



**DEAKIN
UNIVERSITY**

**ANNUAL REPORT
2018**

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LETTER TO THE MINISTER

The Hon Gayle Tierney MP
Minister for Training and Skills and Minister for Higher Education

Level 1, 2 Treasury Place
East Melbourne
Victoria 3002

21 March 2019

Dear Minister

On behalf of the Council of Deakin University, and in accordance with the requirements of regulations under the *Financial Management Act 1994*, we are pleased to submit for your information and presentation to Parliament the Deakin University Annual Report for the year ending 31 December 2018.

The Annual Report was approved by the Deakin University Council at its meeting on 21 March 2019.

Yours sincerely

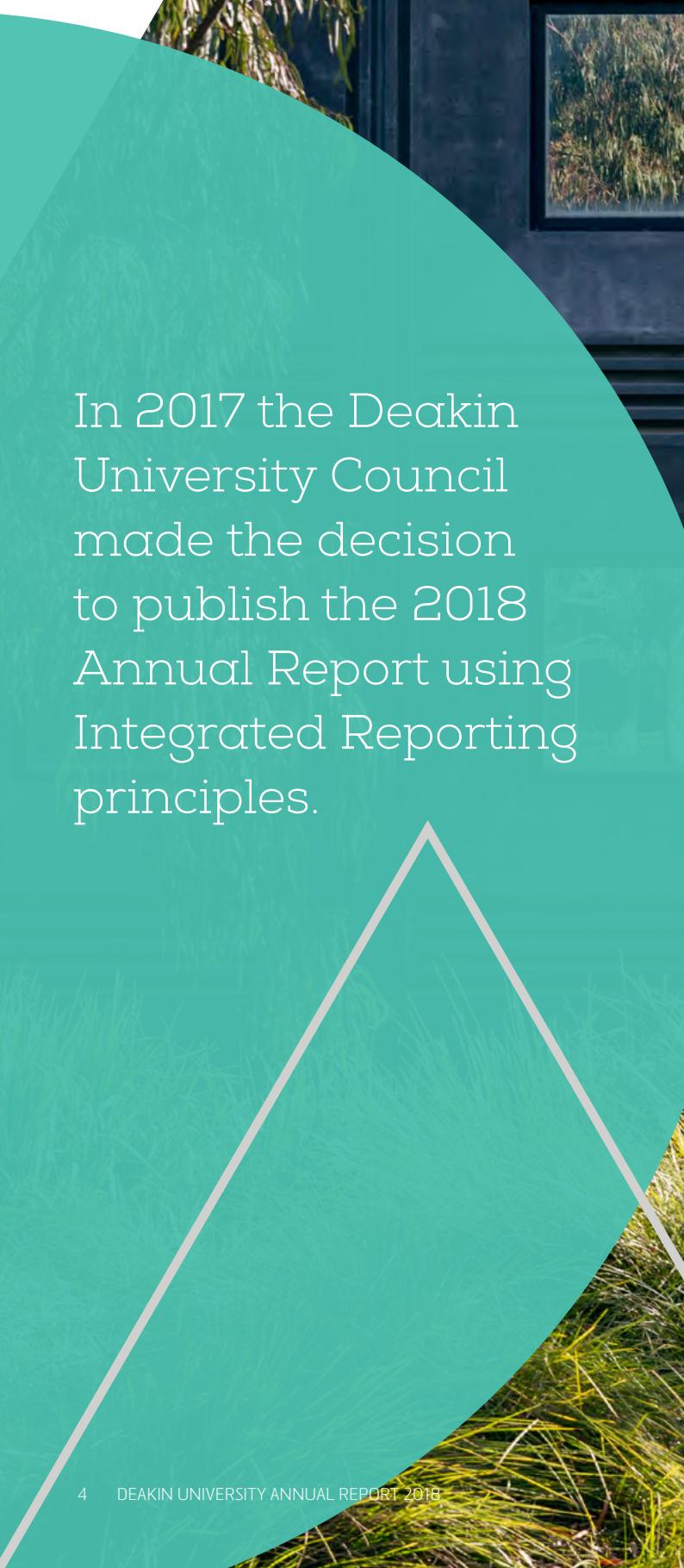


Mr John Stanhope AM
Chancellor

21 March 2019
Geelong

Professor Jane den Hollander AO
Vice-Chancellor

21 March 2019
Geelong



In 2017 the Deakin University Council made the decision to publish the 2018 Annual Report using Integrated Reporting principles.

ABOUT THIS REPORT

Deakin University's 2018 Annual Report is an initial step towards Integrated Reporting; it aims to show how Deakin creates value for its stakeholders now and into the future.

The report demonstrates Deakin University's overall performance and values, describing the enablers that create value for our stakeholders. Through Integrated Reporting, Deakin is providing greater transparency to our stakeholders on how we meet our corporate social responsibilities. Our Business School was the first in Australia to develop a focus on Integrated Reporting to improve transparency and trust in reporting, and Deakin's research informs its practice.

Integrated Reporting recognises that universities rely on more than financial capital to create long-term value. Icons for the Deakin Enablers* appear throughout this document to show how they are used in Deakin's value creation process.

Deakin's Enablers



PEOPLE

Our staff and students and our contribution through teaching and learning



KNOWLEDGE

Our research, innovation, intellectual property and expertise



PARTNERSHIPS

Our relationships with academic, community and industry partners and with government



INFRASTRUCTURE

Our physical spaces and digital platforms



ENVIRONMENT

Our commitment to environmental sustainability



FINANCE

Our funding, grants, fees and donations and sound financial management

Deakin is a signatory to the United Nations Sustainable Development Goals. Our contribution is focused on ensuring our campuses are environmentally sound and socially inclusive, on providing opportunities for our students to acquire the knowledge and skills to promote sustainable development and undertaking research that provides solutions to the challenges facing our world.

We recognise that this is the first stage in our Integrated Reporting journey. Deakin has taken as its starting point the Integrated Reporting Framework developed by the International Integrated Reporting Council (IIRC), a global coalition of regulators, investors, companies, standard setters, the accounting profession and non-government organisations. Deakin has interpreted the framework in the context of the needs of the Australian higher education sector.

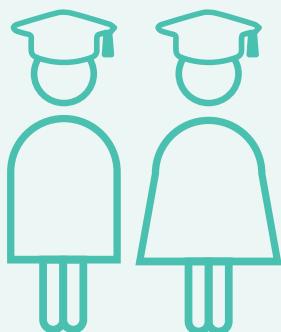
The Report continues to comply with the University Annual Report Guidelines provided by the Victorian Government's Higher Education and Skills Group (HESG) and the Victorian Auditor-General's Office (VAGO) and has been prepared in accordance with Financial Reporting Directions and Australian Accounting Standards.

* 'Capitals' is the term used in the King IV report on Corporate Governance (2016) to describe the key pillars of Integrated reporting. Deakin prefers to use the term 'Enablers'.

DEAKIN AT A GLANCE



Our students



61,219

Course enrolments

46,558

Total domestic students

14,661

Total International students

42,827

Undergraduate students

15,769

Postgraduate students

1,912

Higher Degree by Research students

711

Non-award course enrolments



**FOR EVERY 100
DOMESTIC STUDENTS**
there are...

2 who are Aboriginal or Torres Strait Islanders

9 who have some level of disability

17 who were born overseas

61 females

3 from a non-English speaking background

13 from low socioeconomic areas

22 from a regional or remote location

78 who live in a major city

Student satisfaction



FIRST in Victoria for student satisfaction
(Universities Australia benchmark for
Victorian universities)

FIRST in Victoria for graduate employment
outcomes (GOS)

FIRST in Australia - Deakin's Careers
Service (Australian Association of
Graduate Employers)



Our campuses (student numbers)

5,233 **8,161**
Waterfront (Geelong) Waurn Ponds (Geelong)

32,067 **597**
Burwood (Melbourne) Warrnambool

15,076 **85**
Cloud (Online) Offshore



450^{ha}
Total land area



Our finances

\$1.2 billion
operating income



Our research

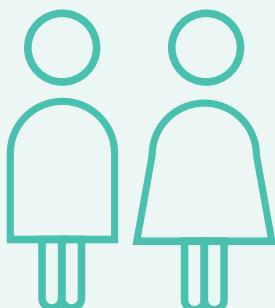
\$67.4 million
research income

3,617
research publications

208
HDR completions



Our staff FTE (including casual staff)



5,183

Staff

2,297

Academic staff

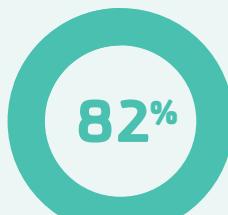
2,886

Professional staff

Staff satisfaction



of Deakin staff are engaged with Deakin's goals



say Deakin makes good use of technology



believe Deakin is innovative

FROM THE CHANCELLOR

On behalf of Deakin University's Council, I'm pleased to present the University's 2018 Annual Report, the first to be developed using Integrated Reporting principles.



Deakin's greatest assets are its people.

Integrated Reporting enables us to provide greater transparency on how Deakin creates value for its stakeholders – meeting its social responsibilities as a public university and building the trust of the communities it serves.

Deakin has a compelling story to tell. In a complex and fast-changing environment, it has differentiated itself well. Against market trends it has enjoyed strong growth in student numbers and is now Australia's sixth largest university. Deakin has maintained its first place ranking among Victorian universities for student satisfaction for the ninth consecutive year and has continued to drive the digital frontier in learning through its CloudFirst curriculum design and digital innovations such as the award winning Deakin Genie. Through its innovative and student-focused teaching, Deakin is meeting the changing demands of an evolving workforce.

Deakin is also developing innovative, accessible and student-focussed spaces to provide the best experience and services for current and future students. In 2018 Deakin refurbished a number of teaching and learning spaces on its physical campuses and commenced two major building projects on the Melbourne Burwood Campus – the Deakin Law School building and an Indoor Exercise and Sports Science facility. Deakin is also building a comprehensive digital layer over its physical campuses, creating an engaging and secure 'smart campus' student experience.

Deakin has maintained its strong research trajectory, rising to an estimated 211 in the Academic Ranking of World Universities (tenth in Australia), thus making a significant contribution economically, culturally and socially to the communities it serves. Its Geelong Future Economy Precinct has become a pre-eminent example of academia, government and industry working together to drive the innovation that supports business and employment growth.

I would like to take this opportunity to pay tribute to our Vice-Chancellor Professor Jane den Hollander AO, who will step down in June. Jane has done an outstanding job. Under her leadership, the University's reputation has grown locally, nationally and internationally. Her *LIVE the future* agenda has enabled Deakin to thrive in a challenging and competitive environment and Geelong's evolution as a university town owes much to Professor den Hollander's commitment to building strong, productive partnerships with government, industry and community. An extensive global search led to the appointment of Deakin's next Vice-Chancellor Professor Iain Martin and he will commence in July 2019.

The Council believes the strategic direction we are on is the right one and that the new Vice-Chancellor will progress it further and we look forward to his contribution and leadership.

Deakin University continues to be well served by its Council with the TEQSA 2019 reaccreditation assessment concluding Deakin has a clear and well-functioning governance structure. I am grateful to my Council colleagues for their diligence, enthusiasm and wisdom in helping guide our institution.

Deakin's greatest assets are its people, and I thank my Council colleagues, our Vice-Chancellor and her Executive and Deakin's staff, students, alumni and partners for their outstanding contribution to Deakin in 2018.

Mr John Stanhope AM
Chancellor

FROM THE VICE-CHANCELLOR



It is with some pride that I reflect on Deakin's achievements in 2018.

Our student numbers have grown, Deakin was ranked number 1 for student satisfaction in Victoria where we also achieved the highest rate of 90% graduate employment three years after completion.

Our research revenue has increased in line with our number 10 ranking in Australia. We achieved many successes in research, and in our innovation endeavours.

2018 was a year of investment and growth for Deakin and we have taken great strides towards achieving the goals of our *LIVE the future* strategy. Deakin recorded a financial surplus of \$51.5 million in 2018. We are in a robust financial position and I am confident that the changes we make through our business transformation program will ensure Deakin's efficiency, as well as its social and financial sustainability into the future.

At the core of Deakin's identity is innovation in education, and students have been at the heart of major improvements across all campuses, better teaching facilities and enhanced services to support their wellbeing. Student satisfaction and our commitment to supporting the future employment of our students remains a priority for us and I was delighted that our DeakinTALENT graduate recruitment service was again voted the best in Australia by the Australian Association of Graduate Employers.

The continued pursuit of innovation and excellence by our researchers saw strong growth in research funding and an expansion in local and international research collaborations.

Our engagement internationally was reflected in significant growth in the number of international students and the number of partnerships supporting articulation pathways and student mobility. It was a year in which we celebrated remarkable success, forged bold new agreements, extended our global reach and enhanced our reputation for making a difference to the communities we serve.

Deakin continues to promote inclusion, and in 2018, we introduced a number of initiatives to improve access and address inequity and discrimination. Indigenous knowledge and culture is important to us and we introduced two undergraduate Indigenous Knowledge units, developed cultural awareness training for our staff and launched our Indigenous Employment Strategy.

A look back at the past year includes a number of prestigious awards for students and staff including five highly cited researchers, our first Rhodes Scholar, three Fulbright Scholars, eight ARC Discovery Early Career Researcher Awards and two NHMRC Principal Research Fellowships. Pleasingly, 22 Deakin staff were awarded Higher Education Academy Fellowships in 2018.

Of course, none of this would be possible without the inspiration, dedication and hard work of staff and students from every part of Deakin and I thank them all. I also extend my appreciation to our Chancellor and the University Council for their guidance and support during another successful year.

This will be my last Annual Report for Deakin University and I am delighted that we have used integrated reporting principles, the first Australian university to do so. Universities have a proud history of building relationships based on mutual respect and trust, and the key to future sustainability will be listening to and responding to the perspectives of all stakeholders.

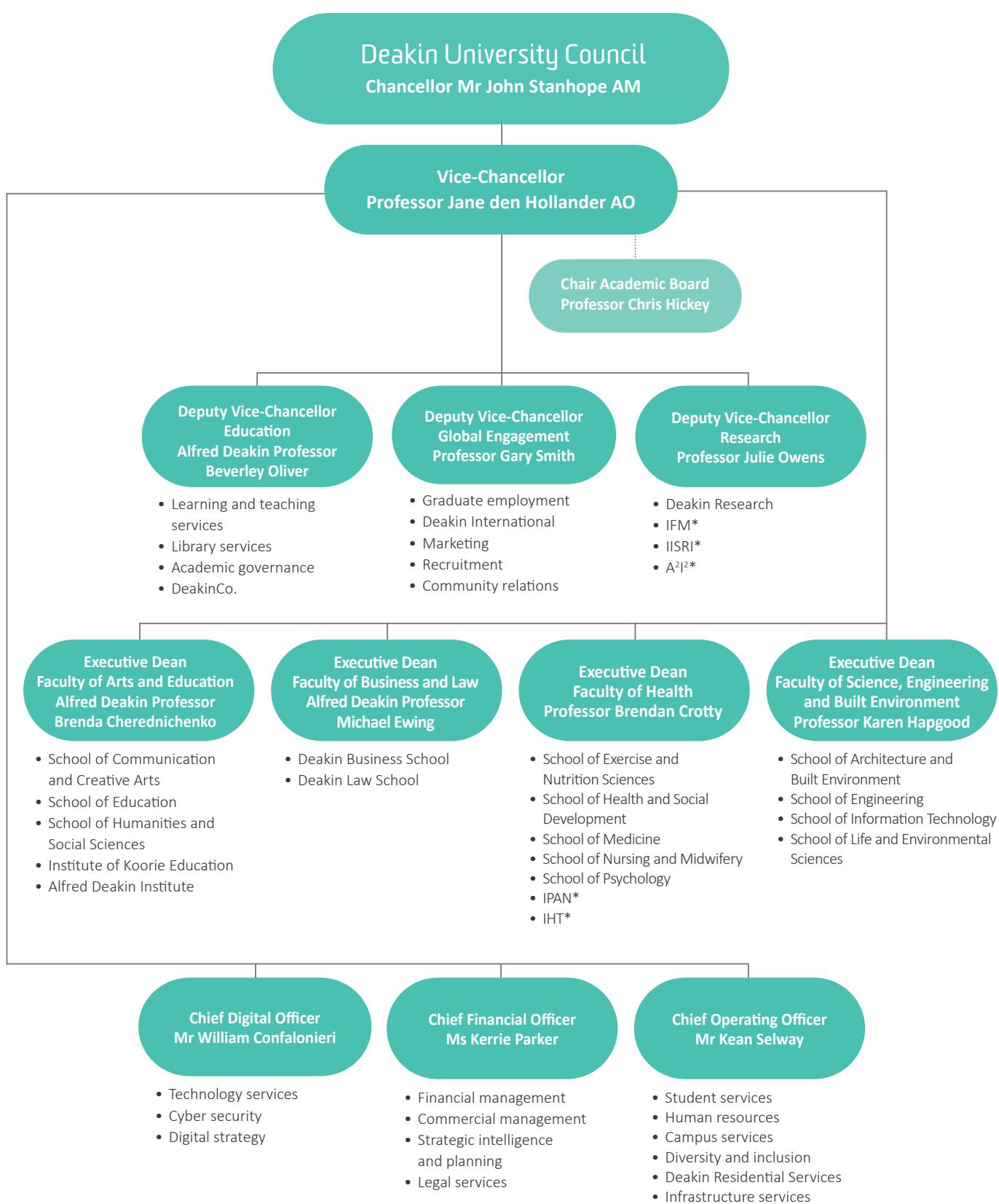
It has been a great privilege to serve as Deakin's Vice-Chancellor and I look forward to Deakin continuing to flourish under the leadership of its seventh Vice-Chancellor Professor Ian Martin.

Professor Jane den Hollander AO
Vice-Chancellor

ABOUT DEAKIN



ORGANISATIONAL CHART



OUR STRATEGY, VISION AND VALUES

Through *LIVE the future: Agenda 2020*, we aspire to be Australia's premier university in driving the digital frontier, enabling globally connected education for the jobs of the future and research that makes a difference to the communities Deakin serves.

Deakin's vision is outlined in its strategic plan *LIVE the future: Agenda 2020*. Our operations are across the four core pillars that together make the acronym LIVE.

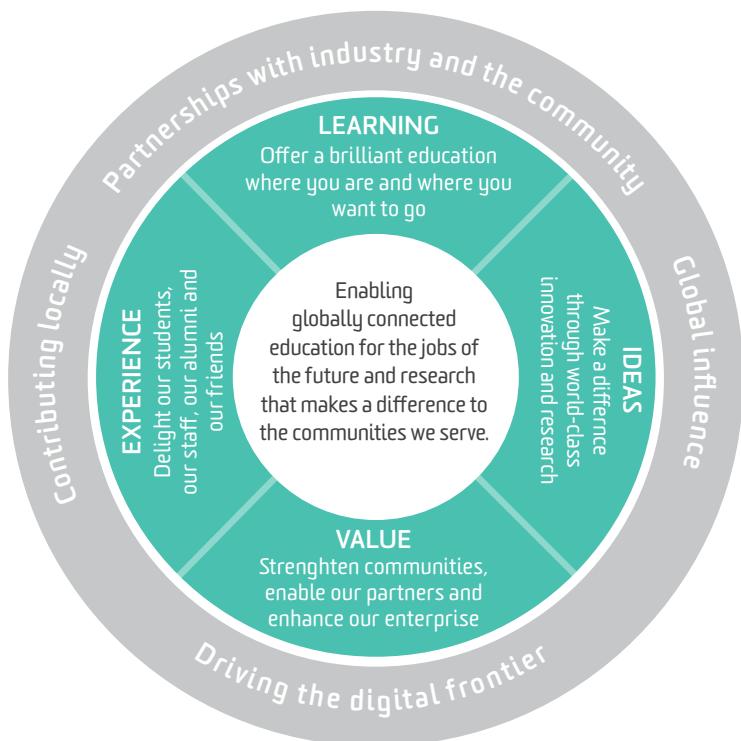
LEARNING – offering students a brilliant education where they are and where they want to go

IDEAS – making a difference through world-class innovation and research

VALUE – strengthening our communities, enabling our partners and enhancing our enterprise

EXPERIENCE – delighting our students, our staff, our alumni and our friends.

We pride ourselves on developing career-ready graduates, well prepared for rapidly changing workforce needs.



Deakin University is one of Australia's fastest growing universities, proud of its inclusive and student-focused culture and with a reputation for being technologically adept, agile and with a responsive approach much valued by its industry partners.

The Deakin Values

Excellent

We will strive for excellence in all aspects of our work, taking pride in being the best we can be.

Ethical

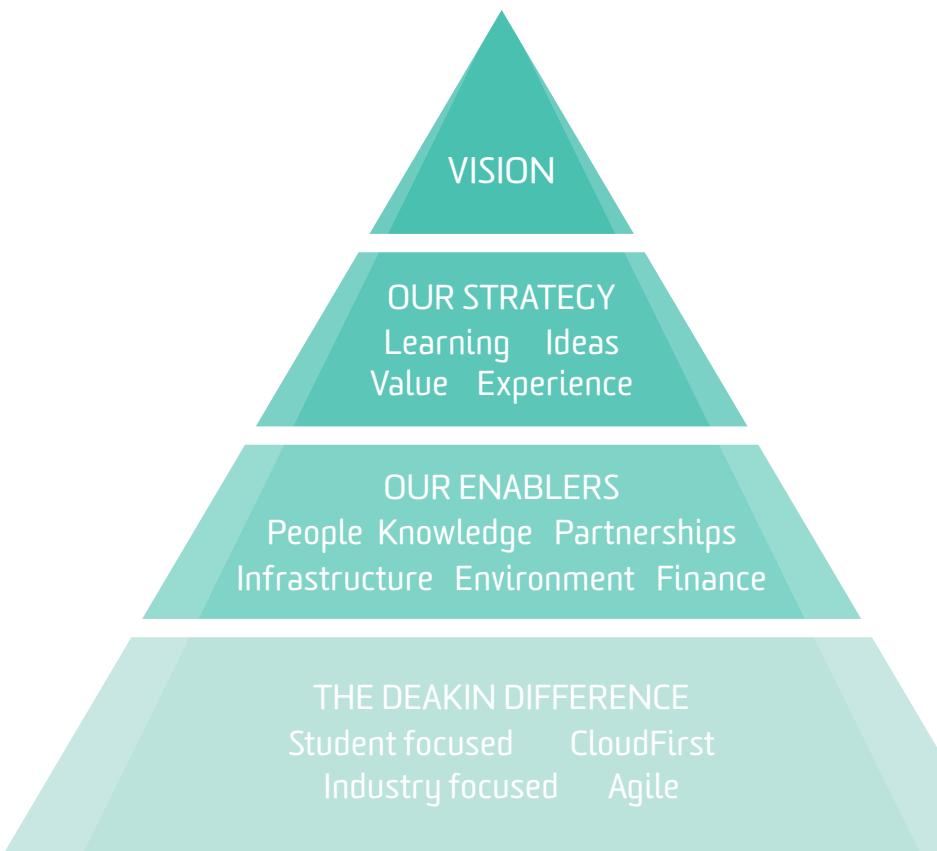
We will always conduct our business with the highest standard of professional behaviour and integrity.

Inclusive

We will value our diversity, embrace difference and nurture a connected, safe and respectful community.

Sustainable

We will care about our shared future, integrating the economic, environmental and social dimensions of sustainability in all we do.



HOW WE CREATE VALUE FOR OUR STAKEHOLDERS

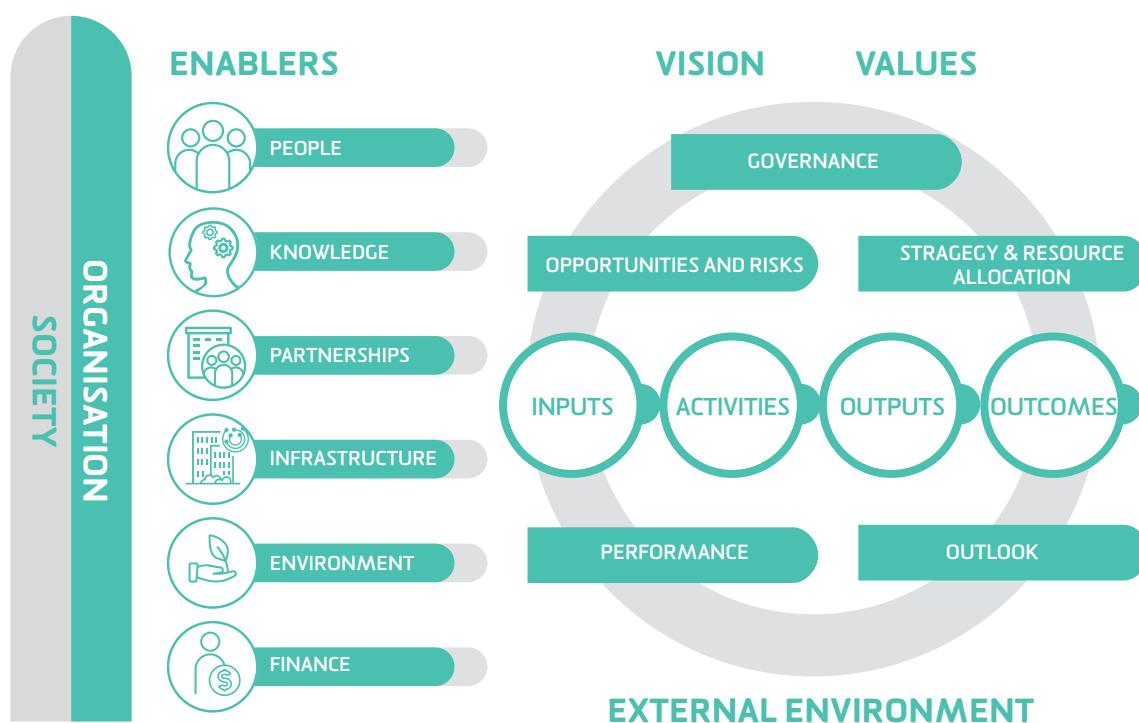
Deakin makes a sustainable and socially responsible contribution to the communities it serves.

Universities are under increasing pressure to articulate their value to their stakeholders. Deakin has a network of stakeholders, international in reach and dating back to its origins. These include our students, staff, alumni, partners, communities and government.

We create value for our stakeholders by ensuring our graduates are educated for the jobs and skills of the future and are highly regarded by employers, and that our research translates into the economic

outcomes that will make a difference to the communities Deakin serves. We recognise the importance of listening to and reporting to our stakeholders and acknowledge the contribution they make to our success. To achieve our goals we draw on the six Enablers described on page 5 and shown in the business model below. Deakin University's value creation is shaped by its external environment and by its governance mechanisms and internal systems and processes.

Our business model



The impact of our external environment

Like organisations everywhere, all universities face seismic shifts in technology, rapidly changing global demography and the ongoing challenge of predicting future workforce skills. The accelerating pace of disruption is transforming the way in which higher education is delivered, accessed, assessed and perceived across the globe. Australian universities are grappling with how to differentiate themselves in an internationally competitive, fast moving and financially constrained environment.

In contrast, Germany has a publicly funded no fees university system and China has substantially increased its research and development spending in the last decade. Australian universities have experienced a period of prolonged policy uncertainty and we operate in an increasingly complex volatile international market. Our Asia Pacific region is the most dynamic in the higher education sector with the largest number of students and the largest number of academic staff relative to the world.

Deakin's Value Model (below) shows how through its Enablers, Deakin achieves its *LIVE the future* goals, and how its strategy translates into value shared for its stakeholders.

As a global university with its origins in the regional city of Geelong, Deakin is making a significant, sustainable and socially responsible contribution to the communities it serves as a source of new knowledge, a driver of innovation and a provider of skilled graduates.

Our Value Model

Our Enablers	How We Create Value	Our Outputs	Value Shared (Outcomes)
 PEOPLE Our staff and students and our contribution through teaching and learning.	<ul style="list-style-type: none">Deliver premium teaching in the Cloud and on campus with high-value learning resources and authentic work-integrated assessment.Support personal and professional development in our staff.An ongoing commitment to equity and inclusion.	<ul style="list-style-type: none">First in Victoria for graduate satisfaction.Growth in student completions.Improving student retention.90% of graduates in full-time employment three years after graduation.Staff engagement in the staff survey.	<ul style="list-style-type: none">Career-ready graduates.Capable and productive staff.An inclusive culture.Increasing diversity.
 KNOWLEDGE Our research, innovation, IP and expertise.	<ul style="list-style-type: none">Deliver and translate high quality research and research training outcomes that are relevant and meaningful and improve the future of our communities.	<ul style="list-style-type: none">ARWU ranking.Total research income.Number of patents.Number of licenses granted.HDR enrolments.	<ul style="list-style-type: none">Economic benefit to the communities we serve including jobs, policy influence and societal benefit.Enhanced global reputation.
 PARTNERSHIPS Our relationships with academic, community and industry partners and with government.	<ul style="list-style-type: none">Foster partnerships with government, industry and community.Develop targeted national and international academic research partnerships.	<ul style="list-style-type: none">The number and value of industry contracts and consultancies and partnerships with health services and NGOs.Our investment in community partnerships.	<ul style="list-style-type: none">Stronger public engagement.Increased ability to attract funding.Sought after as a partner.Better outcomes for partners.
 INFRASTRUCTURE Our physical spaces and digital platforms.	<ul style="list-style-type: none">Create innovative teaching, learning and research environments in the Cloud and on campus.	<ul style="list-style-type: none">Launch of ManuFutures innovation hub.Development of new learning spaces including student hubs and an indoor exercise and sport science building.Development of digital infrastructure.	<ul style="list-style-type: none">Stronger links with community and support for industry.Improved teaching and research performance.Stylish and useful facilities.
 ENVIRONMENT Our commitment to environmental sustainability.	<ul style="list-style-type: none">Reduce our environmental footprint and promote understanding of environmental issues.	<ul style="list-style-type: none">Energy consumption.Diverting waste from landfill program.Launched the first set of Deakin Sustainability Aspirations.	<ul style="list-style-type: none">Graduates who influence corporates and governments on environment issues.Progress towards carbon neutrality by 2030.Contribution to public debate on environmental sustainability.
 FINANCE Our funding, grants, fees and donations and sound financial.	<ul style="list-style-type: none">Through effective financial management with budgeting forecasting, planning and investment.Strong stewardship of funding with monitoring and planning.	<ul style="list-style-type: none">Delivery of financial resources to fund Deakin's strategy, delivering quality education, research that matters and facilities to delight our students and staff.	<ul style="list-style-type: none">Strong growth supporting quality education.Continual reinvestment in teaching, learning and research.

UNDERSTANDING OUR RISKS

Risk management is integral to all aspects of Deakin's activities and is a critical component of Deakin's governance framework.

Deakin implements a robust and transparent risk management program that is aligned to the Australian and New Zealand Standard (ISO 31000:2018), Risk management – Principles and guidelines, ensuring continuous improvement in risk management practices.

The Council, its Audit and Risk Committee and the Vice-Chancellor's Executive oversee Deakin's risk management framework, its implementation and evaluation, supporting the development of a positive risk culture. High risks are centrally monitored and regularly reported to the Executive, the Audit and Risk Committee and the Council. The risk management framework and risk profile informs the annual Internal Audit Plan.

The Executive and management teams of the faculties and portfolios are focussed on managing their business risks and ensuring the risk management program supports effective decision-making in the achievement of strategic objectives.

The risk management process ensures that Deakin's key risks to strategic, operational and project objectives are identified and assessed appropriately, controls are maintained and managed effectively and that, where warranted, further risk treatments are adopted.

Deakin has dedicated programs for managing specialist risk in the areas of Financial Management, Legislative and Regulatory Compliance, Work, Health and Safety, Biosafety, Insurance, WorkCover, Technology, Cyber and Information Security, Fraud and Corruption, Business Continuity Planning, Disaster Recovery and Critical Incident and Emergency Management.

Deakin's Risk Appetite Statement provides the parameters within which Deakin must operate and conduct its activities. The statement sets out the most significant types of risks to which the University is exposed and provides an outline of the level of risk the University is willing to accept for each risk category.

ATTESTATION ON COMPLIANCE WITH MINISTERIAL STANDING DIRECTION 3.7.1

I, Professor Jane den Hollander, Vice-Chancellor, certify that Deakin University has complied with Ministerial Standing Direction 3.7.1- Victorian Government Risk Management Framework and Processes. Deakin's risk management processes are consistent with the Australian/New Zealand Risk Management Standard: (ISO 31000:2018) and based on an internal control system that enables the Executive to understand, manage and satisfactorily control risk exposures. The Audit and Risk Committee verifies this assurance and confirms that the risk profile of Deakin University has been critically reviewed within the last 12 months.



Professor Jane den Hollander AO
Vice-Chancellor
Deakin University
21 March 2019
Geelong

Deakin's appetite for risk
(adapted from our Risk Appetite Statement)

Risk Category	Risk Category Description	Overall Risk Appetite				
		No Appetite	Low	Moderate	High	Very High
Strategic Growth, Innovation and Transformation	Actions and activities that enable or support strategic growth opportunities, innovation and transformation.				●	
Wellbeing, Safety and Security	Actions or activities that threaten Deakin's ability to provide a safe working environment where staff, students and visitors are protected from physical or psychological harm.	●				
People and Culture	Behaviour by students, staff or visitors that is inconsistent with Deakin's Code of Conduct and HR policies and procedures.	●				
Student and Customer Experience	Actions or activities that adversely impact the Deakin experience for our students, partnerships, suppliers, industry and commercial partners, accreditation and placement bodies.	●				
Compliance	Non-compliance with relevant legislative and statutory requirements.	●				
Technology Services Disruption	Actions or activities that threaten Deakin's delivery of systems information capabilities and the availability, security and integrity of critical business systems, data and functions.	●				
Learning and Teaching	Threats to Deakin's ability to provide an innovative, high-quality learning and teaching program.	●				
Research, Intellectual Property and Commercialisation	Actions or activities that adversely impact on the delivery and translation of research, research training outcomes and commercialisation.		●			
Financial and Capital Viability	Appetite to take actions that create uncertainty for Deakin's long term financial viability. i.e. willingness to take risks in initiatives and commercialisation within the context of sound financial management.			●		
Brand and Reputation	Actions or activities that negatively impact our reputation for quality learning, teaching, research, and the student experience.		●			
Infrastructure, Operations and Environment	Actions or activities that threaten the maintenance, enhancement and investment in Infrastructure, operations and the environment.		●			

Register of commercial activities

The University Solicitor is responsible for maintaining Deakin's register of commercial activities.

