's compliance with these obligations, including reports of any exceptions with respect to meeting requirements.

Council is assisted in meeting its compliance obligations by Audit Committee, which provides advice and recommendations. A comprehensive University compliance policy and program are in place, the policy having been approved by Council.

Names of members of the governing body

Members ex-officio

Mr R H Searby QC

MA *Oxon* (Chancellor)

Professor B U Crassini

BA (Psy)(Hons) PhD *Qld* (Chair of Academic Board)

Professor G V H Wilson AM

BSc, MSc *Melb*, PhD *Monash*, DSc *Melb*, FAIM, FAIP, MACE, FTSE (Vice-Chancellor)

Members appointed by the Governor in Council

Mr D F Jones

Mrs D J King

LLB *Melb*

Mr J D Maddock (from 13 August 2002)

Grad Dip (Bus) *RMIT*, Grad Dip (Ed) *HIE*

Mrs J M McMahon

Dr P C Turner

BA (Hons) *WA*, LITT M *France*, PhD *Syd*, AMusA, MACE

Vacant

Member appointed by the Minister

Dr D J Gunning

BSc (Hons), MSc (Chem Ed) *Glasgow*, PhD (Ed) *Strathclyde*,
Sec. Teaching Cert. *Jordanhill, Glasgow*

Member elected by and from the professors

Professor M Rimmer

MA *Oxon*, MA *Warwick*, FASSA

Members appointed by Council

Ms M L Edmond

BArch *Melb*, LFRAIA, MIArbMA

Mrs L W M Heath

BEM, AM

Mr B R Jamison

FCA, FASCPA, ACIS, FAICD, AIArba, FTIA

Mr A J Kloeden

BSc (For) (Hons), MSc (Bus Stud) *Lond*

Mr D M Morgan

BCom *Melb*

Ms M T Prendergast

Member elected by and from the academic staff

Ms L Forsyth

MA La Trobe, DipEd Melb

Member elected by and from the general staff

Ms F M O'Sullivan-Smith

RN, RM, BA Deakin, Grad Dip (Ed Pub) RMIT

Member elected by and from the postgraduate students

Mr J Cripps Clark

BSc UNSW, DipEd GIAE, MAppSc Monash

Member elected by and from the postgraduate students

Mr S W Early

Statutes

Statutes made or amended by Council during 2002

Statute 2.11	—	DeakinPrime, amended
Statute 3.13	—	The Deans and Heads of School, made
Statute 5.2	—	Academic Awards, amended
Statute 5.6	—	Exclusion for Health Reasons, made

New or amended statutes approved by Minister during 2002
(some were made or amended by Council 2001)

Statute 3.2	—	The Vice-Chancellor, amended
Statute 3.3	—	The Academic Staff, amended
Statute 3.4	—	Deputy Vice-Chancellors, new
Statute 3.7	—	Vice-President (Academic), new
Statute 3.11	—	Supernumerary Academic Staff, amended
Statute 3.13	—	The Deans and Heads of School, new
Statute 3.14	—	The Pro Vice-Chancellors, amended

Freedom of information

Request for access to documents are made to the Freedom of Information Manager, Mr R H Elliott, Vice-President (Administration). The University received five requests for access to documents under the *Freedom of Information Act 1982* during 2002. Details of each application follows:

- 1 Access by inspection was offered informally outside the parameters of the Act but was not accepted. An application for review was received and the decision of the FOI Managers was affirmed. An appeal was made to VCAT and was struck out as settlement in the form of access by inspection was reached.
- 2 Supervised access was granted, however an appeal was lodged to VCAT and withdrawn as supervised access was granted and agreed to by the applicant.
- 3 Some documents referred to in the application were matters of public record. Access was denied to other documentation.
- 4 Access was granted in part.
- 5 Investigation result was not available at 31.12.02.

National competition policy and competitive neutrality

That part of the policy contained in Part IV of the *Trade Practices Act 1974 (Cwlth)* has been implemented within the University. In 1997 a series of staff training seminars were held on metropolitan and regional campuses. A manual has been distributed to staff and is also available electronically as part of the Deakin University Governance System.

Activities of the University affected by the Victorian Government's Competitive Neutrality Policy have been identified. The University has no Model 1 activities. Pricing principles for its Model 2 activities have been prepared and a users' manual distributed. It is also available electronically. Continuing training and seminars are available to staff upon request.

The University completed its review of internal legislation and reported the outcome to the Ministry of Education in November 1995.

Whistleblowers Protection Act

Statement in accordance with the *Whistleblowers Protection Act 2001*:

- 1 Deakin University has developed policy and procedures for reporting disclosures under the *Whistleblowers Protection Act 2001*.
- 2 No disclosures were made to the public body during the year.
- 3 No disclosures were referred during the year by the public body to the Ombudsman for determination as to whether they are public interest disclosures.
- 4 No disclosed matters were referred to the public body during the year by the Ombudsman.
- 5 No disclosed matters were referred during the year by the public body to the Ombudsman to investigate.
- 6 No investigations of disclosed matters were taken over by the Ombudsman from the public body during the year.
- 7 No requests were made under section 74 during the year to the Ombudsman to investigate disclosed matters.
- 8 There were no disclosed matters that the public body has declined to investigate during the year.
- 9 There were no disclosed matters that were substantiated on investigation and the action taken on completion of the investigation.
- 10 No recommendations of the Ombudsman were made under this Act that relate to the public body.

Ombudsman

Three complaints were made to and investigated by the Ombudsman involving the University.

In one the investigation result was not received as at 31 December 2002. In the second and third complaints the Ombudsman was satisfied that there was no error or irregularity in the University's dealing in the matters.

Equity and equal opportunity

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

Implementation of the plan through the Link Program requires faculties, divisions and budget centres to develop relevant performance indicators and report to the Equal Opportunity Advisory Committee regularly on progress and evaluation.

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

The University also submits an annual report to the Equal Opportunity for Women in the Workplace Agency, to monitor the University's progress in its implementation of equal employment initiatives.

The Equity and Equal Opportunity Unit conducted briefings and training sessions for students and staff across the University on a regular basis with particular emphasis on management responsibilities, compliance with equal opportunity legislation and best practice. Online training in discrimination and harassment was also piloted successfully and will be further implemented across the University in 2003.

Occupational health and safety (OH&S)

The numbers of WorkCover claims and Lost Time Injuries (LTI) have continued to decline in 2002. Over the last decade they have more than halved. In contrast the costs and days lost associated with WorkCover claims has more than doubled. This has been mostly due to a few claims where prolonged absence from work was involved. The University's WorkCover premium has declined for the last two financial years after reaching a peak in 1999/2000. This is despite the increased costs of the WorkCover scheme over recent years from the inclusion of superannuation in remuneration, restoration of common law, the addition of a 17% loading and the introduction of the GST.

	<i>LTI frequency rate</i>	<i>WorkCover frequency rate</i>	<i>Average lost time rate</i>	<i>Days lost per 100 EFT < 12 months</i>	<i>WorkCover costs per EFT < 12 months</i>	<i>Estimated premium costs per EFT</i>	<i>WorkCover premium rate (*)</i>
1994	9.83	19.37	7.6	19.1			0.44%
1995	8.72	19.47	10.4	22.9			0.32%
1996	6.42	19.00	11.7	21.6			0.31%
1997	7.26	16.57	9.3	17.2	\$43.94	\$190	0.38%
1998	5.47	15.32	9.7	11.4	\$33.66	\$328	0.58%
1999	5.07	12.56	8.4	16.5	\$44.13	\$409	0.75%
2000	5.88	12.64	22.9	30.1	\$81.58	\$506 (\$593)	0.78% (0.92%)
2001	4.06	10.42	23.0	31.2	\$83.22	\$346 (\$405)	0.55% (0.65%)
2002	4.03	9.71	29.4	42.0	\$122.81	\$394 (\$461)	0.59% (0.70%)

For the premium figures, the brackets (*) includes a 17% government loading introduced in 2000.

Successful and effective accident prevention involves the development of an appropriate Health and Safety Management System. With this mind over the last three years health and safety plans have been introduced at the budget centre level. During 2002 all faculties and divisions drew up and implemented plans.

Providing or organising training for managers, staff, health and safety representatives, first aiders and fire wardens is major ongoing component of the OH&S unit's annual program. Over 800 staff have attended training sessions in one form or another during 2002. This training has ranged from short 20-minute awareness presentations, to warden training, to several hours on risk assessments and managerial responsibilities.

Performance Indicators

Number University OH&S policies/procedures developed or reviewed	11
OH&S inspections and surveys	42
Workstation assessments	175
Risk assessments	23
Persons participating in OH&S training (excluding fire safety)	475
Number of staff given first aid training or refresher training	60
Evacuations carried out	27
Persons given fire safety training	404
Accident investigations	164
Hazard investigations	29
New WorkCover claims	36
(including) new lost-time injuries	15
OH&S committees meetings	20
Non-staff accident investigations (students, visitors, contractors)	120
Number of counselling sessions as part of the Employee Assistance Program	131
Number of employees	2,215

Although the number of WorkCover claims has declined, the amount of time involved in rehabilitation and claims management has increased dramatically over the last two years, more than doubling. This has primarily been due to the increase in stress-related WorkCover claims: from an average of two per year up to 1999, to an average of five per year in the last three years. Their complexity has also increased as has the number of other WorkCover claims where stress is a major factor. A review of stress management during 2002 recommended a multi-faceted approach to the reduction of workplace stress. Initiatives in 2002 have included training, individual support, assistance to managers and improved case management.

In late 2002 an Asbestos Audit and a Plant Safety Audit were carried out on the Melbourne campus. Similar audits will be done at the other campuses during 2003. Appropriate management plans will be developed during 2003 to address the audit results.

In 2003, substantial resources will continue to be applied by the University to maintain existing OH&S programs and activities. In addition the University will develop specific initiatives in hazardous substances, prevention of workplace bullying, stress management and manual handling. In many cases, this is the implementation phase of strategies developed during 2002.

Public Sector Management and Employment Act

Deakin University is required to comply with the reporting under the *Public Sector Management and Employment Act 1997* and this is done bi-annually. A review of this reporting is being undertaken by the Minister and relevant federal government agencies which may exempt Victorian universities from this requirement.

Compulsory fees

Statement of fees and charges

Fees and charges for 2002 assessed as at 31 December 2002	\$4,827,857
Fees collected as at 31 December 2002	\$4,785,554
Fees and charges outstanding as at 31 December 2002	\$42,303
Distribution of fees and charges for 2002	
Fees and charges collected as at 31 December 2002	\$4,785,554
Deakin University Student Association Inc.(DUSA) General Service Fees	\$4,045,479
Deakin University:	
Library	\$458,570
AASD – Handbook	\$96,732
AASD – mail/courier	\$94,048
Facilities fund	\$116,984
	\$4,811,813
Distribution in excess of the fees and charges collected	\$26,259
The purposes for which DUSA applied the funds	
Distribution of fees and charges General Service Fee (refer note below)	\$4,045,479
Other income	\$704,493
	\$4,749,972
Expenditure associated with services funded from the distribution of fees and charges	
Student Council and administration	\$1,810,854
Communication and marketing	\$492,758
Education and student support	\$724,996
Leisure and direct services	\$2,317,294
	\$5,345,902
Deficit for 2002	\$595,930

Note: Reconciliation of fees and charges collected with the amount distributed for year ended 31 December 2001 resulted in an overpayment that will be recovered during 2003.

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

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

The University is in the process of evaluating consultants to assist in the achievement of full compliance of the *Essential Services Act*.

Following on from the Standards Assessment Audit, work is programmed to bring existing building stock up to, and in line with, the current *Building Control Act* on a defined risk assessment basis.

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 \$10 million per employee.

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

During 2002 the following works and maintenance were undertaken:

number of projects (in excess of \$50,000 completed in 2002)	12
number of projects exempt from certification	0
works in construction and subject to inspection (over \$50,000)	6
occupancy certificates issues	4
notices issued for rectification of sub-standard buildings	0

Additional information available on request

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

- Publications;
- Changes in prices, fees, charges, rates and levies;
- Major external reviews;
- Overseas visits undertaken;
- Shares held beneficially by senior officers as nominees of a statutory authority or subsidiary;
- Industrial relations issues; and
- Major committees sponsored by Deakin University.

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

General

No major changes or factors occurred during 2002 which have affected the achievement of the University's operational objectives for the year.

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

A handwritten signature in black ink that reads "Richard Searby". The signature is written in a cursive style with a large initial 'R' and a long, sweeping tail on the 'y'.

Richard Searby QC

4 April 2003

Laboratory facilities in use
at the Warrnambool campus



Audited financial statements

as at 31 December 2002

**STATEMENT OF FINANCIAL PERFORMANCE FOR THE FINANCIAL YEAR ENDED
31 DECEMBER 2002**

	<i>Note</i>	<i>Consolidated</i>		<i>University</i>	
		<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
		<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
Revenue from ordinary activities	2	337,163	315,550	325,437	305,505
Employee benefits expense	2	(172,034)	(155,998)	(163,196)	(149,203)
Depreciation and amortisation expense	2	(22,654)	(21,767)	(21,777)	(21,135)
Other expenses from ordinary activities	2	(130,717)	(123,700)	(132,204)	(118,705)
Borrowing cost expense	2	(1,072)	(1,115)	(1,072)	(1,115)
Profit from ordinary activities before income tax expense		10,686	12,970	7,188	15,347
Income tax expense	23	82	—	—	—
Net profit from ordinary activities after income tax expense		10,663	12,888	7,188	15,347
Increase/(decrease) on revaluation of property, plant and equipment	15	25,518	10,539	25,518	10,539
Increase/(decrease) on revaluation of investments	15	(330)	(1,253)	(330)	(1,253)
Total revenue, expense and valuation adjustments recognised directly in equity		25,188	9,286	25,188	9,286
Total changes in equity other than those resulting from transactions with owners as owners		35,851	22,174	32,376	24,633

The accompanying notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2002

	Note	Consolidated		University	
		2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
CURRENT ASSETS					
Cash assets	3	55,485	40,238	55,313	39,920
Receivables	4	29,408	31,705	26,747	30,597
Inventories	5	523	5,236	523	5,236
Deferred income - government contributions for superannuation	19(a)	12,956	11,621	12,956	11,621
TOTAL CURRENT ASSETS		98,372	88,800	95,539	87,374
NON-CURRENT ASSETS					
Receivables	4	2,830	3,930	2,836	3,930
Other financial assets	6	9,824	10,440	9,920	13,536
Property, plant and equipment	7	514,108	468,976	512,531	467,217
Deferred development and implementation costs	8	8,057	12,116	7,881	11,896
Deferred income - government contributions for superannuation	19(a)	132,104	133,840	132,104	133,840
Deferred tax assets	9	—	23	—	—
Intangible assets	10	561	775	—	—
TOTAL NON-CURRENT ASSETS		667,484	630,100	665,272	630,419
TOTAL ASSETS		765,856	718,900	760,811	717,793
CURRENT LIABILITIES					
Payables	11	34,169	20,774	29,976	16,817
Interest bearing liabilities	12	1,993	4,223	1,986	4,223
Provision for employee entitlements	13	12,920	12,435	12,338	11,968
Current tax liabilities	14	142	142	—	—
Deferred employee benefits for superannuation	19(b)	12,956	11,621	12,956	11,621
TOTAL CURRENT LIABILITIES		62,180	49,195	57,256	44,629
NON-CURRENT LIABILITIES					
Interest bearing liabilities	12	29,826	31,786	29,826	31,786
Provision for employee entitlements	13	18,334	16,475	17,984	16,230
Deferred employee benefits for superannuation	19(b)	132,104	133,840	132,104	133,840
Unfunded superannuation liability - SERB		264	307	264	307
TOTAL NON-CURRENT LIABILITIES		180,528	182,408	180,178	182,163
TOTAL LIABILITIES		242,708	231,603	237,434	226,792
NET ASSETS		523,148	487,297	523,377	491,001
EQUITY					
Asset revaluation reserve	15	305,528	280,340	305,528	280,340
Accumulated funds	16	217,620	206,957	217,849	210,661
TOTAL EQUITY		523,148	487,297	523,377	491,001