The Commercial Activity Guidelines mandated by the terms of the *Deakin University Act 2009 (Vic)* remain the Interim Guidelines made by the Minister on 21 January 2011 and gazetted on 3 February 2011. These require the University to maintain a Register of Commercial Activities.

Deakin's Council has determined that significant commercial activities are those where the annual expenditure budget for the activity exceeds \$1.5 million or where, in the opinion of the Vice-Chancellor, the activity exposes the University to any undue financial or other risk. Any significant commercial activities require the approval of the Council.

Proposals are submitted to the Finance and Business Affairs Committee of the Council regarding University participation in a company or commercial activity in accordance with the Commercial Activities and Entities policy and procedure approved by the Council.

Deakin Cyber Security Accelerator Pty Ltd, FLAIM Systems Pty Ltd and Universal Motion Simulator Pty Ltd are companies that have been set up for a commercial purpose.



OUR GOVERNANCE

OUR GOVERNANCE

Deakin University has a strong governance system delivering high standards of decision-making and accountability. This system includes ongoing review to ensure that governance performance meets the requirements of the *Deakin University Act 2009 (Vic)*, the Higher Education Standards Framework 2015 (Cth) and the Voluntary Code of Best Practice for the Governance of Australian Universities 2018. The Hon. Gayle Tierney, Minister for Training and Skills and Minister for Higher Education was the responsible Minister throughout 2018. In 2018, Deakin was reaccredited unconditionally by the Tertiary Education Quality and Standards Agency (TEQSA). TEQSA's reaccreditation assessment found that the University's governance practices fulfilled all requirements of the Higher Education Standards Framework.



THE UNIVERSITY COUNCIL

The Council is responsible for the overall governance of the University.

The Council is committed to the highest standards of ethical conduct and to making the best possible decisions for the sustained success of the University. The TEQSA 2018 reaccreditation assessment found the Council 'to be thorough, well-organised and conscious of its responsibilities for good governance'.

Membership of the Council

The Council is chaired by the Chancellor, Mr John Stanhope AM and has appointed two Deputy Chancellors in accordance with University legislation. The Deputy Chancellors throughout 2018 were Ms Kathy Grigg and Mr Peter Meehan.

There are 15 members of the Council: three official members, five government appointed members, five Council appointed members, one member elected by the staff of the University and one member elected by the students of the University. In 2018 the Council comprised nine women and six men.

In 2018 Council farewelled four members who concluded their terms at the end of the year: Ms Helene Bender OAM, Dr Simon Eassom, Ms Lauren Hustwaite and Mr Peter Meehan. Each made an important contribution to the governance of the University. In particular, Ms Bender and Mr Meehan served on the Council for more than 10 years, including for significant terms as Deputy Chancellors.

Council Members in office 2018

Official Members

Chancellor

Mr John Stanhope AM *BCom Deakin, FAICD, FAIM, FCPA, FICA, FHRM*
Current term of office: To 31 December 2020
Years on Council: 6.5

Vice-Chancellor

Professor Jane den Hollander AO *BSc (Hons), MSc Wits., PhD Wales*
Current term of office: From 19 July 2010
Years on Council: 8.5

Chair of the Academic Board

Professor Chris Hickey *BPE, MEd UWA, PhD Deakin*
Current term of office: To 31 December 2020
Years on Council: 2.7

Government Appointed Members

Members appointed by the Governor in Council

Ms Miranda Douglas-Crane *BCom, MBA, DipEd, FIM, FAICD*
Current term of office: To 31 March 2019
Years on Council: 5.3

Dr Simon Eassom *BEd (Hons), MArts, PhD*
Concluded 31 December 2018
Years on Council: 3

Mr Peter Niblett *BCom Deakin, CA, FCPA, CISA, CISMA*
Current term of office: To 31 December 2020
Years on Council: 10

Dr Lyn Roberts AO *Dip App Sci, BA (Hons), PhD, MAICD*
Current term of office: To 31 December 2020
Years on Council: 1.75

Member appointed by the Minister

Ms Carol Boyer-Spooner *BBus, Fellow Royal Society of Chemistry*
Current term of office: To 31 March 2019
Years on Council: 3

Council Appointed Members

Ms Helene Bender OAM *B Com Melbourne, Dip Travel & Tourism RMIT*
Concluded 31 December 2018
Years on Council: 10.5

Ms Kathy Grigg *BEc, DipEd Adelaide, FCPA, FAICD*
Current term of office: To 31 December 2019
Years on Council: 9.3

Mr Stuart Hamilton AO *BArts (Hons), BEc*
Current term of office: To 31 December 2021
Years on Council: 5.3

Ms Philippa Kelly *LLB W. Aust, FFin, FAICD*
Current term of office: To 31 December 2020
Years on Council: 9

Mr Peter Meehan *BBus RMIT, FCA, FCPA*
Concluded 31 December 2018
Years on Council: 11.8

Elected Members

A member elected by staff

Mrs Alice Di Pasquale *MBA (Deakin), CPA*
Current term of office: To 31 December 2020
Years on Council: 2.5

A member elected by students

Ms Lauren Hustwaite
Concluded 31 December 2018
Years on Council: 1

Sitting L-R

Dr Simon Eassom, Mrs Alice Di Pasquale, Ms Kathy Grigg, Professor Jane den Hollander AO, Mr John Stanhope AM, Mr Peter Meehan, Professor Chris Hickey, Ms Carol Boyer-Spooner

Standing L-R

Dr Lyn Roberts AO, Ms Helene Bender OAM, Ms Miranda Douglas-Crane, Mr Stuart Hamilton AO, Ms Philippa Kelly, Ms Lauren Hustwaite, Mr Peter Niblett



Council members' attendance at Council and committee meetings

The number of meetings of the Deakin University Council and of each committee of Council held during the year ended 31 December 2018, and the number of meetings attended by each member are outlined in the table below.

	COUNCIL		COMMITTEES OF THE COUNCIL														Remuneration	
	Eight including strategy conference		Audit and Risk		Chancellor's Advisory		Finance and Business Affairs		Honorary Degrees		Investment		Legislation					
	A	B	A	B	A	B	A	B	A	B	A	B	A	B	A	B		
Chancellor Mr J Stanhope AM	8	8			10	10			2	2							3	3
Deputy Chancellor Ms K Grigg	8	8			10	10			2	2	7	7					3	3
Deputy Chancellor Mr P Meehan	8	7	5	5	10	10			2	2							3	3
Vice-Chancellor Professor J den Hollander AO*	8	8	5	5	10	10	8	7	2	2	7	5	5	4	2	2		
Ms H Bender OAM	8	6												5	4			
Ms C Boyer-Spooner	8	7	5	4			8	8										
Mrs A Di Pasquale	8	7							2	2								
Ms M Douglas-Crane	8	6	5	5			8	8									3	3
Dr S Eassom	8	8					7	6										
Mr S Hamilton AO	8	7	5	3														
Chair, Academic Board Professor C Hickey	8	8			10	10			2	2				5	5			
Ms L Hustwaite	8	8												5	4			
Ms P Kelly	8	8					8	8							3	3		
Mr P Niblett	8	7	5	5							7	7						
Dr Lyn Roberts AO	8	8					8	6										

Key

A – Meetings eligible to attend as a member B – Meetings attended as a member

* – In attendance with full rights of audience and debate for Audit and Risk Committee and Investment Committee meetings.

Council's responsibilities and actions

The table below outlines the Council's principal responsibilities and relevant actions in 2018.

Responsibility	Actions in 2018
Appointing and monitoring the performance of the Vice-Chancellor as Chief Executive Officer of the University	<p>The Council monitors the performance of the Vice-Chancellor in accordance with a process and performance indicators which are approved by the Council and align with the remuneration strategy.</p> <p>The Council appointed Professor Iain Martin as Deakin's seventh Vice-Chancellor to succeed Professor Jane den Hollander AO on her retirement on 30 June 2019.</p>
Approving the mission and strategic direction of the University	<p>The Council regularly refreshes the University's strategic plan to meet emergent challenges and priorities. In 2018 Council emphasised three areas:</p> <ul style="list-style-type: none">▪ diversifying income sources, including research commercialisation to reinvest in research▪ ensuring efficient expenditure of the \$280 million of major project funding approved by the Council in 2017▪ communicating and demonstrating the University's capabilities so that students, staff and partner organisations are enthusiastic advocates for the University.
Overseeing and reviewing the management of the University and its performance	<p>The Council reviews the University's performance against all strategic plan targets twice yearly. Targets include the University's performance in terms of student success and satisfaction, graduate employment, research outcomes and commercial activity.</p> <p>In 2018 the Council was pleased with the University's strong performance against key targets, including:</p> <ul style="list-style-type: none">▪ maintaining number one ranking among Victorian universities for overall student satisfaction for the ninth successive year▪ achieving a global ranking of 211 and in the top 10 in Australia in the Academic Ranking of World Universities▪ significantly expanding and progressing work in advanced manufacturing and sustainable energy, including with industry partners▪ continuing to drive the digital frontier in education through premium learning experiences in the Cloud, the Deakin Genie personal aid and the Scout way finder.
Approving the University's annual budget and business plan	<p>The Council approves the University's annual budget as part of a three-year Financial Plan. Council approved the 2019-2021 Financial Plan on 1 November.</p> <p>The Council approved a major project to establish a new science and technology precinct at the Melbourne Burwood Campus. The Research Innovation Science and Engagement (RISE) Precinct will accommodate multidisciplinary teams from a range of scientific disciplines and will facilitate growth in both student numbers and research activity in these fields. The Precinct will also facilitate engagement with industry.</p>
Overseeing and monitoring the assessment of risk across the University	<p>The Council carefully monitors risk management across the University consistent with the Australian/New Zealand Risk Management Standard ISO 31000:2018. Risk assessments are integral to all major projects presented to Council for approval:</p> <ul style="list-style-type: none">▪ on 13 September, Council approved a comprehensive risk appetite statement for the University. The statement sets out the level of risk the University is willing to accept across 11 risk areas, ranging from no tolerance for non-compliance with the law to a high level of willingness to take risks in the pursuit of strategic growth opportunities, innovation and transformation▪ the TEQSA 2018 reaccreditation assessment found that 'Deakin has a mature and clearly articulated approach to financial and risk management'.

Responsibility	Actions in 2018
Overseeing and monitoring the academic activities of the University	<p>The Chair of the University's Academic Board is a member of the Council and reports on academic governance following each meeting of the Board. The Council meetings also have a roster of presentations from academic staff on teaching and research across the University.</p>
	<p>The TEQSA 2018 reaccreditation assessment found that Deakin has a clear and well-functioning academic governance structure and 'a sound commitment to maintaining academic and research integrity through a comprehensive suite of policies, procedures, educational resources and interventions'.</p>
Establishing policy and procedural principles for the operation of the University consistent with legal requirements and community expectations	<p>The Council approves all University regulations and corporate governance policies, including the University's Policy Framework. In 2018 Council completed a major review and updating of the University's Investment Governance Framework.</p> <p>The Framework is consistent with the University's values of ethics and sustainability and with community expectations that the University will invest its funds responsibly.</p>
Approving and monitoring systems of control and accountability	<p>The integrity of financial reporting is assured by a thorough review and attestation process. Management is accountable for comprehensive six-monthly performance reporting. Major projects are tracked at each Council meeting against budget, scope and timeline targets.</p>
	<p>The Council monitors systems of control and accountability across the University and its controlled and associated entities.</p> <p>The following arrangements are in place to monitor University controlled and associated entities:</p> <ul style="list-style-type: none"> ▪ quarterly reporting on financial performance to the Finance and Business Affairs Committee ▪ six-monthly risk assessment and reporting to the Audit and Risk Committee ▪ annual reporting to the Finance and Business Affairs Committee on Board performance and corporate governance statements.
Approving any significant University commercial activities	<p>The Council approves University commercial activities in accordance with the University's Commercial Activities and Entities policy, which reflects relevant Ministerial Guidelines.</p> <p>In 2018 the Council endorsed the Deakin Commercialisation and Innovation Plan and considered reports and recommendations in respect of a range of commercial activities, including the University's partnerships with LeMond Composites, Carbon Revolution Pty Ltd, Universal Motion Simulator Pty Ltd, FLAIM Systems Pty Ltd and the Waurn Ponds Energy MicroGrid project.</p>

ENGAGED AND ETHICAL GOVERNANCE

The Council regularly undertakes activities to meet a wide range of members of the University community and stakeholder groups.



Each year the Council consults with a group of Deakin students from different levels and modes of study to discuss how the University can improve the learning experience for all students and improve their career preparation or progression. Improvement actions arising from these discussions are implemented by the University.

Stakeholder groups with whom the Council engaged during the year included the Australian, Victorian and local governments, industry partners and employer groups, the Committee for the Economic Development of Australia and the Foundation for Young Australians.

The Council is conscious of its responsibility to act with integrity and the highest ethical standards. During 2018 the Council reviewed its governance practices against the recommendations for governance bodies explained in *The Ethical Kaleidoscope: Values, Ethics and Corporate Governance* by Doug Long (UNSW) and Zivit Inbar (Deakin).

The review confirmed that the Council's existing practices addressed most of the recommendations proposed in the publication, and that a number of enhancements could be made. The Council endorsed a series of actions which were fully implemented during the year.

Voluntary Code of Best Practice for the Governance of Australian Universities

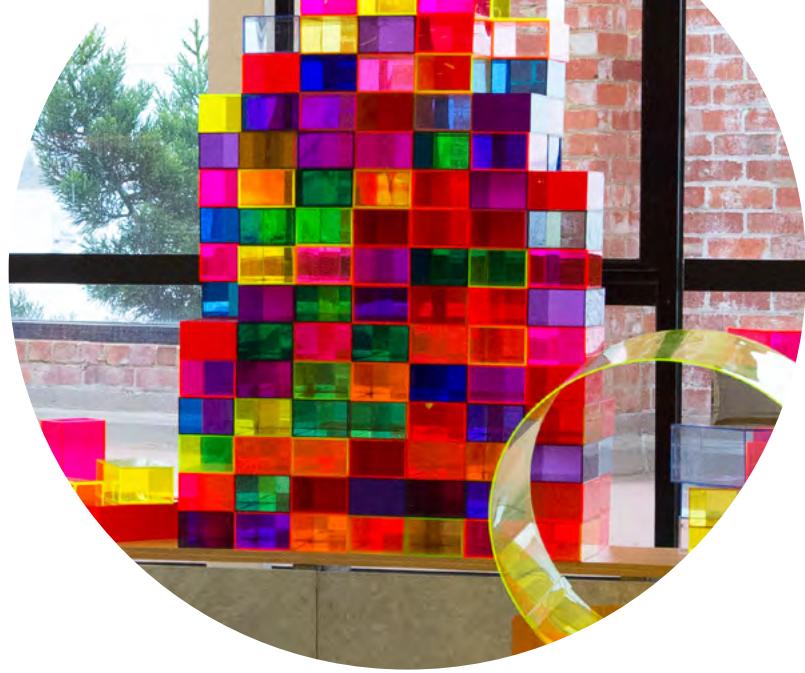
In May 2018, the University Chancellors Council and Universities Australia approved an updated version of the Voluntary Code of Best Practice for the Governance of Australian Universities. Deakin supported the updates.

The Code recommends that each university report on its compliance with the Code and explain the reasons for any areas of non-compliance.

Deakin annually reviews its governance practices against the Code. The University complies with the Code and there were no areas of non-compliance in 2018.

COUNCIL COMMITTEES

Council committees play an important role in the leadership of the University by advising and making recommendations to the Council on governance matters in their areas of expertise.



REMUNERATION COMMITTEE

Chair Mr John Stanhope AM
The Remuneration Committee advises the Council on remuneration matters including salaries and conditions of the Vice-Chancellor and senior University officers. The Committee also sets the remuneration of Council and Council Committee members within bands set down by the Victorian Government.

CHANCELLOR'S ADVISORY COMMITTEE

Chair Mr John Stanhope AM
The Chancellor's Advisory Committee advises the Chancellor and the Council on corporate governance matters and proposed appointments to Council. The Committee is also empowered to deal with matters between Council meetings where required.

LEGISLATION COMMITTEE

Chair Mr Stephen Bubb
The Legislation Committee advises Council on matters pertaining to the *Deakin University Act*, the University's Statutes and Regulations, major governing legislative and statutory instruments and University policy aligned to legislation.

INVESTMENT COMMITTEE

Chair Ms Kathy Grigg
The Investment Committee oversees the performance of the University's managed investments and has authority from Council to appoint investment advisors and to approve the investment policy.

COUNCIL

Chair Mr John Stanhope AM

The University Council is Deakin's governing body. It sets the University's strategic direction and ensures that the appropriate plans are in place for Deakin to achieve its goals.

HONORARY DEGREES COMMITTEE

Chair Mr John Stanhope AM
On the advice of the Honorary Degrees Committee, the Vice-Chancellor may recommend to Council that an individual be honoured with a Deakin Honorary Doctorate or an Honorary Master of Innovation.

FINANCE AND BUSINESS AFFAIRS COMMITTEE

Chair Ms Philippa Kelly
The Finance and Business Affairs Committee advises Council on matters concerning the University's consolidated finances, fixed assets and major projects. It also provides oversight of University entities and campus masterplans.

AUDIT AND RISK COMMITTEE

Chair Mr Peter Meehan
The Audit and Risk Committee advises Council on the University's accounting, control and risk management reporting practices.

The Council retains ultimate responsibility for decision-making unless it has made a specific delegation of authority to a Committee.

The University's financial statements were reviewed and recommended by the Audit and Risk Committee prior to finalisation and submission.

ACADEMIC BOARD

In 2018 TEQSA concluded that 'the academic governance structure at Deakin is clear' and that the lines of delegation and responsibility from the Council to the Academic Board and throughout the University are robust and effective.

The work of the Academic Board is supported by its committees which provide specialised advice regarding Academic Board operations, course governance, teaching and learning, the student experience and research and research training.

In 2018, and as part of its primary role of maintaining the highest standards in teaching and learning, the Academic Board continued to provide leadership on matters of academic governance, acting as the formal point of contact between the academic community, Council and the University's senior management.

In addition to the regular business of the Board to provide oversight regarding Deakin's academic standards, its priorities for 2018 included three key areas:

Improving member engagement with the workflow of the Academic Board. Actions included:

- Board member participation in the consultation process for academic policy reviews, prior to consideration of new and amended policy at Board meetings
- active discussion at Board meetings of quality assurance reporting on key academic standards, for example academic integrity and admission criteria, enabling Board members to better understand how data is used to inform changes to policy and processes
- regular meetings between the Chair of the Board and the four student members to improve the engagement and understanding of students with Board business and to identify issues that would benefit from more student involvement.

Improving Board member understanding and engagement with Academic Board committees: Actions included:

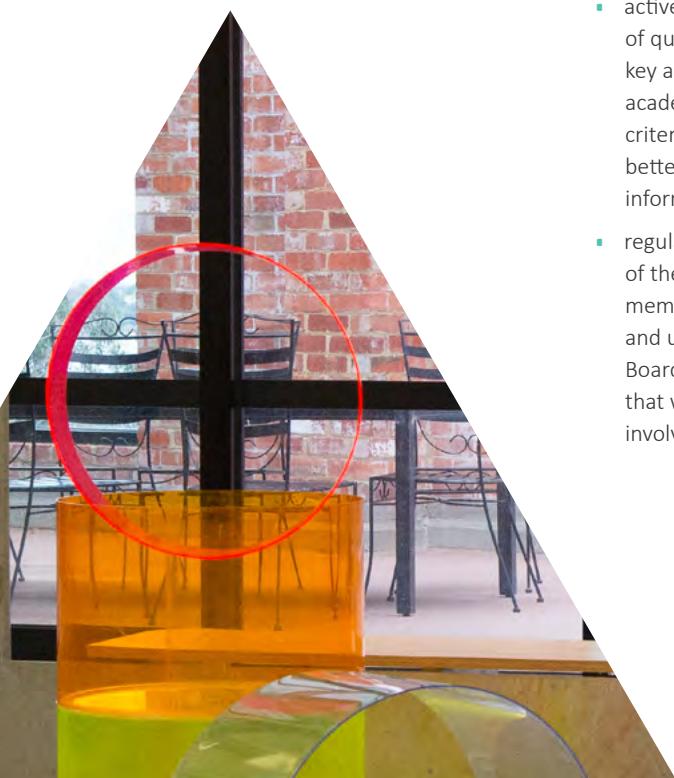
- the opportunity for Board members to observe meetings of Academic Board committees
- changes to the Board's schedule of business to include a requirement that Chairs of Board committees provide an annual overview of the role of their committee, including key priorities.

Ongoing improvement of academic governance at Deakin include:

- the development of position descriptions for the Chair and Deputy Chair of the Board have helped to clarify the expertise required for success in the roles and will help guide the outcomes of future elections
- development and approval of a Deakin Leadership Hallmark which recognises students who make substantial contributions to the practices and processes of academic governance.

As part of its regular hot topic sessions, the Academic Board provided a forum for debate and discussion on the following key academic topics:

- micro-credentials and the Cloud Campus
- challenges in achieving academic quality, student satisfaction and retention
- enhancing the student experience
- international education: sustainable international growth
- student mental health.



OUR STATUTORY REPORTING RESPONSIBILITIES



Education and Training Reform Act 2006

In compliance with the *Education and Training Reform Act 2006* Deakin levied an amenities and student services fee in accordance with the *Higher Education Support (Student Services and Amenities) Act 2010 (Cth)*. The fee per trimester was \$145 for full-time students (only charged trimester 1 and 2), \$105 for part-time students (only charged trimester 1 and 2) and \$60 for students studying solely in the Cloud (payable in trimesters 1 and 2 only). \$8.2 million in revenue was collected from the fee. Of this, Deakin University Student Association (DUSA) was contracted to spend \$4.5 million for the following approved purposes: advocacy, sporting programs, social engagement, orientation, multicultural programs, student media, student welfare, Student Survival Centre, DUSA digital presence and student legal advisory and referral service. The balance was allocated for spending by the University for sports, recreation management and development, employment programs, mental health services, health services, cultural and social engagement programs, prevention of and response to sexual harassment and sexual assault, student communication, a Disability Liaison Officer and student amenity infrastructure.

National competition policy and competitive neutrality requirements

Deakin University adheres to competition laws and applies the principles of the Competitive Neutrality Policy Victoria to relevant business activities, in particular to its commercial arm DeakinCo. in relation to pricing of tenders and bids, and also to other services offered to the public at large by the University and its wholly owned subsidiaries.

Building Act 1993

Deakin is subject to the *Building Act 1993*. To ensure compliance with the Act:

- all relevant works are subject to certification by an independent building surveyor, including the provision of a Certificate of Occupancy or Certificate of Final Inspection on completion
- checks are conducted to ensure that all building practitioners are registered under the Act as required for the duration of the services. No reports of building practitioners becoming deregistered during services have been received
- all projects are monitored by Deakin project managers or external consultants acting in that capacity on behalf of the University to ensure that all projects comply with the Act
- works undertaken by Deakin directly are covered by policies of insurance for public liability and professional indemnity taken out by the University.

In 2018, the Victorian government through the Minister for the Department of Environment, Land, Water and Planning (DELWP) established the Victorian Cladding Taskforce to investigate the prevalence of combustible cladding in buildings across Victoria. Deakin University has participated in the Taskforce and has undertaken a review of all University buildings. Combustible cladding has been detected in 43 buildings. A risk assessment has been undertaken in accordance with the Taskforce methodology. No emergency orders have been issued. Rectification works in relation to 20 buildings were undertaken and completed by the end of 2018. Further works to address the risk will be undertaken in 2019 in accordance with the Victorian Building Authority's requirements.



Victorian Industry Participation Policy Disclosures (VIPP)

No Victorian State government grants requiring VIPP compliance were received in 2018.

Carers Recognition Act 2012 (Cth)

Through a range of policies, programs and training initiatives Deakin University demonstrates its commitment to ensuring full compliance with the aims, objectives and care relationship principles designed to recognise carers under the *Carer's Recognition Act 2012*. Policies and procedures are accessible via <https://policy.deakin.edu.au>.

Protected Disclosure Act 2012 (Vic)

Under the *Protected Disclosure Act 2012*, the University must ensure that persons who have made protected disclosures under the Act are protected from detrimental action. The University has in place the Protection of Persons from Detrimental Action procedure, accessible via <https://policy.deakin.edu.au> to ensure compliance with the Act.

Freedom of information (FOI)

Deakin is subject to the *Freedom of Information Act 1982 (Vic)*.

In 2018 the University received 12 requests for access to documents under the Act, three non-personal and nine personal. Of the decisions provided by the University, none were referred to the Office of the Victorian Information Commissioner.

Access to University documents may be obtained through written request to the Freedom of Information Officer, as detailed in s17 of the *Freedom of Information Act 1982*.

Requests for documents should be addressed to:

Freedom of Information Officer
Geelong Waterfront Campus
Locked Bag 20001
Geelong Victoria 3220

Subject to the provisions of the *Freedom of Information Act*, the following information is available on request:

- a statement that declarations of pecuniary interests have been duly completed by all relevant officers
- details of shares held by a senior officer as nominee or held beneficially in a statutory authority or subsidiary
- details of publications produced by the entity about itself and how these can be obtained
- details of changes in prices, fees, charges, rates and levies charged by the entity
- details of any major external reviews carried out on the entity
- details of major research and development activities undertaken by the entity
- details of overseas visits undertaken including a summary of the objectives and outcomes of each visit
- details of major promotional, public relations and marketing activities undertaken by the entity to develop community awareness of the entity and its services

- details of assessments and measures undertaken to improve the occupational health and safety of employees
- a general statement on industrial relations within the entity and details of time lost through industrial accidents and disputes
- a list of major committees sponsored by the entity, the purposes of each committee and the extent to which the purposes have been achieved
- details of all consultancies and contractors including:
 - consultants/contractors engaged
 - services provided
 - expenditure committed to for each engagement.

Address for general enquiries

The Vice-Chancellor
Geelong Waterfront Campus
Locked Bag 20001
Geelong Victoria 3220

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Facsimile: +61 3 5227 8500
Email: vcoffice@deakin.edu.au
Web: www.deakin.edu.au

Deakin University Annual Reports can be accessed at deakin.edu.au/about-deakin

OUR PERFORMANCE IN 2018



LEARNING



Deakin University offers students a brilliant education where they are and where they want to go.

- Providing premium Cloud and located learning.
- Delivering globally connected education.
- Welcoming, supporting and retaining committed and capable learners.
- Empowering learners for the jobs and skills of the future.

Deakin adds value to its stakeholders by developing career-ready graduates - innovative, resilient and well prepared for rapidly changing workforce needs.

The concept of 'value' means different things to different students at different times. For some the value of their degree is measured in terms of the dollar cost in relation to employment outcomes and salary. For others, value will be measured in terms of the richness of their university experience, the knowledge they gained and the connections they've made.

Deakin's Student Learning and Experience Plan articulates its priorities for students throughout their student journey from prospective student to alumnus. Deakin has developed a distinctive student value proposition focused on ensuring graduates not only attain that important first step in their career, but that they have the capacity to build and sustain a career over their lifetime.

Strong growth in student numbers

In an increasingly complex and crowded market, Deakin has differentiated itself well, experiencing strong growth in student numbers. Deakin now has over 61,000 students (a 17% increase on 2014) with the strongest growth in our Cloud Campus.

Communities close to our regional campuses benefit from growth in student numbers; it brings an influx of student residents, conference visitors and energy to their region with significant social and economic benefit. The benefit is particularly evident at Deakin's Geelong campuses where numbers have increased 114% since 2010.

Deakin University celebrates its diversity as an asset that enriches all aspects of academic and social life.

Our Diversity and Inclusion Strategy 2018-2020 outlines strategies that are designed to address barriers to diversity and inclusion, widening access and ensuring those who enrol at Deakin are supported to achieve success.

Through its admissions and selection policies and support programs Deakin builds student aspirations and awareness of university as a desirable and achievable pathway. The Deakin Engagement and Access Program (DEAP) works with over 30 schools and community partners, with programs tailored for students from year 3 to year 12. In 2018 DEAP initiatives reached 9,000 students across Victoria.

Retention and support of students from low socioeconomic backgrounds is a key focus for Deakin, with \$3.2 million allocated to equity retention and support scholarships and over \$930,000 for work-integrated learning and rural placement scholarships for students.

A fundamental Deakin value is that financial disadvantage, geographical location or family situation should not be a barrier to the benefits of a university education. In 2018, Deakin University provided over \$24 million in scholarship support to over 5,000 domestic and international students. Of the students supported, over 1,500 domestic students and 1,400 international students were awarded a new scholarship

funded by Deakin, our donors or the Australian Government. Over 85% of new domestic scholarships were awarded on the basis of financial difficulty, and Deakin offers interest-free loans, emergency essential cards for food and travel cards to assist those experiencing hardship.

The community-based education programs of Deakin's Institute of Koorie Education give Aboriginal and Torres Strait Islander Australians the flexibility to gain access to higher education while still maintaining family and community obligations. The Institute offers undergraduate and postgraduate studies across the arts, education, health, law and Indigenous research. In 2018, two specialised Indigenous studies units were offered to undergraduate students Deakin-wide.

ASPIRE encourages high-achieving students to consider the benefits of university education

ASPIRE is a partnership between Deakin's School of Education and Northern Bay College, Newcomb and Bellarine Secondary Colleges. It aims to get high-achieving Year 6 to 10 students thinking about what they want to do after school.

Pre-service teachers mentor students, encouraging them to explore their interests and post-school goals. Students also experience university life with visits to both the Geelong Waurn Ponds and Waterfront Campuses.

The image shows School of Education Pre-service teacher Andrew Erwin teaching chemistry to year 7 students from Newcomb Secondary College.



Providing globally connected education

Deakin's *LIVE the future* strategy recognises Deakin is inherently global in its outlook, activities and impact.

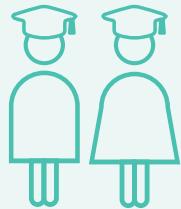
We continue to strengthen our global footprint by growing international student numbers and by offering international learning opportunities for all our students.

Deakin's international student population in 2018 was 14,661, an increase of 23% on 2017. The majority of international students were from India (35%) and China (26%), with growth also in student numbers from Sri Lanka, Vietnam and Pakistan.

Deakin now has international offices in South Asia, China, Indonesia, Latin America, Europe, Malaysia, Vietnam, Pakistan and Singapore. The growth in international student numbers has benefits far beyond dollars. It builds trade links and knowledge exchange, and all students benefit from an increased understanding of other cultures.

Deakin is increasingly assuming an industry-leading position on Chinese social media, and we are one of the few Australian universities to have an in-house Chinese social media team.

In 2018, Deakin expanded its digital reach on Chinese outlets, launching a WeChat Customer Service account alongside our Deakin official account and thereby opening up communication pathways to prospective Chinese students within an environment that is natural to them. Deakin opened its China office in Beijing in 2008, with satellite offices subsequently opened in Wuhan and Chengdu.



14,661
International students in 2018

>23%
of total enrolments are international students



Deakin is the only Australian university with a Chinese language website hosted in China.

Deakin launched its first foreign language website in 2018.

Written completely in simplified Chinese, this website is bridging the gap for prospective Chinese students by providing important and relevant Deakin information in their native language. The new website builds on Deakin's successful digital marketing efforts across China-specific platforms such as Baidu, Weibo and WeChat.



In response to requests from humanitarian agencies and governments, Deakin introduced a francophone version of its Graduate Certificate of Humanitarian Leadership. Over 98% of students taking the course are from an international background, and residential units take place in Paris, France and Dakar, Senegal. The course uses Cloud-based and residential learning with simulations to prepare students for real world, first-phase responses. The course was implemented thanks to a \$A1.2 million award from the United States Office of Foreign Disaster Assistance, through Deakin industry partner and lead humanitarian organisation Action Against Hunger in partnership with French higher education academic partner Institut de Relations Internationales et Stratégique.

Encouraging global mobility

Students are competing for employment in a global market, and international experience and cross-cultural understanding are important assets. Over 2,000 Deakin students spent part of their degree studying overseas in 2018 and five Deakin students were awarded the Australian Government's New Colombo Plan Scholarships, supporting them to study, work and live overseas in 2019. Deakin has 538 partnerships in 57 countries with MOUs supporting offshore course delivery, articulation pathways, student mobility and industry collaborations.

Attracting, retaining and graduating satisfied students

Stakeholders, students and their parents have become increasingly sophisticated in their decision making about university choice, looking for evidence of the quality of education available to them. The Government's Quality Indicators for Learning and Teaching (QILT) show student and graduate satisfaction with Australian higher education provision as reported in a suite of national surveys. The graphs below are from the 2017 national datasets for the

Student Satisfaction Survey (SES) of current students and the 2018 Graduate Outcomes Survey (GOS) of recent graduates. As the Current Student Satisfaction graph below shows, 2017 undergraduates and postgraduate coursework students rated Deakin highly in Learning Resources and Overall Experience.