The accompanying notes form part of these financial statements

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

Inflows/(outflows)	Note	<i>Consolidated</i>		<i>University</i>	
		2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
CASH FLOWS FROM OPERATING ACTIVITIES					
Commonwealth government grants		118,040	115,548	118,040	115,548
Higher Education Contribution Scheme					
Student contributions		9,020	8,265	9,020	8,265
Commonwealth payments		53,009	51,436	53,009	51,436
Victorian government grants		1,833	884	1,833	884
Other research grants and contracts		14,762	13,366	11,198	10,641
Fees and charges		88,958	79,319	88,226	76,835
Investment income		3,468	3,710	3,784	4,130
Donations and bequests		633	227	633	227
Other		38,978	32,999	29,207	27,486
Salaries		(168,540)	(160,456)	(159,904)	(153,664)
Suppliers		(111,246)	(116,799)	(106,961)	(111,376)
Borrowing costs		(1,105)	(1,115)	(1,105)	(1,115)
GST recovered/(paid)		3,749	3,669	4,287	4,335
Net cash provided by operating activities	17	51,559	31,053	51,267	33,632
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		5,618	14,257	5,616	14,257
Proceeds from sale of investments		6,681	355	6,681	355
Purchase of land		(1,900)	(3,368)	(1,900)	(3,368)
Addition to buildings		(15,859)	(18,852)	(15,859)	(18,852)
Addition to leasehold improvements		(629)	(31)	(629)	(30)
Purchase of equipment and furniture		(10,333)	(7,171)	(9,886)	(6,117)
Purchase of motor vehicles		(5,585)	(4,585)	(5,585)	(4,585)
Purchase of library holdings		(3,777)	(3,613)	(3,777)	(3,613)
Purchase of art works		(60)	(52)	(60)	(52)
Purchase of equipment under finance leases		(20)	(168)	(20)	(168)
Deferred development and implementation costs		(1)	(2,016)	(1)	(1,796)
Receivables - sale of property		—	(9,900)	—	(9,900)
Purchase of investments		(6,257)	(1,404)	(6,257)	(4,404)
Net cash used in investing activities		(32,122)	(36,548)	(31,677)	(38,273)
CASH FLOWS FROM FINANCING ACTIVITIES					
Borrowings		95	3,773	95	3,773
Repayment of borrowings		(4,292)	(4,162)	(4,292)	(4,162)
Net cash provided by/(used in) financing activities		(4,197)	(389)	(4,197)	(389)
Net increase/(decrease) in cash held		15,240	(5,884)	15,393	(5,030)
Cash at the beginning of the financial year		40,238	46,122	39,920	44,950
Cash at the end of the financial year	17	55,478	40,238	55,313	39,920

The accompanying notes form part of these financial statements

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements and accompanying notes constitute a general purpose financial report which has been prepared in accordance with the *Victorian Financial Management Act 1994*, Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and Urgent Issues Group Consensus Views.

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

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

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

(a) PRINCIPLES OF CONSOLIDATION

The consolidated accounts incorporate the assets and liabilities of all entities controlled by Deakin University as at 31 December 2002 and the results of all controlled entities for the year then ended. A list of the controlled entities is included in note 24.

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

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

(b) REVENUE

Revenue from grants is recognised when the University gains control of the contribution or the right to receive contributions. Revenue from fees and charges are recognised when assessed. Revenue from the sale of goods is recognised upon the delivery of goods to customers. Revenue from the rendering of a service is recognised upon the delivery of the service to customers or in accordance with governing contracts. Interest revenue is recognised on an accrual basis. Dividend revenue is recognised when received. Donations and bequests are recognised when received by the University.

(c) FOREIGN CURRENCY TRANSACTIONS

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

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

Translation of Foreign Controlled Entities

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

(d) INCOME TAX

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

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

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

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(e) CASH

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

(f) INVENTORIES

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

(g) OTHER FINANCIAL ASSETS

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

(h) PROPERTY, PLANT AND EQUIPMENT

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

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

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

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

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

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

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

Major depreciation periods are:

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

The depreciation rates applied are consistent with the prior year.

1 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(i) LEASED NON-CURRENT ASSETS

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

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

(j) DEFERRED DEVELOPMENT AND IMPLEMENTATION COSTS

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

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

(k) RECOVERABLE AMOUNT

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

(l) INTANGIBLE ASSET

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

(m) EMPLOYEE ENTITLEMENTS

Provision has been made for recreation and long service leave entitlements estimated to be payable to employees on the basis of statutory and contractual requirements. All recreation leave and long service leave entitlements expected to be settled within twelve months have been accrued at their nominal amount calculated on the basis of current wages and salary rates and on-costs and shown as current liabilities. Long service leave entitlements payable later than twelve months have been measured at the present value of expected future payments, including on-costs, to be made in respect of services provided by employees up to the reporting date. Expected future payments are discounted using interest rates on national government guaranteed securities with terms to maturity that match, as closely as possible, the estimated future cash outflows.

(n) EQUITY

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

Equity consists of the Asset Revaluation Reserve and Accumulated Funds.

(o) COMPARATIVE FIGURES

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

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

	Note	Consolidated		University	
		2002	2001	2002	2001
		\$'000's	\$'000's	\$'000's	\$'000's
2 OPERATING RESULT					
Revenue from ordinary activities					
Operating activities					
Commonwealth government grants					
DEST legislated grants	2.1	101,755	97,878	101,755	97,878
Other		3,899	3,034	3,899	3,034
Higher Education Contribution Scheme					
Student contributions		9,020	8,265	9,020	8,265
Commonwealth payments		52,847	50,465	52,847	50,465
Victorian government grants	2.2	1,833	884	1,833	884
Superannuation					
Deferred government contribution		(401)	1,936	(401)	1,936
Commonwealth supplementation		13,275	11,781	13,275	11,781
Fees and charges	2.3	84,221	71,418	84,015	71,508
Investment income	2.4	3,329	3,681	3,645	4,101
Royalties		3,902	8,654	3,902	7,187
Consultancy and contract research	2.5	14,098	12,720	10,730	10,161
Donations and bequests		7,140	3,514	7,140	3,514
Proceeds from sale of property, plant and equipment		5,618	14,257	5,616	14,257
Proceeds from sale of investments		6,681	355	6,681	355
Other revenue	2.6	29,946	26,708	21,480	20,179
Total revenue		337,163	315,550	325,437	305,505
Expenses					
Employee benefits	2.7	172,034	155,998	163,196	149,203
Depreciation and amortisation - property, plant and equipment	2.8	18,382	17,784	17,763	17,366
Amortisation - deferred development and implementation costs		4,058	3,769	4,014	3,769
Amortisation - intangible assets		214	214	—	—
Borrowing costs		1,072	1,115	1,072	1,115
Buildings and grounds		17,680	13,910	17,680	13,910
Bad and doubtful debts	2.9	379	1,404	368	1,398
Bad and doubtful debts - controlled entities (movement in provision)		—	—	4,691	—
Written-down value of disposed property, plant and equipment		6,675	18,688	6,665	18,676
Book value of non-current investment sold		6,543	161	6,543	161
Unrealised loss on investments		316	—	316	—
Provision for diminution in value of investments in controlled entities		—	—	3,000	—
Other expenses	2.10	99,124	89,537	92,941	84,560
Total expenses		326,477	302,580	318,249	290,158
Operating result before income tax		10,686	12,970	7,188	15,347

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

	<i>Consolidated</i>		<i>University</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>

2.1 COMMONWEALTH GOVERNMENT GRANTS

Commonwealth government grants pursuant to the *Higher Education Funding Act 1988*, excluding HECS:

Operating purposes excluding HECS	95,753	92,468	95,753	92,468
Special research assistance:				
ARC Discovery Project (Large grants)	1,786	1,597	1,786	1,597
Small research grants	(1)	406	(1)	406
Research Infrastructure - block grants	919	625	919	625
Australian Postgraduate Awards	1,246	1,167	1,246	1,167
International Postgraduate Research	118	111	118	111
ARC Linkage International Researcher Exchange	55	32	55	32
ARC Discovery Fellowships	6	124	6	124
ARC Linkage Other (SPIRT)	1,873	1,348	1,873	1,348
Total Commonwealth government grants excluding HECS	101,755	97,878	101,755	97,878

2.2 VICTORIAN GOVERNMENT GRANTS

Victorian government grants from the following departments were received during the reporting period:

VicHealth	291	266	291	266
Department of Employment, Education and Training	92	19	92	19
Department of State and Regional Development	204	105	204	105
Department of Human Services	774	165	774	165
Parks Victoria	2	89	2	89
Barwon Health	—	66	—	66
Food Science Australia	—	42	—	42
Dairy Research & Development Corporation	172	64	172	64
Department of Industry Science & Resources	—	15	—	15
Agriculture Victoria	40	—	40	—
Department of Justice	65	—	65	—
Catchment Management Authority	140	—	140	—
Other	53	53	53	53
	1,833	884	1,833	884