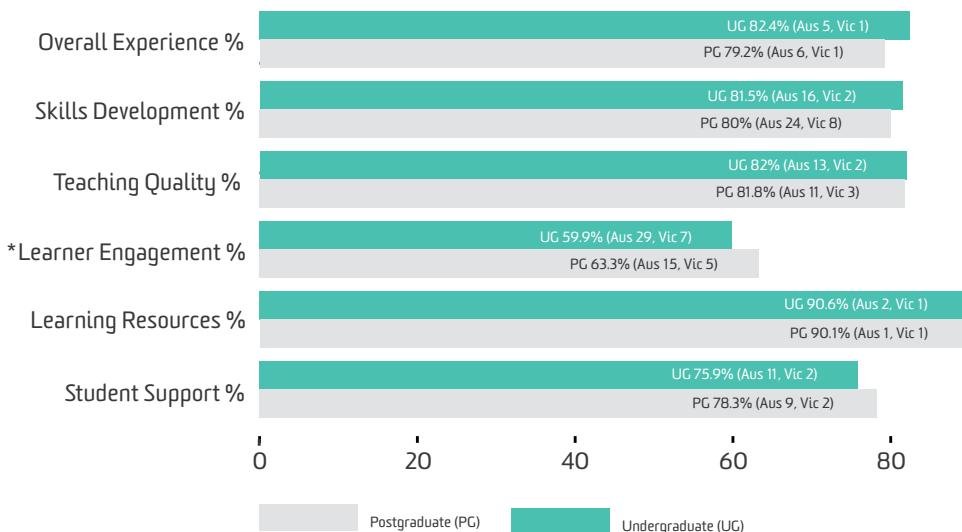
Graduates who completed their studies in 2017 and were surveyed in the 2018 GOS expressed high Overall Satisfaction. Deakin rated first in Victoria for both undergraduate and postgraduate

coursework graduates (Universities Australia benchmark for Victorian universities). Four to six months after completing their courses 73.41% of undergraduates and 85.4% of postgraduate coursework graduates were in full-time employment.

In 2018, Gia-Yen Luong, a Master of Teaching Cloud Campus student was named as South Australia's Rhodes Scholar for 2019, the very first Deakin student to be named a Rhodes Scholar.

Current Student Satisfaction 2017 Undergraduate and Postgraduate Coursework Students

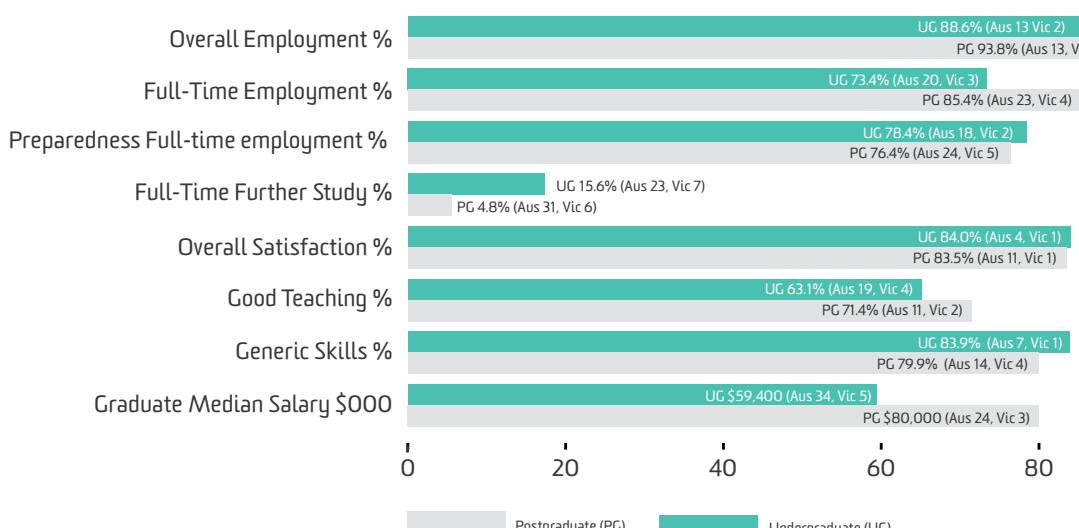
(data from 2017 SES) (*excludes external students)



Deakin was first in Victoria for Overall Experience for both undergraduate and postgraduate and first in Victoria for Learning Resources for undergraduate and postgraduate.

Graduate Satisfaction and Employment 2018 Undergraduate and Postgraduate Coursework Graduates

(*2017 graduate data from 2018 GOS)



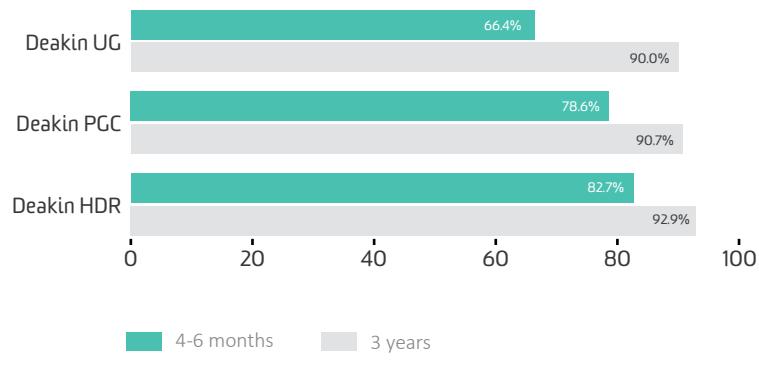
Deakin has rated first in Victoria for Overall Satisfaction nine consecutive years for undergraduates and is also first in Victoria for postgraduate Overall Satisfaction.

The Graduate Outcomes Survey

Longitudinal (GOS-L) gives an overview of medium term (3 years) employment for graduates based on a subset of the GOS survey who have agreed to be resurveyed three years after they originally completed the Graduate Outcomes Survey. Over 90% of graduates were in full-time employment three years after completion of their course with higher salaries than they had initially.

Deakin's Priority Students program identifies students at risk of disengaging from their course, deploying intervention strategies to students perceived to be 'at risk'. The project uses predictive modelling aligned with a range of student intervention strategies.

Graduate Outcomes Survey Longitudinal (3 years after completion)



Innovating in learning and teaching

With 25% of Deakin's students studying entirely in the Cloud, Deakin's digital environment is at the forefront of its vision for learning. Our CloudFirst approach aims to transform the learning environment for all students, ensuring their digital learning experience matches the sophisticated and seamless digital environments students encounter in the rest of their lives. CloudFirst prioritises the student experience, delivering premium digital learning through a strategic mix of the design aspects of learning and service.

Deakin is transforming the online experience using four key principles. Effective learning at Deakin is:

- guided by a careful narrative that explains, motivates and engages students
- designed in sequenced, manageable segments
- active and engaged
- facilitated and supported by teachers and services.

Deakin currently offers 28 free online courses attracting over 94,000 learners. Deakin was the first university globally to deliver full postgraduate degrees through FutureLearn and course areas include diabetes education, cyber security, development and humanitarian action and property and real estate. In a world first, Deakin introduced a Graduate Certificate in Entrepreneurship co-created with Coventry University in the United Kingdom (launched in 2018 with teaching commencing 2019). The global FutureLearn platform uses CloudFirst design and focuses on principles of social learning and engagement with students. Deakin also introduced an Executive MBA in partnership with South-Western University of Finance and Economics in China; the course is taught in Mandarin.

All CloudFirst initiatives have received significant investment to ensure our staff who teach and support students can deliver on the promise of digital education.

Twenty-two Deakin staff received a Higher Education Fellowship in 2018. The scheme provides individuals with international recognition of their practice, impact and leadership of teaching and learning.

Nurturing employability through Professional Practice Credentials

Employers and students increasingly view 'traditional' degrees as an imperfect measure of professional achievement and there is a growing premium being placed on employability skills such as communication and leadership.

Deakin's Professional Practice Credentials recognise core employability skills and technical knowledge, and align these to international skills and qualifications frameworks. Credentials are developed in consultation with industry and professional bodies to ensure they are recognised in the workforce.

Students don't earn credentials through attending lectures and sitting exams, but through a portfolio of evidence demonstrating achievement of the skill. That evidence is assessed by academic and industry assessors, and successful applicants are awarded a digital credential that can be shared publicly on professional platforms like LinkedIn.

Deakin has included Professional Practice Credentials in Professional Practice postgraduate degrees where Credentials

count towards the student's achievement of the degree program learning outcomes together with relevant coursework. It means individuals with extensive career and life experience can obtain a Credential that validates their knowledge and skills in less time and at reduced cost, enhancing their career progression prospects.



With 25% of Deakin's students studying entirely in the Cloud, Deakin's digital environment is at the forefront of its vision for learning.



DeakinTALENT was recognised as Australia's leading careers service by the Australian Association of Graduate Employers for the second consecutive year.

DeakinTALENT

Deakin has implemented a major program of work to improve employment outcomes for graduates and strengthen engagement with employers. Programs include DeakinTALENT Connect (a social business platform connecting students with prospective employers), a Graduate Job search program, interns@Deakin (supporting workplace experience within Deakin), career coaching, resume support, a Freelancing HUB and the GlobalJOBs initiative, which provides international graduate employment opportunities. Deakin also embeds career education in its curriculum, encouraging students to understand the transferability and future value of their skills and providing opportunities for international exchanges and internships.

DeakinTALENT

7,400+

Students completed a resume review

16,000+

Students engaged in career education within their course

5,000+

Students participated in a talent development program

7,000+

Students attended employer events on campus

10,000+

Jobs and internships advertised on the DeakinTALENT website

The SPARK Deakin Accelerator

An entrepreneurial mindset is increasingly seen as an important attribute for employment, and SPARK Deakin Accelerator is a fast-paced startup support program that offers funding, office space, a network of global mentors and free legal advice to early stage entrepreneurs from Deakin. Since inception in 2015 SPARK has backed 45 ambitious founders whose 20 startups have provided value to over 11,000 customers generating over \$3 million in revenue and creating 143 jobs. SPARK success stories in 2018 include Lend My Trend (a platform enabling people to lend their clothing, creating a more sustainable world) and Vollie (a social enterprise providing online volunteering for skilled professionals).



Lend My Trend is led by April and Aaron Booij who are tackling the fast fashion industry where over 800,000 tonnes of textiles are discarded annually.

IDEAS



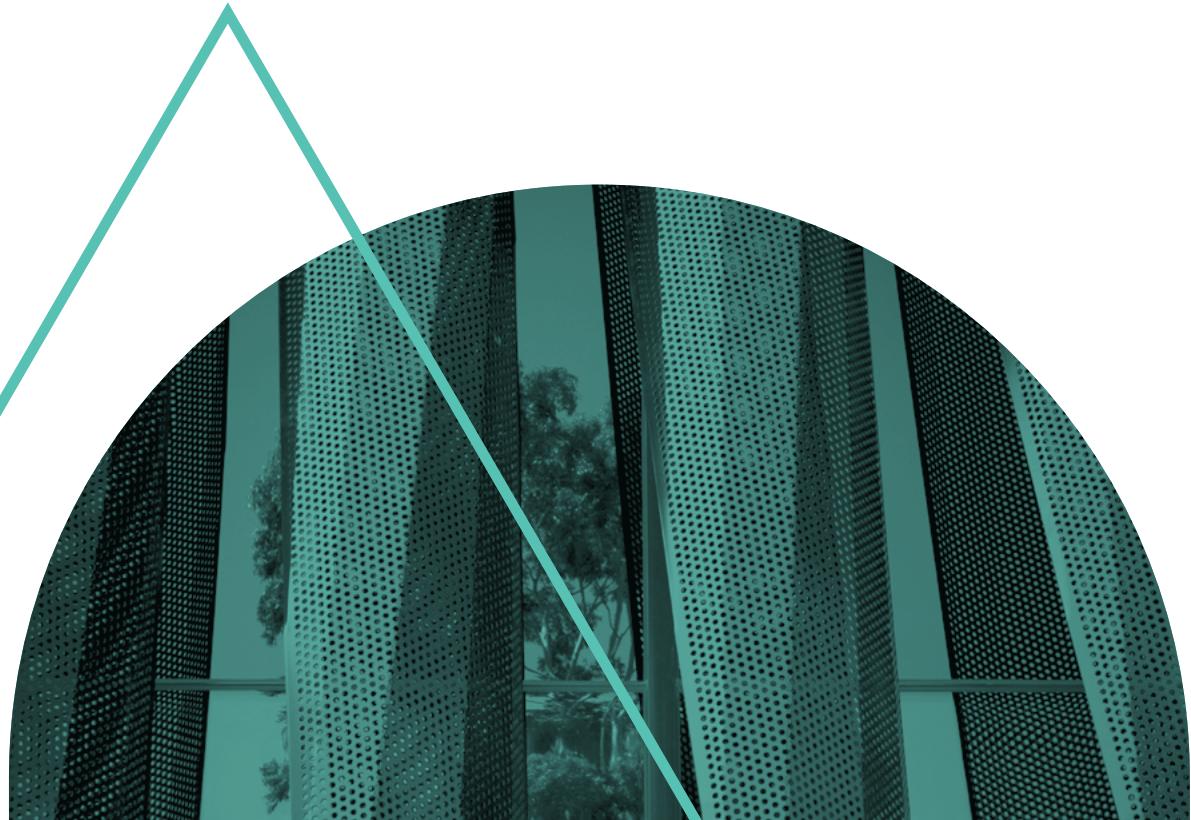
Deakin is making a difference to the communities it serves through world-class innovation and research.

- Growing research capability, depth and quality.
 - Developing targeted commercial research partnerships.
 - Developing a strategic international research footprint.
-

Deakin adds value to its stakeholders by translating its research into outcomes that are relevant and meaningful to improve the future of its communities.

Deakin is on a strong research trajectory.

Research at Deakin focuses on innovation and robust partnerships with industry and business. We have invested strongly in research over the past five years with results reflected in the quality of our research outputs, research reputation and a growing research culture. Deakin's total research income in 2018 was \$67.4 million, a 40% increase from 2014. The greatest income growth has been in category 2-4 income (research contracts, tenders, etc).



Strong growth in research funding

Deakin was awarded a total of \$67.4 million in research funding in 2018.

It received \$14.53 million in National Health and Medical Research Council (NHMRC) funding. Faculty of Health researchers were lead investigators on two successful NHMRC Centre of Research Excellence grants (led by Professor Anna Peeters and Alfred Deakin Professor Michael Berk), two NHMRC Partnership Project grants (led by Professors Steve Allender and Karen Campbell), four NHMRC Project grants (led by Associate Professors Kylie Hesketh, Sean McGee, Lana Williams and John Stambas) and two ARC Discovery grants (led by Associate Professor Samantha Thomas and Professor Mark Lawrence). Alfred Deakin Professor Michael Berk was awarded an NHMRC Senior Principal Research Fellowship, Professor Richard Osborne was awarded an NHMRC

Senior Principal Research Fellowship and Professor Peter Vuillermoz was awarded an NHMRC Career Development Fellowship. Faculty staff also received four NHMRC Early Career Fellowships (Drs Erin Hoare, Lisa Olive, Lewan Parker and Philip Russo), and two Translating Research into Practice (TRIP) Fellowships (Associate Professor Bernice Redley and Dr Joan Ostaszkiewicz).

There was significant success with the National Heart Foundation grants program (five fellowships and a Vanguard grant) and the Diabetes Australia Research Program (four grants), along with research support from a broad range of national and international funding programs.

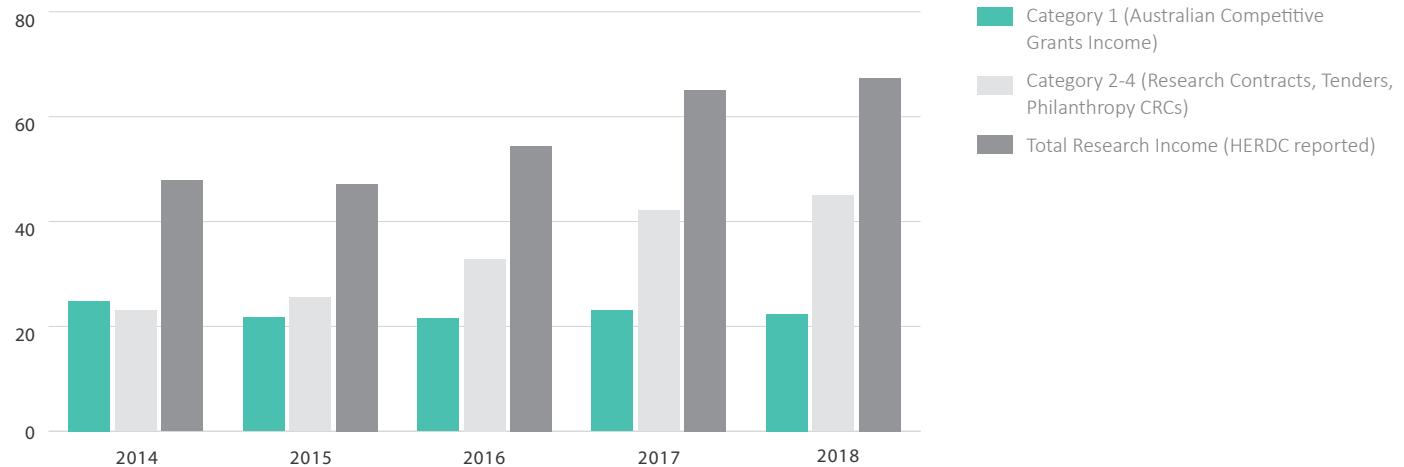
Deakin received a total of \$16.58 million in Australian Research Council (ARC) funding, including an ARC Training Centre for Future Energy Storage Technologies headed by Alfred Deakin Professor Maria Forsyth.

Deakin 15 Discovery grants and a record number of eight Discovery Early Career Research Awards (DECRA) in 2018 for commencement in 2019.

Deakin is actively encouraging the next generation of future researchers. Through its PhD Xtra initiative we emphasise the development of our HDR students as discipline experts who can apply research thinking to real world problems. PhD Xtra offers students the opportunity to undertake career pathway placements and assists them in preparing for their future career by developing a Portfolio of Assets.

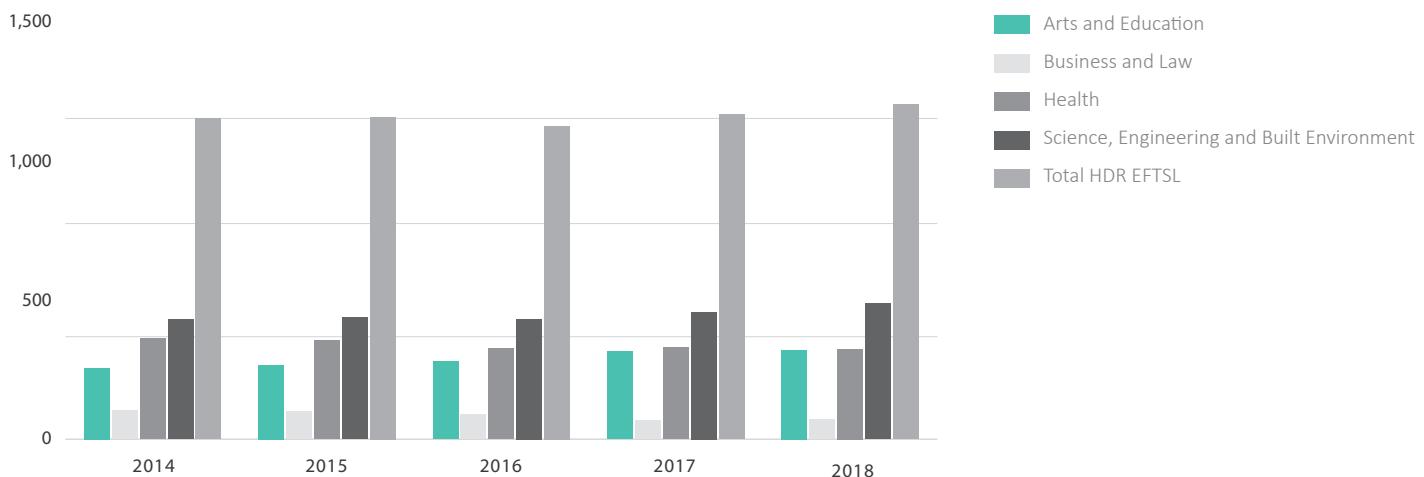
To expand our international research collaborations we have initiated in-country and cotutelle HDR programs and now have 102 in-country students. Seventy-four of our in-country students are in India, and the others are in countries such as the USA, Spain, China and Indonesia. We have 35 cotutelle, joint program and dual degree programs in France, Denmark, UK, China, and Sri Lanka.

Research income 2014-2018 (millions)



Deakin received \$67.4 million in HERDC reported research funding in 2018, \$22.4 million in Category 1 and \$45 million category 2-4.

HDR (EFTSL) 2014-2018



Research that benefits the communities we serve

Deakin has made a substantial and continuing investment in its Geelong Future Economy Precinct, and it has attracted some of Australia's leading advanced manufacturers.

The Geelong Future Economy Precinct at the Geelong Waurn Ponds Campus integrates Deakin's high-level research capabilities with specialised research equipment and industrial-scale infrastructure and, together with its partners, Deakin is leveraging end-to-end solutions in areas of emerging national social, economic and political priority. The Precinct draws on over 15 years of investment in developing the research expertise and facilities which underpin Deakin's path to international research recognition, particularly in areas such as carbon and ultra-fine fibre, nanotechnology and composite materials, as well as robotics, pattern recognition and data analytics.

We estimate that by 2022, the Geelong Future Economy Precinct will have led to the creation of over 3,000 jobs through industry partnerships and co-location opportunities. Deakin accelerated economic activity in the region with the opening of ManuFutures in April 2018. ManuFutures is a purpose-built, commercially operated facility with benefits for both industry and Deakin, particularly for the students who represent the next generation of innovators, operators and researchers in advanced manufacturing. Current tenants of ManuFutures include Quickstep, Conflux Technology, HEIQ Materials, Universal Motion Simulator, EcoKit, The Smart Think, Insight Engineering, Partington Advanced Engineering, Form Flow, 36T and FLAIM Systems Pty Ltd.

FLAIM exemplifies Deakin's success in commercialisation. It is a spinout from Deakin's Institute for Intelligent Systems Research and Innovation (IISRI), and delivers next generation training technologies to fire fighters globally. The system provides fully immersive virtual reality scenarios of aircraft fires, house and bushfires, with realistic hose forces, breathing systems and fire heat as well as rich visuals and audio.



A new Deakin-industry collaboration is set to help one of south-west Victoria's major industries become more energy efficient.

Rising energy bills are an issue for all businesses, and one of Warrnambool's biggest employers is taking steps towards reducing its energy costs, which have almost doubled in recent years.

Meat processor The Midfield Group is working with Deakin University researchers to review its energy consumption and recommend areas for improvement.

Bringing Victoria's dinosaurs to life

What did dinosaurs' skin feel like? What colour were they in real life? With the expertise of palaeontologists and engineers, visitors to a unique exhibition at the National Wool Museum in Geelong can interact with the dinosaur that once roamed our backyard. The 'Little L Project' brought together Deakin's School of Engineering, the National Wool Museum, Swinburne University's PrimeSci and Museums Victoria to develop a 'mixed reality' museum experience, blending the physical and digital worlds.

The 'Little L Project' showcases Victoria's state dinosaur Leaellynasaura amicagraphica, a wallaby- sized herbivore which called the Otway Ranges home around 106 million years ago.



Deakin's growing international research profile

Deakin is investing in international research partnerships in areas aligned with its key research strengths. It aims to build strategic international partnerships that are multi-disciplinary, involve teams of academics and include scope for other engagement such as student mobility, staff exchanges and employment opportunities for our graduates. Deakin currently has 19 significant international partnerships with industry partners and academic institutions.

Deakin is forming strong partnerships with international funding agencies to attract high-quality candidates to study at Deakin and complement our internal scholarship opportunities. These agencies include the China Scholarship Council (CSC), VIED (Vietnam), Ristekdikti (Indonesia), ANII (Uruguay) and BECAL (Paraguay).

A Deakin delegation to Sweden and to other European countries in May strengthened relationships in Europe. Deakin and the University of Copenhagen (UCPH) have a well-established partnership in areas important to both universities,

which include student and staff exchange, a joint PhD program, digital teaching and research. Shared programs of research include infectious disease, mental health, nutrition and physical activity, health literacy and chronic diseases, including diabetes and cancer.

In May, French President Emmanuel Macron signed an agreement with Australia's Prime Minister creating a partnership between Deakin, French research institutes and the University of Tasmania on an international cancer research lab. The project is led by Dr Beata Ujvari from the Centre for Integrative Ecology at Deakin and Dr Frédéoux Thomas, from the Centre National de la Recherche Scientifique. The agreement involves the creation of the International Associated Laboratory, Laboratoire International Associé – a 'laboratory without walls', and will be part of a world-leading program established by France's national research institute, the Centre National de la Recherche Scientifique. The collaboration underscores Deakin's expertise in ecological science, evolutionary science and cancer research.



Australian Ambassador to Denmark MaryEllen Miller, Dean UCPH Faculty of Health and Medical Sciences Professor Ulla Wewer, Deputy Vice-Chancellor (Education) UCPH , Lykke Friis Prorector Education UCPH and Deakin Vice-Chancellor Professor Jane den Hollander AO.

Deakin continues to do well in the international rankings

Deakin's growing international profile is reflected in its continued rise in the prestigious Academic Ranking of World

Universities. Deakin entered this ranking for the first time in 2014 and now ranks an estimated 211. Deakin ranks 31 in the QS ranking of the world's top 50 young universities (those under 50 years).

Academic Ranking of World Universities (ARWU) 2014-2018

	2014	2015	2016	2017	2018
Global	400-450	397	214	213	211
National	19	19	11	11	10
State	4	4	3	3	3

In the 2018 QS Global Discipline rankings, Nursing ranked 24 globally, Education ranked 35 and sports subjects 30. Deakin's School of Exercise and Nutrition Sciences was ranked third in the ARWU ranking of sports science schools.

Deakin currently has five highly cited researchers, those ranked in the top 1% of the world's researchers whose research is identified as having the most impact globally (as determined by Clarivate Analytics).

Deakin's Highly Cited Researchers for 2018 are:



Alfred Deakin
Professor Anna
Timperio



Professor Richard
Osborne



Alfred Deakin
Professor Jo Salmon



Alfred Deakin
Professor
Michael Berk



Alfred Deakin
Professor Paresh
Narayan

Partnering with the Shanghai University of Sport

In April, Chen Peijie, Deputy Secretary of the Chinese Communist Party Committee and President of Shanghai University of Sport, met with Vice-Chancellor Professor Jane den Hollander AO to sign a memorandum of Understanding between Deakin and the Shanghai University of Sport. The partnership will promote the development of both institutions in researching and teaching in the sports sciences.

Deakin ranks third globally in the ARWU ranking of sports science schools.





Strengthening our communities,
enabling our partners and
enhancing our enterprise.

- **Creating innovative environments both located and in the Cloud.**
- **Building employee capacity, capability and productivity.**
- **Progressing a sustainable and competitive enterprise.**

Deakin creates value for its communities by providing the right mix of physical spaces, resources and technological systems and processes, enabling it to achieve excellence in teaching and research.

Creating innovative learning environments in the Cloud

Deakin's Vision+ Digital Strategy provides the vision and principles it needs to leverage the potential of digital transformation for teaching and research.

Smart Campus initiatives in 2018 include the installation of digital signage and smart screens giving campus users public and personalised information through touch screen and screen-to-mobile interactions. The Deakin Scout app gives personalised directions to locations on all Deakin campuses. Deakin is also augmenting its physical campus with an overlay of digital content through virtual reality tours, which enable prospective students to experience an immersive virtual campus.

Deakin received numerous awards in 2018 for its Cloud environment:

- Australia's Top IT Education Project-iTNews Awards (Deakin Genie)
- Top Educational Technology Award – Australian Financial Review Higher Education Awards
- Artificial Intelligence Innovation of the Year-Victorian iAwards (Deakin Genie)
- 33rd in the Australian Financial Review Most Innovative Companies list

- IDG/CIO Magazine Global Digital Edge 50 Award
- Recognition of Excellence-OpenGov Asia
- Global Winner for Information Communications and Technology (ICT) Service and Support-QS/Wharton Reimagine Education Awards
- Deakin's Chief Digital Officer William Confalonieri was named Australian CIO of the year in the IT News Awards.

Cyber security continues to be a major focus for Deakin. DeakinShield is an enterprise-wide cyber security strategy designed to mitigate the risk of Deakin data and information being compromised. In its first 18 months DeakinShield implemented a range of sophisticated cyber tools and mechanisms across Deakin's digital footprint – improving our security controls, increasing the visibility of security threats and enabling Deakin to deal with security threats in a more coordinated and efficient manner. Ongoing education and support for our staff and students is a critical component of the DeakinShield program.

Building stylish spaces where students can connect with each other and their University

Deakin is designing physical spaces that are technology-rich and stylish – providing the types of facilities that students need and will enjoy occupying, thereby encouraging them to stay on campus longer.

The Geelong Waurn Ponds Campus gained a vibrant new ‘heart’, with its Central Plaza transformed into an accessible and engaging student space.

At our Melbourne Burwood Campus, we have created two new Student Central Hubs, connecting students to more services, support and advice in a centralised, student-focused location. A number of new buildings are under construction at Burwood, including a specialised indoor exercise and sport science teaching space.

Deakin has also significantly increased student accommodation at the Geelong Waterfront Campus with a new 11-storey building on Brougham Street providing apartment-style accommodation for 410 students. The building also includes an architecture workshop on the ground level for School of Architecture and Built Environment students.

Personalised digital assistant Deakin Genie

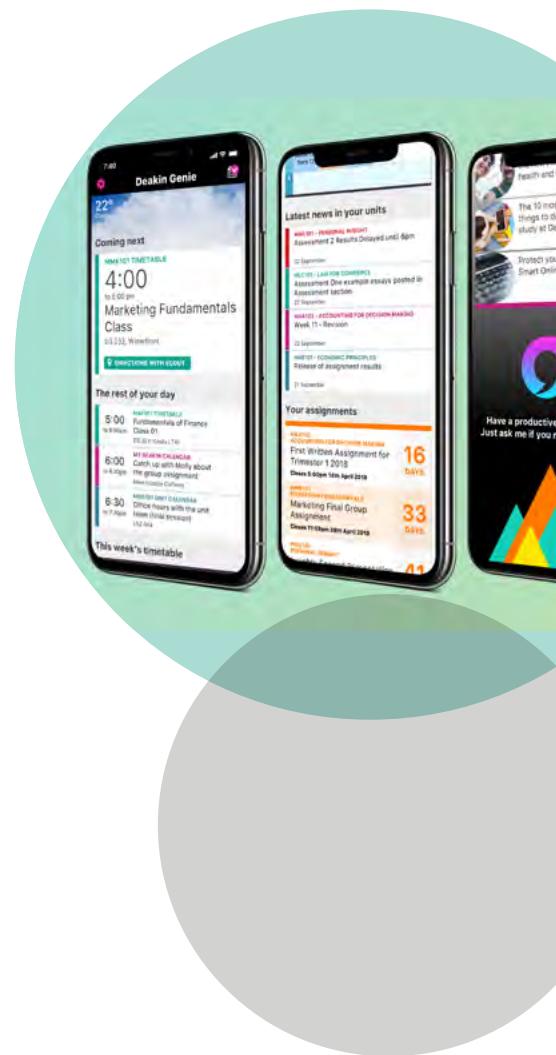
Deakin Genie uses Artificial Intelligence and other ground-breaking technologies to continually analyse a student’s preferences, progress and interactions, and then uses this ‘learning’ to deliver increasingly useful answers.

Genie is proactive, alerting students to critical information via notifications, and conducting text or voice-based ‘conversations’ that guide students through complex University and academic processes.

Deakin’s people are its greatest asset

The success of any institution comes from the commitment and talent of individuals working towards a shared vision.

Deakin is committed to attracting and retaining a workforce of the highest calibre, fostering a workplace culture that celebrates diversity and supports excellence in teaching, research and administration. It is investing in talent acquisition, identifying, attracting and recruiting to meet the needs of our workforce now and into the future.



Student residence
Brougham House
in the Geelong CBD.

Deakin staff

Deakin has 5,183 staff (FTE) including casuals (2,297 academic and 2,886 professional). Employees are classified correctly in workforce data collections according to the criteria stipulated in any specifications that support requests for data collection from external bodies.

For the calculation of headcount in the table below, for staff with multiple jobs, priority has been given to ongoing role, followed by fixed term role and then casual role. FTE has been added to the respective categories. The numbers exclude DeakinCo.

Workforce Disclosures (December 2017 – December 2018)

DEMOGRAPHIC DATA

	DECEMBER 2017						
	All employees		Ongoing			Fixed term and casual	
	Total Headcount	Total FTE	Headcount (Full-time)	Headcount (Part-time)	FTE	Headcount	FTE
Gender							
Women Executives	127	122	77	8	83	42	39
Women (total staff)	5,878	2,702	1,365	517	1,703	3,996	999
Men Executives	233	212	153	10	159	70	53
Men (total staff)	3,722	1,989	1,186	66	1,225	2,470	764
Self-described	12	3	1	0	1	11	2
Age							
15-24	911	101	19	0	19	892	82
25-34	2,530	1,055	440	58	475	2,032	580
35-44	2,352	1,402	760	229	905	1,363	497
45-54	1,778	1,117	723	161	830	894	287
55-64	1,398	826	529	106	599	763	227
Over 64	643	193	81	29	101	533	92
Total employees	9,612	4,694					
DECEMBER 2018							
	All employees		Ongoing			Fixed term and casual	
	Total Headcount	Total FTE	Headcount (Full-time)	Headcount (Part-time)	FTE	Headcount	FTE
	Gender						
Women Executives	133	125	82	8	87	43	38
Women (total staff)	6,128	2,980	1,535	549	1,896	4,044	1,084
Men Executives	252	224	161	11	167	80	57
Men (total staff)	4,041	2,199	1,298	85	1,350	2,658	849
Self-described	19	4	1	0	1	18	3
Age							
15-24	918	116	25	3	27	890	89
25-34	2,709	1,176	512	55	545	2,142	631
35-44	2,617	1,600	868	268	1,045	1,481	555
45-54	1,846	1,227	794	164	903	888	324
55-64	1,401	839	547	111	617	743	222
Over 64	697	225	88	33	110	576	115
Total employees	10,188	5,183					

We employ over 5,000 staff from diverse cultures and backgrounds, recruiting staff who are creative, adaptable and ready to meet the challenges of a rapidly changing workplace.