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

	<i>Consolidated</i>		<i>University</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
2.3 FEES AND CHARGES				
Fees and charges were collected from the following sources during the reporting period:				
Fee-paying overseas students	27,653	22,010	27,653	22,010
Fee-paying non-overseas postgraduate students	13,379	8,489	13,379	8,489
Non-overseas students undertaking non-award courses	3,250	2,199	3,250	2,199
Fee-paying non-overseas undergraduate students	2,770	1,969	2,770	1,969
Student accommodation fees	5,275	5,007	5,275	5,007
Rental income	880	1,553	875	1,547
Educational materials fees	13,770	11,942	13,770	11,942
Examination fees	3,688	2,688	3,688	2,688
General service fees	5,073	4,389	5,073	4,389
Course delivery fees	4,323	8,065	4,323	8,065
Parking fees	1,448	1,536	1,448	1,536
Other fees	2,712	1,571	2,511	1,667
	84,221	71,418	84,015	71,508
2.4 INVESTMENT INCOME				
Interest	3,154	1,985	3,144	1,948
Interest received from controlled entities	—	—	326	457
Dividends	175	1,617	175	1,617
Unrealised gain on investments	—	79	—	79
	3,329	3,681	3,645	4,101
2.5 CONSULTANCY AND CONTRACT RESEARCH				
Consultancy	6,517	6,338	3,149	3,779
Research	7,581	6,382	7,581	6,382
	14,098	12,720	10,730	10,161
2.6 OTHER REVENUE				
Sales and commercial income	13,955	12,889	11,393	12,234
Scholarship and prizes	161	416	161	416
Advertising income	818	995	—	—
Subscriptions	2,171	2,288	102	124
Convention income	1,747	1,285	—	—
Conference facility hiring	687	772	687	772
Commercial grants	710	662	710	662
Training	1,103	1,077	—	—
Sales proceeds minor equipment	579	74	579	74
Contributions from learning institutions	1,302	—	1,302	—
Other	6,713	6,250	6,546	5,897
	29,946	26,708	21,480	20,179

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

	<i>Consolidated</i>		<i>University</i>	
	2002	2001	2002	2001
	\$000's	\$000's	\$000's	\$000's
2.7 EMPLOYEE BENEFITS				
Academic				
Academic staff salaries	58,742	54,901	58,742	54,901
Contributions to superannuation and pension schemes:				
Deferred employee benefits for superannuation	(194)	957	(194)	957
Emerging cost - excess over 14%	5,918	5,461	6,271	5,744
Funded	8,182	7,845	8,182	7,845
Non-funded	(11)	26	(11)	26
Payroll tax	3,740	3,540	3,739	3,540
WorkCover	488	444	488	444
Long service leave	957	(901)	957	(901)
Annual leave	106	199	106	199
	77,928	72,472	78,280	72,755
Non-academic				
Non-academic staff salaries	69,884	61,923	62,630	56,181
Contributions to superannuation and pension schemes:				
Deferred employee benefits for superannuation	(207)	979	(207)	979
Emerging cost - excess over 14%	7,040	6,160	6,687	5,877
Funded	8,334	7,735	8,220	7,630
Non-funded	(12)	27	(12)	27
Payroll tax	4,430	4,185	3,964	3,836
WorkCover	480	505	438	482
Long service leave	1,048	(1,061)	1,020	(923)
Annual leave	224	307	113	204
Other	2,885	2,766	2,063	2,155
	94,106	83,526	84,916	76,448
	172,034	155,998	163,196	149,203

2.8 DEPRECIATION AND AMORTISATION

Buildings	6,563	6,970	6,563	6,970
Leasehold improvements	131	313	129	311
Equipment and furniture	5,911	5,495	5,294	5,079
Motor vehicles	900	824	900	824
Library holdings	4,686	3,994	4,686	3,994
Finance leases	191	188	191	188
	18,382	17,784	17,763	17,366

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

	<i>Consolidated</i>		<i>University</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
2.9 BAD AND DOUBTFUL DEBTS				
Bad debts written off	819	349	812	343
Movement in provision for doubtful debts	(440)	1,055	(444)	1,055
	379	1,404	368	1,398

2.10 OTHER EXPENSES

Communication costs	8,498	8,029	8,034	7,534
Consultants and contractors	8,253	6,499	7,717	5,762
Copying, printing, stationery and consumables	7,959	10,921	7,790	10,787
Course materials	4,001	3,231	4,000	3,231
Direct project costs	23,364	20,199	23,364	20,305
Equipment costs	5,475	5,000	4,991	4,739
Fringe benefits tax	920	866	831	712
Library expenses	1,699	1,500	1,696	1,494
Non-capitalised equipment	2,264	2,137	2,260	2,105
Operating lease rentals	6,099	5,345	5,348	4,717
Staffing and related costs	10,131	10,315	8,790	9,481
Student expenses	14,998	13,589	14,997	13,589
Other	5,463	1,906	3,123	104
	99,124	89,537	92,941	84,560

3 CASH ASSETS

Cash at bank	4,025	4,335	3,853	4,018
Cash on hand	51	61	51	60
Managed fund	45,921	27,242	45,921	27,242
Income securities	5,488	8,188	5,488	8,188
Bank term deposits	—	412	—	412
	55,485	40,238	55,313	39,920

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

	<i>Consolidated</i>		<i>University</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
4 RECEIVABLES				
CURRENT				
Trade debtors	18,322	18,960	15,304	15,326
Provision for doubtful debts	(485)	(1,157)	(480)	(1,157)
	17,837	17,803	14,824	14,169
Government grants receivable	273	—	273	—
Accrued income	124	4,318	99	4,142
Prepayments	3,363	2,558	3,079	2,526
GST recoverable	655	705	789	683
Owing by other entities	7,156	6,321	7,156	6,321
Owing by controlled entities	—	—	3,100	2,756
Provision doubtful debt - controlled entities	—	—	(2,573)	—
	29,408	31,705	26,747	30,597
NON-CURRENT				
Owing by other entities	2,830	3,930	2,830	3,930
Owing by controlled entities	—	—	2,124	—
Provision doubtful debt - controlled entities	—	—	(2,118)	—
	2,830	3,930	2,836	3,930
5 INVENTORIES				
Central stores	523	2,353	523	2,353
Bookshops	—	1,294	—	1,294
Work in progress - projects	—	1,589	—	1,589
	523	5,236	523	5,236
6 OTHER FINANCIAL ASSETS				
INVESTMENTS				
Shares portfolio - market value	9,502	3,674	9,502	3,674
Units in BT Fund - market value	—	6,648	—	6,648
Other	322	118	322	118
Shares in controlled entities	—	—	3,096	3,096
Provision for diminution in value of investments in controlled entities	—	—	(3,000)	—
	9,824	10,440	9,920	13,536

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

	Note	Consolidated		University	
		2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
7 PROPERTY, PLANT AND EQUIPMENT					
LAND					
At independent valuation	7(a)	87,485	76,932	87,485	76,932
		87,485	76,932	87,485	76,932
BUILDING					
At independent valuation	7(a)	352,121	303,111	352,121	303,111
Borrowing costs capitalised		—	1,438	—	1,438
Work in progress		1,023	20,080	1,023	20,080
		353,144	324,629	353,144	324,629
LEASEHOLD IMPROVEMENTS					
At cost		692	756	670	733
Accumulated amortisation		(44)	(454)	(41)	(452)
		648	302	629	281
EQUIPMENT AND FURNITURE					
At cost		52,490	53,355	49,810	51,081
Accumulated depreciation		(31,035)	(35,627)	(29,913)	(35,091)
		21,455	17,728	19,897	15,990
MOTOR VEHICLES					
At cost		7,908	7,589	7,908	7,589
Accumulated depreciation		(1,166)	(1,215)	(1,166)	(1,215)
		6,742	6,374	6,742	6,374
LIBRARY HOLDINGS					
At cost		49,795	43,388	49,795	43,388
Accumulated depreciation		(8,680)	(3,994)	(8,680)	(3,994)
		41,115	39,394	41,115	39,394
ART COLLECTION					
At independent valuation 2000		3,052	3,052	3,052	3,052
At cost		203	66	203	66
		3,255	3,118	3,255	3,118
FINANCE LEASES - EQUIPMENT					
At cost		1,550	1,660	1,550	1,660
Accumulated depreciation		(1,286)	(1,161)	(1,286)	(1,161)
		264	499	264	499
		514,108	468,976	512,531	467,217

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

<i>Consolidated</i>		<i>University</i>	
<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>

7 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- (a) The land and buildings were valued by Craig Cunningham & Co (Real Estate) Pty Ltd at 31 December 2002. The valuation was on the basis of open market value of land and buildings concerned in their existing use. 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 property values.