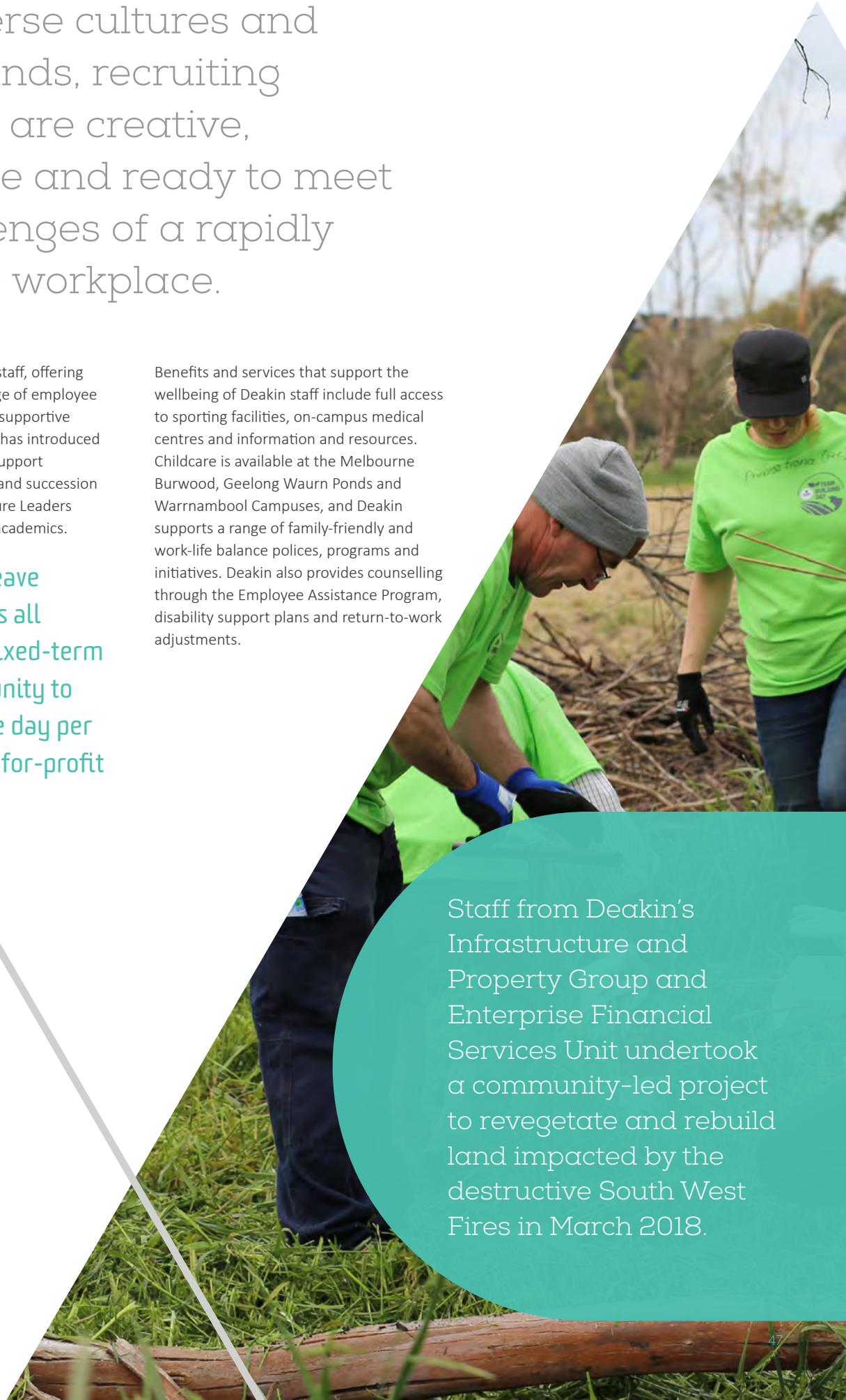
In return, we invest in our staff, offering competitive salaries, a range of employee benefits and a flexible and supportive work environment. Deakin has introduced a number of programs to support professional development and succession planning including the Future Leaders program for level C and D academics.

A volunteering leave entitlement gives all continuing and fixed-term staff the opportunity to volunteer for one day per annum for a not-for-profit organisation.

Benefits and services that support the wellbeing of Deakin staff include full access to sporting facilities, on-campus medical centres and information and resources. Childcare is available at the Melbourne Burwood, Geelong Waurn Ponds and Warrnambool Campuses, and Deakin supports a range of family-friendly and work-life balance policies, programs and initiatives. Deakin also provides counselling through the Employee Assistance Program, disability support plans and return-to-work adjustments.



Staff from Deakin's Infrastructure and Property Group and Enterprise Financial Services Unit undertook a community-led project to revegetate and rebuild land impacted by the destructive South West Fires in March 2018.



A safe, healthy work environment

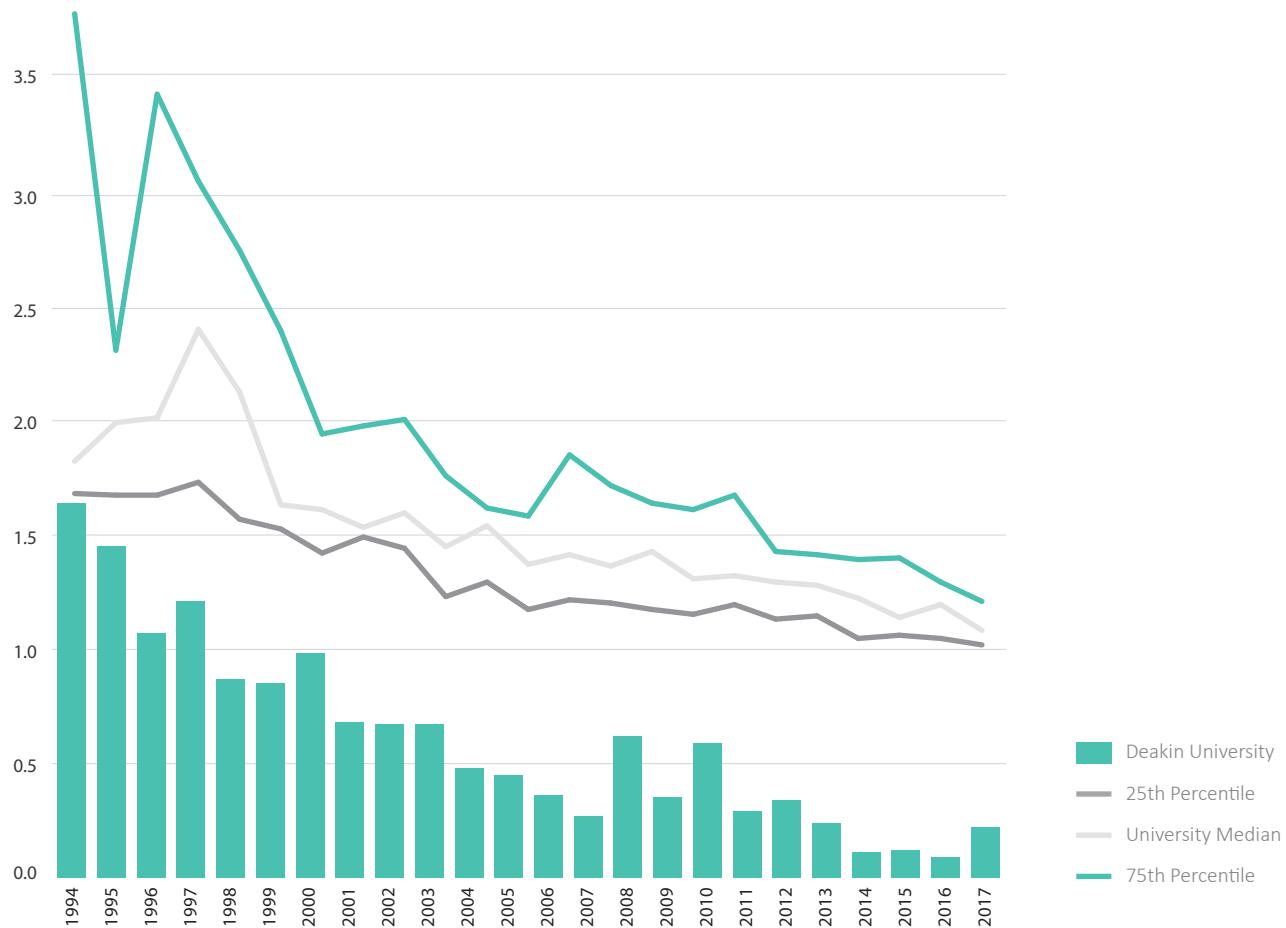
Deakin is committed to providing a safe and healthy working environment for all its staff, students, contractors and visitors.

Deakin is midway through its Live Healthily/Live Well Health Wellbeing and Safety Strategy 2016-2020 which together with the University's Occupational Health and Safety (OHS) Management System aims to ensure a safe and healthy work environment. In 2018, a major external OHS audit focused on student safety, in particular student placements and student events.

Deakin participates in an Australia-wide university-benchmarking scheme with the latest available data (2017) indicating we are one of Australia's best-performing universities in terms of lost-time injury (in the top 10%) and WorkCover claim rates (lowest).

Over the last year, Deakin's lost-time injury rate increased off a very low base to 1.6% from a three-year average of 1.0%, and the WorkCover Frequency Rate increased to 3.3 from a three-year average of 2.2. The change was driven by an increase in the number of serious slips, trips and falls. We have responded with a program to increase awareness and review environmental and design factors.

Lost Time Incidence Rate: 28 Australian universities



OHS Performance Indicators (2014–2018)

	2014	2015	2016	2017	2018
Lost-time injury (LTI) frequency rate	0.62	1.1	0.4	1.2	1.5
WorkCover frequency rate	3.8	2.0	1.1	1.8	3.3
Average lost-time rate (days/LTI)	43	101	239	60	52
Days lost per 100 FTE	7	18	15	12	12
WorkCover costs per FTE	\$30	\$80	\$55	\$52	\$76
Premium costs per FTE	\$265	\$204	\$257	\$242	\$307
WorkCover premium rate (% of remuneration)	0.24%	0.18%	0.25%	0.22%	0.23%

Sustainability is one of Deakin's core values

Environmental integrity and sustainability are central to the value we create for our organisation, for our communities and, most importantly, for future generations.

Deakin is a signatory to the United Nations Sustainable Development Goals and since 2017, we have focused on embedding and applying them within our operations, teaching and research.

By integrating these principles into our strategy and business planning, we are driving operational improvements, shaping future leaders and helping to advance sustainable development at a local and global level.

Some of the key sustainability initiatives in 2018 include:

- established an Energy Working Group to progress Deakin's energy and emissions aspirations
- implemented the Green Impact ambassador program; a change and engagement program for people wanting to make a sustainable difference on campus
- started construction of the 7.25 MW solar microgrid at the Waurn Ponds Campus
- implemented a food waste collection and composting program at all hospitality venues
- partnered with the United Nations Association of Australia (Victoria Division) to deliver the 17 Goals in 2018 program of events and activities.

Deakin reports annually on sustainability because we know that what gets measured gets done, and by sharing our sustainability performance in the most transparent and accountable way we can measure and manage change, identify the risks and opportunities and generate innovation.

Building Australia's blue carbon future

Deakin's Blue Carbon Lab specialises in capitalising on 'blue carbon', the powerful ability of coastal vegetation ecosystems to sequester carbon, and thereby help mitigate climate change. Coastal blue carbon ecosystems (seagrasses, saltmarshes, mangroves) are among earth's most efficient carbon sinks, burying carbon faster than tropical rainforests and locking away carbon in the ground for millennial time scales.

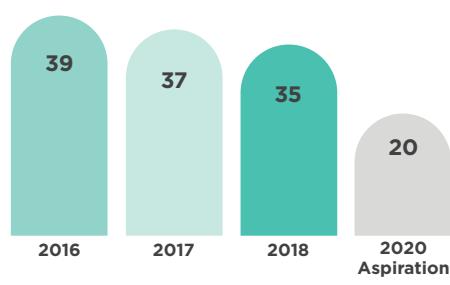
The Blue Carbon Lab quantifies and maps distribution of blue carbon, undertakes feasibility assessments for blue carbon offset initiatives, identifies threats such as the rise in sea levels and undertakes restoration, conservation and improved management of blue carbon ecosystems.

We care about our shared future and integrate economic, environmental and social dimensions of sustainability in all that we do.

Deakin's progress in meeting its environmental goals

WASTE TO LANDFILL PER PERSON

(Operational and Residential)

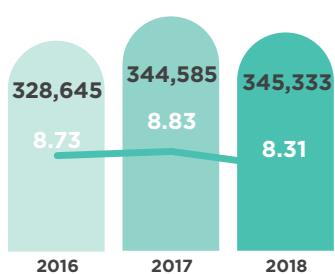


Kg / Person

Note: 2018 waste data includes some estimates due to a lag in billing data from contractors.

ENERGY

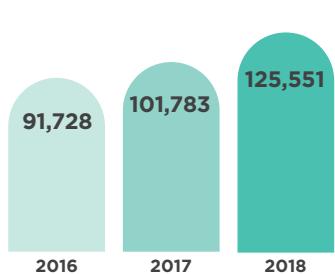
(Electricity, Gas, Fuel)



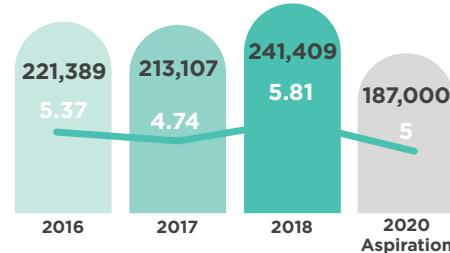
Gigajoules / EFTSL

SHUTTLE BUS PATRONAGE

of passengers



WATER CONSUMPTION

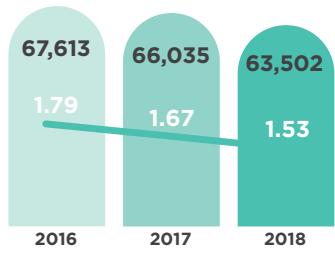


Kilolitre

EFTSL = Equivalent Full-time Student Load

EMISSIONS

Scope 1 and 2 (Electricity, Gas, Fuel, Refrigerants)



Tonnes Co2e / EFTSL

Person = Full-time Equivalent staff + EFTSL

FTE = Full-time Equivalent

Deakin's war on waste

In 2018, Deakin implemented a food waste collection program at all hospitality venues across each campus. The initiative was developed as a part of Deakin's Waste Management Plan, which identified food waste as a significant portion of the university's overall landfill waste volume. In 2018, 35,000 kg of Deakin's food waste was collected and composted, rather than sent to landfill.

All food scraps from hospitality venue kitchens are collected by the University's waste management contractor and sent to off-site commercial composting facilities to be turned into valuable compost.

Diversion of food waste away from landfill is a key aspect to achieving Deakin's aspiration to reduce waste to landfill to 20 kg per person by 2020, a reduction of almost 50% from the 2016 baseline.

The Deakin Business School won the 2018 Green Gowns Australasia Award in the category of Learning, Teaching and Skills. The award recognises achievements in sustainability in institutions across Australasia.

Creating sustainable campuses

The Deakin Law School building now under construction is Deakin's first leading-edge sustainable building constructed in accordance with the sustainable Built Environment Principles.

Design features of the building include rainwater harvesting and use, glare control systems, activity and fitness spaces and a fully accessible connection to end-of-trip facilities.

The building will include four levels of flexible active learning spaces, two levels of student support and health and wellbeing spaces and two levels of staff workspace.

Artists impression of the Deakin Law School building under construction on the Melbourne Burwood Campus.



Deakin has continued to grow as an organisation, improving its financial position and resilience.

As Deakin has grown in size and reputation, there are pressures for us to provide faster and more insightful finance analytics, to improve the accuracy and efficiency of our transactional and compliance processes and to provide better decision support for future investment options and strategies.

Expenditure on Information and Communications Technology (ICT)

Deakin has continued to advance its ICT infrastructure; optimising products, channels and platforms; supporting 'smarter' network growth; implementing reliable core business systems and protecting against cyber threats.

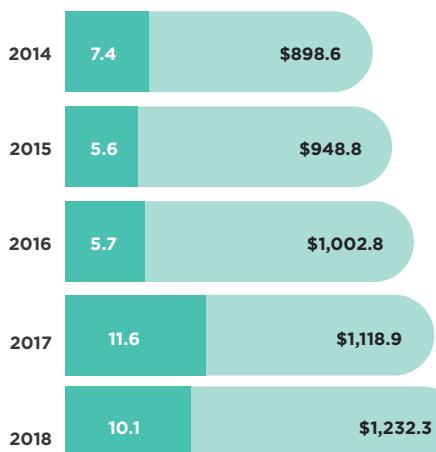
The total ICT (Business as usual) expenditure on ICT was \$54.6 million in 2018 (\$49.7 million in 2017).

Expenditure on ICT projects for 2017 and 2018 was:

Capital Expenditure (\$M)	2017	2018
ICT Infrastructure	3.9	5.1
ICT Projects	0.5	12.2
Total ICT	4.4	17.3

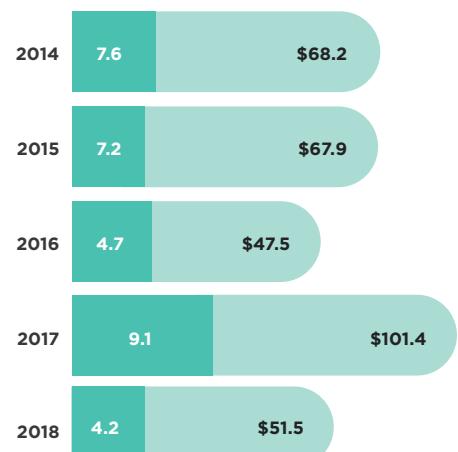
Operating Expenditure (\$M)	2017	2018
ICT Infrastructure	8.3	10.0
ICT Projects	16.8	20.0
Total ICT	25.1	30.0

OPERATING INCOME



■ Income as a % of growth
■ Operating income (millions)

NET RESULT



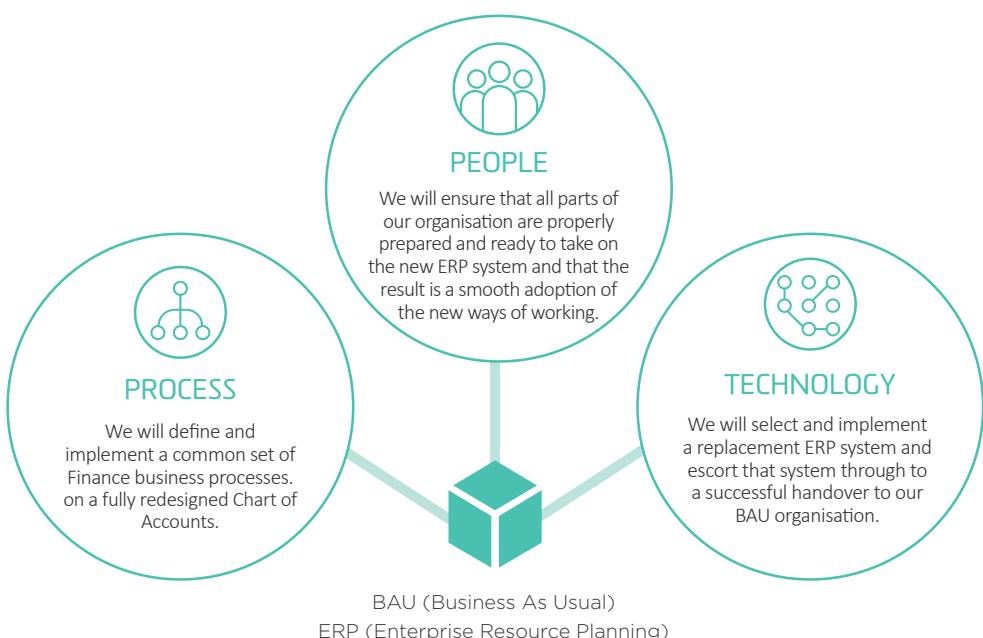
■ Net result as a % of revenue
■ Underlying surplus (millions)

Investing responsibly and sustainably

Deakin has a core belief of investing responsibly to generate sustainable and financial value over the long-term. We aim to incorporate environmental, social and governance (ESG) considerations into our investment decision-making, with parts of our investment portfolio maintained in specialist ESG managers since 2013. Deakin recognises that good ESG management by companies in which the University invests will reduce risk and improve long-term returns.

Our Finance Business Transformation Program

Deakin's Finance Business Transformation Program is standardising and simplifying our finance processes and building our business partnering and analytic capacity. We are also replacing our 20-year old financial management system with new and innovative technology – the Cloud-based Workday finance system, a system widely used by universities in the United States. The project will go live early in 2019. KPMG is Deakin's Implementation Partner.



EXPERIENCE



Delighting our students, our staff
our alumni and our partners.

- **Delivering support services to enable success and enrich the learning, living and social experience for students.**
- **Delivering services, resources and facilities to enable an engaged, inclusive, productive and satisfied University community.**
- **Strengthening connections with, and adding value to, governments, industry, alumni and the communities that Deakin serves.**

Deakin has a 'One Deakin' approach to supporting its students, staff and alumni – built around stakeholder needs and preferences not administrative functions.

Our Think Differently Program is led by Deakin's Executive and designed to deliver administrative efficiencies and improve staff engagement. It was developed in response to feedback in the 2017 staff iSay Survey which identified a need for better intra-institutional collaboration and greater role clarity. In a comprehensive review of our administrative processes over 300 staff were interviewed, identifying a number of areas for improved efficiency. The program is guided by three principles: One Deakin (building an aligned and collaborative culture), Nimble (reducing bureaucracy and streamlining processes) and Secure (securing Deakin's ongoing growth and success).

It is a long-term project and initiatives introduced in 2018 include:

- development and implementation of a new online travel approval system for staff and HDR students which significantly streamlines travel requests and arrangements. The new process improves transparency with a standardised interface and a clear audit trail for approvals
- working with faculties and our Human Resources Division to streamline staff recruitment processes, developing a recruitment process which includes centralised processes for sourcing and shortlisting candidates, interviews, offers and contracts and onboarding of new staff. It will significantly improve the process for both managers and candidates.

A student-centred service environment where student needs and preferences are paramount.

Expert delivery of student services is a particularly important aspect of Think Differently; to break down organisational silos, focusing on serving the needs of students from the beginning of their first interactions and throughout their entire Deakin experience. Deakin aims to provide services that are evidence-based, agile, innovative and personalised.

The Student Service Network initiative which is a key component of Think Differently, is developing a shared vision for a student-centred service environment on all Deakin virtual and physical campuses. Student Central is the starting point for all student support, with Student Central Hubs located centrally on all campuses. Advisers provide advice on enrolment, course requirements and fees, exam information and results, scholarships, international services, special consideration and financial assistance. Deakin also has many 24/7 zones; spaces that are open and monitored by security 24/7.

Connection is a critical success factor for all students, whether they study in the Cloud or on campus, and all spaces are designed to encourage student engagement with fellow students and with their University. Peer mentoring is an important part of our student support programs and the Students Helping Students Hub is run by experienced and trained Deakin students.

Developing an inclusive learning community

Deakin values inclusion and diversity, embraces difference and seeks to nurture a connected, safe and respectful environment for its staff and students.

Integral to *LIVE the future* is the goal of nurturing the personal development and wellbeing of Deakin's students and staff, fostering a vibrant and inclusive culture that crosses discipline and institutional boundaries.

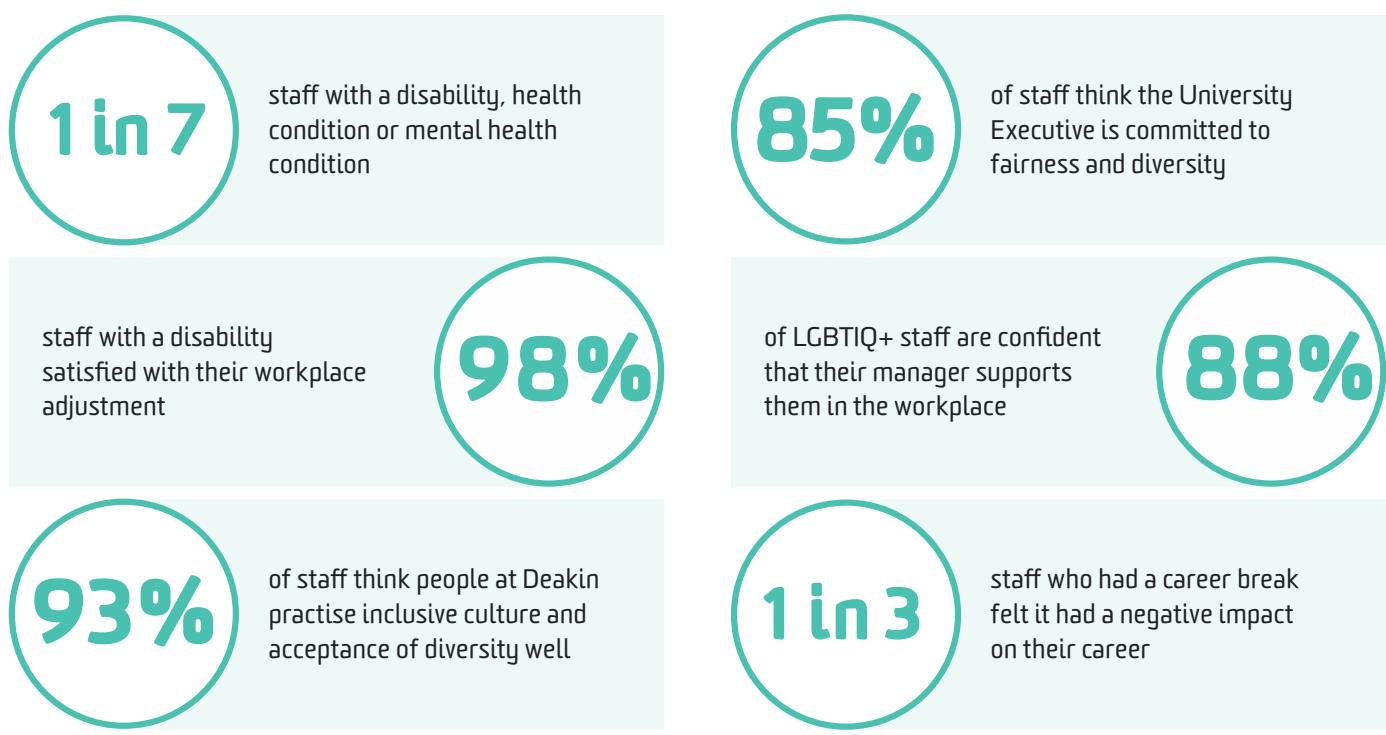
Deakin's Diversity and Inclusion Strategy 2018-2020 brings together our strategies for gender equity, LGBTIQ+, disability access and inclusion, cultural diversity and inclusion and initiatives supporting the Commonwealth Government's Higher Education Participation and Partnerships

Program. The Plan includes targets around training for managers and opportunities for development. Each Faculty and Portfolio is required to set and monitor targets in relation to gender equity.

Through the strategies and targets outlined in the Plan, we are building on our achievements so that Deakin will be more accessible and that all our students and staff can work and study in an environment that values inclusion and is free from discrimination. In response to the Human Rights Commission 2016 Respect.Now. Always (R.N.A.) Survey, Deakin established a Vice-Chancellor's R.N.A. Advisory Group with University-wide representation. Deakin has introduced a range of initiatives to address the drivers of sexual assault and harassment, and raise awareness of support services and reporting. We have also systematically reviewed and strengthened our related policies and procedures. Safer Community is a Deakin-wide service which responds to all reports of behaviour which are concerning or

threatening. Deakin's SafeZone app connects all students and staff to security services 24/7 throughout the year.

For the 11th consecutive year, Deakin was awarded the Workplace Gender Equality Agency's (WGEA) Award for Gender Equality (from 2005 to 2012, the citations were titled the Employer of Choice for Women). The citation recognises the University's sustained efforts to improve employment outcomes for women. Deakin also received the Australian Workplace Equality Index (AWEI) Bronze Medal for the third consecutive year. This award is for progress in increasing the inclusion and support for LGBTIQ+. Deakin was the first university in Australia to introduce paid leave to support staff undergoing a gender transition.



1 in 7

staff with a disability, health condition or mental health condition

85%

of staff think the University Executive is committed to fairness and diversity

98%

staff with a disability satisfied with their workplace adjustment

1 in 3

staff who had a career break felt it had a negative impact on their career

88%

of LGBTIQ+ staff are confident that their manager supports them in the workplace

93%

of staff think people at Deakin practise inclusive culture and acceptance of diversity well



Through its Gender Equity Plan Deakin is addressing gender pay equity and the barriers to career progression for women.

Fifty senior leaders attended a Deakin gender summit in October, participating in discussion groups and looking at systems, processes and policies to uncover unconscious bias as it exists at Deakin.

Deakin is a participant in Science in Australia Gender Equity (SAGE), a national program promoting gender equity and gender diversity in the Science Technology, Engineering and Mathematics (STEM) disciplines. We have introduced a number of programs designed to increase the number of women in STEM and other disciplines including initiatives to address discrimination and unconscious bias.

Deakin introduced its Indigenous Employment Strategy in 2018, establishing goals and targets to increase the number of staff from Aboriginal and Torres Strait Islander backgrounds at Deakin.

Deakin currently has 33 Indigenous staff (18 academic and 15 professional) with a target of 50 by 2021. Deakin aims to provide a culturally safe and supportive workplace in which Aboriginal and Torres Strait Islander staff will develop and flourish. Deakin introduced a Human Resources Consultant (Indigenous Staffing), as well as HR Client Partners for each Faculty and Portfolio to support the achievement of the Strategy's goals. Deakin's Institute of Koorie Education began a Cultural Awareness Training program for staff in 2018.

All Deakin employees are expected to adhere to the University's Code of Conduct, with the principles underpinning the Code supported by the University's performance management policy. In 2018, Deakin introduced DeakinAchieve, a new performance management framework for professional staff. DeakinAchieve will be extended to academic staff in 2019. It focuses on quality conversations between staff and managers and includes a suite of online tools and resources.

Addressing the barriers to career progression

Providing additional support for researchers caring for young children is one of a number of strategies Deakin is introducing to support researchers who are also primary carers to continue their careers and manage their family commitments.

Associate Professor Lana Williams is pursuing research in Geelong aimed at understanding the interplay between mental disorders, associated treatment regimens and physical disease. She will receive funding for research support, which will enable her project to continue while she is on maternity leave.



Associate Professor Lana Williams with daughters Georgie and Piper.

Our alumni are our best ambassadors and the most important evidence of Deakin's success.

Deakin acknowledges the important role its alumni play in defining and shaping our University.

During 2018, more than 43,000 alumni engaged with Deakin with 95 alumni events held, including networking, lifelong learning and personal development programs, orations, social activities, webinars and recognition achievement events. Six new chapters were established, bringing the total to 29, with 7,400 alumni taking advantage of an alumni benefit, such as library membership and career services. The Alumni Facebook page reached 112,000 alumni and community members.

The 2017 edition of Deakin's annual alumni magazine *dKin* won the gold award at the international Centre for Advancement and Support of Education (CASE) Awards in 2018. *dKin* highlights significant research at Deakin and celebrates the achievements of our alumni.

Each year, Deakin honours alumni who have made significant contributions to the community and have achieved outstanding success in their careers at an annual awards ceremony. The winners of the 2018 Deakin Alumni Awards were: Alumni Community Award Mrs Carley Mchome, Young Alumni of the Year Award, Ms Celia Pacquola and Alumni of the Year Award, Ms Karen Inge. Professor Jane den Hollander AO received an honorary alumni award for her outstanding contribution to Deakin's alumni community.

The transformative power of philanthropy

To realise its vision, Deakin needs the generous support of its family of alumni and friends. Philanthropic income doesn't contribute to the day-to-day running of a university, but has a transformative role, funding the inspirational and innovative work that governments and universities can't always do.

The generous gifts from those who give to Deakin support our research and through scholarships, enable access to education for those who may not otherwise have had the opportunity to gain a university qualification that prepares them for success.

Incentives to encourage regional students to remain in the region to study are an important part of improving access for students from regional areas. For example the Southwest Scholarship Fund was established in 2017 and provides scholarship support of \$312,000 to 53 undergraduate and PhD students at our Warrnambool Campus. The scholarship was funded by 25 philanthropic foundations (including 13 based in Warrnambool). A \$423,000 grant from the George Alexander Foundation supports six scholarships each year for students at the Warrnambool and Geelong Campuses. Overall in 2018, Deakin realised \$16.03 million in cash and pledges. We acknowledged our donors at a number of well attended events during the year, including our most significant donors who cumulatively have given over \$36 million in the last five years.

We have successfully developed Deakin's fundraising capabilities to a point where a major comprehensive campaign constitutes the appropriate next step in realising the University's philanthropic capabilities. A Campaign strategy is in place and the non-public phase of our Campaign, *A Remarkable Tomorrow*, will commence in 2019.



Left to Right: Chancellor Mr John Stanhope AM, Mrs Carley Mchome (Alumni Community Service), Ms Celia Pacquola (Young Alumni of the Year), Ms Karen Inge (Alumni of the Year), Dr Hannah Macdougall and Vice-Chancellor Professor Jane den Hollander AO.



Engaging with our communities

Deakin contributes to the intellectual, social and economic life of each of the communities it serves, adding value not only through its research and teaching, but by actively engaging as a partner and a corporate citizen.

Events held in Geelong supported by Deakin included the Word for Word non-fiction festival, Pako Festa, the Cadel Evans Great Ocean Road Race, the Seamaster International Table Tennis World Tour Platinum Australian Open and the annual Diwali festival held on the Geelong Waterfront. Deakin is also a major sponsor for the Geelong Business Excellence Awards and the Geelong Performing Arts Centre.

In Melbourne, Deakin was a major sponsor of the Chinese New Year celebrations in Box Hill, an event that attracted over 110,000 people. Deakin is also a sponsor of the National Gallery of Victoria and sponsored An Evening with Ela Ghandi in collaboration with the Melbourne Immigration Museum.

In Warrnambool, students from the Warrnambool Campus residences produce an annual musical for students and the local community. This year the Warrnambool Musical Collective received the Community Services Award at the Deakin Residential Services Awards.

Deakin has continued to support its communities through the Women in Sport Exercise collaboration (WISE) and through its sponsorship of:

- the Deakin Melbourne Boomers Women's National Basketball League team
 - Netball Australia and the Australian Diamonds
 - the Geelong Cats Womens Football team
 - the Deakin University Elite Womens Road Race as part of the Cadel Evans Great Ocean Road Race.
- Deakin held a number of major public lectures in 2018 including:
- *Brookes Oration* with Ms Annabel Crabbe on Family Matters: why we need to redefine domestic balance in Australia
 - *Law Oration* with Professor Mervyn King SC, Chairman of the International Integrated Reporting Council on Human Rights and Good Corporate Citizenry
 - *Parkin Oration* with Mrs Susan Alberti on A League of Their Own: The rise of women's AFL

- *School of Medicine Oration* with Professor Kelly McQueen on My Career in Global Health and advice to others planning a career: from any specialty, the world is in need
- *Alfred Deakin Oration* delivered by Shadow Attorney-General and Shadow Minister for National Security, the Honourable Mark Dreyfus QC MP, on Light in Dark Corners: the case for a National Integrity Commission
- *The UNESCO Chair Oration*, an annual lecture delivered by a pre-eminent thinker in social justice, cultural diversity and human rights, with Professor Raimond Gaita on Different Ways of Saying 'We'.

Deakin continued to increase its social media following in 2018.

-  Facebook 557,368
-  Twitter 51,291
-  Instagram 40,084
-  LinkedIn 171,160

Thanks to the generous support of the Fernwood Foundation, Deakin researchers at the Food and Mood Centre are delving deeper into the important role of the gut microbiome in supporting wellness, developing research-based and trial driven resources that will help millions around the world in their quest for better mental health.

While researchers have long known that gut microbiota affect more than just our immune systems, we are only now beginning to understand the full affect our gut bacteria have on our brains.

The Centre is developing research-based, trial-proven, practical resources that will help millions of people around the world in their quest for better mental health.

Recipients of Deakin Honorary Degrees

Deakin confers Honorary Degrees on individuals who have made distinguished contributions to its communities. The following people received an Honorary Degree from Deakin in 2018:

- Emeritus Professor Judith Brett for her eminent contribution to scholarship and public discourse on Australian history and politics and for increasing knowledge about Alfred Deakin's historical contribution and contemporary relevance
- Todd Harper for his outstanding contributions and commitment to public health and for his willingness to be innovative and brave in advocating for public health

- Professor Mervyn King SC for his eminent international achievements in corporate governance, corporate law and accounting and his significant contribution to corporate social responsibility and sustainable long-term economic growth globally
- Jane Martin for her significant and sustained contribution to public health and her evidence-based advocacy for policies to prevent obesity in Australia, particularly in children
- The Hon Dr Barry Jones AC for his eminent contribution to promoting innovation, science and evidence-based policies in Australia as a public intellectual and Science Minister from 1983 to 1990; for his influential advocacy for educational opportunities in regional Australia including in *Sleepers, Wake!* (1982); and for

his championing of new ideas and initiatives to prepare us for the jobs and opportunities of the future

- The Hon Dr Tabaré Vázquez Rosas, President of the Republic of Uruguay for eminent leadership in education, human rights and public health, especially tobacco control, as a doctor, advocate and President of the Republic of Uruguay from 2005 to 2010 and from 2015 to the present.

Deakin acknowledges the generosity of its donors and their contribution to its scholarship programs.

The Warrnambool Campus, in particular, enjoys a strong relationship with its close-knit community. Thanks to our generous donors, students who choose to study or reside at the Warrnambool Campus have access to a range of scholarships that provide financial support and accommodation discounts.



Scholarships support students like Jack Guthrie, a Bachelor of Commerce student based at the Warrnambool Campus. Jack, who grew up on a beef farm in Cobden, is supported by a Warrnambool Cheese and Butter Scholarship. Jack is also among the first cohort of Commerce students to select Deakin's new Food and Agribusiness major as part of his degree.

THE FUTURE - DEAKIN 2020 AND BEYOND

This year Deakin celebrated the 40th anniversary of its first graduates in 1979 and, as its 2018 Annual Report shows, the University is now a mature, large, comprehensive teaching and research active community, widely admired and valued by its staff, its students and the communities we serve.

So where to from here?

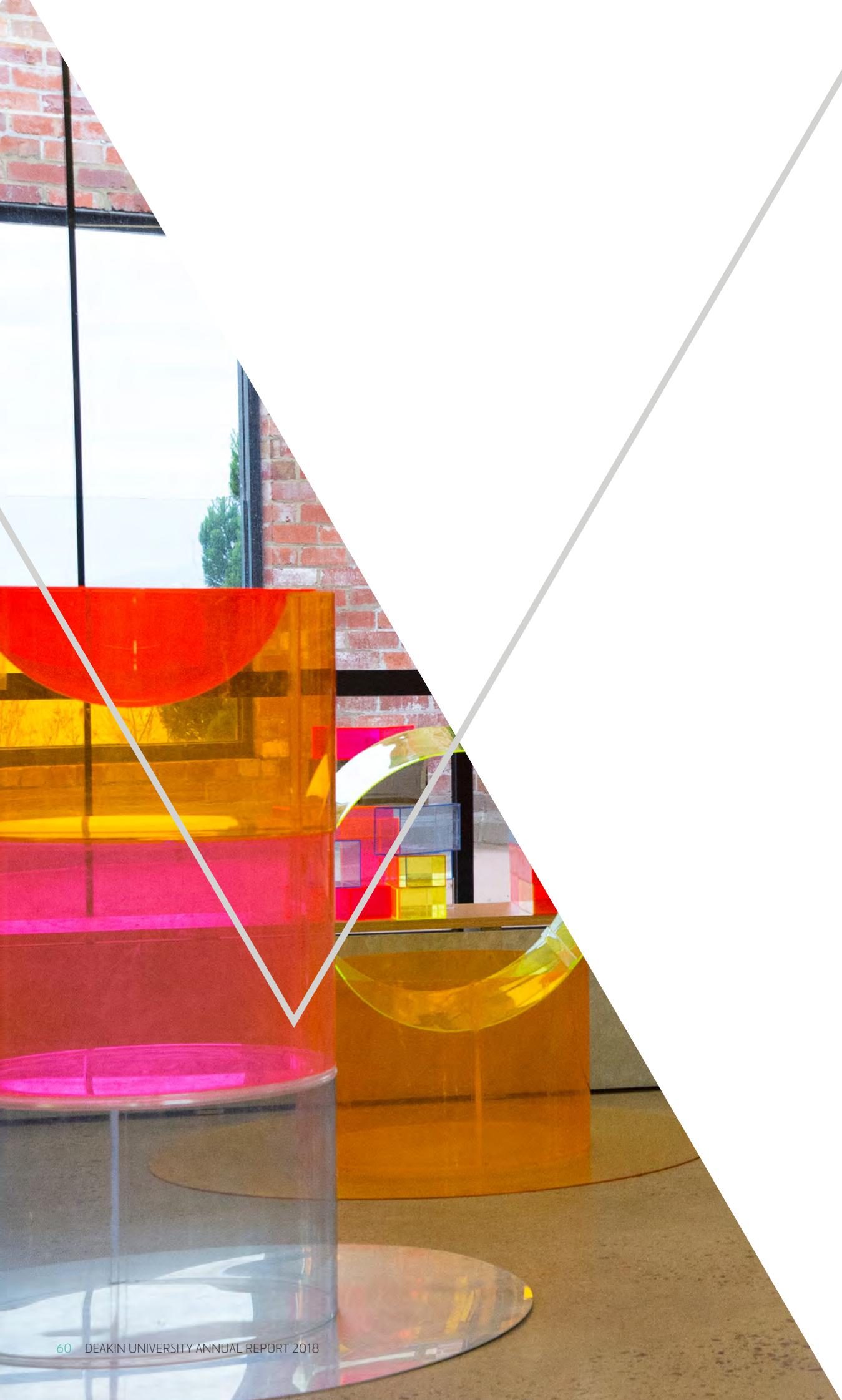
The third decade of this century, beyond 2020, is going to be a challenging period for Deakin and for our region more broadly. The world order is experiencing significant dislocation: The trade wars instigated from the USA, the exit of the UK from the European Union, the ongoing challenges in Syria and Afghanistan remain unsettling and point to a period of political uncertainty. This uncertainty is exacerbated by the ongoing disruption caused by the rise of artificial intelligence, and the increasing use of smart machines to the consternation in our communities as to what this means for education, for employment and for the very fabric of society. Climate change, the drive for recognition of the First Nations of Australia, the crisis of managing refugees who risk all to reach our shores add to a complex landscape that is more changing and challenging than most of us have previously witnessed.

The order of things is suddenly shifting but universities, following their 1,000 year old tradition, will mostly adapt as they have always done to the prevailing conditions in which they find themselves. To that end, and in order to continue to differentiate and remain competitive in the very crowded market of higher education, Deakin will continue to:

- i) re-invent the delivery of our education to ensure it remains contemporary and relevant to the world of work - this means the use of the Cloud will be tested in our major international markets for the first time at a price point relevant to the country of delivery
- ii) accelerate our work with industry to deliver innovation and valuable intellectual property, particularly in advanced manufacturing, materials, computational sciences and public health
- iii) continue to delight our students, our staff and our communities by doing the very best we can to ensure students' needs are exceeded, staff careers are developed and our communities remain confident that Deakin is the light on the hill for innovation that enables our collective future success.

The future for Deakin is clear, based on our greatest strength- our staff. They are optimistic and supportive of their employer and demonstrate a culture that has enabled our remarkable progress and is our singular advantage.

Professor Jane den Hollander AO



FINANCIAL REPORT



Statement of Comprehensive Income for the year ended 31 December 2018

	Note	Consolidated		University	
		2018	2017	2018	2017
		\$000's	\$000's	\$000's	\$000's
Income from continuing operations	2	1,232,289	1,118,874	1,207,849	1,096,717
Expenses from continuing operations					
Employee related expenses	2	(682,359)	(609,382)	(682,172)	(608,440)
Depreciation and amortisation expense	2	(87,039)	(89,060)	(76,384)	(80,318)
Other expenses from continuing operations	2	(411,335)	(319,033)	(397,015)	(308,818)
Total expenses from continuing operations		(1,180,733)	(1,017,475)	(1,155,571)	(997,576)
Net result before income tax		51,556	101,399	52,278	99,141
Income tax expense	11	(49)	-	-	-
Net result after income tax for the year		51,507	101,399	52,278	99,141
Other comprehensive income					
Items that will be reclassified to profit or loss					
(Decrease) / increase in deferred government superannuation contributions	15	6,112	(2,630)	6,112	(2,630)
Decrease / (increase) in deferred employee benefits for superannuation	15	(6,112)	2,630	(6,112)	2,630
Gain / (loss) on value of available-for-sale financial assets	12	-	(135)	-	(135)
		-	(135)	-	(135)
Items that will not be reclassified to profit or loss					
Gain / (loss) on revaluation of land	12	250	-	-	-
Gain / (loss) on revaluation of buildings	12	(5,490)	-	-	-
Gain / (loss) on revaluation of special library holdings	12	1,245	-	1,245	-
Gain / (loss) on revaluation of art collection	12	-	2,091	-	2,091
Gain / (loss) on equity instruments designated at fair value through other comprehensive income	12	4,719	-	4,719	-
		724	2,091	5,964	2,091
Total other comprehensive income		724	1,956	5,964	1,956
Total comprehensive income		52,231	103,355	58,242	101,097
Total comprehensive income attributable to / (from)					
University		52,169	103,358	58,242	101,097
Non-controlling interest		62	(3)	-	-
		52,231	103,355	58,242	101,097

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

Statement of Financial Position as at 31 December 2018

	Note	Consolidated		University	
		2018	2017	2018	2017
		\$000's	\$000's	\$000's	\$000's
CURRENT ASSETS					
Cash and cash equivalents	3	138,937	53,361	137,854	53,161
Receivables	4	82,769	70,140	77,547	68,786
Inventories		292	216	292	216
Other financial assets	5	42,500	184,000	43,450	184,000
TOTAL CURRENT ASSETS		264,498	307,717	259,143	306,163
NON-CURRENT ASSETS					
Receivables	4	149,364	143,804	149,364	143,804
Other financial assets	5	437,869	369,572	647,920	580,055
Property, plant and equipment	6	1,699,901	1,638,595	1,468,648	1,402,610
Deferred tax assets	7	5	-	-	-
Intangible assets	8	10,600	10,242	10,600	10,242
TOTAL NON-CURRENT ASSETS		2,297,739	2,162,213	2,276,532	2,136,711
TOTAL ASSETS		2,562,237	2,469,930	2,535,675	2,442,874
CURRENT LIABILITIES					
Trade and other payables	9	278,956	265,169	276,941	268,811
Employee benefit provisions	10	107,124	96,715	106,691	96,107
Current tax liabilities	11	54	-	-	-
TOTAL CURRENT LIABILITIES		386,134	361,884	383,632	364,918
NON-CURRENT LIABILITIES					
Trade and other payables	9	10	10	10	10
Employee benefit provisions	10	166,495	157,402	166,534	157,422
TOTAL NON-CURRENT LIABILITIES		166,505	157,412	166,544	157,432
TOTAL LIABILITIES		552,639	519,296	550,176	522,350
NET ASSETS		2,009,598	1,950,634	1,985,499	1,920,524
EQUITY					
Parent entity interest					
Reserves	12	522,431	550,218	514,992	537,539
Retained earnings	13	1,487,167	1,400,478	1,470,507	1,382,985
Parent entity interest		2,009,598	1,950,696	1,985,499	1,920,524
Non-controlling interest		-	(62)	-	-
TOTAL EQUITY		2,009,598	1,950,634	1,985,499	1,920,524

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

Statement of changes in Equity for the year ended 31 December 2018

	Note	Reserves \$000's	Retained Earnings \$000's	Total Parent Entity \$000's	Non- controlling Interest \$000's	Total \$000's
2018						
CONSOLIDATED						
Total equity at the beginning of the financial year		550,218	1,400,478	1,950,696	(62)	1,950,634
Effect of adoption of new accounting standards						
Retrospective changes		(30,296)	37,029	6,733	-	6,733
Balance as restated		519,922	1,437,507	1,957,429	(62)	1,957,367
Net result after income tax	13	-	51,445	51,445	62	51,507
Transfers to / (from) retained earnings	12,13	1,785	(1,785)	-	-	-
Increase / (decrease) in Reserves	12	724	-	724	-	724
Total equity at the end of the financial year		522,431	1,487,167	2,009,598	-	2,009,598
UNIVERSITY						
Total equity at the beginning of the financial year		537,539	1,382,985	1,920,524	-	1,920,524
Effect of adoption of new accounting standards						
Retrospective changes		(30,296)	37,029	6,733	-	6,733
Balance as restated		507,243	1,420,014	1,927,257	-	1,927,257
Net result after income tax	13	-	52,278	52,278	-	52,278
Transfers to / (from) retained earnings	12,13	1,785	(1,785)	-	-	-
Increase / (decrease) in Reserves	12	5,964	-	5,964	-	5,964
Total equity at the end of the financial year		514,992	1,470,507	1,985,499	-	1,985,499
2017						
CONSOLIDATED						
Total equity at the beginning of the financial year		547,247	1,300,091	1,847,338	(59)	1,847,279
Net result for the year		-	101,402	101,402	(3)	101,399
Transfers to / (from) retained earnings		1,015	(1,015)	-	-	-
Increase / (decrease) in Reserves		1,956	-	1,956	-	1,956
Total equity at the end of the financial year		550,218	1,400,478	1,950,696	(62)	1,950,634
UNIVERSITY						
Total equity at the beginning of the financial year		534,568	1,284,859	1,819,427	-	1,819,427
Net result for the year		-	99,141	99,141	-	99,141
Transfers to / (from) retained earnings		1,015	(1,015)	-	-	-
Increase / (decrease) in Reserves		1,956	-	1,956	-	1,956
Total equity at the end of the financial year		537,539	1,382,985	1,920,524	-	1,920,524

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

Statement of Cash Flows for the year ended 31 December 2018

Inflows / (outflows)	Note	Consolidated		University	
		2018	2017	2018	2017
		\$000's	\$000's	\$000's	\$000's
CASH FLOWS FROM OPERATING ACTIVITIES					
Australian government grants		648,068	644,558	644,650	641,131
State government grants		15,736	12,055	15,686	11,655
HECS-HELP- student payments		17,205	17,599	17,205	17,599
Other research grants and contracts		29,350	30,443	29,384	30,489
Fees and charges		454,018	362,424	422,592	338,290
Dividends received		3,221	2,511	3,221	2,511
Interest received		40,085	28,875	47,576	34,493
Other income		46,915	37,966	50,084	37,915
Payments to employees		(671,085)	(606,932)	(670,747)	(605,828)
Payments to suppliers (inclusive of GST)		(418,990)	(353,409)	(406,657)	(338,593)
Goods and Services Tax recovered		32,428	25,985	32,416	25,985
Net cash provided by operating activities	14	196,951	202,075	185,410	195,647
CASH FLOWS FROM INVESTING ACTIVITIES					
Proceeds from sale of property, plant and equipment		716	818	716	818
Proceeds from sale of subsidiary	14	-	510	-	510
Payments for property, plant and equipment		(157,502)	(140,472)	(146,326)	(86,063)
Payments for intangible assets		(1,960)	(1,837)	(1,960)	(1,837)
Receipts / (payments) for other financial assets		47,371	(40,274)	47,371	(42,115)
Loans to subsidiary companies		-	-	(518)	(46,340)
Net cash outflow used in investing activities		(111,375)	(181,255)	(100,717)	(175,027)
Net increase / (decrease) in cash and cash equivalents		85,576	20,820	84,693	20,620
Cash and cash equivalents at the beginning of the financial year		53,361	32,541	53,161	32,541
Cash and cash equivalents at the end of the financial year	14	138,937	53,361	137,854	53,161

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

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied for all years reported unless otherwise stated. The financial statements include separate statements for Deakin University as the parent entity and the consolidated entity consisting of Deakin University and its subsidiaries.

Basis of Preparation

The annual financial statements represent the audited general purpose financial statements of Deakin University and its subsidiaries. They have been prepared on an accrual basis and comply with the Australian Accounting Standards and other authoritative pronouncements of the AAS Board. Deakin University applies Tier 1 reporting requirements. Additionally the statements have been prepared in accordance with the following statutory requirements:

- *Higher Education Support Act 2003* (Financial Statement Guidelines)
- *Victorian Financial Management Act 1994* (Standing Direction 5.2 and applicable Financial Reporting Directions)
- *Australian Charities and Not-for-profits Commission Act 2012*.

Deakin University is a not-for-profit entity and these statements have been prepared on that basis. Some of the requirements for not-for-profit entities are inconsistent with the International Financial Reporting Standards (IFRS) requirements.

Historical cost convention

The financial statements have been prepared under the historical cost convention, except for debt and equity financial assets that have been measured at fair value either through other comprehensive income or profit or loss, certain classes of property, plant and equipment.

All amounts in the financial statements are in Australian currency and have been rounded to the nearest thousand dollars. Unless otherwise stated, the accounting policies are consistent with those of the prior year.

Critical accounting estimates

The preparation of financial statements in conformity with Australian Accounting Standards requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the University's accounting policies. The estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may at times vary from estimates. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Accounting estimates and judgements

The areas involving a higher degree of judgement or complexity, or areas where assumed estimates are significant to the financial statements are disclosed below:

- (i) The Group's impairment policies are set out in Note 4 for receivables, Note 5 for other financial assets and Note 6 for property, plant and equipment
- (ii) The Group's fair value measurement policies are set out in Note 5 for other financial assets.

The Group assesses impairment at each reporting date by evaluating conditions specific to the Group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined.

The carrying amount of an item of property, plant and equipment is derecognised when no future benefits are expected from its use.

Land, buildings, special library holdings and art collection are valued by external valuers every three years or if there is a material movement in their values.

(a) INCOME TAX

Deakin University and its wholly owned subsidiaries are exempt from income tax pursuant to Section 50 of the *Income Tax Assessment Act 1997*. Deakin University has two controlled entities that are not exempt from income tax. The tax expense recognised in the statement of profit or loss and other comprehensive income comprises of current income tax expense plus deferred tax expense.

Current tax is the amount of income taxes payable (recoverable) in respect of the taxable profit (loss) for the year and is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates and laws that have been enacted or substantively enacted by the end of the reporting period. Current tax liabilities (assets) are measured at the amounts expected to be paid to (recovered from) the relevant taxation authority.

Deferred tax is not provided for the following:

- The initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss).
- Taxable temporary differences arising on the initial recognition of goodwill.
- Temporary differences related to investment in subsidiaries, associates and jointly controlled entities to the extent that the entity is able to control the timing of the reversal of the temporary differences and it is probable that they will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and losses can be utilised.

Current and deferred tax is recognised as income or an expense and included in profit or loss for the period except where the tax arises from a transaction which is recognised in other comprehensive income or equity, in which case the tax is recognised in other comprehensive income or equity respectively.

(b) FOREIGN CURRENCY TRANSACTIONS

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates ('the functional currency'). The consolidated financial statements are presented in Australian dollars, Deakin University's functional and presentation currency. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Statement of Comprehensive Income.

(c) GOODS AND SERVICES TAX (GST)

Revenues, expenses and assets (excluding receivables) are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case, it is recognised as part of the cost acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to the taxation authority, is included with other receivables or payables in the Statement of Financial Position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows. Commitments are presented on a gross basis.

(d) 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 year ended 31 December 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The following standards have been issued but are not mandatory for the 31 December 2018 reporting period. The University has elected not to early adopt any of these standards. The University's assessment of the impact of these new standards and interpretations is set out below:

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on financial statements
AASB 15 Revenue from Contracts with Customers	The core principle of AASB 15 requires an entity to recognise revenue when the entity satisfies a performance obligation by transferring a promised good or service to a customer.	1-Jan-19	The assessment has indicated that there will be no significant impact for the Group.
AASB 2014-5 Amendments to Australian Accounting Standards arising from AASB 15	Amends the measurement of trade receivables and the recognition of dividends. Trade receivables, that do not have a significant financing component, are to be measured at their transaction price, at initial recognition. Dividends are recognised in the profit and loss only when: <ul style="list-style-type: none">• the entity's right to receive payment of the dividend is established;• it is probable that the economic benefits associated with the dividend will flow to the entity; and• the amount can be measured reliably.	1-Jan-17, except amendments to AASB 9 (Dec 2009) and AASB 9 (Dec 2010) apply from 1-Jan-19	The assessment has indicated that there will be no significant impact for the Group.
AASB 2016-7 Amendments to Australian Accounting Standards – Deferral of AASB 15 for Not-for-Profit Entities	This Standard defers the mandatory effective date of AASB 15 for not-for-profit entities from 1 January 2018 to 1 January 2019.	1-Jan-19	This amending standard will defer the application period of AASB 15 for not-for-profit entities to the 2019-20 reporting period.
AASB 2016-8 Amendments to Australian Accounting Standards – Australian Implementation Guidance for Not-for-Profit Entities	This Standard amends AASB 9 and AASB 15 to include requirements to assist not-for-profit entities in applying the respective standards to particular transactions and events. The amendments: <ul style="list-style-type: none">• require non-contractual receivables arising from statutory requirements (i.e. taxes, rates and fines) to be initially measured and recognised in accordance with AASB 9 as if those receivables are financial instruments; and• clarifies circumstances when a contract with a customer is within the scope of AASB 15.	1-Jan-19	The assessment has indicated that there will be no significant impact for the Group.

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

(e) NEW ACCOUNTING STANDARDS AND INTERPRETATIONS (continued)

Standard/Interpretation	Summary	Applicable for annual reporting periods beginning on	Impact on financial statements
AASB 16 Leases	The key changes introduced by AASB 16 include the recognition of most operating leases (which are currently not recognised) on balance sheet.	1-Jan-19	<p>The assessment has indicated that as most operating leases will come on the Statement of Financial Position, recognition of the right-of-use assets and lease liabilities will cause net debt to increase.</p> <p>Rather than expensing the lease payments, depreciation of right-of-use assets and interest on lease liabilities will be recognised in the statement of comprehensive income with marginal impact on the operating surplus.</p> <p>The right-of-use assets and lease liabilities would be estimated \$71,481k and \$79,205 respectively as at 31/12/19 and the lease expense and depreciation expense would be estimated \$2,848k and \$5,584k respectively in 2019. The Group will adopt AASB 16 using the modified retrospective method.</p>
AASB 1058 Income of Not-for-Profit Entities	This standard replaces AASB 1004 Contributions and establishes revenue recognition principles for transactions where the consideration to acquire an asset is significantly less than fair value to enable a not-for-profit entity to further its objectives.	1-Jan-19	<p>The assessment has indicated that there will be no significant impact for the Group.</p>

Deakin University and its subsidiaries did not undertake any Early Adoption of Authoritative Accounting Pronouncements in the current financial year.

(f) INITIAL APPLICATION OF AAS

Adoption of AASB9 and Interpretation 22 is made in accordance with the transitional provisions. The nature and effect of the changes as a result of adoption of these new accounting standards and interpretations are described below.

AASB9 Financial Instruments

AASB9 Financial Instruments replaces AASB139 Financial Instruments: Recognition and Measurement for annual periods beginning on or after 1 January 2018, bringing together all three aspects of the accounting for financial instruments: classification and measurement; impairment; and hedge accounting.

The Group has applied AASB9 retrospectively with an initial application date of 1 January 2018. The Group has not restated the comparative information, which continues to be reported under AASB139. Differences arising from the adoption of AASB9 have been recognised directly in retained earnings and other components of equity.

The nature and effect of the changes as a result of adoption of AASB9 are described as follows:

Impact on the statement of financial position (increase/(decrease)):

Classification and measurement

No impairment or hedge accounting impact.

The nature of the adjustments are described below:

Consolidated		University	
Ref adjustments	2018 \$000's	Ref adjustments	2018 \$000's
(i)	6,733	(i)	6,733

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

	Consolidated		University	
	Ref adjustments	2018 \$000's	Ref adjustments	2018 \$000's
Assets				
Financial assets	(i)	6,733	(i)	6,733
Total adjustments on equity				
Retained earnings	(i)	37,029	(i)	37,029
Reserves	(i)	(30,296)	(i)	(30,296)

(i) Classification and measurement

Under AASB9, debt instruments are subsequently measured at fair value through profit or loss, amortised cost, or fair value through OCI. The classification is based on two criteria: the Group's business model for managing the assets; and whether the instruments' contractual cash flows represent 'solely payments of principal and interest' on the principal amount outstanding.

The assessment of the Group's business model was made as of the date of initial application, 1 January 2018. The assessment of whether contractual cash flows on debt instruments are solely comprised of principal and interest was made based on the facts and circumstances as at the initial recognition of the assets.

The classification and measurement requirements of AASB9 did not have a significant impact to the Group. The Group continued measuring at fair value all financial assets previously held at fair value under AASB139. The following are the changes in the classification of the Group's financial assets:

- (a) Trade receivables and other non-current financial assets (i.e. Loan to subsidiary) classified as loans and receivables as at 31 December 2017 are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as Debt instruments at amortised cost beginning 1 January 2018.
- (b) Bank term deposit classified as held-to-maturity financial assets as at 31 December 2017 are classified and measured as Debt instruments at fair value through profit or loss beginning 1 January 2018.
- (c) Managed funds classified as Available-for-sale (AFS) financial assets as at 31 December 2017 are classified and measured as Debt instruments at fair value through profit or loss beginning 1 January 2018.

(d) Equity investments in non-listed companies classified as AFS financial assets as at 31 December 2017 are classified and measured as Equity instruments designated at fair value through OCI beginning 1 January 2018. The Group elected to classify irrevocably its non-listed equity investments under this category at the date of initial application as it intends to hold these investments for the foreseeable future. There were \$12,872k impairment losses recognised in profit or loss for these investments in prior periods.

(e) Listed equity investments classified as AFS financial assets as at 31 December 2017 are classified and measured as Equity instruments designated at fair value through OCI beginning 1 January 2018. The Group elected to classify irrevocably its listed equity investments under this category at the date of initial application as it intends to hold these investments for the foreseeable future. There were no impairment losses recognised in profit or loss for these investments in prior periods.

As a result of the change in classification of the Group's managed funds, the AFS reserve of \$37,029k related to those investments that were previously presented under accumulated OCI, was reclassified to retained earnings as at 1 January 2018. The remaining amount of AFS reserve of \$6,733k, related to unlisted investment and managed funds, was reclassified to fair value reserve of financial assets at fair value through OCI. The Group has not designated any financial liabilities as at fair value through profit or loss. There are no changes in classification and measurement for the Group's financial liabilities. In summary, upon the adoption of AASB9, the Group had the following required or elected reclassifications as at 1 January 2018.

AASB139 measurement category

Financial assets held to maturity	\$	Fair value through profit or loss	Amortised cost	Fair value through OCI
Bank term deposit	184,000	-	184,000	-
Loans and receivables	127,682	-	127,682	-
Loan to subsidiary	345,576	345,576	-	-
Available for sale	2,800	-	-	2,800
Managed funds	21,196	-	-	21,196
Listed equity investments	681,254	345,576	311,682	23,996

AASB 9 measurement category

AASB 9 measurement category	\$	Fair value through profit or loss	Amortised cost	Fair value through OCI
Financial assets held to maturity	184,000	-	184,000	-
Bank term deposit	127,682	-	127,682	-
Loans and receivables	345,576	345,576	-	-
Loan to subsidiary	2,800	-	-	2,800
Available for sale	21,196	-	-	21,196
Listed equity investments	681,254	345,576	311,682	23,996

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

2. OPERATING RESULT	Note	Consolidated		University	
		2018	2017	2018	2017
		\$000's	\$000's	\$000's	\$000's
Income from continuing operations					
Australian Government financial assistance					
Australian Government grants	2.1	389,900	378,228	386,482	374,801
HELP- Australian Government payments	2.1	259,460	254,289	259,460	254,289
State Government financial assistance	2.2	12,011	11,424	11,961	11,024
HECS-HELP- Student payments		17,060	17,575	17,060	17,575
Fees and charges	2.3	427,284	333,032	399,838	309,203
Investment income	2.4	45,653	50,176	53,144	55,794
Royalties		22,608	19,108	22,608	19,108
Consultancy and contract research	2.5	28,743	29,682	28,743	29,682
Other revenue	2.6	29,570	25,360	28,553	25,241
Income from continuing operations		1,232,289	1,118,874	1,207,849	1,096,717
Expenses from continuing operations					
Employee related expenses	2.7	682,359	609,382	682,172	608,440
Depreciation and amortisation	2.8	87,039	89,060	76,384	80,318
Other expenses from continuing operations					
Repairs and maintenance	2.9	46,969	47,372	42,342	43,726
Impairment of assets	2.10	571	2,874	551	4,452
Investment losses	2.4	37,284	-	37,284	-
Other expenses	2.11	326,511	268,787	316,838	260,640
		411,335	319,033	397,015	308,818
Expenses from continuing operations		1,180,733	1,017,475	1,155,571	997,576
Net result before income tax		51,556	101,399	52,278	99,141

2.1 AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE

including Australian Government loan programs (HELP)

The University recognises research / grant income on the basis of its contractual obligations. If the contract has outstanding performance obligations or the unspent funding is to be repaid at the conclusion of the contract, then the income is recognised in accordance with AASB 118 Revenue with reference to the percentage of completion method. The stage of completion is measured by reference to total expenditure incurred to date compared with the funding provided.

Non-reciprocal research income, that is where approximate equal value is not directly returned to the provider of the income, is recognised when the University gains control of the income, or right to receive the income, in accordance with AASB 1004 Contributions. This applies to revenue items recognised in notes 2.1 to 2.6.

The University regards the receipt of such income as a reciprocal transfer as the University is required to provide the necessary services in return for research funding. A liability is recognised in the Statement of Financial Position in respect of research / grant income which is unearned at the balance date. AASB 118 Revenue requires revenue to be recognised in the reporting periods in which the services are provided.

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

2.1 AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE including Australian Government loan programs (HELP) (Continued)	Note	Consolidated		University	
		2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Commonwealth Grants Scheme and Other Grants					
Commonwealth Grants Scheme		284,470	283,245	284,470	283,245
Higher Education Participation Program		4,828	4,974	4,828	4,974
Disability Performance Funding		478	385	478	385
Promotion of Excellence in Learning and Teaching		-	92	-	92
Support for Warrnambool Campus		7,000	7,000	7,000	7,000
Superannuation Program		12,407	12,309	12,407	12,309
	25.1	309,183	308,005	309,183	308,005
Higher Education Loan Programs					
HECS-HELP		208,514	204,129	208,514	204,129
FEE-HELP		45,059	45,084	45,059	45,084
SA-HELP		5,887	5,076	5,887	5,076
	25.2	259,460	254,289	259,460	254,289
EDUCATION Research					
Research Training Scheme		19,604	19,016	19,604	19,016
Research Support Program		11,716	11,287	11,716	11,287
	25.3	31,320	30,303	31,320	30,303
Other Capital Funding					
Better Universities Renewal Funding		-	144	-	144
Linkage Infrastructure, Equipment and Facilities grant		265	-	265	-
	25.4	265	144	265	144
Total funding from Department of Education and Training		600,228	592,741	600,228	592,741
Australian Research Council					
Discovery		7,691	7,601	7,691	7,601
Linkages		4,954	4,176	4,954	4,176
Special Research Initiatives		272	-	272	-
	25.5	12,917	11,777	12,917	11,777
Other Australian Government financial assistance					
Non-Capital		36,215	27,999	32,797	24,572
Other Australian Government financial assistance		36,215	27,999	32,797	24,572
Total Australian Government financial assistance		649,360	632,517	645,942	629,090
Reconciliation					
Australian Government grants	2	389,900	378,228	386,482	374,801
HECS-HELP payments		208,514	204,129	208,514	204,129
FEE-HELP payments		45,059	45,084	45,059	45,084
SA-HELP payments		5,887	5,076	5,887	5,076
	2	259,460	254,289	259,460	254,289
Total Australian Government financial assistance		649,360	632,517	645,942	629,090

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

2.2 STATE GOVERNMENT FINANCIAL ASSISTANCE

Note	Consolidated		University	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's

The University recognises State Government grant income on the basis of its contractual obligations. If the contract has outstanding performance obligations or the unspent funding is to be repaid at the conclusion of the contract, then the income is recognised in accordance with AASB 118.