CAPITALISED BORROWING COSTS

Borrowing costs incurred	1,136	1,132	1,136	1,132
Investment revenue earned on borrowed funds	—	(263)	—	(263)
	1,136	869	1,136	869
Capitalisation rate used in the allocation of borrowing costs to buildings	7.99%	7.99%	7.99%	7.99%

MOVEMENTS IN CARRYING AMOUNTS

	Balance at beginning of year	Additions	Disposals	Depreciation expense	Revaluation/Transfers	Carrying amount at end of year
Consolidated						
Land	76,932	1,900	1,298	—	9,951	87,485
Buildings	324,629	19,659	148	6,563	15,567	353,144
Leasehold improvements	302	629	152	131	—	648
Equipment and furniture	17,728	10,333	759	5,911	64	21,455
Motor vehicles	6,374	5,585	4,317	900	—	6,742
Library holdings	39,394	6,407	—	4,686	—	41,115
Artworks	3,118	137	—	—	—	3,255
Finance leases - equipment	499	20	—	191	(64)	264
	468,976	44,670	6,674	18,382	25,518	514,108
University						
Land	76,932	1,900	1,298	—	9,951	87,485
Buildings	324,629	19,659	148	6,563	15,567	353,144
Leasehold improvements	281	629	152	129	—	629
Equipment and furniture	15,990	9,886	749	5,294	64	19,897
Motor vehicles	6,374	5,585	4,317	900	—	6,742
Library holdings	39,394	6,407	—	4,686	—	41,115
Artworks	3,118	137	—	—	—	3,255
Finance leases - equipment	499	20	—	191	(64)	264
	467,217	44,223	6,664	17,763	25,518	512,531

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

	<i>Consolidated</i>		<i>University</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
8 DEFERRED DEVELOPMENT AND IMPLEMENTATION COSTS				
DEFERRED DEVELOPMENT COSTS				
Student information system	11,714	11,714	11,714	11,714
Callista research	220	220	—	—
	11,934	11,934	11,714	11,714
Accumulated amortisation	(8,961)	(6,502)	(8,917)	(6,502)
	2,973	5,432	2,797	5,212
DEFERRED IMPLEMENTATION COSTS				
Student information system	4,868	4,868	4,868	4,868
Human resources system	405	405	405	405
Oracle financials system	4,923	4,923	4,923	4,923
Other	49	241	49	241
	10,245	10,437	10,245	10,437
Accumulated amortisation	(5,161)	(3,753)	(5,161)	(3,753)
	5,084	6,684	5,084	6,684
	8,057	12,116	7,881	11,896
9 DEFERRED TAX ASSETS				
Future income tax benefit	—	23	—	—
10 INTANGIBLE ASSETS				
Management rights	1,168	1,168	—	—
Accumulated amortisation	(607)	(393)	—	—
	561	775	—	—

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

	<i>Note</i>	<i>Consolidated</i>		<i>University</i>	
		<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
		<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
11 PAYABLES					
Creditors and accrued expenses		26,130	12,109	25,616	11,619
Income received in advance		8,039	8,665	4,360	5,198
		34,169	20,774	29,976	16,817
12 INTEREST BEARING LIABILITIES					
CURRENT					
Unsecured borrowings					
Bank overdraft		7	—	—	—
Bank loans		1,787	1,641	1,787	1,641
DEST loan		—	2,199	—	2,199
Finance leases	20	190	374	190	374
Secured by mortgage					
Other		9	9	9	9
		1,993	4,223	1,986	4,223
NON-CURRENT					
Unsecured borrowings					
Bank loans		26,037	27,824	26,037	27,824
DEST loan		3,576	3,500	3,576	3,500
Finance leases	20	110	350	110	350
Secured by mortgage					
Other		103	112	103	112
		29,826	31,786	29,826	31,786
Due later than one year and not later than two years		2,304	2,030	2,304	2,030
Due later than two years and not later than three years		5,444	2,342	5,444	2,342
Due later than three years and not later than five years		4,791	7,631	4,791	7,631
Due later than five years and not later than ten years		12,441	12,216	12,441	12,216
Due later than ten years		4,846	7,567	4,846	7,567
		29,826	31,786	29,826	31,786

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

<i>Consolidated</i>		<i>University</i>	
2002	2001	2002	2001
\$000's	\$000's	\$000's	\$000's

13 PROVISION FOR EMPLOYEE ENTITLEMENTS

Aggregate employee entitlements, including on-costs

CURRENT

Recreation leave	10,883	10,581	10,340	10,165
Long service leave	2,037	1,854	1,998	1,803
	12,920	12,435	12,338	11,968

NON-CURRENT

Long service leave	18,334	16,475	17,984	16,230
	18,334	16,475	17,984	16,230

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

	Service Year	2002	2001
		%	%
Wage inflation rate		6.00	6.40
Discount rates	25+	—	—
	24	4.60	4.14
	23	4.57	4.46
	22	4.52	4.90
	21	4.60	5.23
	20	4.72	5.38
	19	4.85	5.55
	18	4.96	5.75
	17	5.02	5.87
	16	5.08	5.94
	15	5.12	6.00
	14	5.16	6.07
	0-13	5.25	6.14

14 CURRENT TAX LIABILITIES

Provision for income tax	142	142	—	—
--------------------------	------------	------------	---	---

15 ASSET REVALUATION RESERVE

Balance at beginning of year	280,340	271,054	280,340	271,054
Increase/(decrease) in asset valuation of non-current assets are:				
Land	9,951	15,112	9,951	15,112
Buildings	15,567	(4,573)	15,567	(4,573)
Investments	(190)	(1,124)	(190)	(1,124)
Realised profit on sale of investments	(140)	(129)	(140)	(129)
	305,528	280,340	305,528	280,340

16 ACCUMULATED FUNDS

Balance at beginning of year	206,957	194,069	210,661	195,314
Net profit from ordinary activities after income tax expense	10,663	12,888	7,188	15,347
	217,620	206,957	217,849	210,661

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

	<i>Consolidated</i>		<i>University</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>

17 STATEMENT OF CASH FLOWS

RECONCILIATION OF CASH				
Cash at bank and on hand	4,076	4,396	3,904	4,078
Managed fund	45,921	27,242	45,921	27,242
Income securities	5,488	8,188	5,488	8,188
Bank term deposits	—	412	—	412
Bank overdraft	(7)	—	—	—
	55,478	40,238	55,313	39,920
RECONCILIATION OF NET CASH PROVIDED BY/(USED IN) OPERATING ACTIVITIES TO OPERATING RESULT				
Net profit from ordinary activities after income tax expense	10,663	12,888	7,188	15,347
Add non-cash items				
Depreciation and amortisation - property, plant and equipment	18,382	17,784	17,763	17,366
Amortisation - deferred development and implementation costs	4,058	3,769	4,014	3,769
Amortisation - intangible assets	214	214	—	—
Donations for library holdings	(2,630)	(3,273)	(2,630)	(3,273)
Donations for art works	(77)	(14)	(77)	(14)
Donations of building from State Government	(3,800)	—	(3,800)	—
<i>Less items classified as investing activities</i>				
Loss/(profit) on disposal of property, plant and equipment	1,056	4,431	1,048	4,419
Provision for diminution of investments in controlled entities	—	—	3,000	—
Loss/(profit) on sale of investments	(138)	(194)	(138)	(194)
Decrease/(increase) in:				
Current assets				
Trade debtors	(34)	(2,453)	(655)	310
Government grants receivable	(273)	3,372	(273)	3,372
Accrued income	4,194	(3,439)	4,043	(3,377)
Prepayments	(805)	(1,755)	(553)	(1,823)
GST recoverable	50	(97)	(106)	(62)
Owing by other entities	265	(54)	265	(40)
Owing by controlled entities	—	—	2,229	123
Inventories	4,713	268	4,713	313
Non-current assets				
Owing by controlled entities	—	—	(6)	—
Future income tax benefit	23	(15)	—	—
Increase/(decrease) in:				
Current liabilities				
Creditors and accrued expenses	14,023	(4,491)	13,999	(4,446)
Funds held on behalf of Education Victoria	—	(1,097)	—	(1,097)
Income received in advance	(626)	6,540	(838)	4,333
Current tax payable	—	96	—	—
Provisions for employee entitlements	485	321	370	217
Non-current liabilities				
Provisions for employee entitlements	1,859	(1,780)	1,754	(1,643)
Unfunded superannuation - SERB	(43)	32	(43)	32
Net cash provided by operating activities	51,559	31,053	51,267	33,632
NON-CASH INVESTING ACTIVITIES				
During the year the University received donations for library holdings, art works and buildings amounting to:				
Library holdings	2,630	3,273	2,630	3,273
Art works	77	14	77	14
Buildings	3,800	—	3,800	—
	6,507	3,287	6,507	3,287

18 CONTINGENT LIABILITY

Deakin University has received advice from a former customer that it intends to pursue litigation in respect to breach of contract and misrepresentation by Deakin University. Deakin University is vigorously defending this action.