State Government grants received during the reporting period:

Capital	1,000	1,500	1,000	1,500
Non-Capital	11,011	9,924	10,961	9,524
Total State Government financial assistance	2 12,011	11,424	11,961	11,024

2.3 FEES AND CHARGES

Fees and charges are recognised as income in the year of receipt, except to the extent that fees and charges relate to courses to be held in future periods. Such receipts are treated as income in advance in liabilities.

Course fees and charges

Fee-paying onshore overseas students	342,838	254,626	342,838	254,626
Fee-paying offshore overseas students	370	621	370	621
Fee-paying domestic undergraduate students	112	117	112	117
Fee-paying domestic postgraduate students	15,534	15,573	15,534	15,573
Fee-paying domestic non-award students	12,762	12,715	12,762	12,715
	371,616	283,652	371,616	283,652

Other non-course fees and charges

Student accommodation fees	27,685	24,136	286	308
Rental income	2,385	1,752	2,338	1,751
Student Services and Amenities Fees from students	2,312	1,714	2,312	1,714
Non-accredited learning and development of consultancy programs	5,987	8,818	5,987	8,818
Parking fees	6,457	5,826	6,457	5,826
Other fees	10,842	7,134	10,842	7,134
	55,668	49,380	28,222	25,551
Total fees and charges	2 427,284	333,032	399,838	309,203

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

2.4 INVESTMENT INCOME

Interest

For all financial instruments measured at amortised cost and debt instruments measured at fair value through other comprehensive income, interest income is recorded using the effective interest rate (EIR). The EIR is the rate that exactly discounts the estimated future cash receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset. Interest income is included in investment income in the statement of comprehensive income.

Distribution

Distribution from managed funds is recognised as income when received.

Dividend

Revenue is recognised when (a) the Group's right to receive the payment is established, which is generally when shareholders approve the dividend, (b) it is probable that the economic benefits associated with the dividend will flow to the Group; and (c) the amount of the dividend can be measured reliably.

Interest and distributions

Note	Consolidated		University	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Debt instruments at fair value through profit or loss	39,718	7,450	39,716	7,449
Debt instruments at amortised cost	-	-	7,493	-
Available-for-sale financial assets	-	21,157	-	21,157
Loans and receivables	-	-	-	5,619
<i>Dividends and franking credits</i>				
Equity instruments designated at fair value through OCI	2,714	-	2,714	-
Debt instruments at fair value through profit or loss	3,221	-	3,221	-
Available-for-sale financial assets	-	2,511	-	2,511
<i>Other investment gains</i>				
Cumulative gain reclassified from equity on disposal of available-for-sale financial assets	-	17,880	-	17,880
Profit on sale of available-for-sale financial assets	-	1,178	-	1,178
Investment income	2	45,653	50,176	53,144
Other investment losses				
Debt instruments at fair value through profit or loss	37,284	-	37,284	-
Investment losses	2	37,284	-	37,284
Net investment income		8,369	50,176	15,860
				55,794

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

2.5 CONSULTANCY AND CONTRACT RESEARCH

Note	Consolidated		University	
	2018	2017	2018	2017
	\$000's	\$000's	\$000's	\$000's

The University recognises contract research on the basis of its contractual obligations. If the contract has outstanding performance obligations or the unspent funding is to be repaid at the conclusion of the contract, then the income is recognised in accordance with AASB 118 Revenue with reference to the percentage of completion method. The stage of completion is measured by reference to total expenditure incurred to date compared with the funding provided.

Consultancy	662	720	662	720
Contract research	28,081	28,962	28,081	28,962
Total consultancy and contract research	28,743	29,682	28,743	29,682

2.6 OTHER REVENUE

Donations and bequests are recognised when received by the University. Revenue from the sale of goods is recognised upon the delivery of goods to customers. Revenue from the rendering of a service is recognised upon the delivery of the service to customers (stage of completion method) or in accordance with governing contracts.

Sales and commercial income	4,763	3,275	4,322	3,258
Donations and bequests	3,383	1,631	3,383	1,631
Scholarship and prizes	1,231	1,086	1,231	1,086
Training and conference income	2,314	1,936	2,314	1,936
Gain on disposal of property, plant and equipment	140	323	140	323
Other	17,739	17,109	17,163	17,007
Total other revenue	29,570	25,360	28,553	25,241

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

2.7 EMPLOYEE RELATED EXPENSES

Salaries

Expenditure for salaries is expensed as incurred. Annual leave expenses are part of the salary costs. Annual leave is calculated at the nominal value of expected payments to be made in respect of services provided by employees up to the reporting date. Where employees have significant annual leave balances, an estimate is made of the probability of leave to be taken within 12 months and beyond 12 months. Annual leave shown below is the movement of the leave balances as compared with last year.

Payroll tax

Payroll tax is recognised and included in employee benefit costs when the employee benefits to which they relate are recognised.

Long service leave

Long service leave is recognised and is measured as the present value of expected future payments to be made in respect of services provided by employees up to the reporting date.

	Note	Consolidated		University	
		2018	2017	2018	2017
		\$'000's	\$'000's	\$'000's	\$'000's
Academic					
Salaries		258,566	235,517	258,566	235,517
Contributions to superannuation and pension schemes:					
Emerging cost		6,254	6,287	6,254	6,287
Funded contributions		39,452	35,465	39,452	35,465
Non-funded contributions		(15)	5	(15)	5
Payroll tax		14,463	11,815	14,463	11,815
Workers compensation		641	944	641	944
Long service leave		8,030	5,674	8,030	5,674
Annual leave		2,307	834	2,307	834
Other		10,962	12,176	10,962	12,176
		340,660	308,717	340,660	308,717
Non-academic					
Salaries		254,801	226,460	254,490	225,673
Contributions to superannuation and pension schemes:					
Emerging cost		6,155	6,024	6,155	6,024
Funded contributions		39,232	33,936	39,217	33,879
Non-funded contributions		(15)	4	(15)	4
Payroll tax		14,558	11,544	14,558	11,509
Workers compensation		662	971	657	765
Long service leave		8,139	5,610	8,139	5,610
Annual leave		2,084	837	2,221	859
Other		16,083	15,279	16,090	15,400
		341,699	300,665	341,512	299,723
Total employee related expenses	2	682,359	609,382	682,172	608,440

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

2.8 DEPRECIATION AND AMORTISATION

Land, art collection and library special collections are not depreciated. Depreciation on other assets is calculated using the straight line method to allocate their cost or revalued amounts, net of their residual values, over their estimated useful lives, as follows:
Major depreciation periods are:

	2018	2017
Buildings	1 to 50 years	1 to 50 years
Leasehold improvements	3 to 10 years	3 to 5 years
Plant and equipment	2 to 20 years	2 to 20 years
Motor vehicles	6.5 to 10 years	6.5 to 10 years
Library holdings	2 to 10 years	2 to 10 years

The residual value and useful life of assets are reviewed, and adjusted if appropriate, at each Statement of Financial Position date. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

	Note	Consolidated		University	
		2018 \$000's	2017 \$000's	2018 \$000's	2016 \$000's
Depreciation					
Buildings		31,191	29,490	26,764	25,913
Plant and equipment		50,982	54,744	44,754	49,579
Motor vehicles		712	900	712	900
Library holdings		1,346	1,754	1,346	1,754
		84,231	86,888	73,576	78,146
Amortisation					
Leasehold improvements		1,206	404	1,206	404
Intangible assets		1,602	1,768	1,602	1,768
		2,808	2,172	2,808	2,172
Total depreciation and amortisation	2	87,039	89,060	76,384	80,318

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

2.9 REPAIRS AND MAINTENANCE

Repairs and maintenance costs are recognised as expenses as incurred, except where they relate to the replacement of a component of an asset, in which case the carrying amount of those parts that are replaced is derecognised and the cost of the replacing part is capitalised if the recognition criteria are met. Other routine operating maintenance, repair and minor renewal costs are also recognised as expenses, as incurred.

Note	Consolidated		University	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Buildings and grounds- refurbishment, maintenance and repairs	43,237	43,649	38,645	40,027
Equipment- maintenance and repairs	3,510	3,473	3,475	3,449
Motor vehicles- maintenance and repairs	222	250	222	250
Total repairs and maintenance	2 46,969	47,372	42,342	43,726

2.10 IMPAIRMENT OF ASSETS

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

Note	Consolidated		University	
	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Movement in provision for impaired receivables	571	1,313	554	1,300
Impairment of investment in subsidiaries	-	-	(3)	1,591
Impairment of available-for-sale financial assets- unlisted equity securities	-	1,561	-	1,561
Total impairment of assets	2 571	2,874	551	4,452

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

2.11 OTHER EXPENSES

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

	Note	Consolidated		University	
		2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Advertising, marketing and promotional expenses		24,813	23,955	24,661	23,532
Communication costs		4,552	4,246	4,519	4,214
Consultants and contractors		16,388	14,721	16,248	14,247
Contributions to learning institutions		5,113	4,546	5,113	4,546
Copying, printing, stationery and consumables		10,792	10,341	10,744	10,303
Course materials		292	434	292	434
Equipment costs		23,153	20,961	23,015	20,654
Infrastructure payments		12	11	12	11
International agents commission		25,071	19,874	25,071	19,874
Library expenses		11,237	10,597	11,237	10,597
Revision of capitalisation threshold		6,541	-	6,536	-
Non-capitalised equipment		8,031	6,288	7,918	6,185
Operating lease rentals		14,938	13,572	15,013	13,822
Rates and energy costs		12,495	8,974	10,774	7,721
Scholarships, grants and prizes		78,055	54,127	78,042	54,118
Staffing and related costs		29,072	26,187	28,787	25,934
Student expenses		30,502	27,984	29,828	27,489
Other		25,454	21,969	19,028	16,959
Total other expenses	2	326,511	268,787	316,838	260,640

3. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits held at call with financial institutions, other short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

Cash at bank		13,768	12,930	12,685	12,730
Cash on hand		2	2	2	2
Bank deposits- on call		167	5,429	167	5,429
Bank term deposits		125,000	35,000	125,000	35,000
	14,23,24	138,937	53,361	137,854	53,161

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

4. RECEIVABLES

Trade receivables are held to collect contractual cash flows and give rise to cash flows representing solely payments of principal and interest. These are classified and measured as debt instruments at amortised cost. They are included in current assets, except for those with maturities greater than 12 months after the balance date, which are classified as non-current assets.

Student fees are normally due for payment prior to the census date. Trade receivables and other debtors are due for settlement no more than 30 days from the date that invoice was issued.

Deferred government contribution for superannuation

An arrangement exists between the Australian Government and the State Government to meet the unfunded liability for Deakin University's beneficiaries of the State Superannuation Scheme on an emerging cost basis. This arrangement is evidenced by the *State Grants (General Revenue) Amendment Act 1987, Higher Education Funding Act 1988* and subsequent amending legislation.

In accordance with the 1998 instructions issued by the Department of Education, Training and Youth Affairs (DETYA) now known as the Department of Education and Training (Education), the effects of the unfunded superannuation liabilities of Deakin University were recorded in the Statement of Comprehensive Income and the Statement of Financial Position for the first time in 1998. The prior years' practice had been to disclose liabilities by way of a note to the financial statements. Accordingly, the unfunded liabilities have been recognised in the Statement of Financial Position under provisions, with a corresponding asset recognised under receivables. The recognition of both the asset and the liability consequently does not affect the year-end net asset position of Deakin University.

Note	Consolidated		University	
	2018	2017	2018	2017
	\$000's	\$000's	\$000's	\$000's
CURRENT				
Student fees	15,362	11,516	15,362	11,516
Provision for impaired receivables	(925)	(1,000)	(925)	(1,000)
	14,437	10,516	14,437	10,516
Trade debtors and other debtors	22,900	19,600	18,768	19,525
Provision for impaired receivables	(1,860)	(1,951)	(1,835)	(1,928)
	21,040	17,649	16,933	17,597
	23,24	35,477	28,165	31,370
Government grants receivable	1,166	579	1,166	579
Deferred government contribution for superannuation	15	12,445	12,336	12,445
Accrued income		7,830	3,866	5,510
Prepayments		22,905	19,531	23,760
GST recoverable		2,946	5,663	3,296
		82,769	70,140	77,547
				68,786
NON-CURRENT				
Deferred government contribution for superannuation	15	146,637	140,634	146,637
Other debtors		2,727	3,170	2,727
	23,24	149,364	143,804	149,364
		232,133	213,944	226,911
				212,590

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

4. RECEIVABLES (Continued)

IMPAIRED RECEIVABLES

Trade receivables are non-interest bearing and are generally on 30 day terms. For trade receivables the Group applies a simplified approach in calculating expected credit losses (ECLs). Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment. The movements of the provision are recognised in the Statement of Comprehensive Income. Amounts charged to the provision account are generally written off when there is no expectation of recovering additional cash.

	Consolidated		University	
	2018	2017	2018	2017
	\$'000's	\$'000's	\$'000's	\$'000's
Set out below is the movement in the allowance for expected credit losses of trade receivables:				
At 1 January	2,951	2,704	2,928	2,690
Provision for expected credit losses	571	-	554	-
Provision for impairment	-	1,313	-	1,300
Receivables written off during the year as uncollectible	(737)	(1,031)	(722)	(1,029)
Unused amounts reversed	-	(35)	-	(33)
At 31 December	2,785	2,951	2,760	2,928

5. OTHER FINANCIAL ASSETS

Initial recognition and measurement

Financial assets are classified, at initial recognition, as subsequently measured at amortised cost, fair value through other comprehensive income (OCI), and fair value through profit or loss.

The classification of financial assets at initial recognition depends on the financial asset's contractual cash flow characteristics and the Group's business model for managing them. With the exception of trade receivables that do not contain a significant financing component, the Group initially measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs.

In order for a financial asset to be classified and measured at amortised cost or fair value through OCI, it needs to give rise to cash flows that are 'solely payments of principal and interest (SPPI)' on the principal amount outstanding. This assessment is referred to as the SPPI test and is performed at an instrument level.

The Group's business model for managing financial assets refers to how it manages its financial assets in order to generate cash flows. The business model determines whether cash flows will result from collecting contractual cash flows, selling the financial assets, or both.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, i.e., the date that the Group commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified in five categories:

- (Other) financial assets at amortised costs
- (Other) financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- (Other) financial assets at fair value through profit or loss
- (Other) financial assets designated at fair value through profit or loss.

Financial assets at amortised cost

The Group measures financial assets at amortised cost if both of the following conditions are met:

- the financial asset is held within a business model with the objective to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at amortised cost are subsequently measured using the effective interest rate (EIR) method and are subject to impairment. Gains and losses are recognised in profit or loss when the asset is derecognised, modified or impaired. The Group's financial assets at amortised cost includes trade receivables, term deposits with original maturities longer than 3 months and loans to related parties.

Financial assets at fair value through other comprehensive income (for debt instruments)

The Group measures debt instruments at fair value through OCI if both of the following conditions are met:

- the financial asset is held within a business model with the objective of both holding to collect contractual cash flows and selling and;
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For debt instruments at fair value through OCI, interest income, foreign exchange revaluation and impairment losses or reversals are recognised in the Statement of Comprehensive Income and computed in the same manner as for financial assets measured at amortised cost. The remaining fair value changes are recognised in OCI. Upon derecognition, the cumulative fair value change recognised in OCI is recycled to profit or loss.

The Group's debt instruments at fair value through OCI includes investments in quoted debt instruments included under other non-current financial assets.

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

5. OTHER FINANCIAL ASSETS (Continued)

Investments in equity instruments designated at fair value through other comprehensive income

Upon initial recognition, the Group can elect to classify irrevocably its equity investments as equity instruments designated at fair value through OCI when they meet the definition of equity under AASB 132 Financial Instruments: Presentation and are not held for trading. The classification is determined on an instrument-by-instrument basis.

Gains and losses on these financial assets are never recycled to profit or loss. Dividends are recognised as other income in the statement of comprehensive income when the right of payment has been established, except when the Group benefits from such proceeds as a recovery of part of the cost of the financial asset, in which case, such gains are recorded in OCI. Equity instruments designated at fair value through OCI are not subject to impairment assessment. The Group elected to classify irrevocably its listed and non-listed equity investments under this category.

Financial assets at fair value through profit or loss (including designated)

Financial assets at fair value through profit or loss include financial assets held for trading, financial assets designated upon initial recognition at fair value through profit or loss, or financial assets mandatorily required to be measured at fair value. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives, are also classified as held for trading unless they are designated as effective hedging instruments.

Financial assets with cash flows that are not solely payments of principal and interest are classified and measured at fair value through profit or loss, irrespective of the business model.

Notwithstanding the criteria for debt instruments to be classified at amortised cost or at fair value through OCI, as described above, debt instruments may be designated at fair value through profit or loss on initial recognition if doing so eliminates, or significantly reduces, an accounting mismatch.

Financial assets at fair value through profit or loss are carried in the Statement of Financial Position at fair value with net changes in fair value recognised in the Statement of Comprehensive Income.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from the Group's consolidated Statement of Financial Position) when:

- the rights to receive cash flows from the asset have expired or
- the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the Group has transferred substantially all the risks and rewards of the asset, or (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Group has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership.

When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Group continues to recognise the transferred asset to the extent of its continuing involvement. In that case, the Group also recognises an associated liability.

The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Group has retained. Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Group could be required to repay

Offsetting

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated Statement of Financial Position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

Impairment of debt instruments other than receivables

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments other than receivables and not held at fair value through profit or loss. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

For debt instruments at fair value through OCI, the Group applies the low credit risk simplification. At every reporting date, the Group evaluates whether the debt instrument is considered to have low credit risk using all reasonable and supportable information that is available without undue cost or effort. In making that evaluation, the Group reassesses the internal credit rating of the debt instrument. In addition, the Group considers that there has been a significant increase in credit risk when contractual payments are more than 30 days past due.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows. Shares in subsidiaries are valued at their current net worth by providing for the impairment in the value of the investment. Where there has been a temporary diminution in the value of the investment, a provision for impairment is made based on the underlying net asset base of the security from the latest available accounts. All changes in impairment in value are taken through the Statement of Comprehensive Income (refer Note 2.10).

Deakin University and its subsidiaries did not hold any Investment Properties, as defined in AASB 140 Investment Property, in the current financial year.

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

5. OTHER FINANCIAL ASSETS (Continued)	Note	Consolidated		University		
		2018	2017	2018	2017	
		\$000's	\$000's	\$000's	\$000's	
CURRENT						
<i>Financial assets at fair value through profit or loss</i>						
Financial assets at amortised cost		42,500	-	42,500	-	
Financial assets held-to-maturity		-	184,000	-	184,000	
Loans to subsidiaries		-	-	950	-	
	23,24	42,500	184,000	43,450	184,000	
NON-CURRENT						
<i>Financial assets at fair value through profit or loss</i>						
<i>Financial assets at fair value through other comprehensive income</i>						
Listed equity securities		2,400	-	2,400	-	
Unlisted equity securities		33,699	-	33,699	-	
		36,099	-	36,099	-	
<i>Financial assets available-for-sale</i>						
Listed equity securities		-	2,800	-	2,800	
Managed funds- fixed interest, Infrastructure, property, Australian and global equities		-	345,576	-	345,576	
Unlisted equity securities		-	17,868	-	17,868	
Impairment for unlisted equity securities		-	(12,872)	-	(12,872)	
Unlisted equity securities- at revaluation		-	16,200	-	16,200	
		-	369,572	-	369,572	
<i>Financial assets at amortised costs</i>						
Convertible promissory note		2,968	-	2,968	-	
Loans to subsidiaries		-	-	127,250	127,682	
		2,968	-	130,218	127,682	
Subsidiaries						
Shares in subsidiaries- at cost	21	-	-	82,801	92,877	
Impairment for investments in subsidiaries		-	-	-	(10,076)	
		-	-	82,801	82,801	
	23,24	437,869	369,572	647,920	580,055	
		480,369	553,572	691,370	764,055	

6. PROPERTY, PLANT AND EQUIPMENT

Land, buildings, art collection and special library collections are shown at fair value based on periodic, but at least triennial, valuations by external independent valuers, less subsequent depreciation for buildings. Any accumulated depreciation at the date of revaluation is eliminated against the gross carrying amount of the asset, and the net amount is restated to the revalued amount of the asset. Individual items of plant and equipment with a cost less than \$10,000 (2017: \$5,000) are charged to the Statement of Comprehensive Income (refer Note 2.11). All other property, plant and equipment are stated at historical cost less accumulated depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

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

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

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the Statement of Comprehensive Income.

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

Construction work in progress is stated at the aggregate of contract costs incurred to date plus recognised profits less recognised losses and progress billings. If there are contracts where progress billings exceed the aggregate costs incurred plus profits less losses, the net amounts are presented under other liabilities. Contract costs include all costs directly related to specific contracts, costs that are specifically chargeable to the customer under the terms of the contract and costs that are attributable.

(a) The land and buildings were fully valued by Cunningham Property Consultants (Property Consultants and Valuers) at 31 October 2016. In completing the valuation of property and assets estimated fair value was derived from the depreciated replacement cost approach. The value of land in the subsidiary company was increased by 16.67% in 2018's desk top revaluation, as a result, the value of land was adjusted to the current value as at 31 October 2018. Three buildings were deemed to have no remaining useful life and were written off. The movement in the remaining buildings were not material.

(b) The special library holdings were valued by John Sainsbury and Michael Stone, members of the antiquarian book trade and accredited valuers, and were assessed as at 20 September 2018 based on the guidelines set out in the Department of Treasury and Finance document Victorian Government Policy: Revaluation of Non-Current Physical Assets. The special library holdings are classified as a cultural asset and have been assessed on the fair and informed market as reflected by market evidence. This can be determined based on the current market buying price. These valuations are in accordance with the University's policy of obtaining an independent valuation of non-current assets every three years or if there is a material movement in their values.

(c) The art collection was valued by Guy Abrahams, a member of the Art Consulting Association of Australia, at 1 November 2017. The valuation was carried out on the basis of market value.

(d) Land, buildings, special library holdings and art collection purchased since the date of the last valuation are shown at cost.

	Consolidated		University	
	2018	2017	2018	2017
	\$'000's	\$'000's	\$'000's	\$'000's
LAND				
At independent valuation 2018	1,750	-	-	-
At independent valuation 2016	171,920	173,420	171,920	171,920
At cost	16,739	4,120	16,739	4,120
	190,409	177,540	188,659	176,040
BUILDINGS				
At independent valuation 2016	982,634	982,634	877,703	877,703
At cost	145,041	80,937	67,163	33,887
Accumulated depreciation	(64,769)	(34,275)	(56,845)	(30,201)
	1,062,906	1,029,296	888,021	881,389
CONSTRUCTION IN PROGRESS				
Construction in progress	121,423	108,508	116,400	59,935
	121,423	108,508	116,400	59,935
LEASEHOLD IMPROVEMENTS				
At cost	12,605	8,913	12,605	8,913
Accumulated amortisation	(6,678)	(5,472)	(6,678)	(5,472)
	5,927	3,441	5,927	3,441
PLANT AND EQUIPMENT				
At cost	605,541	578,242	530,935	521,448
Accumulated depreciation	(312,502)	(284,382)	(287,491)	(265,593)
	293,039	293,860	243,444	255,855
MOTOR VEHICLES				
At cost	5,034	6,457	5,034	6,457
Accumulated depreciation	(2,665)	(3,293)	(2,665)	(3,293)
	2,369	3,164	2,369	3,164

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

	Consolidated		University	
	2018	2017	2018	2017
	\$000's	\$000's	\$000's	\$000's
LIBRARY HOLDINGS				
At cost	31,998	38,636	31,998	38,636
Accumulated depreciation	(29,026)	(34,669)	(29,026)	(34,669)
	2,972	3,967	2,972	3,967
SPECIAL LIBRARY HOLDINGS				
At independent valuation 2018	8,287	-	8,287	-
At independent valuation 2015	-	6,735	-	6,735
	8,287	6,735	8,287	6,735
	11,259	10,702	11,259	10,702
ART COLLECTION				
At independent valuation 2017	11,909	11,909	11,909	11,909
At cost	660	175	660	175
	12,569	12,084	12,569	12,084
	1,699,901	1,638,595	1,468,648	1,402,610

MOVEMENTS IN CARRYING AMOUNTS	Balance at beginning of year	Additions	Disposals	Depreciation / Amortisation expense	Transfers	Change in Capitalisation Threshold	Revaluation	Carrying amount at end of year
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
2018								
Consolidated								
Land	177,540	12,619	-	-	-	-	250	190,409
Buildings	1,029,296	616	-	(31,191)	69,675	-	(5,490)	1,062,906
Construction in progress	108,508	127,211	-	-	(114,296)	-	-	121,423
Leasehold improvements	3,441	-	-	(1,206)	3,692	-	-	5,927
Plant and Equipment	293,860	15,816	(54)	(50,982)	40,940	(6,541)	-	293,039
Motor vehicles	3,164	459	(531)	(712)	(11)	-	-	2,369
Library holdings	3,967	351	-	(1,346)	-	-	-	2,972
Special library holdings	6,735	307	-	-	-	-	1,245	8,287
Art collection	12,084	485	-	-	-	-	-	12,569
	1,638,595	157,864	(585)	(85,437)	-	(6,541)	(3,995)	1,699,901
University								
Land	176,040	12,619	-	-	-	-	-	188,659
Buildings	881,389	615	-	(26,764)	32,781	-	-	888,021
Construction in progress	59,935	116,144	-	-	(59,679)	-	-	116,400
Leasehold improvements	3,441	-	-	(1,206)	3,692	-	-	5,927
Plant and Equipment	255,855	15,708	(46)	(44,754)	23,217	(6,536)	-	243,444
Motor vehicles	3,164	459	(531)	(712)	(11)	-	-	2,369
Library holdings	3,967	351	-	(1,346)	-	-	-	2,972
Special library holdings	6,735	307	-	-	-	-	1,245	8,287
Art collection	12,084	485	-	-	-	-	-	12,569
	1,402,610	146,688	(577)	(74,782)	-	(6,536)	1,245	1,468,648

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

6. PROPERTY, PLANT AND EQUIPMENT (Continued)

MOVEMENTS IN CARRYING AMOUNTS	Balance at beginning of year	Additions	Disposals	Depreciation / Amortisation expense	Transfers	Change in Capitalisation Threshold	Revaluation	Carrying amount at end of year
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
2017								
Consolidated								
Land	173,420	4,120	-	-	-	-	-	177,540
Buildings	985,097	797	-	(29,490)	72,892	-	-	1,029,296
Construction in progress	129,691	112,673	-	-	(133,856)	-	-	108,508
Leasehold improvements	808	30	(30)	(404)	3,037	-	-	3,441
Plant and Equipment	273,867	21,077	(149)	(54,744)	53,809	-	-	293,860
Motor vehicles	3,445	970	(316)	(900)	(35)	-	-	3,164
Library holdings	5,003	718	-	(1,754)	-	-	-	3,967
Special library holdings	6,735	-	-	-	-	-	-	6,735
Art collection	9,717	276	-	-	-	-	2,091	12,084
	1,587,783	140,661	(495)	(87,292)	(4,153)	-	2,091	1,638,595
University								
Land	171,920	4,120	-	-	-	-	-	176,040
Buildings	880,662	789	-	(25,913)	25,851	-	-	881,389
Construction in progress	71,825	58,293	-	-	(70,183)	-	-	59,935
Leasehold improvements	808	30	(30)	(404)	3,037	-	-	3,441
Plant and Equipment	247,347	21,058	(148)	(49,579)	37,177	-	-	255,855
Motor vehicles	3,445	970	(316)	(900)	(35)	-	-	3,164
Library holdings	5,003	718	-	(1,754)	-	-	-	3,967
Special library holdings	6,735	-	-	-	-	-	-	6,735
Art collection	9,717	276	-	-	-	-	2,091	12,084
	1,397,462	86,254	(494)	(78,550)	(4,153)	-	2,091	1,402,610

7. DEFERRED TAX ASSETS

Deferred tax asset

Deferred tax asset had been recognised in relating to temporary differences arising from provision of employment benefits and accruals in a subsidiary entity.

Consolidated		University	
2018	2017	2018	2017
\$000's	\$000's	\$000's	\$000's
5	-	-	-

MOVEMENT IN DEFERRED TAX ASSET

	Opening Balance	Charged to Income	Charged to Equity	Closing Balance
	\$000's	\$000's	\$000's	\$000's
Consolidated				
Provisions- employee benefits	-	2	-	2
Accruals	-	3	-	3
Closing balance	-	5	-	5

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

8. INTANGIBLE ASSETS

Intangible assets comprise deferred implementation costs of the human resources system and electronic publications for library holdings. Deferred implementation costs are capitalised and are amortised over a life of ten years for systems used in the administration of the University. Electronic publications are split into perpetual access and annual subscription based access to database licences. Perpetual access based publications are capitalised and amortised on a straight line basis over a period of ten years. The publications are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. Annual subscription based publications are expensed as incurred.

	Consolidated		University	
	2018	2017	2018	2017
	\$'000's	\$'000's	\$'000's	\$'000's
Human resources system	4,153	4,153	4,153	4,153
Accumulated amortisation	(1,219)	(784)	(1,219)	(784)
	2,934	3,369	2,934	3,369
Electronic publications	12,717	10,758	12,717	10,758
Accumulated amortisation	(5,051)	(3,885)	(5,051)	(3,885)
	7,666	6,873	7,666	6,873
	10,600	10,242	10,600	10,242

MOVEMENTS IN CARRYING AMOUNTS	Balance at beginning of year	Additions	Amortisation expense	Carrying amount at end of year
	\$'000's	\$'000's	\$'000's	\$'000's
2018				
Consolidated				
Human resources system	3,369	-	(435)	2,934
Electronic publications	6,873	1,960	(1,167)	7,666
	10,242	1,960	(1,602)	10,600
University				
Human resources system	3,369	-	(435)	2,934
Electronic publications	6,873	1,960	(1,167)	7,666
	10,242	1,960	(1,602)	10,600
2017				
Consolidated				
Human resources system	-	4,153	(784)	3,369
Electronic publications	6,020	1,837	(984)	6,873
	6,020	5,990	(1,768)	10,242
University				
Human resources system	-	4,153	(784)	3,369
Electronic publications	6,020	1,837	(984)	6,873
	6,020	5,990	(1,768)	10,242

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

9. TRADE AND OTHER PAYABLES

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

Note	Consolidated		University	
	2018 \$'000's	2017 \$'000's	2018 \$'000's	2017 \$'000's
CURRENT				
Creditors and accrued expenses	75,122	84,713	74,691	84,377
Australian Government unspent financial assistance	50,565	48,747	50,565	48,747
Amount owing to Australian Government	16	268	16	268
OS-HELP liability to Australian Government	2,995	2,199	2,995	2,199
Income received in advance	150,258	129,242	144,637	127,431
Owing to subsidiaries	-	-	4,037	5,789
	278,956	265,169	276,941	268,811
NON-CURRENT				
Creditors and accrued expenses	10	10	10	10
	10	10	10	10
23,24	278,966	265,179	276,951	268,821

10. EMPLOYEE BENEFIT PROVISIONS

Provision is made for benefits accruing to employees in respect of annual leave and long service leave when it is probable that settlement will be required and they are capable of being measured reliably. Provisions made in respect of employee benefits are measured based on expected settlement. Provisions which are expected to be settled wholly within 12 months are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions which are not expected to be settled wholly within 12 months are measured at the present value of the estimated future cash outflows to be made in respect of services provided by employees up to the reporting date. The wage inflation rate and the discount rate used in the calculation

of the present value are as advised by the Department of Treasury and Finance for the reporting period.

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

Note	Consolidated		University	
	2018 \$'000's	2017 \$'000's	2018 \$'000's	2017 \$'000's
CURRENT				
Current provisions expected to be settled wholly within 12 months at nominal value				
Annual leave	29,831	26,503	29,622	26,177
Long service leave	8,134	7,075	8,021	6,906
	37,965	33,578	37,643	33,083
Provisions for employee benefit on-costs expected to be settled wholly within 12 months at nominal value				
Annual leave	6,795	5,971	6,761	5,919
Long service leave	1,836	1,591	1,827	1,573
	8,631	7,562	8,588	7,492

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

10. EMPLOYEE BENEFIT PROVISIONS (Continued)

	Note	Consolidated		University	
		2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
CURRENT (Continued)					
Current provisions expected to be settled wholly after more than 12 months at present value					
Annual leave		1,216	1,020	1,212	1,014
Long service leave		38,094	34,214	38,040	34,183
		39,310	35,234	39,252	35,197
Provisions for employee benefit on-costs expected to be settled wholly after more than 12 months at present value					
Annual leave		257	214	256	213
Long service leave		8,516	7,791	8,507	7,786
		8,773	8,005	8,763	7,999
Current provision for employee benefits		94,679	84,379	94,246	83,771
Deferred employee benefits for superannuation - Victorian State Superannuation Fund	15	12,445	12,336	12,445	12,336
		107,124	96,715	106,691	96,107
NON-CURRENT					
Long service leave at present value		16,316	13,529	16,357	13,554
Provisions for employee benefit on-costs at present value		3,434	3,092	3,432	3,087
		19,750	16,621	19,789	16,641
Deferred employee benefits for superannuation - Victorian State Superannuation Fund	15	146,637	140,634	146,637	140,634
Unfunded superannuation liability- State Employees Retirement Benefit (SERB)		108	147	108	147
		166,495	157,402	166,534	157,422
		273,619	254,117	273,225	253,529
SUMMARY					
Annual leave		38,099	33,708	37,851	33,323
Long service leave		76,330	67,292	76,184	67,089
Deferred employee benefits for superannuation- Victorian State Superannuation Fund		159,082	152,970	159,082	152,970
Unfunded superannuation liability- State Employees Retirement Benefit (SERB)		108	147	108	147
		273,619	254,117	273,225	253,529

11. CURRENT TAX LIABILITIES

Provision for income tax	54	-	-	-
Deakin University has two subsidiaries that are not exempt from income tax.				
(a) The major components of tax expense comprise:				
Current tax expense				
Current income tax expense	49	-	-	-
Deferred tax expense				
Provisions	5	-	-	-
	54	-	-	-
(b) Reconciliation of income tax to accounting profit: Prima facie tax payable on profit from ordinary activities before income tax at 30% (2017: 30%)	49	-	-	-
Add: Tax effect of:				
- Annual leave and long service leave provisions	2	-	-	-
- Accrued expenses	3	-	-	-
Income tax expense	54	-	-	-
Weighted average effective tax rate	30%	-	-	-

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

12. RESERVES

Equity represents the residual interest in the net assets of the University. The State Government holds the equity interest in the University on behalf of the community. Equity consists of the Asset Revaluation Surplus, Investment in equity instruments at fair value through other comprehensive income, Endowment Fund Reserve and Retained Earnings. The Endowment Fund Reserve is funded by donations from external organisations. The purpose of the reserve is to provide awards, research and course scholarships, bursaries and prizes to students.

	Consolidated		University	
	2018	2017	2018	2017
	\$000's	\$000's	\$000's	\$000's
Balance at beginning of year	550,218	547,247	537,539	534,568
Retrospective changes on adoption of new accounting standards	(30,296)	-	(30,296)	-
Balance as restated	519,922	547,247	507,243	534,568
Asset revaluation surplus				
Increase / (decrease) in asset valuation of non-current assets are:	250	-	-	-
Land (valuation date: 31 October 2018)	(5,490)	-	-	-
Buildings (valuation date: 31 October 2018)	1,245	-	1,245	-
Special library holdings (valuation date: 20 September 2018)	-	2,091	-	2,091
Art collection (valuation date: 1 November 2017)	4,719	-	4,719	-
Investment in equity instruments at fair value through other comprehensive income (valuation date: 31 December 2018)	-	(135)	-	(135)
Investments- Available for sale financial assets				
Endowment Fund Reserve	724	1,956	5,964	1,956
	1,785	1,015	1,785	1,015
Balance at end of year	522,431	550,218	514,992	537,539

MOVEMENTS IN CARRYING AMOUNTS	Balance at beginning of year	Effect of adoption of new accounting standards retrospective changes	Transfer to Comprehensive Income	Increase/(decrease) on revaluation	Carrying amount at end of year
	\$000's	\$000's	\$000's	\$000's	\$000's
Consolidated					
Asset Revaluation Surplus					
Land	116,381	-	-	250	116,631
Buildings	369,347	-	-	(5,490)	363,857
Special library holdings	789	-	-	1,245	2,034
Art collection	3,593	-	-	-	3,593
Investments- Financial assets at fair value through other comprehensive income	-	20,723	-	4,719	25,442
Investments- available-for-sale financial assets	51,019	(51,019)	-	-	-
Endowment Fund Reserve	9,089	-	1,785	-	10,874
	550,218	(30,296)	1,785	724	522,431
University					
Asset Revaluation Surplus					
Land	116,031	-	-	-	116,031
Buildings	357,018	-	-	-	357,018
Special library holdings	789	-	-	1,245	2,034
Art collection	3,593	-	-	-	3,593
Investments- Financial assets at fair value through other comprehensive income	-	20,723	-	4,719	25,442
Investments- available-for-sale financial assets	51,019	(51,019)	-	-	-
Endowment Fund Reserve	9,089	-	1,785	-	10,874
	537,539	(30,296)	1,785	5,964	514,992

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

13. RETAINED EARNINGS	Note	Consolidated		University	
		2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Retained earnings at beginning of year		1,400,478	1,300,091	1,382,985	1,284,859
Retrospective changes on adoption of accounting standards		37,029	-	37,029	-
Balance as restated		1,437,507	1,300,091	1,420,014	1,284,859
Net result after income tax for the year		51,507	101,399	52,278	99,141
Transfer to Reserves		(1,785)	(1,015)	(1,785)	(1,015)
Attribution from /(to) non-controlling interest		(62)	3	-	-
Retained earnings at end of year		1,487,167	1,400,478	1,470,507	1,382,985

14. CASH FLOW STATEMENT

RECONCILIATION OF CASH				
Cash at bank and on hand		13,770	12,932	12,687
Bank deposits- on call		167	5,429	167
Bank term deposits		125,000	35,000	125,000
Total Cash and Cash Equivalents	3	138,937	53,361	137,854
Balance as per Statement of Cash Flows		138,937	53,361	137,854
				53,161

RECONCILIATION OF NET RESULT TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Net result after income tax for the year		51,507	101,399	52,278
Add / (less) non-cash items				99,141
Depreciation and amortisation		87,039	89,060	76,384
Donations for art works		(363)	(143)	(363)
Donations for property, plant and equipment		-	(47)	-
Fair value loss / (gains) on debt instruments at fair value through profit or loss		37,284	-	37,284
Revision of capitalisation threshold		6,541	-	6,536
Loss / (profit) on disposal of property, plant and equipment		(131)	(323)	(140)
Impairment for other financial assets		-	1,561	-
Impairment for investments in subsidiaries		-	-	1,591
Loss / (profit) on sale of other financial assets		-	(19,058)	-
Decrease / (increase) in:				(19,058)

Current assets				
Trade debtors		(7,312)	(6,415)	(3,247)
Government grants receivable		(587)	-	(587)
Accrued income		(3,964)	(164)	(3,955)
Prepayments		(3,374)	(3,645)	(3,215)
GST recoverable		2,717	(1,122)	2,362
Inventories		(76)	14	(76)
Deferred government contribution for superannuation		(109)	738	(109)
Non-current assets				
Receivables		443	368	443
Deferred tax assets		(5)	-	-
Deferred government contribution for superannuation		(6,003)	1,892	(6,003)
Increase / (decrease) in:				1,892

Current liabilities				
Creditors and accrued expenses		(7,228)	12,313	(7,322)
Income received in advance		21,016	22,438	17,206
Owing to subsidiaries		-	-	(1,752)
Current tax payable		54	-	-
Employee benefits		10,300	4,812	10,475
Deferred employee benefits for superannuation		109	(738)	109

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

14. CASH FLOW STATEMENT (Continued)

	Consolidated		University	
	2018	2017	2018	2017
	\$000's	\$000's	\$000's	\$000's
Non-current liabilities				
Creditors and accrued expenses	-	10	-	10
Employee benefits	3,129	1,019	3,148	1,064
Deferred employee benefits for superannuation	6,003	(1,892)	6,003	(1,892)
Unfunded superannuation liability- SERB	(39)	(2)	(39)	(2)
Net cash provided by operating activities	196,951	202,075	185,410	195,647

Entity disposed

In 2015 University lost control of one subsidiary due to disposal.

Details of the disposal were as follows:

Consideration

Received in cash during the current year

-	510	-	510
-	510	-	510
-	510	-	510

Proceeds from sale of subsidiary

15. SUPERANNUATION

UniSuper Defined Benefit Plan

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

As at 30 June 2018, the assets of the DBD in aggregate were estimated to be \$3,785 million above vested benefits, after allowing for various reserves. The Vested Benefit Index based on funding assumptions was 118.5%. The vested benefits are benefits which are not conditional upon continued membership (or any factor other than leaving the service of the participating institution) and include the value of indexed pensions being provided by the DBD.

As at 30 June 2018, the assets of the DBD in aggregate were estimated to be \$5,477 million above accrued benefits, after allowing for various reserves. The Accrued Benefit Index based on best estimate assumptions was 129.1%. The accrued benefits have been calculated as the present value of expected future benefit payments to members and indexed pensioners which arise from membership of UniSuper up to the reporting date.

The vested benefit and accrued benefit liabilities were determined by the Fund's actuaries, Ms Kate Maartensz and Mr Andrew West, using the actuarial demographic assumptions outlined in their report on the actuarial investigation of the DBD as at 1 July 2018. The financial assumptions used were:

	Vested benefits	Accrued benefits
Gross of tax investment return - DBD pensions	5.3% p.a.	6.6% p.a.
Gross of tax investment return - commercial rate indexed pensions	2.9% p.a.	2.9% p.a.
Net of tax investment return- non pensioner members	4.7% p.a.	5.8% p.a.
Consumer Price Index	2.0% p.a.	2.0% p.a.
Inflationary salary increases long-term	3.0% p.a.	3.0% p.a.

Assets have been included at their net market value; that is, after allowing for realisation costs.

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

15. SUPERANNUATION (Continued)

Victorian State Superannuation Fund

In accordance with the 1998 instructions issued by the Department of Education, Training and Youth Affairs (DETYA) now known as the Department of Education and Training (Education), the effects of the unfunded superannuation liabilities of Deakin University were recorded in the Statement of Comprehensive Income and the Statement of Financial Position for the first time in 1998. The prior years' practice had been to disclose liabilities by way of a note to the financial statements. Accordingly, the unfunded liabilities have been recognised in the Statement of Financial Position under provisions, with a corresponding asset recognised under receivables. The recognition of both the asset and the liability consequently does not affect the year-end net asset position of Deakin University.

AASB 119 Employee Benefits requires that the estimated present value of superannuation obligations recognised in the financial statements should be determined as at balance date. These financial statements recognise estimated superannuation obligations in respect of the State Superannuation Fund using an actuarial estimate as at 31 December 2018.

The unfunded liabilities recorded in the Statement of Financial Position under provisions have been determined by Ms Catherine Nance, FIAA and relate to the estimates of net liabilities at 31 December 2018. The methodology for measurement of the net liabilities uses the discount rate of 2.36% based on the government bond rate and assumed salary increases of 4% and pension indexation of 2.5%. The net liability has reduced by \$6.112 million (2017: reduced by \$2.630 million), or 4% (2017: 1.7%) over the year to 31 December 2018.

The main reasons for the change in the net liability are:

- (a) the discount rate decreased from 2.92% as at 31 December 2017 to 2.36% as at 31 December 2018, which has increased the accrued benefit liability by \$8.449 million (5.5%)
- (b) a \$2.570 million (1.7%) increase due to changes in the demographic assumptions following the latest triennial review as at 30 June 2018 partly offset by
- (c) a decrease in the accrued liability due to the ageing of pensioners
- (d) a 1.5% decrease in membership, which decreased the accrued benefit liability.

An arrangement exists between the Australian Government and the State Government to meet the unfunded liability for Deakin University's beneficiaries of the State Superannuation Scheme on an emerging cost basis. This arrangement is evidenced by the *State Grants (General Revenue) Amendment Act 1987*, *Higher Education Funding Act 1988* and subsequent amending legislation.

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 31 December 2018, 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 31 December 2018, amounted to \$159.082 million (2017: \$152.970 million). Unfunded liabilities are met by the Australian Government.

	Consolidated		University	
Note	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Amounts receivable from Australian Government				
Receivable within 12 months	4 12,445	4 12,336	4 12,445	4 12,336
Receivable later than 12 months	4 146,637	4 140,634	4 146,637	4 140,634
Total deferred government contribution for superannuation	159,082	152,970	159,082	152,970
	6,112	(2,630)	6,112	(2,630)
Unfunded superannuation liability				
Payable within 12 months	10 12,445	10 12,336	10 12,445	10 12,336
Payable later than 12 months	10 146,637	10 140,634	10 146,637	10 140,634
Total deferred employee benefits for superannuation	159,082	152,970	159,082	152,970
Movements in deferred employee benefits for superannuation	6,112	(2,630)	6,112	(2,630)

	Consolidated		University	
Note	2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Amounts receivable from Australian Government				
Receivable within 12 months	4 12,445	4 12,336	4 12,445	4 12,336
Receivable later than 12 months	4 146,637	4 140,634	4 146,637	4 140,634
Total deferred government contribution for superannuation	159,082	152,970	159,082	152,970
	6,112	(2,630)	6,112	(2,630)
Unfunded superannuation liability				
Payable within 12 months	10 12,445	10 12,336	10 12,445	10 12,336
Payable later than 12 months	10 146,637	10 140,634	10 146,637	10 140,634
Total deferred employee benefits for superannuation	159,082	152,970	159,082	152,970
Movements in deferred employee benefits for superannuation	6,112	(2,630)	6,112	(2,630)

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

16. COMMITMENTS

Commitments include those operating, capital and other outsourcing commitments arising from non-cancellable contractual or statutory sources and are disclosed at their nominal value and inclusive of GST payable. Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases.

Payments made under operating leases (net of incentives received from the lessor) are charged to the Statement of Comprehensive Income on a straight line basis over the period of the lease, in the periods in which they are incurred, as this represents the pattern of benefits derived from the leased assets.

	Consolidated		University	
	2018	2017	2018	2017
	\$'000's	\$'000's	\$'000's	\$'000's
Capital commitments				
Capital expenditure contracted for at the reporting date but not recognised as liabilities is as follows:				
Property, plant and equipment				
Within one year	159,749	53,285	159,749	53,285
Between one and five years	29,744	4,931	29,744	4,931
	189,493	58,216	189,493	58,216
Equity Instrument				
Within one year	74	-	74	-
Between one and five years	222	-	222	-
Later than five years	667	-	667	-
	963	-	963	-
Operating leases				
Commitments for minimum lease payments in relation to operating leases are payable as follows:				
Within one year	14,967	12,679	14,720	12,612
Between one and five years	30,374	29,168	30,103	29,168
Later than five years	18,405	21,823	18,405	21,823
	63,746	63,670	63,228	63,603

17. CONTINGENCIES

There are no material contingent liabilities and no material contingent assets at balance date (2017: nil). Bank guarantees totalling \$524,750 (2017: \$563,250) have been issued to third parties primarily in relation to properties.

18. EVENTS OCCURRING AFTER THE END OF THE REPORTING PERIOD

There are no events occurring after the end of the reporting period that would materially affect the financial position of the Group (2017: nil).

19. KEY MANAGEMENT PERSONNEL DISCLOSURES

Name of Responsible Persons

University

For the purposes of the *Financial Management Act 1994 (Vic)*, the Victorian Minister for Training and Skills and Higher Education and members of the University Council are the responsible persons of the University. The Victorian Minister for Training and Skills and Higher Education from 1 January 2018 to 31 December 2018 was the Hon Gayle Tierney. The remuneration of the Minister is included in the financial statements of the Victorian Department of Parliamentary Services. Members of the University Council received remuneration for services rendered. The following persons held office as the members of the University Council during the financial year:

Mr J Stanhope AM (Chancellor)

Professor J den Hollander AO (Vice-Chancellor and President)

Mr P Meehan (Deputy Chancellor)

Ms K Grigg (Deputy Chancellor)

Ms H Bender OAM

Ms C Boyer-Spooner

Mrs A Di Pasquale

Ms M Douglas-Crane

Dr S Eassom

Mr S Hamilton AO

Professor C Hickey

Ms L Hustwaite

Ms P Kelly

Mr P Niblett

Dr L Roberts AO

Professor J den Hollander AO is the Accountable Officer. Remuneration received or receivable by the Accountable Officer in connection with the management of the University during the reporting period was in the range \$1,100,000 to \$1,109,999 (2017: \$1,100,000 to \$1,109,999).

Other Key Management Personnel

The following persons also had authority and responsibility for planning, directing and controlling the activities of Deakin University during the year:

Mr K Selway

Mr W Confalonieri

Professor B Crotty

Professor T Day (ceased 30 June 2018)

Professor J Graffam (18 July 2018 to 3 December 2018)

Professor J Owens (appointed 3 December 2018)

Alfred Deakin Professor M Ewing

Professor G Smith

Ms K Parker

Alfred Deakin Professor B Cherednichenko

Mr R Fairchild (ceased 28 September 2018)

Alfred Deakin Professor P Hodgson (ceased 5 July 2018)

Alfred Deakin Professor B Oliver (ceased 20 December 2018)

Professor K Hapgood (appointed 30 June 2018)

Alfred Deakin Professor C Ure (appointed 10 September 2018)

Subsidiaries

The following persons held office as the directors of the subsidiary companies, but not as executive officers of the University, during the financial year:

Mr G Pullen

Ms S Mills

Mr S Hann (ceased 8 July 2018)

Ms S Rooney (appointed 8 July 2018)

Mr A Jenkins (ceased 8 July 2018)

The following persons held office as the directors of the subsidiary companies and as executive officers of the University during the financial year:

Professor J den Hollander AO

Ms K Parker

Mr K Selway

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

19. KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)

RESPONSIBLE PERSONS REMUNERATION

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

Short-term employee benefits

Post-employment benefits

Other long-term benefits

Termination payments

Total compensation

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

Nil to \$9,999

\$10,000 to \$19,999

\$20,000 to \$29,999

\$30,000 to \$39,999

\$60,000 to \$69,999

\$70,000 to \$79,999

\$100,000 to \$109,999

\$150,000 to \$159,999

\$180,000 to \$189,999

\$190,000 to \$199,999

\$250,000 to \$259,999

\$280,000 to \$289,999

\$360,000 to \$369,999

\$430,000 to \$439,999

\$1,100,000 to \$1,109,999

Annualised employee equivalent

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

\$10,000 to \$19,999

\$30,000 to \$39,999

\$90,000 to \$99,999

\$160,000 to \$169,999

\$210,000 to \$219,999

\$220,000 to \$229,999

\$320,000 to \$329,999

\$360,000 to \$369,999

\$420,000 to \$429,999

\$430,000 to \$439,999

\$440,000 to \$449,999

\$450,000 to \$459,999

\$460,000 to \$469,999

\$490,000 to \$499,999

\$500,000 to \$509,999

\$520,000 to \$529,999

\$540,000 to \$549,999

\$560,000 to \$569,999

\$580,000 to \$589,999

Annualised employee equivalent

Consolidated		University	
2018	2017	2018	2017
\$000's	\$000's	\$000's	\$000's
2,600	2,382	1,843	1,784
273	245	177	193
44	38	28	28
129	-	-	-
3,046	2,665	2,048	2,005

Consolidated		University	
2018	2017	2018	2017
-	1	-	1
-	2	-	1
4	4	4	4
7	6	7	6
-	2	-	1
2	-	1	-
1	-	-	-
-	1	-	-
1	-	-	-
1	1	1	1
1	-	-	-
1	1	1	1
1	-	-	-
1	1	1	1
1	-	-	-
1	1	1	1
20	20	15	16
18.6	17.6	15.0	14.9

Consolidated		University	
2018	2017	2018	2017
-	1	-	1
1	-	1	-
1	-	1	-
1	-	1	-
2	2	2	-
1	-	-	-
1	-	1	-
1	-	1	-
1	1	-	1
-	1	-	1
-	1	-	1
1	-	1	-
2	2	2	2
-	1	-	1
1	-	1	-
1	-	1	-
2	2	2	2
-	1	-	1
1	-	1	-
1	-	1	-
1	-	1	-
1	1	1	1
16	14	15	12
11.6	12.5	10.6	11.1

The total number of executive officers includes persons who meet the definition of Key Management Personnel (KMP) under AASB 124 Related Party Disclosures and are also reported within the related parties note disclosure

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

19. KEY MANAGEMENT PERSONNEL DISCLOSURES (Continued)

Compensation received or due and receivable from the University and its subsidiaries by the executive officers

Short-term employee benefits

Post-employment benefits

Other long-term benefits

Termination payments

Total compensation

Consolidated		University	
2018	2017	2018	2017
\$000's	\$000's	\$000's	\$000's
4,782	5,067	4,594	4,677
676	696	647	657
102	104	98	97
106	-	106	-
5,666	5,867	5,445	5,431

Other transactions with key management personnel

The Vice-Chancellor, Professor J den Hollander AO was Deputy Chair of the Geelong Performing Arts Centre Trust until May 2018. In 2018 Deakin University sponsored the Geelong Performing Arts Centre Theatre Season. The Vice-Chancellor, Professor J den Hollander AO was a member of the Kardinia Park Stadium Trust until May 2018. In 2018 Deakin University sponsored the Geelong Football Club, whose home ground is the Stadium.

A member of Council, Dr S Eassom held a management position with IBM until September 2018. In 2018 Deakin conducted business with IBM on normal commercial terms and conditions.

A member of Council, Dr S Eassom held a management position with CPA Limited from October 2018. In 2018 Deakin provided educational services to CPA Australia on normal commercial terms and conditions.

The Chancellor, Mr J Stanhope AM is Chairman of Australia Post. In 2018 Deakin conducted business with Australia Post on normal commercial terms and conditions.

The Chancellor, Mr J Stanhope AM is also a non-executive director of AGL Energy Limited. In 2018 Deakin conducted business with AGL on normal commercial terms and conditions.

A member of Council, Ms L Hustwaite was President of the Deakin University Student Association (DUSA) in 2018. Deakin University had a funding and service agreement with DUSA.

The Executive Dean, Faculty of Health, Professor B Crotty is a member of the Board of Barwon Health. In 2018 Deakin University and Barwon Health conducted collaborative research and health projects and Deakin University students received clinical supervision by Barwon Health on the normal terms and conditions attached to clinical placements.

Ex-gratia payments

Deakin University and its subsidiaries did not undertake any ex-gratia payments in the current financial year.

20. REMUNERATION OF AUDITORS

Amounts received, or due and receivable, by the Auditor-General of Victoria for auditing the financial statements and consolidated financial statements of Deakin University and the financial statements of each of its subsidiaries:

Deakin University

Subsidiaries

Consolidated	
2018	2017
\$000's	\$000's
180	222
38	40

21. SUBSIDIARIES

Section 48 of the *Deakin University Act 2009 (Vic)* permits the University to form limited liability companies. At the reporting date the University controlled the entities listed in the table below.

The consolidated financial statements incorporate the assets and liabilities of all subsidiaries of Deakin University as at 31 December 2018 and the results of all subsidiaries for the year then ended. Deakin University and its subsidiaries are referred to in this financial report as the Group or the Consolidated Entity.

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

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

21. SUBSIDIARIES (Continued)

Name of entity	Principal place of business	Principal activity	Ownership interest	
			2018	2017
Unilink Limited	Australia	Provision of human resource services to Deakin University	100%	100%
Deakin Residential Services Pty Ltd	Australia	Provision of residential services	100%	100%
Deakin Digital Pty Ltd *	Australia	Provision of educational services	0%	100%
iHosp Pty Ltd *	Australia	Development of software for hospital administration	0%	35%
Deakin Cyber Security Accelerator Pty Ltd	Australia	Development of a program to support developers of innovative solutions to cyber security challenges	100%	100%
FLAIM Systems Pty Ltd	Australia	Development of a reality system for simulating training scenarios for emergency services personnel	100%	100%
Universal Motion Simulator Pty Ltd	Australia	Development of the reconfigurable driver simulator	100%	100%

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

* Deregistered during 2018.

Statement of Comprehensive Income

Entity	Note	Total Revenue		Total Expenditure		Net Profit/(Loss) After Tax Expense	
		2018 \$'000's	2017 \$'000's	2018 \$'000's	2017 \$'000's	2018 \$'000's	2017 \$'000's
Unilink Limited		7,048	8,398	7,048	8,398	-	-
Deakin Residential Services Pty Ltd		31,644	28,016	32,322	25,722	(678)	2,294
Deakin Digital Pty Ltd		-	16	-	1,620	-	(1,604)
iHosp Pty Ltd		-	-	-	5	-	(5)
Deakin Cyber Security Accelerator Pty Ltd		50	400	6	386	44	14
FLAIM Systems Pty Ltd		444	-	664	34	(220)	(34)
Universal Motion Simulator Pty Ltd		350	-	186	-	115	-
		39,536	36,830	40,226	36,165	(739)	665

Statement of Financial Position

(a) Assets	Current assets		Non-current assets		Total assets	
	2018 \$'000's	2017 \$'000's	2018 \$'000's	2017 \$'000's	2018 \$'000's	2017 \$'000's
Entity						
Unilink Limited	(a)	406	609	-	-	406
Deakin Residential Services Pty Ltd	(b)	6,139	7,543	231,167	235,985	237,306
Deakin Digital Pty Ltd	(c)	-	-	-	-	-
iHosp Pty Ltd	(d)	-	3	-	-	3
Deakin Cyber Security Accelerator Pty Ltd	(e)	58	44	-	-	58
FLAIM Systems Pty Ltd	(f)	212	227	-	-	212
Universal Motion Simulator Pty Ltd	(g)	4,841	-	92	-	4,933
		11,656	8,426	231,259	235,985	242,915
						244,411

(a) Current assets includes an amount owing by Deakin University of \$406,266 (2017: \$608,666).

(b) Current assets includes an amount owing by Deakin University of \$3,569,135 (2017: \$5,133,383).

(c) Current assets includes an amount owing by Deakin University of \$0 (2017: \$0).

(d) Current assets includes an amount owing by Deakin University of \$0 (2017: \$3,455).

(e) Current assets includes an amount owing by Deakin University of \$58,150 (2017: \$44,138).

(f) Current assets includes an amount owing by Deakin University of \$4,471 (2017: \$0).

(g) Current assets includes an amount owing by Deakin University of \$9,324 (2017: \$0).

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

21. SUBSIDIARIES (Continued)

(b) Liabilities

Entity

	Current liabilities		Non-current liabilities		Total liabilities	
	2018	2017	2018	2017	2018	2017
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Unilink Limited	392	575	14	34	406	609
Deakin Residential Services Pty Ltd	3,317	3,188	127,250	127,682	130,567	130,870
Deakin Digital Pty Ltd	-	-	-	-	-	-
iHosp Pty Ltd	-	-	-	-	-	-
Deakin Cyber Security Accelerator Pty Ltd	-	30	-	-	-	30
FLAIM Systems Pty Ltd	216	11	-	-	216	11
Universal Motion Simulator Pty Ltd	4,818	-	-	-	4,818	-
	8,743	3,804	127,264	127,716	136,007	131,520

(c) Equity and Borrowings

Entity

	Equity		Internal borrowings		External borrowings	
	2018	2017	2018	2017	2018	2017
	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Unilink Limited	-	-	-	-	-	-
Deakin Residential Services Pty Ltd	106,739	112,658	127,250	127,682	-	-
Deakin Digital Pty Ltd	-	-	-	-	-	-
iHosp Pty Ltd	-	3	-	-	-	-
Deakin Cyber Security Accelerator Pty Ltd	58	14	-	-	-	-
FLAIM Systems Pty Ltd	(4)	216	150	-	-	-
Universal Motion Simulator Pty Ltd	115	-	800	-	-	-
	106,908	112,891	128,200	127,682	-	-

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

22. RELATED PARTIES

(a) Transaction with related parties

The following transactions occurred with related parties:

	Consolidated	University	
	2018	2017	2018
	\$'000's	\$'000's	\$'000's
Sale of goods and services	1,753	2,136	1,753
Purchase of goods and services	18,770	11,269	18,725
Other transactions with subsidiaries	-	-	9
Rental deposit from subsidiaries	-	-	12
Rental income from subsidiaries	-	-	-

(b) Loan to subsidiaries

Beginning of the year	-	-	127,682	81,342
Loans advanced	-	-	12,018	58,340
Loan repayments received	-	-	(11,500)	(12,000)
Interest charged	-	-	7,493	5,619
Interest received	-	-	(7,493)	(5,619)
End of year	-	-	128,200	127,682

(c) Outstanding balances

Current receivables	-	-	950	-
Subsidiaries loans	-	-	-	-
Other related parties (sale of goods and services)	533	629	533	629
Total current receivables	533	629	1,483	629
Non-current receivables (loans)	-	-	-	-
Subsidiaries	-	-	127,250	127,682
Total non-current receivables	-	-	127,250	127,682
Current payables (purchases of goods and services)	-	-	-	-
Subsidiaries	-	-	4,037	5,789
Other related parties	651	518	651	518
Total current payables	651	518	4,688	6,307

23. FINANCIAL RISK MANAGEMENT

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

(a) Market risk

(i) Foreign exchange risk

The Group's foreign exchange exposure is limited. Sources of potential foreign exchange risk may include occasional transactions such as contracts for the supply of goods and services expressed in foreign currency e.g. library books and journals. The Group's practice is to hedge significant foreign currency commitments by using appropriate hedging instruments. The Group also has limited foreign exchange exposure within its non-current financial assets at fair value through profit or loss global equities investment. This exposure, as part of a broader diversified investment portfolio, is monitored by the Investment Committee.

(ii) Price risk

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

(iii) Interest rate risk

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

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

23 . FINANCIAL RISK MANAGEMENT (Continued)

(iv) Summarised sensitivity analysis

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

Management considers an interest rate rise of one per cent and fall or rise in equities markets of five per cent as reasonably possible, as at the reporting date.

Consolidated

Financial instruments	Interest rate risk				Price risk			
	Carrying amount		Result		Equity		Result	
	2018	2017	2018	2017	2018	2017	2018	2017
<i>(i) Financial assets</i>								
Cash on hand	3	2	2					
Cash at bank	3	13,768	12,930	138	129	138	129	
Bank deposits	3	125,167	40,429	1,252	404	1,252	404	
Receivables- trade debtors	4	35,477	28,165					
Receivables- other current	4	21,441	16,781					
Receivables- other non-current	4	149,364	143,804					
Financial assets held-to-maturity	5	-	184,000	-	1,840	-	1,840	
Financial assets at amortised cost - current	5	42,500	-	425	-	425	-	
Financial assets at fair value through profit or loss	5	398,802	-		(19,940)	-	(19,940)	-
Financial assets at fair value through other comprehensive income	5	36,099	-					
Financial assets at amortised cost - non-current	5	2,968	-	30	-	30	-	
Financial assets available-for-sale	5	-	369,572					
Total financial assets	825,588	795,683	1,845	2,373	1,845	2,373	(19,940)	- (21,745)
<i>(ii) Financial liabilities</i>								
Payables	9	75,148	84,991					
Total financial liabilities	75,148	84,991	-	-	-	-	-	-
Total increase / (decrease)	1,845	2,373	1,845	2,373	(19,940)	- (21,745)	(17,279)	17,279

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

23. FINANCIAL RISK MANAGEMENT (Continued)

(b) Credit risk

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

The Group minimises concentrations of credit risk in relation to trade accounts receivable, by undertaking transactions with a large number of customers primarily associated with the higher education industry. However, the majority of customers are concentrated in Australia.

Credit risk from balances with banks and financial institutions is managed by the Group in accordance with the Group's policy. Investments of surplus funds are made only with approved counterparties and within credit limits assigned to each counterparty. Counterparty credit limits are reviewed throughout the year by the University's Investment Committee. The limits are set to minimise the concentration of risks and therefore mitigate financial loss through a counterparty's potential failure to make payments.

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

- payment terms are 30 days from the date that invoice was issued
- debt collection policies and procedures including use of a debt collection agency.

An impairment analysis is performed at each reporting date using a provision to measure expected credit losses. The provision rates are based on days past due for groupings of various customer segments with similar loss patterns (i.e., by geographical region, product type, customer type and rating). The calculation reflects the probability-weighted outcome, the time value of money and reasonable and supportable information that is available at the reporting date about past events, current conditions and forecasts of future economic conditions.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in the notes above.

23. FINANCIAL RISK MANAGEMENT (Continued)

(c) Liquidity risk

The Group's investments are managed to ensure the solvency of the Group, with cash available to meet required outgoings. The Group maintains a minimum cash level to ensure it meets its obligations as they fall due. The following tables summarises the maturity of the Group's financial assets and financial liabilities.

Financial instruments	Note	\$000's	Consolidated												
			Floating interest rate			Fixed interest rate maturing in:			Non-interest bearing			Total carrying amount as per the Statement of Financial Position			
			2018	2017	Less than 1 year	2018	2017	1 to 5 Years	2018	2017	Over 5 Years	2018	2017	2018	2017
<i>(i) Financial assets</i>															
Cash at bank and on hand	3	13,768	12,930						2	2	13,770	12,932	1.34%	1.31%	
Bank deposits- at call	3	167	5,429								167	5,429	1.50%	1.50%	
Bank term deposits	3			125,000	35,000						125,000	35,000	2.58%	2.37%	
Receivables- trade debtors	4								35,477	28,165	35,477	28,165	-	-	
Receivables- other current	4								21,441	16,781	21,441	16,781	-	-	
Receivables- other non-current	4								149,364	143,804	149,364	143,804	-	-	
Financial assets held-to-maturity	5												184,000	2.48%	
Financial assets at amortised cost - current	5								42,500		42,500		-	2.64%	
Financial assets at fair value through profit or loss	5								398,802	-	398,802	-	1.77%	-	
Financial assets at fair value through other comprehensive income	5								36,099	-	36,099	-	-	-	
Financial assets at amortised cost - non-current	5								2,968	-	2,968	-	10.00%	-	
Financial assets available-for-sale	5										369,572	369,572	-	10.83%	
Total financial assets		13,935	18,359	167,500	219,000	2,968									
<i>(ii) Financial liabilities</i>															
Payables	9								75,148	84,991	75,148	84,991	-	-	
Total financial liabilities		9	-	-	-	-			75,148	84,991	75,148	84,991			

(d) 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(b).

Gains or losses unrecognised from forward exchange contracts.

	2018 \$000's	2017 \$000's
Unrecognised gains / (losses)	-	(86)

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

24. FAIR VALUE MEASUREMENTS

The fair value of assets and liabilities are measured for recognition and disclosure purposes.