19 SUPERANNUATION

Deakin University has a number of present and former staff who are members of the Victorian State Superannuation Fund and in respect of whom defined benefits are payable on termination of employment. As at 30 June 2002, 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 2002, amounted to \$145,060,000 (2001—\$145,461,000).

	<i>Consolidated</i>		<i>University</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
(a) Amounts receivable from the Commonwealth government				
Receivable within 12 months	12,956	11,621	12,956	11,621
Receivable later than 12 months	132,104	133,840	132,104	133,840
Total	145,060	145,461	145,060	145,461
(b) Unfunded superannuation liability				
Payable within 12 months	12,956	11,621	12,956	11,621
Payable later than 12 months	132,104	133,840	132,104	133,840
Total	145,060	145,461	145,060	145,461

- (c)** During the 2002 year Deakin University's contributions to the various funds are set out below. There were no outstanding employer contributions as at 31 December 2002 (2001 – Nil).

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

	Employer Contribution		Ratio Employer: Employee Contributions
	<i>2002</i>	<i>2001</i>	
	<i>\$000's</i>	<i>\$000's</i>	
UniSuper Defined Benefit/Investment Choice Plan (DBP/ICP)	11,832	11,069	2 : 1
UniSuper Award Plus Plan (APP)	5,142	4,775	1 : 0
State Superannuation Fund	13,318	14,424	—
Superannuation Trust of Australia (STA)	477	365	1 : 0
Australian Retirement Fund	40	39	1 : 0
Retirement Benefit Plan (410K)	26	32	1 : 0
Hospital Super	10	14	3 : 1
National Mutual	4	4	2 : 1
State Employees Retirement Benefits Fund (SERB)	(23)	53	—
	30,826	30,775	—

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

UniSuper has advised that at the 30 June 2002 the assets of the Defined Benefit Plan (DBP) are less than the liabilities by \$8,934,218 (UniSuper Vested and Accrued Member benefits \$127,931,336 and Estimated Net Market Value of Assets \$118,997,118). The accounting valuation on which this result has been based is made on the hypothetical basis of all DBP members having to be paid at once. Based on reasonable assumptions about the future, the actuary expects all commitments to members to be met and the existing contribution rate from the University to remain appropriate.

NOTES TO AND FORMING PART OF THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2002

Note	<i>Consolidated</i>		<i>University</i>	
	2002	2001	2002	2001
	\$000's	\$000's	\$000's	\$000's

20 COMMITMENTS

At the reporting date the following contracts for capital expenditure had been entered into:

Not later than one year	1,436	10,153	1,436	10,153
Later than one year and not later than two years	49	—	49	—
Later than two years and not later than five years	147	—	147	—
Later than five years	244	—	244	—
	1,876	10,153	1,876	10,153

At the reporting date the following obligations under operating leases, which are not shown as liabilities, were in effect:

Not later than one year	4,113	4,054	3,954	3,551
Later than one year and not later than two years	2,326	2,642	2,301	2,420
Later than two years and not later than five years	2,073	697	2,024	636
Later than five years	1,514	22	1,508	—
	10,026	7,415	9,787	6,607

At the reporting date the following obligations under finance leases, and which are shown as liabilities, were in effect:

Not later than one year	206	409	206	409
Later than one year and not later than two years	75	252	75	252
Later than two years and not later than five years	40	120	40	120
Minimum lease payments	321	781	321	781
Less: future finance charges	(21)	(57)	(21)	(57)
	12	300	300	724

21 RESPONSIBLE PERSONS

Name of Responsible Persons

For the purposes of the *Victorian Financial Management Act 1994*, the Victorian Minister of Department of Education and Training, Hon. Lynne Kosky, MP, and members of the University Council are the responsible persons of the University. The relevant remuneration of the Minister is included in the financial statements of the Victorian Department of Premier and Cabinet. Members of the University Council received no remuneration for services rendered as members of Council. Council members during 2002 were R H Searby (Chancellor), G V H Wilson (Vice-Chancellor & President), B U Crassini (Chair of Academic Board), L W M Heath, P C Turner, D J King, J Cripps Clark, A J Kloeden, D F Jones, M T Prendergast, M L Edmond, D M Morgan, J M McMahon, F M O'Sullivan-Smith, S W Early, L Forsyth, D J Gunning, B R Jamison, J D Maddock and M Rimmer.

	<i>Consolidated</i>	
	2002	2001
	\$000's	\$000's
Remuneration received or due and receivable from the University and its controlled entities by the responsible persons	929	860
Number of responsible persons whose remuneration from the University and its controlled entities were within the following bands:	2002	2001
\$40,000 to \$49,999	1	1
\$50,000 to \$59,999	—	1
\$70,000 to \$79,999	1	—
\$90,000 to \$99,999	—	1
\$120,000 to \$129,999	—	1
\$130,000 to \$139,999	1	1
\$140,000 to \$149,999	1	—
\$400,000 to \$409,999	—	1
\$470,000 to \$479,999	1	—

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

Professor G V H Wilson retired on 31 December 2002

22 EXECUTIVE OFFICERS' REMUNERATION

	<i>Consolidated</i>	
	2002	2001
	\$000's	\$000's
Remuneration received or due and receivable from the University and its controlled entities by executive officers whose remuneration exceeded \$100,000	6,702	6,626
Number of executive officers whose remuneration from the University and its controlled entities were within the following bands:	2002	2001
\$100,000 to \$109,999	3	—
\$110,000 to \$119,999	2	3
\$120,000 to \$129,999	4	5
\$130,000 to \$139,999	5	5
\$140,000 to \$149,999	3	2
\$150,000 to \$159,999	3	5
\$160,000 to \$169,999	—	3
\$170,000 to \$179,999	10	3
\$180,000 to \$189,999	—	4
\$190,000 to \$199,999	4	2
\$200,000 to \$209,999	2	1
\$210,000 to \$219,999	—	1
\$220,000 to \$229,999	—	1
\$230,000 to \$239,999	1	—
\$240,000 to \$249,999	1	1
\$250,000 to \$259,999	—	1
\$260,000 to \$269,999	1	—
\$300,000 to \$309,999	1	1
\$310,000 to \$319,999	—	1

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

23 REMUNERATION OF AUDITORS

Amounts received, or due and receivable, by the auditors for:

Auditing the accounts and consolidated accounts of Deakin University and the accounts of each of its controlled entities:

	<i>Consolidated</i>	
	<i>2002</i>	<i>2001</i>
Auditor-General of Victoria	<i>\$000's</i>	<i>\$000's</i>
Deakin University	69	60
Controlled entities	27	30

24 CONTROLLED ENTITIES

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

Entity	Country of Incorporation	Principal Activity	Ownership Interest	
			<i>2002</i>	<i>2001</i>
Australasian Human Resources Institute Pty. Ltd.	Australia	Professional Association	100%	100%
Callista Software Services Pty. Ltd.	Australia	Computer Software Services	100%	100%
Deakin Networks Pty. Ltd.	Australia	Digital Communication	100%	100%
DeakinPrime USA	USA	Delivery Education & Services	100%	100%
Unilink Limited	Australia	Consultancy Services	100%	100%

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

Statement of Financial Performance

Entity	Total Revenue		Total Expenditure		Net Profit/(Loss) after Tax Expense	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
Australasian Human Resources Institute Pty. Ltd.	5,830	5,898	6,554	5,657	(747)	159
Callista Software Services Pty. Ltd.	8,428	7,490	10,599	8,965	(2,171)	(1,475)
Deakin Networks Pty. Ltd.	272	295	272	295	—	—
DeakinPrime USA	201	(118)	1,499	1,026	(1,298)	(1,144)
Unilink Limited	8,597	9,636	8,597	9,636	—	—
	23,328	23,201	27,521	25,579	(4,216)	(2,460)

Statement of Financial Position

(a) Assets

Entity	Current Assets		Non-Current Assets		Total Assets	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>	<i>\$000's</i>
Australasian Human Resources Institute Pty. Ltd.	639	893	1,340	1,548	1,979	2,441
Callista Software Services Pty. Ltd.	3,328	4,058	315	404	3,643	4,462
Deakin Networks Pty. Ltd.	11	11	522	676	533	687
DeakinPrime USA	41	161	40	51	81	212
Unilink Limited	—	—	—	—	—	—
	4,019	5,123	2,217	2,679	6,236	7,802