The Group classifies fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

The fair value of assets or liabilities traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices for identical assets or liabilities at the end of the reporting period (level 1). The quoted market price used for assets held by the Group is the most representative of fair value in the circumstances within the bid-ask spread.

The fair value of assets or liabilities that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. The Group uses a variety of methods and makes assumptions that are based on market conditions existing at the end of each reporting period. Quoted market prices or dealer quotes for similar instruments (level

2) are used for long-term debt instruments held. Other techniques that are not based on observable market data (level 3) such as estimated discounted cash flows, are used to determine fair value for the remaining assets and liabilities. The fair value of forward exchange contracts is determined using forward exchange market rates at the end of the reporting period. The level in the fair value hierarchy is determined on the basis of the lowest level input that is significant to the fair value measurement in its entirety.

Fair value measurement of non-financial assets is based on the highest and best use of the asset. The Group considers market participants use of, or purchase price of the asset, to use it in a manner that would be highest and best use. The carrying value less impairment provision of trade receivables and payables are assumed to approximate their fair values due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the Group for similar financial instruments.

(a) Fair value measurements

The carrying amounts and aggregate fair value of financial assets and financial liabilities at the reporting date are as follows:

Consolidated	Note	Total carrying amount as per the Statement of Financial Position		Fair value	
		2018 \$000's	2017 \$000's	2018 \$000's	2017 \$000's
Financial assets					
Cash at bank and on hand	3	13,770	12,932	13,770	12,932
Bank deposits- at call	3	167	5,429	167	5,429
Bank term deposits	3	125,000	35,000	125,000	35,000
Receivables- trade debtors	4	35,477	28,165	35,477	28,165
Receivables- other current	4	21,441	16,781	21,441	16,781
Receivables- other non-current	4	149,364	143,804	149,149	143,482
Other financial assets at amortised costs	5	42,500	-	42,500	-
Other financial assets held to maturity	5	-	184,000	-	184,000
Non-current financial assets					
Other financial assets at fair value through profit or loss	5	398,802	-	398,802	-
Investments in equity instruments designated at fair value through other comprehensive income	5	36,099	-	36,099	-
Other financial assets at amortised costs	5	2,968	-	2,968	-
Financial assets available-for-sale	5	-	369,572	-	369,572
Total financial assets		825,588	795,683	825,373	795,361
Financial liabilities					
Other financial liabilities at amortised cost	9	75,148	-	75,148	-
Payables	9	-	84,991	-	84,991
Total financial liabilities		75,148	84,991	75,148	84,991

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

24. FAIR VALUE MEASUREMENTS (Continued)

The fair value of financial assets and financial liabilities is estimated for recognition and measurement or for disclosure purposes. Due to the short-term nature of the current receivables, their carrying value is assumed to approximate their fair value and based on credit history it is expected that the receivables that are neither past due nor impaired will be received when due. The following methods and assumptions are used to determine the fair value of financial assets and liabilities.

<i>Cash and cash equivalents</i>	The carrying amount approximates fair value because of their short term to maturity.
<i>Trade receivables and payables</i>	The carrying value less impairment provision of trade receivables and payables is assumed to approximate their fair value due to their short-term nature.
<i>Non-current receivables</i>	The fair value of non-current receivable, Deferred Government Contribution for Superannuation, is measured at nominal value which is offset by a liability to the Victorian Government of equal value (refer to Note 15).
<i>Other non-current receivables</i>	The fair value of other non-current receivables are estimated by discounting future payments to net present value, using the discount rates as advised by the Department of Treasury and Finance.
<i>Other financial assets - current at fair value</i>	For financial instruments traded in organised financial markets, fair value is the current quoted market bid price for an asset.
<i>Other financial assets - non-current</i>	For unlisted securities where there is no quoted market price, a reasonable estimate of the fair value is determined by reference to the current market value of another instrument which is substantially the same, or is calculated based on the expected cash flows, or the underlying net asset base of the investment/security.

The Group measures and recognises the following assets and liabilities at fair value on a recurring basis:

- Financial assets at fair value through profit or loss
- Financial assets at fair value through other comprehensive income
- Investments in equity instruments designated at fair value through other comprehensive income
- Financial assets available-for-sale
- Land and buildings
- Special library holdings
- Art collection.

(b) Fair value hierarchy

The University categorises assets and liabilities measured at fair value into a hierarchy based on the level of inputs used in measurement.

Level 1- quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2- inputs other than quoted prices within level 1 that are observable for the asset or liability either directly or indirectly

Level 3- inputs for the asset or liability that are not based on observable market data (unobservable inputs)

(i) Recognised fair value measurements

Fair value measurements recognised in the statement of financial position are categorised into the following levels at 31 December 2018.

Fair value measurements at 31 December 2018

Recurring fair value measurements

Consolidated	Note	Total \$000's	Level 1 \$000's	Level 2 \$000's	Level 3 \$000's
Financial assets					
Financial assets at amortised cost- current					
Financial assets at fair value through profit or loss	5	42,500	42,500	-	-
Financial assets at fair value through other comprehensive income	5	398,802	398,802	-	-
Financial assets at amortised costs- non-current	5	36,099	2,400	-	33,699
Total financial assets		480,369	443,702	2,968	33,699
Non financial assets					
Land					
Buildings	6	190,409	-	7,775	182,634
Special library holdings	6	1,062,906	-	9,325	1,053,581
Art collection	6	8,287	-	8,287	-
Total non-financial assets		1,274,171		37,956	1,236,215

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

24. FAIR VALUE MEASUREMENTS (Continued)

Fair value measurements at 31 December 2017

Recurring fair value measurements

Consolidated	Note	Total \$000's	Level 1 \$000's	Level 2 \$000's	Level 3 \$000's
<i>Financial assets</i>					
Financial assets available-for-sale	5	361,776	345,576	-	16,200
Total financial assets		361,776	345,576	-	16,200
<i>Non-financial assets</i>					
Land	6	177,540	-	6,913	170,628
Buildings	6	1,029,296	-	9,094	1,020,201
Special library holdings	6	6,735	-	6,735	-
Art collection	6	12,084	-	12,084	-
Total non-financial assets		1,225,655	-	34,826	1,090,829

There were no transfers between levels 1 and 2 for recurring fair value measurements during the year. For transfers in and out of level 3 measurements see (d) below.

The Group's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Disclosed fair values

The Group has a number of assets and liabilities which are not measured at fair value, but for which the fair values are disclosed in the notes.

The fair value of assets or liabilities traded in active markets (such as publicly traded derivatives, and trading and available-for-sale securities) is based on quoted market prices for identical assets or liabilities at the end of the reporting period (level 1). This is the most representative of fair value in the circumstances.

The fair values of held-to-maturity investments that are disclosed in Note 5 were determined by reference to published price quotations in an active market (level 1).

The carrying value less impairment provision of trade receivables and payables is a reasonable approximation of their fair values due to the short-term nature of trade receivables.

The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rates that are available to the Group for similar financial instruments (level 3).

(c) Valuation techniques used to derive level 2 and level 3 fair values

Recurring fair value measurements

The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities.

The Group uses a variety of methods and makes assumptions that are based on market conditions existing at each reporting date.

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the end of the reporting period
- other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

All of the resulting fair value estimates are included in level 2 except for unlisted equity securities.

Land, buildings, special library holdings and art collection (classified as property, plant and equipment) are valued independently every three years. At the end of each reporting period, the Group updates their assessment of the fair value of each property, taking into account the most recent independent valuations. The Group determines the property's value within a range of reasonable fair value estimates.

The best evidence of fair value is current prices in an active market for similar properties. Where such information is not available the Group considers information from a variety of sources, including current prices in an active market for properties of different nature or recent prices of similar properties in less active markets, adjusted to reflect those differences.

All resulting fair value estimates for properties are included in level 3.

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

24. FAIR VALUE MEASUREMENTS (Continued)

(d) Fair value measurements using significant unobservable inputs (level 3)

The following table is a reconciliation of level 3 items for the years ended 31 December 2018 and 2017.

	Financial assets \$'000's	Land \$'000's	Buildings \$'000's	Total \$'000's
Level 3 Fair value measurements 2018				
Opening balance	16,200	170,628	1,020,201	1,207,029
Effect of adoption of new accounting standards	11,728	-	-	11,728
Acquisitions	652	12,006	69,197	81,855
Recognised in other comprehensive income	5,119	-	(5,490)	(371)
Recognised in profit or loss	-	-	(30,327)	(30,327)
Closing balance	33,699	182,634	1,053,581	1,269,914

	Unlisted equity securities at valuation \$'000's	Land \$'000's	Buildings \$'000's	Total \$'000's
Level 3 Fair value measurements 2017				
Opening balance	11,027	166,508	977,849	1,155,384
Acquisitions	-	4,120	76,267	80,387
Recognised in other comprehensive income	5,173	-	-	5,173
Recognised in profit or loss	-	-	(33,915)	(33,915)
Closing balance	16,200	170,628	1,020,201	1,207,029

(i) Valuation inputs and relationships to fair value

The following table summarises the quantitative information about the significant unobservable inputs used in level 3 fair value measurements. See (c) above for the valuation techniques adopted.

Description	Fair Value at 31/12/18	Valuation technique	Significant unobservable inputs	Range of inputs (weighted average)	Sensitivity of fair value measurement to changes in significant unobservable inputs
	\$'000				
Financial assets	33,699	Adjusted net assets	A reasonable estimate of the fair value is determined by reference to the underlying net asset base of the investment, add the market capitalisation of the investment, then discounting the value to reflect the existing restrictive agreement in place.	n/a	A significant increase or decrease in the net asset of the investment / security would result in a significantly higher or lower fair value
	33,699				
Description	Fair Value at 31/12/18	Valuation technique	Significant unobservable inputs		
	\$'000				
Land	182,634	Market approach	Community Service Obligation (CSO) adjustment		
Buildings	1,053,581	Depreciated replacement cost	Direct cost per square metre and useful life of specialised buildings		
	1,236,215				

There was no change in the valuation technique(s) used to calculate the fair values disclosed in the financial statements.

(ii) Valuation process

The Group engages external, independent and qualified valuers to determine the fair value of the Group's land and buildings at least every three years.

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

25. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE

25.1 Education - CGS and Other Education Grants

	University only					
	Commonwealth Grants Scheme #1		Higher Education Participation Program		Disability Performance Funding #2	
Note	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)						
Net accrual adjustments						
Revenue for the period						
Surplus / (deficit) from the previous year						
Total revenue including accrual revenue						
Less expenses including accrual expenses						
Surplus / (deficit) for reporting period						

#1 Includes the basic CGS grant amount, CGS – Regional Loading, CGS – Enabling Loading, CGS – Medical Student Loading, Allocated Places, Non Designated Courses and CGS – Special Advances from Future Years.

#2 Disability Performance Funding includes Additional Support for Students with Disabilities and Australian Disability Clearinghouse on Education and Training.

University only

	University only					
	Promotion of Excellence in Learning & Teaching		Support for Warrnambool Campus		Superannuation Programme	
Note	2018	2017	2018	2017	2018	2017
\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's

	University only					
	Promotion of Excellence in Learning & Teaching		Support for Warrnambool Campus		Superannuation Programme	
Note	2018	2017	2018	2017	2018	2017
\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

25. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE (Continued)

	University only							
	HECS - HELP (Australian Government payments only)			FEE - HELP #3			SA-HELP	Total
	2018	2017	2018	2017	2018	2017	2018	2017
25.2 Higher Education Loan Programmes								
Cash payable / (receivable) at beginning of year	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Financial assistance received in cash during the reporting period								
Cash available for the year								
Net accrual adjustments								
Revenue earned								
Cash payable / (receivable) at end of year								

#3 Program is in respect of FEE-HELP for Higher Education only and excludes funds received in respect of VET FEE-HELP.

25.3 Education Scholarship and Research	Note	Scholarship - Research Training Program #5		Research - Research Support Program #6		Total
		2018	2017	2018	2017	
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)		\$000's	\$000's	\$000's	\$000's	\$000's
Net accrual adjustments						
Revenue for the period						
Surplus / (deficit) from the previous year						
Total revenue including accrual revenue						
Less expenses including accrual expenses						
Surplus / (deficit) for reporting period (#4)						

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

25. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE

(Continued)

25.3 Education Scholarship and Research (Continued)

	Total domestic students		Total overseas students	
	2018	2017	2018	2017
Total Research Training Program expenditure	\$000's	\$000's	\$000's	\$000's
Research Training Program Fees offsets	13,612	16,741	-	-
Research Training Program Stipends	4,101	2,979	540	380
Total for all types of support	17,713	19,720	540	380

#4 The reported surpluses for Research Training Program of \$4.935 million for 2018 is expected to be rolled over for future use by the University.

#5 Research Training Program has replaced Australian Postgraduate Awards, International Postgraduate Research Scholarships and Research Training Scheme in 2017.

#6 Research Support Program has replaced Joint Research Engagement, JRE Engineering Cadetships, Research Block Grants and Sustainable Research Excellence in Universities in 2017.

University only

Note	Better Universities Renewal Fund		Linkages Infrastructure, Equipment and Facilities		Total	
	2018	2017	2018	2017	2018	2017
2.1	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)	-	-	265	-	265	-
Net accrual adjustments	-	1	-	-	-	1
Revenue for the period	-	1	265	-	265	1
Surplus / (deficit) from the previous year	-	143	149	318	149	461
Total revenue including accrual revenue	-	144	414	318	414	462
Less expenses including accrual expenses	2.1	(144)	(195)	(169)	(195)	(313)
Surplus / (deficit) for reporting period	-	-	219	149	219	149

Notes To and Forming Part of the Financial Statements for the year ended 31 December 2018

25. ACQUITTAL OF AUSTRALIAN GOVERNMENT FINANCIAL ASSISTANCE
(Continued)

25.5 AUSTRALIAN RESEARCH COUNCIL GRANTS

Financial assistance received in cash during the reporting period (total cash received from the Australian Government for the Programmes)
Net accrual adjustments
Revenue for the period
Surplus / (deficit) from the previous year
Total revenue including accrual revenue
Less expenses including accrual expenses
Surplus / (deficit) for reporting period

Note	Discovery		Linkages		Special Research Initiatives		University only	
	2018	2017	2018	2017	2018	2017	2018	2017
\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's	\$000's
7,691	7,601	4,954	4,176	272	-	12,917	11,777	
-	-	-	-	-	-	-	-	
2.1	7,691	7,601	4,954	4,176	272	-	12,917	11,777
	5,936	5,365	5,054	4,405	-	-	10,990	9,770
	13,627	12,966	10,008	8,581	272	-	23,907	21,547
	(7,444)	(7,030)	(3,331)	(3,527)	-	-	(10,775)	(10,557)
	6,183	5,936	6,677	5,054	272	-	13,132	10,990

25.6 OS-HELP

Cash received during the reporting period
Cash spent during the reporting period
Net cash received
Cash surplus / (deficit) from the previous period
Cash surplus / (deficit) for the reporting period

Note	University only	
	2018	2017
	\$000's	\$000's
	8,978	8,075
	(8,182)	(7,914)
2.1	796	161
	2,199	2,038
	2,995	2,199

25.7 Student Services and Amenities Fee

Unspent / (overspent) revenue from previous period
SA-HELP revenue earned
Student services fees direct from students
Total revenue expendable in period
Student services expenses during period
Unspent / (overspent) student services revenue

	\$000's	\$000's
	1,498	1,417
	5,887	5,076
	2,312	1,714
	9,697	8,207
	(9,627)	(6,709)
	70	1,498



Financial statements for the year ended 31 December 2018

Declaration by Chancellor, Vice-Chancellor and Chief Financial Officer

In our opinion:

The accompanying financial statements and notes present fairly the financial position of the University and the consolidated group as at 31 December 2018, the financial performance for the year ended 31 December 2018, and comply with the *Financial Management Act 1994*, the applicable Financial Reporting Directions, *Australian Charities and Not-for-profits Commission Act 2012*, Australian Accounting Standards and other mandatory professional reporting requirements.

At the date of this declaration 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.

The amount of Australian Government financial assistance expended during the reporting period was for the purposes for which it was intended and Deakin University has complied with applicable legislation, contracts, agreements and programme guidelines in making this expenditure.

The University charged Student Services and Amenities Fees strictly in accordance with the *Higher Education Support Act 2003* and the Administration Guidelines made under the Act.

Revenue from the fee was spent strictly in accordance with the Act and only on services and amenities specified in subsection 19-38(4) of the Act.

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.

This declaration is made in accordance with a resolution of Deakin University Council on 21 March 2019.

A handwritten signature in black ink, appearing to read "John Stanhope".

Mr John Stanhope AM
Chancellor
21 March 2019
Geelong

A handwritten signature in black ink, appearing to read "Jane den Hollander".

Professor Jane den Hollander AO
Vice-Chancellor
21 March 2019
Geelong

A handwritten signature in black ink, appearing to read "Kerrie Parker".

Ms Kerrie Parker
Chief Financial Officer
21 March 2019
Geelong

Certification

Prior to the adoption of the 2018 financial statements Council considered a declaration from the Vice-Chancellor and Chief Financial Officer that in their opinion:

- the financial records of the University have been properly maintained;
- the financial statements comply with the accounting standards, the *Financial Management Act 1994*, applicable Financial Reporting Directions and present fairly the University's financial position and performance; and
- the integrity of the financial statements is founded on a sound system of risk management and internal control which is operating effectively.

A handwritten signature in black ink, appearing to read "John Stanhope".

Mr John Stanhope AM
Chancellor
21 March 2019
Geelong

Independent Auditor's Report



Victorian Auditor-General's Office

Level 31, 35 Collins Street
Melbourne VIC 3000
Telephone 61 3 8601 7000
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Email enquiries@audit.vic.gov.au
Website www.audit.vic.gov.au

To the Council of Deakin University

Qualified opinion

I have audited the consolidated financial report of Deakin University (the University) and its controlled entities (together the consolidated entity) which comprises the:

- consolidated entity and university statement of financial position as at 31 December 2018
- consolidated entity and university statement of comprehensive income for the year then ended
- consolidated entity and university statement of changes in equity for the year then ended
- consolidated entity and university statement of cash flows for the year then ended
- notes to the financial statements, including a summary of significant accounting policies
- Chancellor, Vice Chancellor and President and Chief Financial Officer's certification.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial report is in accordance with the financial reporting requirements of Part 7 of the Financial Management Act 1994 and Division 60 of the Australian Charities and Not-for-profits Commission Act 2012 including:

- presenting fairly, in all material respects, the financial position of the University and the consolidated entity as at 31 December 2018 and their financial performance and cash flows for the year then ended
- complying with Australian Accounting Standards.

Basis for qualified opinion

Deakin University has recognised a liability of \$42,853,000 in the statement of financial position (2017: \$39,979,000) that represents Australian Government financial assistance grants received but not spent during the year ended 31 December 2018.

As stated in Note 2.1 to the financial report, the University regards the receipt of such income as a reciprocal transfer and defers the income until the services required by the grant are provided. In my opinion, these grants are non-reciprocal in nature and, as required by Australian Accounting Standard AASB 1004 Contributions, the income should be recognised in the reporting period in which the associated cash is received. The University's accounting policy represents a departure from the requirements of AASB 1004. The University first adopted this accounting policy in the year ended 31 December 2007 and has caused me to qualify my audit opinion on the financial report since that time.

The following adjustments to the financial report are required to recognise income for both Deakin University and the consolidated group in accordance with AASB 1004: Trade and other payables be reduced by \$42.853 million (2017: \$39.979 million) and the Net Result and Total Comprehensive income be increased by \$2.872 million in 2018 (2017: \$8.201 million).

I have conducted my audit in accordance with the Audit Act 1994 which incorporates the Australian Auditing Standards. My responsibilities under the Act are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of my report.

My independence is established by the Constitution Act 1975. My staff and I are independent of the University and the consolidated entity in accordance with the auditor independence requirements of the Australian Charities and Not-for-profits Commission Act 2012 and the ethical requirements of the Accounting Professional and Ethical Standards Board's APES 110 Code of Ethics for Professional Accountants (the Code) that are relevant to my audit of the financial report in Australia. My staff and I have also fulfilled our other ethical responsibilities in accordance with the Code.

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

Independent Auditor's Report (Continued)

Other information	<p>The Council are responsible for the Other Information, which comprises the information in the annual report for the year ended 31 December 2018, but does not include the financial report and my auditor's report thereon.</p> <p>My opinion on the financial report does not cover the Other Information and accordingly, I do not express any form of assurance conclusion on the Other Information. However, in connection with my audit of the financial report, my responsibility is to read the Other Information and in doing so, consider whether it is materially inconsistent with the financial report or the knowledge I obtained during the audit, or otherwise appears to be materially misstated. If, based on the work I have performed, I conclude there is a material misstatement of the Other Information, I am required to report that fact. I have nothing to report in this regard.</p>
Council responsibilities for the financial report	<p>The Council of the University are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards, the Financial Management Act 1994 and the Australian Charities and Not-for-profits Commission Act 2012, and for such internal control as the Council determine is necessary to enable the preparation and fair presentation of a financial report that is free from material misstatement, whether due to fraud or error.</p> <p>In preparing the financial report, the Council are responsible for assessing the University and the consolidated entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless it is inappropriate to do so.</p>
Auditor's responsibilities for the audit of the financial report	<p>As required by the Audit Act 1994, my responsibility is to express an opinion on the financial report based on the audit. My objectives for the audit are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.</p>

Independent Auditor's Report (Continued)

**Auditor's responsibilities
for the audit of the
financial report
(continued)**

As part of an audit in accordance with the Australian Auditing Standards, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- identify and assess the risks of material misstatement of the financial report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the University and the consolidated entity's internal control
- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Council
- conclude on the appropriateness of the Council's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the university and the consolidated entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial report or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the university and the consolidated entity to cease to continue as a going concern.
- evaluate the overall presentation, structure and content of the financial report, including the disclosures, and whether the financial report represents the underlying transactions and events in a manner that achieves fair presentation
- obtain sufficient appropriate audit evidence regarding the financial information of the entities and business activities within the University and the consolidated entity to express an opinion on the financial report. I am responsible for the direction, supervision and performance of the audit of the University and the consolidated entity. I remain solely responsible for my audit opinion.

I communicate with the Council regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide the Council with a statement that I have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.

MELBOURNE
26 March 2019


Charlotte Jeffries
as delegate for the Auditor-General of Victoria

Auditor-General's Independence Declaration



Victorian Auditor-General's Office

Level 31, 35 Collins Street
Melbourne VIC 3000
Telephone 61 3 8601 7000
Facsimile 61 3 8601 7010
Email enquiries@audit.vic.gov.au
Website www.audit.vic.gov.au

To the Council, Deakin University

The Auditor-General's independence is established by the *Constitution Act 1975*. The Auditor-General, an independent officer of parliament, is not subject to direction by any person about the way in which his powers and responsibilities are to be exercised.

Under the *Audit Act 1994*, the Auditor-General is the auditor of each public body and for the purposes of conducting an audit has access to all documents and property, and may report to parliament matters which the Auditor-General considers appropriate.

Independence Declaration

As auditor for Deakin University for the year ended 31 December 2018, I declare that, to the best of my knowledge and belief, there have been:

- no contraventions of auditor independence requirements of the *Australian Charities and Not-for-profits Commission Act 2012* in relation to the audit.
- no contraventions of any applicable code of professional conduct in relation to the audit.

MELBOURNE
26 March 2019


Charlotte Jeffries
as delegate for the Auditor-General of Victoria

Principal Activities

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

During the 2018 reporting period no significant changes occurred in the nature of the principal activities of Deakin University.

Review of Operations

A review of operations for the year 2018, of which this report forms a part, is set out on pages 30-58.

Significant Changes in the State of Affairs

No major changes or factors occurred during 2018, which have affected the University's operational objectives for the year. No events occurred subsequent to balance date, which may have a significant effect on Deakin's operations in subsequent years.

Environmental Regulation

Deakin University is subject to the following environmental legislation:

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

The University has a number of measures in place to ensure compliance with this legislation.

Insurance of Officers

The University maintains a comprehensive insurance program, which is renewed annually. The insurance program includes a suite of directors' and officers' liability insurances for members of Council and directors and officers of the University including all controlled entities of the University. The premium for the current insurance period was \$77,423 (excluding GST).

Significant changes in financial position for the year ended 31 December 2018

Statement of Comprehensive Income

The University's reported consolidated net result for the year was \$51.5m in 2018, compared to \$101.4m in 2017. On an underlying basis, the net result was \$87.8m in 2018, compared to \$83.6m in 2017.

Total income from continuing operations for 2018 was \$1,232.3m, \$113.4m above 2017, attributable to:

- an increase of \$16.8m in Commonwealth Supported Places – Commonwealth Grant Scheme (CGS) and Higher Education Loan Programme scheme (HELP)
- an increase of \$91.3m in course fees and charges across international fee paying onshore, international fee paying offshore and domestic fee paying students
- an increase of \$14.5m in investment income.

Total expenses from continuing operations for 2018 were \$1,180.7m, \$163.3m above 2017, attributable to:

- an increase of \$73.0m in employee related expenses
- an increase of \$3.1m in advertising, marketing and promotional expenses
- a decrease of \$2.0m in depreciation and amortisation
- an increase in other expenses of \$57.7m driven by increases in: scholarships, grants and prizes (\$23.9m), international agents' commissions (\$5.2m) and \$6.5m from the change in capitalisation threshold.
- investment losses of \$37.3m now classified in expenses from continuing operations.

Underlying Surplus Reconciliation

When adjusted for major one-off items, the underlying surplus is \$87.8m, compared to \$83.6m in 2017:

	2018	2017
	\$m's	\$m's
Underlying Surplus Reconciliation		
Underlying operating net result for the year	87.8	83.6
 <i>Major one-off items</i>		
Future Fund– market decline	(37.7)	-
Capital grants received	1.4	1.6
Impairment of investments	-	(1.6)
Realisation gain on sale of investments	-	17.8
 Operating net result for the year	51.5	101.4

Statement of Financial Position

Total assets have increased by \$92.3m from 2017. Cash and other financial assets were \$12.4m higher than in 2017.

A combination of \$159.5m in capital expenditure, similar depreciation, plus the devaluation of \$5.5m contributed to an increase of \$61.3m in property, plant and equipment.

Total liabilities increased by \$33.3m from 2017 driven by an increase in trade and other payables of \$13.8m and employee provisions of \$19.5m. The Annual Report was approved by the Deakin University Council at its meeting on 21 March 2019.

Auditor-General's Qualification

The Victorian Auditor-General has again qualified the University's financial report on the grounds that unspent grants provided by the Federal and State governments received in advance as at 31 December 2018 have been recognised as income in advance and recognised as a liability in the Statement of Financial Position.

The University's treatment is in accordance with Australian Accounting Standard AASB 118- Revenue. The University regards the receipt of these payments as a reciprocal transfer where the grants have outstanding performance or return conditions.

The Victorian Auditor-General has taken the view that these payments are non-reciprocal government grants and should be accounted for in accordance with Australian Accounting Standard AASB 1004- Contributions, whereby such payments are treated as income in the year of receipt.

The University does not agree with this interpretation of the nature of the income and has external advice to confirm its interpretation. The University further notes that the net impact of the difference in interpretation is 0.025% of revenue (\$3 million).

The qualification in relation to the current year is as follows:

"Deakin University has recognised a liability of \$42,853,000 in the statement of financial position (2017: \$39,979,000) that represents Australian Government financial assistance grants received but not spent during the year ended 31 December 2018."

The Australian Accounting Standards Board (AASB) has completed its considerations in relation to revenue accounting for Not-for-Profit entities.

The new Accounting Standards to be applied from 1 January 2019 – AASB 15 Revenue from Contracts with Customers and AASB 1058 Income of Not-for-Profit Entities – are consistent with Deakin's current approach to revenue recognition for 'grant income'. Deakin has undertaken a full review of the new requirements prior to the application date of 1 January 2019.



	2018 \$'000's	2017 \$'000's	2016 \$'000's	2015 \$'000's	2014 \$'000's
FIVE-YEAR FINANCIAL SUMMARY (Consolidated)					
Operating income					
Commonwealth Government grants	389,900	378,228	370,392	362,896	353,595
HECS-HELP	225,574	221,704	213,479	210,510	197,445
State government grants	12,011	11,424	10,402	14,667	6,707
Other	604,804	507,518	408,519	360,701	340,806
Total operating income	1,232,289	1,118,874	1,002,792	948,774	898,553
Operating expenses					
Operating result before income tax	1,180,733	1,017,475	955,323	880,852	830,381
Income tax benefit / (expense)	(49)	-	-	-	-
Operating result after income tax	51,507	101,399	47,469	67,922	68,172

BALANCE SHEET INFORMATION

Current assets					
Cash assets	138,937	53,361	32,541	22,830	23,572
Receivables	70,324	57,804	46,968	47,458	56,415
Other financial assets	42,500	184,000	179,000	255,000	221,000
Deferred government contribution for superannuation	12,445	12,336	13,074	13,966	13,290
Other	292	216	230	308	321
	264,498	307,717	271,813	339,562	314,598
Non-current assets					
Other financial assets	437,869	369,572	316,936	227,762	198,468
Property, plant and equipment	1,699,901	1,638,595	1,587,783	1,440,289	1,324,485
Deferred government contribution for superannuation	146,637	140,634	142,526	147,460	152,397
Other	13,332	13,412	9,558	6,166	4,194
	2,297,739	2,162,213	2,056,803	1,821,677	1,679,544
Liabilities					
Payables	279,020	265,179	230,419	202,325	189,097
Borrowings	-	-	-	-	9
Provision for employee entitlements	114,537	101,147	95,318	93,207	96,137
Deferred employee benefits for superannuation	159,082	152,970	155,600	161,426	165,687
	552,639	519,296	481,337	456,958	450,930
Net assets	2,009,598	1,950,634	1,847,279	1,704,281	1,543,212
Total equity	2,009,598	1,950,634	1,847,279	1,704,281	1,543,212

Payments to Consultants 2018

During the year the University engaged the following consultants:

\$6,151,522	KPMG AUSTRALIA	Implementation of new finance system
\$1,787,705	ERNST & YOUNG	Planning for new finance system
\$446,993	BEVINGTON CONSULTING PTY LTD	Implementation of Think Differently Program
\$336,883	BASTION EBA PTY LTD	Corporate communication strategies
\$321,584	SAINT MARKS HOLDINGS PTY LTD	Corporate partnership strategies
\$209,535	ALLEGRA CONSULTING GROUP PTY LTD	Learning specialist services
\$185,000	MERCER CONSULTING AUSTRALIA PTY LTD	HR structure advice
\$132,988	DELOTTE CONSULTING PTY LTD	Division of Student Administration project consulting
\$9,572,210	Total combined cost of eight consulting firms costing more than \$100,000	
\$756,550	Total combined cost of 25 consulting firms costing between \$10,000 to \$100,000	

DISCLOSURE INDEX

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19	FRD 22H	University workforce inclusion policy (where a University has one), including a measurable target and report on the progress towards the target	54
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21	FRD 22H	Statement, where applicable, on the implementation and compliance with the National Competition Policy, including compliance with the requirements of <i>Victoria's Competitive Neutrality Policy</i> and any subsequent reform	29
22	FRD 22H	Statement, to the extent applicable, on the application and operation of the <i>Carers Recognition Act 2012</i> (Carers Act), and the actions that were taken during the year to comply with the Carers Act	29
23	FRD 22H	Summary of application and operation of the <i>Protected Disclosure Act 2012</i> including disclosures required by the Act	29
24	FRD 22H and FRD 24D	Summary of Environmental Performance	49-51
25	FRD 22H	<p>Consultants:</p> <p>Report of Operations must include a statement disclosing each of the following:</p> <ol style="list-style-type: none"> 1. Total number of consultancies of \$10,000 or more (excluding GST) 2. Location (e.g. website) of where the schedule with the below details of the consultancies over \$10,000 has been made publicly available <ol style="list-style-type: none"> 1. Consultant engaged 2. Brief summary of project 3. Total project fees approved (excluding GST) 4. Expenditure for reporting period (excluding GST) 5. Any future expenditure committed to the consultant for the project 3. Total number of consultancies individually valued at less than \$10,000 and the total expenditure for the reporting period 	118
26	FRD 22H	List of other information available on request from the Accountable Officer, and which must be retained by the Accountable Officer	49-51
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33	SD 5.2.3	Report of Operations is signed and dated by the Chancellor or equivalent and includes the date of the Council Meeting at which Annual Report was approved	3
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FINANCIAL STATEMENTS REQUIRED UNDER STANDING DIRECTIONS/ FINANCIAL MANAGEMENT ACT 1984			
34	SD 5.2.2(a), 5.2.2(b) and FMA s 49	<p>The financial statements must contain such information as required by the Minister and be prepared in a manner and form approved by the Minister. They must be signed and dated by the Accountable Officer, CFO (subject to 5.2.2) and a member of the Responsible Body, in a manner approved by the Minister, stating whether, in their opinion the financial statements:</p> <ul style="list-style-type: none"> ▪ Present fairly the financial transactions during reporting period and the financial position at end of the period; ▪ Have been prepared in accordance with applicable requirements in the FMA, the Directions, the Financial Reporting Directions and Australian Accounting Standards. 	110
35	FRD 30D	<p>Financial statements are expressed in the nearest dollar except where the total assets, or revenue, or expenses of the institution are greater than:</p> <ul style="list-style-type: none"> ▪ \$10,000,000, when the amounts shown in the financial statements may be expressed by reference to the nearest \$1,000; and ▪ \$1,000,000,000, when the amounts shown in the financial statements may be expressed by reference to the nearest \$100,000. 	66
36	SD 3.2.1.1(c)	<p>The Responsible Body must establish an Audit Committee to:</p> <ul style="list-style-type: none"> ▪ review annual financial statements and make a recommendation to the Responsible Body as to whether to authorise the statements before they are released to Parliament by the Responsible Minister 	26
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FURTHER INFORMATION

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