24 CONTROLLED ENTITIES (CONTINUED)

(b) Liabilities

Entity		Current Liabilities		Non-Current Liabilities		Total Liabilities	
		2002	2001	2002	2001	2002	2001
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Australasian Human Resources Institute Pty. Ltd.	(b)	1,924	2,215	576	—	2,500	2,215
Callista Software Services Pty. Ltd.	(c)	3,327	3,884	2,154	245	5,481	4,129
Deakin Networks Pty. Ltd.		533	686	—	—	533	686
DeakinPrime USA	(d)	2,643	1,476	—	—	2,643	1,476
Unilink Limited		—	—	—	—	—	—
		8,427	8,261	2,730	245	11,157	8,506

(c) Equity and Borrowings

Entity		Equity		Internal Borrowings		External Borrowings	
		2002	2001	2002	2001	2002	2001
		\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Australasian Human Resources Institute Pty. Ltd.	(a)	(521)	226	527	374	—	—
Callista Software Services Pty. Ltd.	(a)	(1,838)	333	1,597	398	7	—
Deakin Networks Pty. Ltd.		—	—	527	680	—	—
DeakinPrime USA	(a)	(2,562)	(1,264)	2,573	1,304	—	—
Unilink Limited		—	—	—	—	—	—
		(4,921)	(705)	5,224	2,756	7	—

(a) Deakin University has provided a letter of comfort to the Directors of Australasian Human Resources Institute Pty. Ltd., Callista Software Services Pty. Ltd. and DeakinPrime USA. The University has no plans to call in monies owing by these companies to the University and will continue to provide financial support under present terms and conditions to enable these companies to meet their day to day operating expenses.

(b) Non-current liabilities includes an amount owing to Deakin University of \$526,630 (2001 - Nil.) Current liabilities includes an amount owing to Deakin University last year of \$373,755.

(c) Non-current liabilities includes an amount owing to Deakin University of \$1,596,950 (2001 - Nil.) Current liabilities includes an amount owing to Deakin University last year of \$397,628.

(d) Current liabilities includes an amount owing to Deakin University of \$2,572,952 (2001 - \$1,304,462)

Australasian Human Resources Pty Ltd expects to return a small profit next year.

Callista Software Service Pty Ltd has the potential for sales growth of Callista Research software. It is expected that the major growth in revenue in 2003 will be in servicing existing customer needs in consulting and support services. The company expects to return to a small profit in 2003.

DeakinPrime USA business operations have been wound down during 2002.

25 FINANCIAL INSTRUMENTS

(a) Terms, conditions and accounting policies

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

Recognised financial instruments	Note	Accounting policies	Terms and conditions
(i) Financial assets			
Cash at bank and on hand	3	Cash is carried at the principal amount.	Cash is invested as funds permit at varying interest rates. The interest rate as at 31 December 2002 is 3.55% (2001 – 3.27%).
Managed fund	3	Managed funds are stated at market value as at balance date.	The weighted average return is 3.88% p.a. (2001 – 5.08% p.a.).
Income securities	3	Income securities are stated at the lower of cost and net realisable value	The weighted average interest rate is 7.86% (2001 – 7.03%).
Bank term deposits	3	Bank term deposits are stated at principal amount.	The deposit matured on 7 February 2002 and earned interest at the rate of 1.09%.
Receivables	4	Receivables are carried at nominal amounts due less any provision for doubtful debts. A provision for doubtful debts is recognised when collection of the full nominal amount is no longer probable.	Credit sales are on 30-day terms.
Listed shares	6	Listed shares are stated at market value as at balance date. Dividend income is recognised when the dividends are received.	Listed shares held at balance date are fully paid ordinary shares and preference shares.
Unit funds	6	Unit trust funds are stated at market value. Dividend income is recognised when the dividends are distributed by the trustee.	The trust fund was wound up on 14 March 2002.
(ii) Financial liabilities			
Payables	11	Liabilities are recognised for amounts to be paid in the future for goods and services received, whether or not billed to the University. Income received in advance relates to amounts received or receivable at balance date which relate to future periods.	Trade liabilities are normally settled on 30-day terms.
Bank overdraft	12	Bank overdraft is stated as liability to bank.	Facility available for \$3 million overdraft. The interest rate as at 31 December 2002 is 8.6% (2001 – Nil).
Bank loans	12	The bank loans are carried at the principal amount. Interest is charged as an expense as it accrues except where capitalised as part of building projects.	The bank loans are repayable semi-annually with final instalments due on 5 August 2008, 15 November 2012, 1 July 2013, and 7 April 2015 respectively. The weighted average interest rate is 7.20% (2001 – 7.19%).
DEST loan	12	The DEST loan is stated at the principal amount plus accrued interest as at balance date. Interest is charged as an expense as it accrues.	The DEST loan is repayable bi-monthly with final instalment due on 24 December 2005. The interest rate is 2.17% (2001 – 2.22%).
Finance leases	12	The lease liability is accounted for in accordance with AASB 1008.	As at balance date, the University had finance leases with an average lease term of 3.7 years (2001 – 3.5 years). The average interest rate implicit in the leases is 5.93% (2001 – 5.96%).
Other	12	Principal amount of loan from the Department of Family and Community Services.	The loan from the Department of Family and Community Services is repayable in instalments on 1 January and 1 July each year, with the final instalment due on 1 July 2015. The loan is interest free.

25 FINANCIAL INSTRUMENTS (CONTINUED)

(b) Interest rate risk

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

Financial instruments	Floating interest rate		Fixed interest rate maturing in:						Non-interest bearing		Total carrying amount per the statement of financial position		Weighted average effective interest rate	
			1 year or less		Over 1 to 5 years		More than 5 years							
	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's	2002 %	2001 %
(i) Financial assets														
Cash at bank and on hand	4,025	4,335							51	61	4,076	4,396	3.55%	3.27%
Managed fund	45,921	27,242									45,921	27,242	3.88%	5.08%
Income securities	5,488	8,188									5,488	8,188	7.86%	7.03%
Bank term deposits			—	412							—	412	—	1.09%
Receivables									32,238	35,635	32,238	35,635	—	—
Listed shares									9,502	3,674	9,502	3,674	—	—
Unit trust funds									—	6,648	—	6,648	—	—
Other									322	118	322	118	—	—
<i>Total financial assets</i>	55,434	39,765	—	412	—	—	—	—	42,113	46,136	97,547	86,313		
(ii) Financial liabilities														
Payables									34,169	20,774	34,169	20,774	—	—
Bank overdraft	7	—									7	—	8.6%	—
Bank loans			1,787	1,641	26,037	27,824					27,824	29,465	7.20%	7.19%
DEST loan			—	2,199	3,576	3,500					3,576	5,699	2.17%	2.22%
Finance leases			190	374	110	350					300	724	5.93%	5.96%
Other									112	121	112	121	—	—
<i>Total financial liabilities</i>	7	—	1,977	4,214	29,723	31,674	—	—	34,281	20,895	65,988	56,783		

25 FINANCIAL INSTRUMENTS (CONTINUED)

(c) Net fair values

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

	Total carrying amount as per the statement of financial position		Aggregate net fair value	
	2002 \$000's	2001 \$000's	2002 \$000's	2001 \$000's
(i) Financial assets				
Cash at bank and on hand	4,076	4,396	4,076	4,396
Managed fund	45,921	27,242	45,921	27,242
Income securities	5,488	8,188	5,488	8,188
Bank term deposits	—	412	—	412
Receivables	32,238	35,635	32,062	35,328
Listed shares	9,502	3,674	9,455	3,637
Unit trust funds	—	6,648	—	6,648
Other	322	118	322	118
Total financial assets	97,547	86,313	97,324	85,969
(ii) Financial liabilities				
Payables	34,169	20,774	34,169	20,774
Bank overdraft	7	—	7	—
Bank loans	27,824	29,465	27,936	29,602
DEST loan	3,576	5,699	3,536	5,672
Finance leases	300	724	302	729
Other	112	121	112	121
Total financial liabilities	65,988	56,783	66,062	56,898

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

Recognised financial instruments

Cash, cash equivalents and short-term investments: The carrying amount approximates fair value because of their short term to maturity.

Trade receivables and payables: The carrying amount approximates fair value for current receivables. Non-current receivables are estimated by discounting future receivables to net present value using discount rates as advised by the Department of Treasury and Finance.

Short-term borrowings: The carrying amount approximates fair value because of their short term to maturity.

Long-term borrowings: The fair value of long-term borrowings is estimated by discounting future payments to net present value using the actual rate charged to the University.

Non-current investments/securities: For financial instruments traded in organised financial markets, fair value is the current quoted market bid price for an asset or offer price for a liability, adjusted for transaction costs necessary to realise the asset or settle the liability. For investments where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same or is calculated based on the expected cash flows or the underlying net asset base of the investment/security.

25 FINANCIAL INSTRUMENTS (CONTINUED)

Unrecognised financial instruments

Forward exchange contracts:

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

Gains or losses unrecognised from forward exchange contracts.

	2002	2001
	\$000's	\$000's
Unrecognised gains (losses)	—	—

Forward exchange collar transaction:

The University has entered into a Collar Foreign Exchange Contract to hedge a future income receipt of US\$1.5 million. The contract expires on 6 February 2004 whereby a worst case exchange rate of AUD 1 = USD 0.57 and a best case exchange rate of AUD 1 = USD 0.495 is applicable.

(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 Statement of Financial Position.

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

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

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

26 ACQUITTAL OF COMMONWEALTH GOVERNMENT GRANTS

26.1 TEACHING AND LEARNING

	Operating grant excluding HECS		University only HECS		PELS	
	2002	2001	2002	2001	2002	2001
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Amount received and expended pursuant to the <i>Higher Education Funding Act 1998</i> , excluding HECS:						
Grants in advance (paid in previous reporting period for the current reporting period)	(7,154)	(6,960)	(4,216)	(4,077)	—	—
Plus grants received during reporting period	95,578	92,964	53,535	51,902	3,283	—
Less grants in advance (received in the reporting period for the next reporting period)	7,558	7,154	4,484	4,216	—	—
Accrual adjustments						
Net advance of operating grants	—	(810)	(956)	(1,576)	—	—
Net adjustment for over enrolments	(229)	120	—	—	—	—
Revenue attributed to the reporting period	95,753	92,468	52,847	50,465	3,283	—
Less expenses for current period	(95,753)	(92,468)	(52,847)	(50,465)	(3,462)	—
Surplus/(deficit) for reporting period	—	—	—	—	(179)	—

26 ACQUITTAL OF COMMONWEALTH GOVERNMENT GRANTS (CONTINUED)

26.2 AUSTRALIAN RESEARCH COUNCIL

	Discovery projects (Large)		University only				Linkage-International researcher exchange	
			Linkage (SPIRT)		Discovery fellowships			
	2002	2001	2002	2001	2002	2001	2002	2001
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Amount received and expended pursuant to the <i>Higher Education Funding Act 1998</i> , excluding HECS:								
Grants in advance (paid in previous reporting period for the current reporting period)	—	—	—	—	—	—	—	—
<i>Plus</i> grants received during reporting period	1,661	1,597	1,809	1,348	69	124	53	32
<i>Less</i> grants in advance (received in the reporting period for the next reporting period)	104	—	131	—	—	—	2	—
Transfer from other institutions	21	—	—	—	—	—	—	—
Accrual adjustments								
Recovery of unspent grants	—	—	(67)	—	(63)	—	—	—
Revenue attributed to the reporting period	1,786	1,597	1,873	1,348	6	124	55	32
<i>Plus</i> surplus/(deficit) prior year	(10)	(70)	448	373	72	16	—	15
Funds available for the reporting period	1,776	1,527	2,321	1,721	78	140	55	47
<i>Less</i> expenses for current period	(1,856)	(1,537)	(1,775)	(1,273)	(71)	(68)	(11)	(47)
Surplus/(deficit) for reporting period	(80)	(10)	546	448	7	72	44	—

26 ACQUITTAL OF COMMONWEALTH GOVERNMENT GRANTS (CONTINUED)

26.3 DEST RESEARCH GRANTS

	<i>University only</i>							
	Australian post- graduate awards		Small research		Research infrastructure		International post- graduate research	
	2002	2001	2002	2001	2002	2001	2002	2001
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Amount received and expended pursuant to the <i>Higher Education Funding Act 1998</i> , excluding HECS:								
Grants in advance (paid in previous reporting period for the current reporting period)	—	—	—	(35)	(71)	(48)	—	—
<i>Plus</i> grants received during reporting period	1,246	1,167	—	441	894	602	118	111
<i>Less</i> grants in advance (received in the reporting period for the next reporting period)	—	—	—	—	96	71	—	—
Accrual adjustments								
Recovery of unspent grants	—	—	(1)	—	—	—	—	—
Revenue attributed to the reporting period	1,246	1,167	(1)	406	919	625	118	111
<i>Plus</i> surplus/(deficit) prior year	—	—	360	(27)	45	462	83	69
Funds available for the reporting period	1,246	1,167	359	379	964	1,087	201	180
<i>Less</i> expenses for current period	(1,201)	(1,167)	(359)	(19)	(458)	(1,042)	(45)	(97)
Surplus/(deficit) for reporting period	45	—	—	360	506	45	156	83

26 ACQUITTAL OF COMMONWEALTH GOVERNMENT GRANTS (CONTINUED)

26.4 SUMMARY OF UNSPENT GRANTS

Category of grant	Amount of unspent grant as at 31 December	Amount of unspent grant that is more likely will be approved by the Commonwealth for carry forward	Amount of unspent grant that it is more likely will be recovered by the Commonwealth
	2002 \$000's	2002 \$000's	2002 \$000's
ARC Linkage (SPIRT)	546	546	—
ARC Discovery fellowships	7	7	—
ARC Linkage International researcher exchange	44	44	—
Australian postgraduate awards	45	45	—
Research infrastructure	506	506	—
International postgraduate research	156	156	—
Total	1,304	1,304	—



Certification

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

- (a) The attached financial statements and notes thereto present fairly the financial position as at 31 December 2002, and the financial performance for the year ended 31 December 2002 of the University and the consolidated entity;
- (b) The attached financial statements and notes thereto comply with the *Financial Management Act 1994* and with Australian Accounting Standards and Urgent Issues Group Consensus Views;
- (c) At the date of this certification there are reasonable grounds to believe that the University and the consolidated group will be able to pay its debts as and when they fall due; and
- (d) The amount of Commonwealth grants expended during the reporting period was for the purposes for which it was granted; and
- (d) The institution has complied in full with the requirements of various programme guidelines that apply to the Commonwealth financial assistance identified with these financial statements.

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

BARRY R JAMISON
Member of Council

Date: 26-3-03
Geelong

PROFESSOR SALLY WALKER
Vice-Chancellor and President

Date: 26-3-03
Geelong

PETER J ENLUND
Principal Accounting Officer

Date: 26-3-03
Geelong



AUDITOR GENERAL
VICTORIA

AUDITOR-GENERAL'S REPORT

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

Audit Scope

The accompanying financial report of Deakin University for the financial year ended 31 December 2002, comprising a statement of financial performance, statement of financial position, statement of cash flows and notes to the financial statements, has been audited. The financial report includes the consolidated financial statements of the economic entity, comprising Deakin University and the entities it controlled at the year's end or from time to time during the financial year as disclosed in note 1a to the financial statements. The Members of the University's Council are responsible for the preparation and presentation of the financial report and the information it contains. An independent audit of the financial report has been carried out in order to express an opinion on it to the Members of the Parliament of Victoria, the responsible Ministers and the Members of the Council as required by the *Audit Act* 1994.

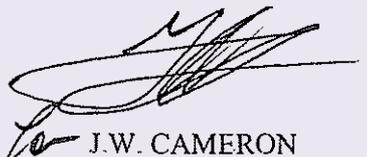
The audit has been conducted in accordance with Australian Auditing Standards to provide reasonable assurance as to whether the financial report is free of material misstatement. The audit procedures included an examination, on a test basis, of evidence supporting the amounts and other disclosures in the financial report, and the evaluation of accounting policies and significant accounting estimates. These procedures have been undertaken to form an opinion as to whether, in all material respects, the financial report is presented fairly in accordance with Accounting Standards and other mandatory professional reporting requirements in Australia and the financial reporting requirements of the *Financial Management Act* 1994, so as to present a view which is consistent with my understanding of the University's and the economic entity's financial position, financial performance and their cash flows.

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

Audit Opinion

In my opinion, the financial report presents fairly in accordance with applicable Accounting Standards and other mandatory professional reporting requirements in Australia and the financial reporting requirements of the *Financial Management Act* 1994, the financial position of Deakin University and the economic entity as at 31 December 2002, their financial performance and cash flows for the year then ended.

MELBOURNE
28 March 2003



J.W. CAMERON
Auditor-General

Compliance index

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

FMA	<i>Financial Management Act 1994</i>
MFD	Directions of the Minister for Finance issued under section 8 of the <i>Financial Management Act 1994</i>
TEA 1993	<i>Tertiary Education Act 1993</i>
PAEC	Decision of Public Accounts and Estimates Committee of Parliament
RUG	Victorian Government response to the <i>Review of University Governance</i>
ESOS	<i>Education Services for Overseas Students Act 2000</i>
WPA	<i>Whistleblowers Protection Act 2001</i>

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

Clause	Disclosure	Page(s)
Report of Operations Directions		
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